

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

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

## PRELIMINARY PROSPECTUS

INITIAL PUBLIC OFFERING

March 28, 2019

### CAPRICE BUSINESS DEVELOPMENT CANADA INC. (a capital pool company)

\$ 200,000

2,000,000 Common Shares

Price: \$ 0.10 per Common Share

Caprice Business Development Canada Inc. (the "Corporation") offers through its agent, Haywood Securities Inc. (the "Agent"), 2,000,000 common shares of the Corporation (the "Common Shares" and each a "Common Share") to the public at a price of \$0.10 per Common Share. The purpose of this offering (the "Offering") is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 ("CPC Policy"). The Corporation 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 the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "*Business of the Corporation*" and "*Use of Proceeds*".

|                                  | Price to Public | Agent's Commission <sup>(1)</sup> | Proceeds to the Corporation <sup>(2)</sup> |
|----------------------------------|-----------------|-----------------------------------|--------------------------------------------|
| Per Common Share                 | \$0.10          | \$0.01                            | \$0.09                                     |
| Total Offering <sup>(3)(4)</sup> | \$200,000       | \$20,000                          | \$180,000                                  |

#### Notes:

- (1) Under the Offering, the Agent will receive a total commission (the "Agent's Commission") equal to 10% of the gross proceeds of the Offering, payable in cash. The Agent will also be granted non-transferable options (the "Agent's Options" and each an "Agent Option") to acquire up to 10% of the aggregate number of Common Shares issued under the Offering at an exercise price of \$0.10 per Common Share, exercisable for a period ending 24 months from the date of the Closing. This prospectus qualifies the grant of all of the Agent's Options. The Corporation will reimburse the Agent for all reasonable expenses incurred in connection with this Offering, including legal fees plus taxes and disbursements. The Corporation will pay the Agent a corporate finance fee of \$10,000 plus taxes upon the Closing (as defined hereinafter). See "*Plan of Distribution*".
- (2) Before deducting the costs of this issue estimated at \$65,000, which includes legal and audit fees and other expenses of the Corporation, and the listing fee payable to the Exchange and filing fees payable to the Commissions, but excluding the Agent's Commission and corporate finance fee. See "*Use of Proceeds*".
- (3) The Corporation intends to grant options to purchase 400,000 Common Shares to directors and officers all of which options are qualified for distribution under this prospectus. See "*Incentive Stock Options*".
- (4) The latest date that the distribution is to remain open as may be permitted by securities legislation is the earlier of 90 days after the date of issuance of a receipt for the final prospectus by the Executive Director of the British Columbia Securities Commission or, if an amendment to the final prospectus has been filed and a receipt has been issued for such amendment, within 90 days of the issuance of a receipt for an amendment to the final prospectus, and in any event, not later than 180 days after the date of the receipt of the preliminary prospectus.

This Offering is made on a commercially reasonable efforts basis by the Agent and is subject to a subscription of 2,000,000 Common Shares for total gross proceeds to the Corporation of \$200,000. The offering price of the Common Shares was

determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement (as defined hereinafter). If the subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See “*Plan of Distribution*”.

Common Shares are offered, subject to prior sale, if, as, and when issued and 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 Fasken Martineau DuMoulin LLP, Vancouver, British Columbia, on behalf of the Corporation, and by Miller Thomson LLP on behalf of the Agent.

Under the Agency Agreement, the Agent will be granted the Agent’s Options to purchase up to 10% of the aggregate number of Common Shares issued under this Offering at a price of \$0.10 per Common Share. The Agent’s Options will be exercisable for a period of 24 months from the date of the Closing. The Agent’s Options are qualified under this prospectus for distribution.

### **Market for Securities**

**The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing 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 options to the directors, officers and technical consultants of the Corporation, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this 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.

**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*”.**

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 \$0.025 or 25%.

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. market place 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).

### **Risk Factors**

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

The Corporation was only recently incorporated and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and, in the case of a Non Arm’s Length Qualifying Transaction, the Majority of the Minority Approval; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. **Although the Corporation has commenced the process of identifying potential acquisitions, the Corporation has yet to enter into any negotiations with respect to such potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic.** The Corporation has not entered into an Agreement in Principle, as hereafter defined. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such 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 Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of application securities laws

of Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment.

The Corporation will be in competition with other corporations with greater resources. The Corporation 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. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing. The applicable securities regulatory authority may issue a cease trade order against the Corporation's securities if the Common Shares of the Corporation are suspended or delisted from trading on the Exchange. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation owned by Non Arm's Length Parties issued prior to this Offering.

Investors must rely on the expertise of the Corporation's promoters, directors and officers for any possible return on their investment. The Corporation's promoters, directors, officers and control persons, and their associates and affiliates, as a group, beneficially own or control, directly or indirectly 500,000 Common Shares, which represents 25% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 12.5% of the issued and outstanding Common Shares after giving effect to this Offering, assuming that no Common Shares are purchased by these persons under this Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "*Dilution*", "*Business of the Corporation*", "*Directors, Officers and Promoters*", "*Use of Proceeds*" and "*Risk Factors*".

