

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the Provinces of Alberta, British Columbia and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form 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 short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of QYOU Media Inc. at its registered office located at 441 King Street West, Suite 200, Toronto ON, M5V 1K4, telephone 647 559-2700, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state and may not be offered, sold or delivered in the United States (as such term is defined in Regulation S promulgated under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. See "Plan of Distribution".*

## PRELIMINARY SHORT FORM PROSPECTUS

NEW ISSUE

November 6, 2017



**QYOU MEDIA INC.**  
**\$5,000,180**  
**13,514,000 Units**

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution of 13,514,000 units (the "**Units**") of QYOU Media Inc. (the "**Corporation**") at a price of \$0.37 per Unit for aggregate gross proceeds of \$5,000,180 (the "**Offering**").

Each Unit consists of one common share in the capital of the Corporation (a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will be exercisable to purchase one common share in the capital of the Corporation (a "**Warrant Share**") at a price of \$0.55 per Warrant Share for a period of 24 months following the Closing Date (as hereinafter defined).

The Unit Shares and Warrants comprising the Units will separate immediately upon closing of the Offering. The Units will be sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated November 6, 2017 between the Corporation and Clarus Securities Inc. (the "**Underwriter**"). The price of the Units offered hereunder was determined by negotiation between the Corporation and the Underwriter. See "Plan of Distribution". Proceeds received from the Offering will be available to the Corporation for the purposes set out under the heading "Use of Proceeds".

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**\$0.37 per Unit**

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	<u>Price to the Public</u>	<u>Underwriter's Fee<sup>(1)</sup></u>	<u>Net Proceeds to the Corporation</u>
Per Unit .....	\$0.37	\$0.0259	\$0.3441 <sup>(2)</sup>
Total..... <sup>(3)</sup>	\$5,000,180	\$350,012.60	\$4,525,167.40 <sup>(4)(5)</sup>

Notes:

- (1) The Corporation has agreed to pay to the Underwriter a cash commission equal to 7% of the gross proceeds realized from the sale of Units and Additional Securities (as hereinafter defined) (the "**Underwriter's Fee**"). The Corporation has also agreed to grant to the Underwriter such number of compensation options (the "**Compensation Options**") as is equal to 7% of the aggregate number of Units and Additional Units (as hereinafter defined) sold under the Offering. Each Compensation Option will be exercisable to purchase one unit of the Corporation on the same terms as the Units (a "**Compensation Option Unit**") at a price of \$0.37 per Compensation Option Unit for a period of 24 months following the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options. See "Plan of Distribution".
- (2) After deducting the Underwriter's Fee, but before deducting the Advisory Fee (as hereinafter defined) or the expenses of the Offering, estimated to be \$650,000, which will be paid from the proceeds of the Offering.
- (3) The Corporation has granted to the Underwriter an option (the "**Over-Allotment Option**"), exercisable, in whole or in part, at any time for a period of 30 days from and including the Closing Date, to arrange for purchasers of additional Units (the "**Additional Units**") and representing in number up to the lesser of (i) 15% of the number of Units sold under the base Offering; and (ii) the actual over-allocation position of the Underwriter, such Additional Units having the same terms and conditions as the Units, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter in respect of: (i) Additional Units at a price of \$0.37 per Additional Unit; (ii) additional Unit Shares (the "**Additional Shares**") at a price of \$0.355 per Additional Share; (iii) additional Warrants (the "**Additional Warrants**") at a price of \$0.03 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants (collectively with the Additional Units, the "**Additional Securities**"), so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,027,100 Additional Shares and 1,013,550 Additional Warrants. If the Over-Allotment Option is exercised in full, the cumulative gross proceeds of the Offering will be \$5,750,207, the total Underwriter's Fee will be \$402,514.49 and the total net proceeds to the Corporation will be \$5,222,692.51, after deducting the Advisory Fee but before deducting the expenses of the Offering, estimated to be \$650,000. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option. Unless the context otherwise requires, references to Units, Unit Share and Warrants include the applicable Additional Securities.
- (4) After deducting the Underwriter's Fee and the Advisory Fee, but before deducting the expenses of the Offering, estimated to be \$650,000, which will be paid from the proceeds of the Offering.
- (5) PowerOne Capital Markets Limited ("**PowerOne**") acted as a special financial advisor in connection with the Offering, which entitles PowerOne to receive a cash fee in the amount of \$125,000 (the "**Advisory Fee**"). PowerOne provides ongoing support to the Corporation in connection with identifying investment opportunities, identifying and obtaining sources of financing in the debt and equity markets, identifying potential merger and acquisition targets and providing consultative guidance regarding financing structuring and optimization, including in connection with the Offering.

The Underwriter, as principal, conditionally offer the Units, subject to prior sale if, as and when issued by the Corporation and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement and subject to approval of certain legal matters on behalf of the Corporation by Wildeboer Dellelce LLP and on behalf of the Underwriter by Stikeman Elliott LLP. See "Plan of Distribution".

Subscriptions for the Units offered under this Prospectus will be received by the Underwriter 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 closing of the Offering will occur on or about November 21, 2017, or on such other date or dates as the Corporation and the Underwriter, may agree, in any event, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus (the "**Closing Date**").

The Corporation will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriter with CDS Clearing and Depository Services Inc. ("**CDS**") on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriter or other registered dealers who are CDS participants and from or through which the securities issued hereunder are purchased.

The outstanding common shares of the Corporation (the "**Common Shares**") are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "QYOU". On November 3, 2017, the last trading day on the TSXV prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.375.

**There is no market through which the Warrants comprising part of the Units may be sold and purchasers may not be able to resell the Warrants that are purchased under this short form prospectus. In addition, the Warrants will not be listed for trading on the TSXV or any other stock exchange following the Closing Date. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See “Risk Factors”.**

<b>Underwriter’s Position</b>	<b>Maximum Size or Number of Securities Available</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	Option to arrange for purchasers of up to 2,027,100 Additional Shares and/or 1,013,550 Additional Warrants	30 days from and including the Closing Date	\$0.37 per Additional Unit \$0.355 per Additional Share \$0.03 per Additional Warrant
Compensation Options <sup>(1)</sup>	Options to purchase up to 1,087,877 Compensation Option Units <sup>(2)</sup>	24 months from the Closing Date	\$0.37 per Compensation Option Unit

Notes:

(1) This Prospectus qualifies the distribution of the Compensation Options. See “Plan of Distribution”.

(2) Assuming the exercise in full of the Over-Allotment Option.

Subject to applicable laws in connection with the Offering, the Underwriter may effect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**Investing in the Units involves a high degree of risk. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information”.**

All monetary amounts used herein are stated in Canadian dollars, unless otherwise indicated.

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## DOCUMENTS INCORPORATED BY REFERENCE

*Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in the Provinces of Alberta, British Columbia and Ontario.* Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Corporation at its registered office located at 441 King Street West, Suite 200, Toronto ON, M5V 1K4, telephone (647) 559-2700. These documents are also available through the Internet under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed online at [www.sedar.com](http://www.sedar.com).

The following documents, filed by the Corporation with the various securities commissions or similar authorities in the Provinces of Alberta, British Columbia and Ontario, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the Corporation dated November 6, 2017 for the financial year ended June 30, 2017 (the "**AIF**");
- (b) the material change report of the Corporation in respect of the Offering dated November 3, 2017;
- (c) the audited consolidated financial statements of the Corporation as at and for the financial years ended June 30, 2016 and 2017, together with the notes thereto and the report of the auditors thereon;
- (d) the management's discussion and analysis of the Corporation for the financial years ended June 30, 2016 and 2017 (the "**MD&A**"); and
- (e) the management information circular of the Corporation dated June 23, 2017 for the annual and special meeting of shareholders held on July 26, 2017.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Corporation with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein may contain "forward-looking information", within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to:

- the completion of the Offering and the timing thereof;
- the use of net proceeds from the Offering;
- obtaining all of the required stock exchange and other approvals in connection with the Offering;
- the future outlook of the Corporation;
- business plans and strategies;
- product development;
- the intention to grow the business and operations of the Corporation;
- working capital;
- the Corporation's future cost structure, sales and marketing activities; and
- increased penetration into certain markets through strategic partnerships.

In certain cases, forward-looking information can be identified by the use of terms such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” (including negative and grammatical variations of such words and phrases) or statements that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or other similar expressions concerned with matters that are not historical facts.

Forward-looking information contained in this Prospectus and the documents incorporated by reference herein are based on certain factors and assumptions regarding, among other things, anticipated events or results, business strategy and strategic goals, the expected costs and results of operations, characteristics of the industry, business prospects, regulatory developments, research and development activities, projected costs and capital expenditures, financial results, the ability to raise capital, taxes and plans and objectives of or involving the Corporation. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks include, but are not limited to:

- the completion and realization of the anticipated benefits of the Offering;
- the speculative nature of an investment in the Corporation's securities;
- the use of proceeds of the Offering;
- potential adverse effects on the market price of the Corporation's securities resulting from a sale of a substantial amount of the Corporation's securities;
- price volatility of the Corporation's securities;
- the unlisted nature of the Warrants;
- the ownership of a significant number of Common Shares by a limited number of existing shareholders;
- availability of additional financing as and when required;
- treatment under governmental regulatory regimes;
- general business, economic, competitive, political and social uncertainties;
- product development;
- anticipated and unanticipated costs;
- the market price and liquidity of the Common Shares;
- exposure to increased credit and liquidity risk;
- third party contractual performance;
- customer demand;
- competition and the risks posed by potential technological advances;
- fluctuations in foreign currency exchange rates;
- dependence on key personnel; and
- conflicts of interest.

Such factors are discussed in more detail under the heading “Risk Factors” in this Prospectus and in the documents incorporated by reference herein, including, without limitation, the risk factors set forth under the heading “Risk Factors” in the AIF and in the MD&A.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information 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 forward-looking information.

**Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking information contained in this Prospectus and in the documents incorporated by reference herein are expressly qualified by this cautionary statement.** These forward-looking information are made as of the date such statements are made and, except as required by applicable securities laws, the Corporation assumes no obligation to publicly update or revise any forward-looking information and readers should also carefully consider the matters discussed under the heading “Risk Factors” in this Prospectus and in the documents incorporated by reference herein.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Wildeboer Dellelce LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriter, the Unit Shares, Warrants underlying the Units and Warrant Shares, if issued on the date hereof, would be “qualified investments” under the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”) for trusts governed by registered retirement savings plans (“**RRSP**”), registered education savings plans (“**RESP**”), registered retirement income funds (“**RRIF**”), deferred profit sharing plans, registered disability savings plans (“**RDSP**”) and tax-free savings accounts (“**TFSA**”) (collectively, “**Deferred Plans**”), provided that (i) the Common Shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSXV); and (ii) in the case of the Warrants either (a) they are listed on a designated stock exchange (which currently includes the TSXV), or (b) the Corporation and any person with whom the Corporation does not deal at arm’s length for the purposes of the Tax Act is not an annuitant, a beneficiary, an employer or a subscriber under or a holder of, the particular Deferred Plan.

Notwithstanding the foregoing, if the Unit Shares, Warrants or Warrant Shares are a “prohibited investment” (as defined in the Tax Act) for an RRSP, RRIF or TFSA, the annuitant of the RRSP or RRIF or the holder of the TFSA, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrants and Warrant Shares will not be a prohibited investment for an RRSP, RRIF or TFSA provided the annuitant or holder thereof, as the case may be, (i) deals at arm’s length with the Corporation for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if they are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by an RRSP, RRIF or TFSA. If certain proposed amendments to the Tax Act released by the Department of Finance (Canada) on September 8, 2017 are enacted as proposed, the prohibited investment rules will extend to trusts governed by RDSPs and RESPs. Prospective purchasers who intend to hold the Unit Shares, Warrants or Warrant Shares in a Deferred Plan are advised to consult their personal tax advisors.