No person is authorized by the Corporation to provide any information or to make any representation other than those contained in this prospectus in connection with the issue and sale of the securities pursuant to this prospectus.

#### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 40,000 of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 80,000 of the total number of Common Shares offered under this prospectus. Upon completion of the Offering, the Corporation must have a minimum of 200 shareholders with each shareholder beneficially owning at least 1,000 Common Shares free of resale restrictions, exclusive of any Common Shares held by Non Arm's Length Parties.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Common Shares will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. ("CDS") or its nominee. A purchaser of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The Corporation is not a related or connected issuer to the Agent (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*). See "*Relationship between the Corporation and Agent*".

**Haywood Securities Inc.**  
200 Burrard Street, Suite 700  
Vancouver, British Columbia V6C 3L6

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## GLOSSARY

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

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

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

A Company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

**“Agency Agreement”** means the agency agreement dated <@>, 2019 between the Corporation and the Agent.

**“Agent”** means Haywood Securities Inc.

**“Agent’s Options”** means the non-transferable options to be granted by the Corporation to the Agent and its subagents, if any, entitling the Agent to acquire 10% of the aggregate number of Common Shares issued under the Offering at an exercise price of \$0.10 per Common Share, expiring 24 months from the date of the Closing.

**“Aggregate Pro Group”** means all Persons who are members of any Pro Group whether or not the Member is involved in the 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 Corporation or the Non Arm’s Length Parties to the Qualifying Transaction.

**“Associate”** when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him or her to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;

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

**"Board of Directors"** means the board of directors of the Corporation.

**"Closing"** means completion of the Offering.

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

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

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

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

**"Corporation"** means Caprice Business Development Canada Inc., a corporation incorporated under the laws of the Province of British Columbia.

**"CPC"** means a corporation:

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

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

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

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

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

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

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

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

**“Majority of the Minority Approval”** means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

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

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

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

**“Member’s Agreement”** means the member’s 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 agreements.

**“NEX”** means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange Tier Maintenance Requirements for Tier 2 may continue to trade.

**“Non Arm’s Length Party”** means in relation to a Company, 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. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, insider or Control Person.

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

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

**“Offering”** means the offering of 2,000,000 Common Shares at a price of \$0.10 per Common Share for aggregate gross proceeds of \$200,000 in accordance with the terms of this prospectus.

**“Person”** means a Company or individual.

**“Principal”** means:

- (a) a Person who acted as a Promoter of the issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a 10% holder – a person or company that:

- (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

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

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

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

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

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

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

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

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

**“SEDAR”** means System for Electronic Document Analysis and Retrieval.

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

**“Sponsor”** has the meaning specified in Exchange *Policy 2.2 — Sponsorship and Sponsorship Requirements*.

**“Sponsor Report”** means the report to be provided to the Exchange by the Sponsor.

**“Sponsorship Acknowledgment Form”** means the form prepared in accordance with Form 2G.

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

**“Tax Act”** means the *Income Tax Act* (Canada).

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

**“Voting Shares”** means a security of an Issuer that:

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

## 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.*

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                      |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Corporation</b>             | Caprice Business Development Canada Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |
| <b>Business of Corporation</b> | The Corporation is a CPC. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “ <i>Business of the Corporation</i> ”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |
| <b>Offering</b>                | The Corporation is offering 2,000,000 Common Shares at a price of \$0.10 per Common Share. The total gross proceeds of the Offering will be \$200,000. In addition, the Corporation will grant Agent’s Options to acquire up to 200,000 Common Shares sold under the Offering at a price of \$0.10 per Common Share which will be exercisable for a period of 24 months from the date of the Closing, which option is qualified under this prospectus. The Corporation also intends to grant options to purchase 400,000 Common Shares to directors, officers, and technical consultants, all of which options are qualified for distribution under this prospectus. See “ <i>Options to Purchase Securities</i> ”. See “ <i>Plan of Distribution</i> ”.                                                                                                                                                                                                                                    |                                      |
| <b>Use of Proceeds</b>         | The net proceeds of the Offering to the Corporation will be \$105,000 after deduction of expenses and costs relating to the Offering estimated at \$95,000. The balance of cash proceeds raised prior to this Offering is \$83,908. The total net proceeds will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See “ <i>Use of Proceeds</i> ”, “ <i>Business of the Corporation – Method of Financing</i> ” and “ <i>Risk Factors</i> ”. |                                      |
| <b>Directors and Officers</b>  | <b>Derek Lew</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Chief Executive Officer and Director |
|                                | <b>Mark Leung</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Chief Financial Officer              |
|                                | <b>Ian MacLeod</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Director and Corporate Secretary     |
|                                | <b>Mark Rutledge</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director                             |
|                                | <b>Mark Tommasi</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Director                             |
|                                | See “ <i>Directors, Officers and Promoters</i> ”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                      |
| <b>Escrowed Securities</b>     | All of the currently issued and outstanding Common Shares of the Corporation, being 2,000,000 Common Shares will be deposited in escrow pursuant to the terms of an Escrow Agreement, as hereafter defined, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |
| <b>Risk Factors</b>            | Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation.        |                                      |

Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 25% or \$ 0.025 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, if ever, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "*Business of the Corporation*", "*Dilution*" and "*Risk Factors*".

## THE CORPORATION

The Corporation was incorporated on November 29, 2018 under the *Business Corporations Act* (British Columbia). The Corporation is a CPC as defined by the CPC Policy.

The head office of the Corporation is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. The registered office of the Corporation is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. The Corporation does not have any subsidiaries.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

As of the date hereof, the Corporation has incurred preliminary expenses, including legal, auditing and accounting fees in the amount of approximately \$15,000. Certain of the Offering proceeds may be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor and legal fees, the fees of the Exchange, the Agent's Commission, fees and expenses and the fees of the securities regulatory authorities. See "*Use of Proceeds*".

### Proposed Operations until Completion of a Qualifying Transaction

To date, the Corporation has not conducted operations of any kind. The Corporation is a CPC pursuant to the policies of the Exchange. The Corporation 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 Corporation has not commenced commercial operations. The Corporation currently intends to pursue a Qualifying Transaction in the technology sector, but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

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

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

### Method of Financing

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

### Criteria for a Qualifying Transaction

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

The potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the Board of Directors. The Board of Directors will examine proposed acquisitions having regard to, among other things, the (a) projected rate of return; (b) risk of loss; (c) prospects for growth; (d) skill of the management team; and (e) basic financing considerations, including the costs of the acquisition and the prospect of obtaining debt or equity financing to complete the acquisition.

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

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

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

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

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

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

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

### **Initial Listing Requirements**

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

### **Trading Halts, Suspensions and Delisting**

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

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

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

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the issuer or its remaining assets in some other manner. See "*Business of the Corporation - Filings and Shareholder Approval of 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 aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
  - (iii) Associates of any such person,
 collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### USE OF PROCEEDS

#### Proceeds and Principal Purposes

The gross proceeds to be received by the Corporation from the sale of the Common Shares distributed under this prospectus will be \$200,000. Prior to the date of this prospectus, the Company issued 2,000,000 Common Shares at a price of \$0.05 per Common Share for total proceeds of \$100,000. As at December 31, 2018, the Corporation incurred expenses and costs totaling \$16,092 with respect to the organization of the Corporation and issuance of the Common Shares. The expenses and costs of this Offering expected to be incurred will be \$95,000, including the Agent's Commission and the corporate finance fee. The Corporation estimates that \$188,908 will be available to it from the sale of the Common Shares distributed under the prospectus and prior sales of Common Shares.

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

|                                                                                                                                         | <b>Offering</b>  |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Cash proceeds raised prior to this Offering <sup>(1)</sup>                                                                              | \$100,000        |
| Expenses and costs relating to raising the cash proceeds                                                                                | (\$16,092)       |
| Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>                                                                     | \$200,000        |
| Estimated Expenses and costs relating to the Offering (including listing fees, Agent's Commission, legal fees, audit fees and expenses) | \$(95,000)       |
| <b>Estimated funds available<br/>(oncompletion of the Offering)</b>                                                                     | <b>\$188,908</b> |

|                                                                                            |                  |
|--------------------------------------------------------------------------------------------|------------------|
| Funds available for identifying and evaluating assets or business prospects <sup>(3)</sup> | \$118,908        |
| Estimated general and administrative expenses until Completion of a Qualifying Transaction | \$70,000         |
| <b>Total Net Proceeds</b>                                                                  | <b>\$188,908</b> |

Notes:

- (1) See “*Prior Sales*”.
- (2) In the event the Agent exercises the Agent’s Option, or the directors, officers or technical consultants exercise their options, there will be available to the Corporation a maximum of an additional \$60,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) In the event that the Corporation enters into an Agreement in Principle prior to spending all of the funds available to it on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

#### **Permitted Use of Funds**

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

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

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agents’ fees, costs and commissions,

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

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

### **Restrictions on Use of Proceeds**

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as “*Permitted Use of Funds*”, listed above, include:

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

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

### **Private Placements for Cash**

After the Closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm’s Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

### **Prohibited Payments to Non Arm’s Length Parties**

Except as described under “*Options to Purchase Securities*”, the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm’s Length Party to the Corporation or a Non Arm’s Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

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

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

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

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

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

The Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement dated <@>, 2019. The Agent will receive a cash commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay the Agent a non-refundable corporate finance fee of \$10,000 plus tax, and will pay the Agent's reasonable expenses.

The Corporation has also agreed to grant to the Agent the Agent's Option to purchase 200,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the date of the Closing. All of the Agent's Option is qualified 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 the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The total Offering is of 2,000,000 Common Shares for total gross proceeds of \$200,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% (or 40,000 Common Shares) of the total Common Shares in the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates of Affiliates of that purchaser is 4% (or 80,000 Common Shares) of the total number of Common Shares under the Offering. 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 or deduction, unless subscribers have otherwise instructed the Agent.