### THE CORPORATION

The Corporation was incorporated pursuant to the *Business Corporations Act* (Alberta) on July 30, 1993 under the name “575161 Alberta Inc.” On October 22, 1993, the Corporation amended its articles to remove certain restrictions against the transfer of securities and changed its name to “Galleria Resources Inc.” The Corporation was listed on the Alberta Stock Exchange (the predecessor to the TSXV) in 1993 as a “junior capital pool” company. On October 2, 2000, the Corporation amended its articles to change its name to “Galleria Opportunities Inc.” In June 2010, the Corporation completed the acquisition of certain oil and gas properties in the Atlee/Buffalo area of southeast Alberta. On April 10, 2014, the Corporation further amended its articles to change its name to “Galleria Opportunities Ltd.” Subsequently, in 2014, the Corporation exited the oil and gas exploration and development industry and focused on investigating new business investment opportunities.

Effective March 13, 2017, the Corporation completed a reverse take-over transaction under the policies of the TSXV (the “**Transaction**”) pursuant to which QYOU Media Holdings Inc. became a wholly-owned subsidiary of the Corporation and the security holders of QYOU Media Holdings Inc. became security holders of the Corporation.

QYOU Media Holdings Inc. is the entity resulting from the amalgamation of QYOU Media Inc. (as it was then called) and 2561287 Ontario Ltd. (then a wholly-owned subsidiary of the Corporation) on March 13, 2017. Throughout this Prospectus, the term “**QYOU Media**” is used to refer to QYOU Media Holdings Inc. after March 13, 2017 and is used to refer to QYOU Media Inc. (as it was then called) prior to March 13, 2017. Prior to the Transaction, on March 6, 2017, the Corporation amended its articles to effect a consolidation of the Common Shares on a two (old) for one (new) basis. In connection with the Transaction, the Corporation also filed articles of amendment to change its name to “QYOU Media Inc.” and was continued into Ontario on March 29, 2017 under the *Business Corporations Act* (Ontario). Subsequently, on March 31, 2017, the Common Shares resumed trading on the TSXV under the symbol “QYOU”.

The Corporation’s head office is located at 441 King Street West, Suite 200, Toronto ON, M5V 1K4.

## THE BUSINESS

The Corporation is a publicly-listed corporation engaged in the delivery of linear and on-demand TV channels, playlist-driven mobile apps, custom shows, and influencer marketing support to TV operators, mobile carriers and subscription video service providers worldwide.

The Corporation is a global media company that, through its subsidiaries, is in the business of curating, licensing, programming, and packaging the “best-of-web” short form internet video for multiscreen distribution to video content providers including traditional cable and satellite to Internet Protocol television (“IPTV”), over-the-top (“OTT”) providers and mobile carriers.

Founded and created by industry veterans from Lions Gate Entertainment Corporation and MTV, the Corporation’s millennial-focused products reach tens of millions of customers on six continents. Distribution partners include Sinclair Broadcast Group, Vodafone Group Plc., Twenty-First Century Fox, Inc., Liberty Global plc, Telenor Group and TATA Sky Limited.

### Operating Segments

The Corporation has three different products and services divisions:

- a) “The QYOU” Linear Channel:  
The linear channel is a 24/7 channel featuring “best-of-web” content and available globally via traditional broadcast (cable/satellite) providers, OTT providers and mobile carriers. Additionally, this category includes the operational management of Sinclair Broadcast Group’s new channel, “TBD”. TBD launched as a broadcast channel in the United States on February 13, 2017 and is currently distributed in more than 50 million homes in the United States as of June 30, 2017.
- b) Program Sales:  
The program sales division is the business of supplying genre-specific programming to channels in territories around the world. This category has been led to date by sports programming, but management anticipates new strong categories to emerge as well.
- c) Influencer Marketing:  
The influencer marketing division is the business of offering the support of talent both inside and outside of QYOU programming to promote the products and services of partners and third parties.

## THE TRANSACTION, THE GALLERIA OFFERING AND THE QYOU OFFERING

In connection with the Transaction, the Corporation and QYOU Media each completed securities offerings, for total aggregate gross proceeds of \$7,315,500. In connection with such offerings, Dominick Inc. acted as lead agent on its own behalf and on behalf of a syndicate of agents (collectively with Dominick Inc., the “**Transaction Agents**”) and completed: (a) a private placement of 8,632,000 subscription receipts of QYOU Media (the “**QYOU Subscription Receipts**”) at a price of \$0.50 per QYOU Subscription Receipt for gross proceeds of \$4,316,000 (the “**QYOU Brokered Offering**”), and (b) a private placement of 3,869,000 units of the Corporation (the “**Galleria Units**”) at a

price of \$0.50 per Galleria Unit, each Galleria Unit comprised of one Common Share and one-half of one Common Share purchase warrant, each such Common Share purchase warrant exercisable at \$0.75 per Common Share until March 10, 2019, for gross proceeds of \$1,934,500, completed through the use of a Short Form Offering Document under the policies of the TSXV (the “**Galleria Offering**”). In addition to the QYOU Brokered Offering and the Galleria Offering and in connection with the Transaction, the Corporation also completed a private placement of an additional 2,130,000 QYOU Subscription Receipts sold directly by QYOU Media on a non-brokered basis (the “**QYOU Non-Brokered Offering**”, and together with the QYOU Brokered Offering, the “**QYOU Offering**”). In the aggregate, 3,869,000 Galleria Units and 10,762,000 QYOU Subscription Receipts were sold for total gross proceeds of \$7,315,500.