### **Other Securities to be Distributed**

The Corporation also proposes to grant options to purchase 400,000 Common Shares to directors, officers and technical consultants in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus.

### **Determination of Price**

The price of the Common Shares has been determined through negotiation between the Corporation and the Agent.

### **Listing Application**

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

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. market place 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).

### **Subscription by and Restrictions on the Agent**

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under the Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under the Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the Aggregate Pro Group is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 “*Filing Requirements and Continuous Disclosure*”.

The Agent has advised the Corporation that to the best of its knowledge and belief, the following directors, officers, employees or contractors or any Associate or Affiliate of the foregoing have subscribed for 500,000 Common Shares of the Corporation in the following amounts:

| <b>Name of Shareholder</b>                                 | <b>Number of<br/>Common Shares<br/>subscribed for prior to the Date Hereof</b> |
|------------------------------------------------------------|--------------------------------------------------------------------------------|
| Growthworks Blockchain Innovation Fund I LP <sup>(1)</sup> | <b>500,000</b>                                                                 |
| <b>Total Common Shares</b>                                 | <b>500,000</b>                                                                 |

(1) These Common Shares are held indirectly by Derek Lew, as Derek Lew has a controlling interest in Growthworks Blockchain Innovation Fund I LP.

### **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 options to the directors, officers and technical consultants of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities regulatory authorities in the provinces of British Columbia, Alberta, and Ontario, 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**

### **General**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date hereof, 2,000,000 Common Shares are issued and outstanding as fully paid and non-assessable. A total of 2,000,000 Common Shares are being qualified for distribution under this prospectus. The Corporation has reserved 400,000 Common Shares for issuance upon exercise of the incentive stock options to be granted to officers and directors of the Corporation (10% of the issued and outstanding Common Shares from time to time are reserved under the incentive stock option plan of the Corporation) and 200,000 Common Shares for issuance upon exercise of the Agent’s Options. See “*Options to Purchase Securities*” and “*Plan of Distribution*”.

### **Common Shares**

The holders of Common Shares shall be entitled to dividends if, as and when declared by the Board of Directors, to one vote per share at meetings of the holders of Common Shares and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of Common Shares. All of the Common Shares to be issued and outstanding upon completion of the Offering will be issued as fully paid and non-assessable.

## **CAPITALIZATION**

The following table sets forth information respecting the capitalization of the Corporation as at the dates indicated:

| <b>Description of Security</b> | <b>Amount Authorized</b> | <b>Amount outstanding as of the date of the most recent balance sheet contained in the prospectus<sup>(1)(2)(3)</sup></b> | <b>Amount Outstanding as of the Date Hereof<sup>(2)(3)</sup></b> | <b>Amount to be outstanding if all Common Shares being offered are sold<sup>(2)(3)</sup></b> |
|--------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Common                         | Unlimited                | \$100,000                                                                                                                 | \$100,000                                                        | \$300,000 <sup>(4)</sup>                                                                     |

|        |  |                           |                           |                           |
|--------|--|---------------------------|---------------------------|---------------------------|
| Shares |  | (2,000,000 Common Shares) | (2,000,000 Common Shares) | (4,000,000 Common Shares) |
|--------|--|---------------------------|---------------------------|---------------------------|

Notes:

- (1) As at the date hereof, the Corporation had not commenced commercial operations.
- (2) The Corporation has also reserved for issuance 10% of the issued and outstanding Common Shares from time to time for the incentive stock option plan of the Corporation. The Corporation intends to grant incentive stock options to purchase 400,000 Common Shares. See “Options to Purchase Securities”.
- (3) The Corporation has reserved a maximum of 200,000 Common Shares at \$0.10 per Common Share pursuant to the Agent’s Option. See “Plan of Distribution”.
- (4) Based on gross proceeds of the Offering and before deducting the Agent’s Commission, legal and audit fees and other expenses and costs of the Offering. For an estimate of these expenses see “Use of Proceeds – Proceeds and Principal Purposes”.

## OPTIONS TO PURCHASE SECURITIES

### Incentive Stock Options

The Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the “**Stock Option Plan**”) which provides that the Board of Directors may from, time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 10 years. In addition, the number of Common Shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to consultants or employees conducting Investor Relations Activities (as such term is defined by the Exchange) will not exceed 2% of the issued and outstanding Common Shares in any 12 month period. Furthermore, until the completion of the Qualifying Transaction, options granted to a director or an officer individually may not exceed 5% of the Common Shares outstanding as at the closing of the IPO, and options granted to all technical consultants may not exceed 2% of the Common Shares outstanding as at the closing of the IPO. No options may be granted to investor relations service providers. Other than in connection with a Qualifying Transaction, during the time that the Corporation is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Stock Option Plan shall not exceed 10% of the Common Shares of the Corporation issued and outstanding at the closing of the Corporation’s IPO. The exercise price cannot be less than the greater of the IPO share price and the discounted market price.

The Board of Directors determines the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange. Options are exercisable for a period of up to 10 years. If the holder ceases to be a director, officer, employee or consultant of the Corporation, such holder’s options must also be exercised within the later of: (i) 12 months after the Completion of the Qualifying Transaction; and (ii) 90 days from the date of termination of employment or cessation of position with the Corporation, other than by reason of death. The price per Common Share set by the Board of Directors shall not be less than the last closing price of the Common Shares on the Exchange prior to the date on which such option is granted, less the applicable discount permitted (if any) by the Exchange. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

The incentive stock options to be granted to the directors and officers to purchase an aggregate of 400,000 Common Shares at a price of \$0.10 per Common Share are qualified under and distributed pursuant to this prospectus.

Any Common Shares acquired pursuant to the exercise of incentive stock options prior to the Completion of the Qualifying Transaction must be deposited into escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

## PRIOR SALES

Since the date of incorporation of the Corporation, 2,000,000 Common Shares have been issued as follows. Common Shares issued to any Member of the Aggregate Pro Group are identified by an \*.

| Date             | Number of Shares         | Issue Price per Share | Aggregate Issue Price | Consideration Received |
|------------------|--------------------------|-----------------------|-----------------------|------------------------|
| December 6, 2018 | 2,000,000 <sup>(1)</sup> | \$0.05                | \$100,000             | Cash                   |

Note:

- (1) All of these issued shares will be held in escrow in accordance with the CPC Policy. See “Escrowed Securities”.

## ESCROWED SECURITIES

### Securities Escrowed Prior to the Completion of the Qualifying Transaction

All Common Shares issued prior to this Offering at a price below \$0.10 per Common Share, all Common Shares that may be acquired by Non Arm’s Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with <@> (the “Escrow Agent”) under an escrow agreement dated <@>, 2019 (the “Escrow Agreement”).

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

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

Notwithstanding the foregoing, Common Shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See “Escrowed Securities on Private Placement”.

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

| Name and Municipality of Residence of Shareholder                              | Number of Common Shares held in Escrow | Percentage of Shares Prior to Giving Effect to the Offering | Percentage of Shares After Giving Effect to the Offering |
|--------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------|----------------------------------------------------------|
| Growthworks Blockchain Innovation Fund I LP <sup>(1)</sup><br>British Columbia | 500,000                                | 25%                                                         | 12.5%                                                    |
| Inclination Earth Sciences Inc. <sup>(2)</sup><br>British Columbia             | 500,000                                | 25%                                                         | 12.5%                                                    |
| Oak Mason Investments Inc. <sup>(3)</sup><br>British Columbia                  | 500,000                                | 25%                                                         | 12.5%                                                    |
| Pallasite Ventures Inc. <sup>(4)</sup><br>British Columbia                     | 500,000                                | 25%                                                         | 12.5%                                                    |
| <b>Total Common Shares</b>                                                     | <b>2,000,000</b>                       | <b>100%</b>                                                 | <b>50%</b>                                               |

- (1) These Common Shares are held indirectly by Derek Lew, as Derek Lew has a controlling interest in Growthworks Blockchain Innovation Fund I LP.

- (2) Company controlled by Michael Moore.

- (3) Company controlled by Possibilities Training Group and Marallo Holdings Inc., which are both controlled by parties that are Arm’s Length to the Corporation.

- (4) Company controlled by Christopher Bissonnette.

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

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

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

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

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

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

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

#### **Escrowed Securities On Qualifying Transaction**

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

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities, being releasable every 6 months until the date which is 36 months after the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with: 5% of the escrowed securities releasable at the time of the Final Exchange Bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

### Escrowed Securities on Private Placement

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

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

### PRINCIPAL SHAREHOLDERS

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

| Name and Municipality of Residence                              | Type of Ownership | Number of Shares Owned Before Offering <sup>(1)</sup> | Number of Shares Owned After Offering | Percentage of Shares Owned Before Offering | Percentage Owned After Offering <sup>(2)</sup> | Fully Diluted Percentage Assuming Exercise of all Options <sup>(3)</sup> |
|-----------------------------------------------------------------|-------------------|-------------------------------------------------------|---------------------------------------|--------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------|
| Growthworks Blockchain Innovation Fund I LP<br>British Columbia | Direct            | 500,000                                               | 500,000                               | 25%                                        | 12.5%                                          | 10.87%                                                                   |
| Inclination Earth Sciences Inc.<br>British Columbia             | Direct            | 500,000                                               | 500,000                               | 25%                                        | 12.5%                                          | 10.87%                                                                   |
| Oak Mason Investments Inc.<br>British Columbia                  | Direct            | 500,000                                               | 500,000                               | 25%                                        | 12.5%                                          | 10.87%                                                                   |
| Pallasite Ventures Inc.<br>British Columbia                     | Direct            | 500,000                                               | 500,000                               | 25%                                        | 12.5%                                          | 10.87%                                                                   |

Notes:

(1) These Common Shares are to be held in escrow. See "Escrowed Securities".

(2) Assuming that no Common Shares are purchased by these persons under the Offering.

- (3) The figures given in this column assume that the 200,000 Agent's Options and 400,000 option to be granted to directors and officers are fully exercised which would result in the issued and outstanding Common Shares of the Corporation being increased to 4,600,000 as on a fully diluted basis.