Upon satisfaction of certain escrow release conditions, the QYOU Subscription Receipts were automatically exchanged for units of QYOU Media (the “**QYOU Units**”), each QYOU Unit comprised of one Class A common share in the capital of QYOU Media (each, a “**QYOU Class A Share**”) and one-half of one QYOU Class A Share purchase warrant.

In connection with the QYOU Offering and the Galleria Offering, the Transaction Agents were also issued 668,700 compensation options of QYOU Media and 290,175 compensation options of the Corporation. Each such compensation option of the Corporation entitles the holder thereof to subscribe for one unit of the Corporation at a price of \$0.50 per unit until March 31, 2019, each such unit comprised of one Common Share and one-half of one Common Share purchase warrant exercisable at a price of \$0.75 per Common Share until March 31, 2019.

In connection with the Transaction, the security holders of QYOU Media became security holders of the Corporation and (i) each QYOU Class A Share was automatically exchanged for one Common Share; (ii) the common shares of QYOU Media, other than the QYOU Class A Shares, were exchanged for Common Shares on the basis of 0.92 Common Shares for each common share of QYOU Media, other than the QYOU Class A Shares, held; (iii) each common share purchase warrant of QYOU Media was exchanged for one Common Share purchase warrant exercisable on equivalent terms; and (iv) each compensation option of QYOU Media was exchanged for one compensation option of the Corporation, exercisable into securities of the Corporation on equivalent terms.

## CONSOLIDATED CAPITALIZATION

Other than as disclosed in this Prospectus, since June 30, 2017 there have been no material changes in the share capital of the Corporation. See “Prior Sales”.

The Corporation is authorized to issue an unlimited number of First Preferred Shares, Second Preferred Shares and Common Shares. As of the date hereof, there are 66,942,710 Common Shares, nil First Preferred Shares and nil Second Preferred Shares issued and outstanding. As of the date hereof, the Corporation also has issued and outstanding (i) Common Share purchase warrants to acquire up to an aggregate of 21,899,168 Common Shares; (ii) 958,875 compensation options to acquire units of the Corporation at a price of \$0.50 per unit until March 31, 2019, each such unit comprised of one Common Share and one-half of one Common Share purchase warrant exercisable at a price of \$0.75 per Common Share until March 31, 2019; (iii) stock options to purchase up to an aggregate of 6,694,271 Common Shares issued to certain directors, officers, employees and consultants of the Corporation (the “**Stock Options**”) pursuant to the Corporation’s amended and restated stock option plan (the “**Stock Option Plan**”); and (iv) nil restricted share units of the Corporation (the “**RSUs**”) governed by the Corporation’s amended and restated restricted share unit plan.

As at the date hereof, after giving effect to the Offering but without assuming the exercise of the Over-Allotment Option, there would be an aggregate of 80,456,710 Common Shares, 28,656,168 Common Share purchase warrants (including the Warrants) and 1,904,855 compensation options to purchase units of the Corporation (including the Compensation Options) outstanding, assuming no further exercises or issuances of convertible securities. As at the date hereof, after giving effect to the Offering, and assuming the Over-Allotment Option is exercised in full, there would be an aggregate of 82,483,810 Common Shares, 29,669,718 Common Share purchase warrants (including the Warrants) and 2,046,752 compensation options to purchase units of the Corporation (including the Compensation Options) outstanding, assuming no further exercises or issuances of convertible securities.

## USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Units hereunder are estimated to be approximately \$3,875,167.40 after deducting the Underwriter's fee of \$350,012.60, the Advisory Fee of \$125,000 and the expenses of the Offering, estimated to be approximately \$650,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation from the sale of the Common Shares are estimated to be approximately \$4,572,692.51, after deducting the Underwriter's fee of \$402,514.49, the Advisory Fee of \$125,000 and the expenses of the Offering, estimated to be approximately \$650,000. See "*Plan of Distribution*".

### Principal Purposes

The estimated net proceeds (without giving effect to the exercise of the Over-Allotment Option) of the Offering are anticipated to be used by the Corporation for the principal purposes set forth below:

<b>Principal Purposes of Net Proceeds<sup>(1)</sup></b>	
Production Cost for Content Creation	\$1,000,000
Content Licensing	\$750,000
Channel Delivery	\$250,000
General and Administration	\$1,000,000
Unallocated Working Capital	\$875,167.40
Total	\$3,875,167.40

Note:

- (1) The Underwriter will receive the Underwriter's Fee equal to 7% of the gross proceeds of the Offering or \$0.02590 per Unit. The Underwriter will also be reimbursed for all of its reasonable out-of-pocket expenses associated with the Offering. PowerOne will receive the Advisory Fee of \$125,000 from the gross proceeds of the Offering. Total estimated expenses of the Offering of \$650,000 will be paid out of the proceeds of the Offering.

If the Over-Allotment Option is exercised, any additional proceeds will be allocated to general corporate purposes including working capital.

The intended uses of the net proceeds of the Offering by the Corporation described in this Prospectus are consistent with the Corporation's business objectives and strategic goals relating to the curation and programming of short-form video content. However, the foregoing allocation of the net proceeds are estimates only. It is difficult at this time to definitively project the total funds necessary to execute the planned undertakings of the Corporation. Accordingly, while the Corporation anticipates that it will have the ability to allocate the funds available to it as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent. For these reasons, management considers it to be in the best interests of the Corporation and its shareholders to permit management a reasonable degree of flexibility as to how the funds are employed among the above uses and/or for other purposes, as the need may arise.

Pending the use of the proceeds described above, the Corporation may invest all or a portion of the unallocated proceeds of the Offering in short-term, high quality, interest bearing corporate, government-issued or government-guaranteed securities.

### Business Objectives

The Corporation operates in a global industry and is uniquely positioned to benefit from the growth, change and disruption in the area of content curation, packaging and distribution, given that it is a pioneer in curated made-for-web video of commercial-grade quality.

The objectives that the Corporation expects to accomplish using the foregoing allocation of the net proceeds from the Offering include:

- a) grow the current primary drivers for the business, comprised of three key areas of revenue generation, including linear channel fees, program sales and influencer marketing campaign fees;

- b) grow its business by expanding and diversifying its global client and partner bases;
- c) develop new products and digital platforms; and
- d) pursue strategic acquisitions.

Factors that will impact the achievement of the Corporation's objectives include, but are not limited to:

- a) continued success in driving partnerships with the Corporation's "blue chip" customers;
- b) global delivery of video in growing numbers driven by the growth of mobile video;
- c) continued support from content partnerships; and
- d) continued growth and development of the Corporation's licensed content library and delivery platform.

### **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement, the Underwriter has agreed to purchase, as principal, and the Corporation has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Underwriting Agreement, on the Closing Date, not less than all of the Units at a price of \$0.37 per Unit, payable in cash to the Corporation against delivery of the Units.

The Corporation has granted to the Underwriter the Over-Allotment Option, exercisable, in whole or in part, at any time for a period of 30 days from and including the Closing Date, to arrange for purchasers of Additional Units representing in number up to the lesser of (i) 15% of the number of Units sold under the base Offering; and (ii) the actual over-allocation position of the Underwriter, such Additional Units having the same terms and conditions as the Units, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter in respect of: (i) Additional Units at a price of \$0.37 per Additional Unit; (ii) Additional Shares at a price of \$0.355 per Additional Share; (iii) Additional Warrants at a price of \$0.03 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,027,100 Additional Shares and 1,013,550 Additional Warrants. The grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Securities forming part of the Underwriter's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriter's Fee and the net proceeds to the Corporation (deducting the Advisory Fee but before the deduction of the expenses of the Offering, estimated to be approximately \$650,000) will be \$5,750,207, \$402,514.49 and \$5,222,692.51, respectively. The price of the Units and the Additional Securities was determined by negotiation between the Corporation and the Underwriter.

In consideration for the services to be performed by the Underwriter, the Corporation has agreed to pay to the Underwriter the Underwriter's Fee equal to 7% of the gross proceeds of the Offering. The Corporation has also agreed to grant to the Underwriter such number of Compensation Options as is equal to 7% of the aggregate number of Units and Additional Units sold under the Offering. Each Compensation Option will be exercisable to purchase one Compensation Option Unit at an exercise price of \$0.37 per Compensation Option Unit for a period of 24 months following the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options.

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 closing of the Offering will take place on or about the Closing Date, or such other date or dates as may be agreed upon by the Corporation and the Underwriter, in any event, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus.

The Corporation will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriter with CDS on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriter or other registered dealers who are CDS participants and from or through which the securities issued hereunder are purchased.

The obligations of the Underwriter under the Underwriting Agreement may be terminated at its discretion upon the occurrence of certain stated events, including in the event that: (a) there shall be any material change or change in a material fact, or there should be discovered any previously undisclosed material fact required to be disclosed in the Prospectus or any amendment thereto, in each case which, in the reasonable opinion of the Underwriter, has or would be expected to have a significant adverse effect on the market price or value of the Common Shares, or any other securities of the Corporation; (b) if there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence or a new or change in any law or regulation which in the sole opinion of the Underwriter seriously adversely affects or involves or may seriously adversely affect or involve the financial markets or the business, operations or affairs of the Corporation and its subsidiaries taken as a whole or the market price or value of the securities of the Corporation; (c) if any order, action or proceeding which ceases trades or otherwise operates to prevent or restrict the trading of the securities of the Corporation is made or threatened by a securities regulatory authority; (d) the Corporation is in breach of any material term, condition or covenant contained in the Underwriting Agreement or any material representation or warranty given by the Corporation in the Underwriting Agreement becomes or is false and such material breach or materially false representation is, in the sole opinion of the Underwriter acting reasonably, not capable of being cured prior to the Closing Date; or (e) both the Corporation and Underwriter agree in writing to terminate the Underwriting Agreement. The Underwriter is, however, obligated to take up and pay for all of the Units if any of the securities are purchased under the Underwriting Agreement.

The Underwriting Agreement also provides that the Corporation will indemnify, among others, the Underwriter and its affiliates, subsidiaries, control persons, and their respective directors, officers, employees, shareholders, partners and agents against certain liabilities and expenses or will contribute to payments that the Underwriter may be required to make in respect thereof.

From the date of the Underwriting Agreement until a date that is 90 days from the Closing Date, the Corporation has agreed not to, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld or delayed, authorize, sell or issue or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Corporation (including those that are convertible or exchangeable into securities of the Corporation) other than (i) pursuant to the Offering; (ii) the issuance of non-convertible debt securities; (iii) upon the exercise of convertible securities, options or warrants of the Corporation outstanding as of the date of the Underwriting Agreement; (iv) pursuant to the Corporation's Stock Option Plan or any other securities compensation arrangement of the Corporation; (v) pursuant to any acquisition of shares or assets of arm's length persons, or (vi) in connection with any investments in the Corporation by a strategic third party at or above the issue price of the Units.

As a condition of closing of the Offering, the Corporation will cause each of the directors and officers of the Corporation to execute a lock-up agreement to be delivered at the closing of the Offering, setting out that for a period of 90 days from the Closing Date, without the consent of the Underwriter, each director and officer will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether then owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Corporation.

The Corporation has applied to list the Unit Shares and Warrant Shares underlying each of the Units and the Additional Securities on the TSXV. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSXV.

The Offering is being made concurrently in the Provinces of Alberta, British Columbia and Ontario. In addition, the Underwriter may offer the Units outside of Canada, subject to compliance with the local securities law requirements in such a manner as to not require registration of the Units, or filing of a prospectus or registration statement with respect to those Units under the laws in such jurisdictions or qualification as a foreign corporation or to file a general consent to service of process in such jurisdictions.