## DIRECTORS, OFFICERS AND PROMOTERS

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

The following table sets out the names of the current directors, officers and Promoters of the Corporation, the municipalities of residence, their current positions with the Corporation, their principal occupations during the past five years and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control is exercised.

| Name, Municipality of Residence and Position or Office                                    |       | Principal Occupation for Past Five Years                                                                                        | Common Shares Held <sup>(1)</sup> | Percentage before Completion of Offering | Percentage after Completion of Offering |
|-------------------------------------------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------|-----------------------------------------|
| <b>Derek Lew</b><br>Director and Executive Officer<br><br>Vancouver, BC                   | Chief | • Director of the Corporation from November 2018 to present. Chief Executive Officer from March 2019 to present.                | 500,000 <sup>(2)</sup>            | 25%                                      | 12.5%                                   |
|                                                                                           |       | • President & Chief Executive Officer of GrowthWorks Capital since August 24, 2015                                              |                                   |                                          |                                         |
|                                                                                           |       | • Self-employed lawyer since January 2001.                                                                                      |                                   |                                          |                                         |
| <b>Mark Leung</b><br>Chief Financial Officer<br><br>Burnaby, BC                           |       | • Chief Financial Officer of the Corporation from March 2019 to present.                                                        | 0                                 | 0%                                       | 0%                                      |
|                                                                                           |       | • Director of Finance & Controller of Pacific Blue Cross March 4, 2019 to present.                                              |                                   |                                          |                                         |
|                                                                                           |       | • VP Finance, GrowthWorks Capital August 2017 to March 1, 2019                                                                  |                                   |                                          |                                         |
|                                                                                           |       | • Manager, Decision Support, BCLC June 2013 – June 2016                                                                         |                                   |                                          |                                         |
| <b>Ian MacLeod<sup>(3)</sup></b><br>Director and Corporate Secretary<br><br>Vancouver, BC |       | • Director of the Corporation from November 2018 to present. Corporate Secretary of the Corporation from March 2019 to present. | 0                                 | 0%                                       | 0%                                      |
|                                                                                           |       | • General Counsel of Teligence group Capital since 2006 to present.                                                             |                                   |                                          |                                         |
| <b>Mark Rutledge<sup>(3)</sup></b><br>Director<br><br>Vancouver, BC                       |       | • Director of the Corporation from November 2018 to present.                                                                    | 0                                 | 0%                                       | 0%                                      |
|                                                                                           |       | • Chief Executive Officer of Motto Technologies PLC since May 2018 to present                                                   |                                   |                                          |                                         |
|                                                                                           |       | • President of Carraway Capital Corporation since May 1998 to present                                                           |                                   |                                          |                                         |
| <b>Mark Tommasi<sup>(3)</sup></b><br>Director                                             |       | • Director of the Corporation from March 2019 to present.                                                                       | 0                                 | 0                                        | 0%                                      |

Vancouver, BC

- Owner of 622738 BC Ltd.

|                         |                                      |            |              |
|-------------------------|--------------------------------------|------------|--------------|
| <b>Total Securities</b> | <b>500,000<br/>Common<br/>Shares</b> | <b>25%</b> | <b>12.5%</b> |
|-------------------------|--------------------------------------|------------|--------------|

Notes:

- (1) These Common Shares are subject to escrow restrictions. See “*Escrow Securities*”.
- (2) Derek Lew owns these shares indirectly through Growthworks Blockchain Innovation Fund I LP.
- (3) Are members of the Corporation’s audit committee.

**Derek Lew (49), Director and Chief Executive Officer**

Mr. Lew is the President, Chief Executive Officer and a director of GrowthWorks Capital Ltd. (“GWC”), and the President and Chief Executive Officer and/or a director of certain managed funds and operating subsidiaries of GWC, all of which are active venture capital investors. Mr. Lew is also a Partner with Initio Group Inc. (“Initio”), a Vancouver-based early-stage angel investment firm, and is a lawyer with experience in the areas of corporate, commercial and real estate law. As CEO of GWC, and at Initio, Mr Lew is involved in overseeing these firms’ venture capital and angel investments, respectively. Mr. Lew was Chair of the British Columbia Innovation Commission (now Innovate BC) (2013 – 2018), the crown agency of the province of British Columbia responsible for the advancement of innovative businesses and entrepreneurs in the province. He has also been a director of Mobio Technologies Inc., a TSXV-listed company, since November 2012. Active in his community, Mr. Lew is a director of the Frank and Joan Lew Charitable Trust and the FJL Housing Society, which focuses on matters related to social housing in Vancouver’s Downtown Eastside. Derek holds a Bachelor of Arts from the University of British Columbia and a Bachelor of Laws from the University of Alberta, and is a member of the Law Society of British Columbia. Mr. Lew devotes time to the Company on an as needed basis as an independent contractor.

**Mark Leung (41), Chief Financial Officer**

Mr. Leung has over 15 years of experience in finance and accounting. He has diverse industry experience which includes investment management, telecommunications, and gaming. Responsibilities included overseeing all aspects of financial planning & analysis and strategic planning. Professionally, he is Chartered Professional Accountant (CPA, CA), and a graduate of University of British Columbia (MBA).