Pursuant to rules and policy statements of certain Canadian securities regulatory authorities, the Underwriter may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws and in connection with the Offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than which would otherwise prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress.

#### Qualification of Securities for Distributions

This Prospectus qualifies the distribution of the Units, the Unit Shares, the Warrants, the grant of the Over-Allotment Option, and the distribution of the Additional Securities and the Compensation Options.

#### Offering in the United States

The Units offered hereby have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and accordingly may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

### **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

#### Units

Each Unit consists of one Unit Share and one-half of one Warrant.

#### Unit Shares

The Corporation is authorized to issue an unlimited number of Common Shares. As of the date hereof, there are 66,942,710 Common Shares issued and outstanding. The holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Corporation, and each Common Share confers the right to one vote at all such meetings. Subject to the rights of the holders of the First Preferred Shares and Second Preferred Shares and any other class of shares ranking senior to the Common Shares, the holders of Common Shares are entitled to receive and participate rateably in any dividends declared by the board of directors in the Corporation. Subject to the rights of the holders of First Preferred Shares and Second Preferred Shares and any other class of shares ranking senior to the Common Shares, in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs, the holders of the Common Shares are entitled to participate rateably in the distribution of the assets of the Corporation.

## Warrants

Each Warrant will entitle the holder thereof to purchase one Warrant Share at a price of \$0.55 at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date, after which time the Warrants will expire and be void and of no value.

The Warrants will be issued under a warrant indenture (the “**Warrant Indenture**”) to be entered into between the Corporation and Computershare Trust Company of Canada (the “**Warrant Agent**”). The Corporation will appoint the principal transfer offices of the Warrant Agent in Calgary as the location at which the Warrants may be surrendered for exercise, transfer or exchange. The Warrant Indenture will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares to be issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, the payment of stock dividends and the amalgamation of the Corporation.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1%.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least fourteen (14) days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights that a holder of Warrant Shares would have.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66<sup>2/3</sup>% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66<sup>2/3</sup>% of the aggregate number of all the then outstanding Warrants.

**There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

The foregoing is a summary only of the terms of the Warrants and is qualified subject to the more detailed provisions of the Warrant Indenture.

### **PRIOR SALES**

For the twelve month period prior to the date of this Prospectus, the Corporation issued the following Common Shares and securities convertible into Common Shares:

<b>Date of Issuance</b>	<b>Number of Securities Issued</b>	<b>Securities Issued</b>	<b>Price Per Security / Exercise Price</b>
March 10, 2017	3,869,000	Common Shares <sup>(1)</sup>	\$0.50
March 10, 2017	1,934,500	Warrants <sup>(2)</sup>	\$0.75

March 13, 2017	10,762,000	Common Shares <sup>(3)</sup>	\$0.50
March 13, 2017	48,219,809	Common Shares <sup>(4)</sup>	\$0.50
March 13, 2017	1,375,876	Warrants <sup>(5)</sup>	\$0.50
March 13, 2017	18,087,418	Warrants <sup>(6)</sup>	\$0.75
March 31, 2017	958,875	Compensation options <sup>(7)</sup>	\$0.50
March 31, 2017	6,446,496	Stock Options <sup>(8)</sup>	\$0.50
July 11, 2017	14,600	Common Shares <sup>(9)</sup>	\$0.50
July 12, 2017	2,200	Warrants <sup>(10)</sup>	\$0.75
July 13, 2017	419,054	Warrants <sup>(10)</sup>	\$0.75
July 14, 2017	80,120	Warrants <sup>(10)</sup>	\$0.75
July 14, 2017	936,150	Common Shares <sup>(9)</sup>	\$0.50
July 19, 2017	52,000	Common Shares <sup>(9)</sup>	\$0.50
October 26, 2017	450,000	Stock Options <sup>(11)</sup>	\$0.50

Notes:

- (1) Common Shares partially comprising the Galleria Units issued pursuant to the Galleria Offering.
- (2) Common Share purchase warrants partially comprising the Galleria Units issued pursuant to the Galleria Offering, exercisable until March 10, 2019.
- (3) Common Shares issued to holders of QYOU Class A Shares in connection with the Transaction on the basis of one Common Share exchanged for each QYOU Class A Share held, with a deemed value of \$0.50 per Common Share.
- (4) Common Shares issued to holders of common shares of QYOU Media, other than QYOU Class A Shares, in connection with the Transaction on the basis of 0.92 Common Shares exchanged for each common share of QYOU Media, other than QYOU Class A Shares, held, with a deemed value of \$0.50 per Common Share.
- (5) Common Share purchase warrants issued to holders of certain common share purchase warrants of QYOU Media in connection with the Transaction on the basis of one Common Share purchase warrant exchanged for each common share purchase warrant of QYOU Media held, exercisable until December 31, 2018.
- (6) Common Share purchase warrants issued to holders of certain common share purchase warrants of QYOU Media in connection with the Transaction on the basis of one Common Share purchase warrant exchanged for each common share purchase warrant of QYOU Media held, with expiry dates ranging from January 15, 2018 to March 10, 2019.
- (7) Compensation options issued to the Transaction Agents in connection with the QYOU Offering and the Galleria Offering, each exercisable to acquire one Common Share and one-half of one Common Share purchase warrant until March 31, 2019.
- (8) Stock Options issued to certain directors, officers, employees and consultants of the Corporation pursuant to the Stock Option Plan exercisable until March 31, 2022. Subsequently, 200,000 of such Stock Options expired in accordance with their terms and 149,725 Stock Options were cancelled.
- (9) Common Shares issued upon the exercise of certain compensation options issued to certain agents in connection with a private placement completed by QYOU Media in July 2015.
- (10) Warrants issued upon the exercise of certain compensation options issued to certain agents in connection with a private placement completed by QYOU Media in July 2015, with expiry dates ranging from January 15, 2018 to January 29, 2018.
- (11) Stock Options issued to certain directors and consultants of the Corporation pursuant to the Stock Option Plan exercisable until October 26, 2022.

### TRADING PRICE AND VOLUME

The Common Shares are listed on the TSXV under the symbol “QYOU”. The following table sets forth certain trading information for the Common Shares on the TSXV for the twelve-month period prior to the date hereof.

<u>Year</u>	<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2017	November <sup>(1)</sup>	0.39	0.355	403,480
2017	October	\$0.48	\$0.345	5,787,886
2017	September	\$0.42	\$0.34	2,471,068
2017	August	\$0.45	\$0.36	1,238,353
2017	July	\$0.59	\$0.41	4,195,813
2017	June	\$0.57	\$0.32	7,417,738
2017	May	\$0.495	\$0.34	2,246,841
2017	April	\$0.51	\$0.38	2,640,292
2017	March <sup>(2)(3)</sup>	\$0.53	\$0.48	521,000

Notes:

- (1) Reflects the trading activity for the Common Shares on November 1-3, 2017.
- (2) Reflects the trading activity for the Common Shares on March 31, 2017.
- (3) The Corporation was subject to a trading halt issued by Investment Industry Regulatory Organization of Canada on November 3, 2015 at the request of the Corporation pending announcement of the Transaction; such trading halt continued until March 31, 2017, at which time Corporation's Common Shares resumed trading on the TSXV under the symbol "QYOU".

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Wildeboer Dellelce LLP, counsel to the Corporation, and of Stikeman Elliott LLP, counsel to the Underwriter, the following is, as of the date hereof, a summary of the principal Canadian federal income tax consequences generally applicable to a person who acquires a Unit pursuant to this Offering and who, for the purposes of the Tax Act, is resident in Canada, hold such Units as capital property and deal at arm's length and is not affiliated with the Corporation or the Underwriter (a "**Holder**"). The Units will generally be considered to be capital property to a Holder thereof unless either the Holder holds Units in the course of carrying on a business or the Holder has acquired the Units in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Unit Shares and Warrant Shares might not otherwise be capital property may, in certain circumstances, be entitled to have such shares and every other "Canadian Security", as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to the Warrants. Holders should consult their own tax advisors regarding this election.

This summary is based upon the current provisions of the Tax Act, counsels' understanding of the current published administrative practices of the Canada Revenue Agency (the "**CRA**") and proposed amendments to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"). Except for the July 2017 Tax Proposals (as hereinafter defined), this summary assumes that the Proposed Amendments will be enacted as proposed but does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax considerations. No assurances can be given that the Proposed Amendments will be enacted as proposed, if at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of the Government's intention to amend the Tax Act to, among other things, increase the amount of tax applicable to certain investment income earned through a private corporation (the "**July 2017 Tax Proposals**"). This summary does not address the potential implications of the July 2017 Tax Proposals. Holders should consult their tax advisors with respect to the implications of the July 2017 Tax Proposals as they relate to the acquisition and holding of Common Shares or Warrants.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii), an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has or will enter into a "derivative forward agreement" as defined in the Tax Act, with respect to the Common Shares or Warrants. Such Holders should consult their own tax advisors with respect to an investment in Units.

**The Canadian federal income tax consequences to a particular Holder will vary depending on a number of factors, including the province where a particular Holder resides, carries on business or has a permanent establishment. The following discussion of the income tax consequences is, therefore, of a general nature only and is not exhaustive of all the income tax consequences and is not intended to constitute income tax advice to any particular Holder. Accordingly, Holders should consult their own income tax advisors.**

### Allocation of Cost

Pursuant to the Tax Act, the Corporation and Holders will be required to allocate the purchase price for the Units between the Unit Shares and the Warrants on a reasonable basis and the amounts so allocated will constitute the cost of each to the Holder for the purposes of the Tax Act. For purposes of determining the Holder's adjusted cost base ("ACB") of the Unit Share partially comprising each Unit, the cost allocated to the Unit Share will be averaged with the ACB to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition. For its purposes, the Corporation intends to allocate \$0.36999 to each Unit Share and \$0.0001 to each one-half Warrant forming part of each Unit. While the Corporation considers this allocation reasonable, it is not binding on the CRA or the Holder.

### Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's ACB of such Warrant and the exercise price paid for the Warrant Share. For purposes of determining the Holder's ACB of the Warrant Share so acquired, such cost will be averaged with the ACB to the Holder of all Common Shares owned by the Holder immediately prior to such acquisition.

### Expiry of Warrants

In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's ACB of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

### Dividends

Dividends received or deemed to be received on Common Shares will be included in computing the Holder's income. In the case of an individual Holder, such dividends will be subject to the gross up and dividend tax credit roles normally applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient is notified in writing by the Corporation at or before the time the dividend is paid, designating the dividend as an eligible dividend. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

Dividends received by a corporation on Common Shares must be included in computing its income but generally will be deductible in computing its taxable income. Private corporations (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

### Disposition of Common Shares and Warrants

A disposition (or deemed disposition) by a Holder of a Common Share or a Warrant (other than upon the exercise thereof) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Holder's ACB of such security. The tax treatment of capital gains and losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

### Capital Gains and Capital Losses

Generally, a Holder is required to include in computing its income for a taxation year one-half of any capital gain (a "taxable capital gain") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a

Holder is required to deduct one-half of any capital loss (an “allowable capital loss”) against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares or that is itself a member of a partnership or a beneficiary of a trust that owns such shares. Holders to whom these rules may be relevant should consult their own tax advisors.

A Holder that is throughout the relevant taxation year a “Canadian controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its “aggregate investment income” for the year which will include taxable capital gains.

### Minimum Tax

Capital gains realized and dividends received by a Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Holders should consult their own advisors with respect to the application of the minimum tax.