**Ian MacLeod (49), Director and Corporate Secretary**

Mr. MacLeod is the Corporate Secretary and General Counsel to the Teligence Group of Companies from 2007 to present. The Teligence Group actively pursues the acquisition of promising opportunities in the area of telecom, payments, Ecommerce and software development. Mr. MacLeod is responsible for acquisitions, structuring and strategic direction of the Teligence portfolio. Mr. MacLeod holds a BA from Western University and an LLB from the University of British Columbia.

**Mark Rutledge (59), Director**

Mr. Rutledge has experience in technology, start-up structure and financing, and public markets. He is currently the Chief Executive Officer of Motto Technologies PLC, headquartered in London, UK, which is building a wealth management platform centered on digital currencies, aimed at millennials. Motto is regulated under the Financial Conduct Authority of the United Kingdom. Mr. Rutledge is also the President of Carraway Capital Corporation, a Vancouver-based early-stage angel investment group. Carraway’s investments include: Twenty Year Media Corp., a technology company focused on innovations in artificial intelligence and conversational interfaces, as well as Sosido Networks Inc., a leading knowledge-exchange community for health care professionals. Mr. Rutledge is an active member of the technology start-up community in Vancouver. In the early 2000s, Mr. Rutledge was the co-Founder of InternetStudios.com, one of the early pioneers in the streaming of digital media. InternetStudios was publicly traded in the United States from 1998-2003. Prior to that, Mr. Rutledge practised securities and entertainment law in Vancouver. Mr. Rutledge holds a BA cum laude and an LLB from the University of British Columbia.

**Mark Tommasi (46), Director**

Mr. Tommasi the owner of 622738 BC Ltd., a private investment company that provides consulting services to public and private companies. He is currently a director or officer of several reporting issuers including Chairman, Director of Zadar Ventures Ltd., President, Director of Strategic Resources Inc., and Director of Glenbriar Technologies Inc.

## Other Corporate Information

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

Upon completion of the Offering, the directors, officers, Promoters and other members of management of the Corporation, as a group, will beneficially own, directly or indirectly, or exercise control or direction over 500,000 Common Shares of the Corporation representing 12.5%, of the Common Shares then issued and outstanding (assuming no exercise of the Agent's Option and that no Common Shares are purchased by these persons under this Offering).

Pursuant to the provisions of the *Business Corporation Act* (British Columbia), the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditor. The audit committee of the Corporation currently consists of Ian MacLeod, Mark Rutledge and Mark Tommasi. Once the Corporation has obtained a receipt for its CPC prospectus from the securities regulatory authority in the provinces of British Columbia, Alberta, and Ontario, the Corporation will be subject to the requirements of Multilateral Instrument 52-110 *Audit Committees*.

## Other Reporting Issuers Experience

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

| Name          | Number and Name(s) of Reporting Issuer(s) | Name of Exchange or Market (if applicable) | Position                   | From             | To               |
|---------------|-------------------------------------------|--------------------------------------------|----------------------------|------------------|------------------|
| Derek Lew     | 1. Mobio Technologies Inc.                | 1. TSXV                                    | 1. Director                | 1. November 2012 | 1. Present       |
|               | 2. Working Opportunity Fund (EVCC) Ltd.   | 2. N/A                                     | 2. Director                | 2. June 2014     | 2. August 2015   |
|               | 3. Working Opportunity Fund (EVCC) Ltd.   | 3. N/A                                     | 3. Director                | 3. October 2016  | 3. February 2019 |
|               | 4. Working Opportunity Fund (EVCC) Ltd.   | 4. N/A                                     | 4. President & CEO         | 4. October 2015  | 4. February 2019 |
| Mark Rutledge | Plus 8 Global Ventures Ltd.               | CNSX                                       | Director                   | March 2014       | June 2015        |
| Mark Tommasi  | 1. Strategic Resources Inc.               | 1. TSXV                                    | 1. President/CEO, Director | 1. October 2014  | 1. Present       |
|               | 2. Zadar Ventures Ltd.                    | 2. TSXV                                    | 2. Chairman, Director      | 2. April 2010    | 2. Present       |
|               | 3. Glenbriar Technologies Inc.            | 3. CSE                                     | 3. Director                | 3. December 2018 | 3. Present       |
|               | 4. Clean Seed Capital Group               | 4. TSXV                                    | 4. Director                | 4. February 2010 | 4. August 2017   |

Ltd.

|                                           |         |             |                   |                 |
|-------------------------------------------|---------|-------------|-------------------|-----------------|
| 5. Cougar Minerals Corp.                  | 5. TSXV | 5. Director | 5. April 2013     | 5. May 2016     |
| 6. Rojo Resources Ltd.                    | 6. TSXV | 6. Director | 6. November 2015  | 6. January 2019 |
| 7. International Samuel Exploration Corp. | 7. TSXV | 7. Director | 7. November 2009  | 7. March 2017   |
| 8. Thelon Ventures Ltd.                   | 8. TSXV | 8. Director | 8. September 2013 | 8. March 2015   |
| 9. Shoshoni Gold Ltd.                     | 9. TSXV | 9. Director | 9. January 2001   | 9. March 2015   |

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer, Insider, Control Person or Promoter of the Corporation is, or within 10 years before the date of this prospectus has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemption under applicable securities legislation for a period of more than 30 consecutive days; or (ii) 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 assets of that person.