## **RISK FACTORS**

An investment in the Units is subject to a number of risks which involve a high degree of uncertainty and must be considered highly speculative due to the nature of the Corporation’s business. These risks, including those described below, could have a material adverse effect upon, among other things, the future operating results, potential earnings, business prospects and condition (financial or otherwise) of the Corporation. A prospective purchaser of such securities should carefully consider the information described in this Prospectus, the documents incorporated by reference in this Prospectus, including, without limitation, the risk factors set forth under the heading “Risk Factors” in the AIF and in the MD&A, and the information set forth under the heading “Cautionary Note Regarding Forward-Looking Information”. The risks described or incorporated by reference herein are not the only risk factors facing the Corporation and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Corporation.

Should one or more of the risks or uncertainties described below, in the AIF or in the MD&A materialize, or should the underlying assumptions of the Corporation’s business prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

### Risks Related to the Offering

#### *Completion of the Offering*

The completion of the Offering is subject to receipt of approval from the TSXV and all other applicable regulatory approvals, which approvals may not be obtained. The Corporation has applied to list the Unit Shares and Warrant Shares underlying each of the Units and the Additional Securities on the TSXV. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSXV and there can be no assurance that the TSXV will provide final approval of the Offering.

#### *Loss of Entire Investment*

An investment in the Units is speculative and may result in the loss of a purchaser’s entire investment. Only potential purchasers who are experienced in high-risk investments and who can withstand a complete loss of their investment should consider purchasing the Units in this Offering. Before making an investment decision, prospective purchasers of Units should consider the information contained and incorporated by reference in this

Prospectus and, in particular, the risk factors set out herein and in the documents incorporated by reference herein. Readers are cautioned that such risk factors are not exhaustive.

#### *Discretion Regarding the Use of Proceeds*

Management will have broad discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

#### *Sales of Substantial Amounts of the Corporation's Securities May Have an Adverse Effect on the Market Price of the Securities*

Sales of substantial amounts of the Corporation's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Corporation's securities, including the Common Shares. A decline in the market prices of the Common Shares or other securities could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

#### *The Corporation's Securities May Experience Price Volatility*

There can be no assurance that an active market for the Common Shares partially comprising the Units will be sustained after the Offering. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. There can be no assurance that continuing fluctuations in price will not occur. The price per Common Share may be affected by the changes to the Corporation's financial condition or results of operations. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long term value of the Corporation.

#### *The Warrants Will Not be Listed for Trading*

Since the Corporation does not intend to apply for listing of the Warrants on any securities exchange, there is no public market for the Warrants. There can be no assurance that a secondary market for the Warrants will develop or be sustained after the closing of the Offering. Even if a market develops for the Warrants, there can be no assurance that it will be liquid and that the price of the Warrants will be the same as the price allocated for the Warrants partially comprising the Units. If an active market for the Warrants does not develop, the liquidity of an investor's investment in the Warrants may be limited and the price may decline below the portion of the offering price allocated to the Warrants.

#### *Future Sales of Common Shares or Warrants by the Corporation*

The Corporation may issue additional Common Shares, Warrants or other securities convertible into Common Shares in the future, which may dilute a shareholder's holding in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the price and the terms of issue of further issuances of Common Shares or Warrants.

#### *A Significant Number of Common Shares are Owned by a Limited Number of Existing Shareholders*

The Corporation's management, directors and employees own a substantial number of the outstanding Common Shares (on a non-diluted and partially-diluted basis). As such, the Corporation's management, directors and employees, as a group, are in a position to exercise influence over matters requiring shareholder approval, including the election of directors and the determination of corporate actions. As well, these shareholders could delay or prevent a change in control of the Corporation that could otherwise be beneficial to the Corporation's shareholders.

## INTERESTS OF EXPERTS

Certain legal matters relating to the issue and sale of the securities offered hereunder will be passed upon by Wildeboer Dellelce LLP, on behalf of the Corporation, and by Stikeman Elliott LLP, on behalf of the Underwriter. As of the date of this Prospectus, the partners and associates of Wildeboer Dellelce LLP, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares. As of the date of this Prospectus, the partners and associates of Stikeman Elliott LLP own, directly or indirectly, in the aggregate, less than 1% of the issued and outstanding Common Shares.

Ernst & Young LLP, the auditors of the Corporation, has advised the Corporation that they are independent of the Corporation within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any of associate or affiliate of the Corporation.

## ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Curt Marvis, the Corporation's Chief Executive Officer, Peter Lamberti, the Corporation's Chief Financial Officer, and Amory Schwartz and Wendy Bernfeld, two of the Corporation's directors, reside outside of Canada. The persons named below have appointed the following agent for service of process:

Name of Person	Name and Address of Agent
Curt Marvis	Wildeboer Dellelce Corporate Services Inc., Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto Ontario, M5H 2V1
Peter Lamberti	Wildeboer Dellelce Corporate Services Inc., Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto Ontario, M5H 2V1
Amory Schwartz	Wildeboer Dellelce Corporate Services Inc., Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto Ontario, M5H 2V1
Wendy Bernfeld	Wildeboer Dellelce Corporate Services Inc., Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto Ontario, M5H 2V1

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the securities being distributed that are not otherwise disclosed in this Prospectus or in the documents incorporated by reference herein, or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed.

## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

In an offering of Units, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Unit is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon the exercise of the Warrant(s) partially comprising the Units, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

**CERTIFICATE OF THE CORPORATION**

Dated: November 6, 2017

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

(Signed) "Curt Marvis"

By: Curt Marvis  
Chief Executive Officer

(Signed) "Peter Lamberti"

By: Peter Lamberti  
Chief Financial Officer

**On Behalf of the Board of Directors**

(Signed) "G. Scott Paterson"

By: G. Scott Paterson  
Director

(Signed) "Damian Lee"

By: Damian Lee  
Director

**CERTIFICATE OF THE UNDERWRITER**

Dated: November 6, 2017

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

**CLARUS SECURITIES INC.**

(Signed) "Robert Orviss"

By: Robert Orviss  
Managing Director