### **Penalties or Sanctions**

No director, officer, Insider, Control Person or Promoter of the Corporation has been: (i) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

No director, officer, Insider, Control Person or Promoter of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of the prospectus, 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 no known conflicts of interest involving the directors.

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

## **EXECUTIVE COMPENSATION**

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly to indirectly, by the Corporation to a Non Arm's Length Party

to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

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

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

The directors and officers of the Corporation may also be granted stock options. However, no payment other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

#### **RELATED PARTY TRANSACTIONS**

There are no material transactions with the directors, officers, promoters or principal holders of the Corporation's securities, or Associates or Affiliates of such persons, that have occurred since the date of incorporation of the Corporation.

#### **DILUTION**

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 25% or \$0.025 per Common Share on the basis of there being 4,000,000 Common Shares of the Corporation issued and outstanding following completion of the 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 this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

| <b><u>Item</u></b>                                   | <b><u>After Offering</u></b> |
|------------------------------------------------------|------------------------------|
| Gross proceeds of prior Common Share issues          | \$100,000                    |
| Gross proceeds of the Offering                       | <u>\$200,000</u>             |
| Total gross proceeds after the Offering              | <u>\$300,000</u>             |
| Offering price per Common Share                      | \$0.10                       |
| Gross proceeds per Common Share after this Offering  | \$0.075                      |
| Dilution per Common Share to subscriber              | \$0.025                      |
| Percentage of dilution in relation to Offering price | 25%                          |

#### **RISK FACTORS**

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

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 25% or \$0.025 per Common Share;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (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 Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation 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 Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation 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;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;

- (q) subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan; and
- (r) if the Corporation does not list the Common Shares on the Exchange prior to the time of closing in the manner contemplated under "Eligibility for Investment", adverse tax consequences will arise with respect to any Common Shares held in RRSPs, RRIFs, TFSA's or other deferred plans.

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

#### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

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

#### **RELATIONSHIP BETWEEN CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by Fasken Martineau DuMoulin LLP, on behalf of the Corporation.

No Person whose profession or business gives authority to a statement made by such Person and who is named to this prospectus has received or will receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date hereof, the aforementioned Persons do not beneficially own, directly or indirectly, securities of the Corporation or its Associates and Affiliates. 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 Corporation or of an Associate or Affiliate of the Corporation, or a Promoter of the Corporation or of an Associate or Affiliate of the Corporation.

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors and officers have acquired a total of 500,000 Common Shares of the Corporation in the seed capital phase of the Corporation. See "*Directors, Officers and Promoters*".

Other than as set forth above, no director, officer, or any associate or affiliate thereof of the Corporation has or has had any material interest, directly or indirectly, in any transaction involving the Corporation since incorporation, or in any proposed transaction involving the Corporation, that has materially affected or will materially affect the Corporation.

#### **AUDITOR**

The auditor of the Corporation is Dale Matheson Carr-Hilton Labonte LLP at 1500 - 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

#### **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the Common Shares is Odyssey Trust Company at 323 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

#### **MATERIAL CONTRACTS**

The following are the material contracts of the Corporation entered into since the date of its inception:

- (a) the [Agency Agreement dated <@>, 2019 between the Corporation and the Agent. See "*Plan of Distribution*".]

- (b) the [Escrow Agreement dated <@>, 2019 between the Corporation and the Escrow Agent. See “*Escrowed Securities*”.]
- (c) [Registrar and Transfer Agent Agreement dated <@> between the Corporation and the Transfer Agent. See “*Registrar and Transfer Agent*”; and
- (d) the Stock Option Plan. See “*Options to Purchase Securities*”.

Copies of the material contracts described above may be inspected at the registered office of the Corporation located at the offices of Fasken Martineau DuMoulin LLP, solicitors of the Corporation, located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, during normal business hours during the period of the distribution of the Common Shares under this prospectus and for a period of 30 days thereafter.

#### **OTHER MATERIAL FACTS**

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

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, based on the provisions of the Tax Act and the regulations thereunder in force as of the date hereof and any specific proposal to amend the Tax Act or regulations thereto publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“Tax Proposals”) prior to the date hereof, the Common Shares, if issued at a particular time, will be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan (“RESP”), a deferred profit sharing plan, a registered disability savings plan (“RDSP”) and a tax-free savings account (“TFSA”), as those terms are defined in the Tax Act (each, a “Plan”), provided that at such particular time, the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the Exchange) or the Corporation is otherwise a “public corporation” as defined in the Tax Act.

The Common Shares are not currently listed on a “designated stock exchange” and the Corporation is not currently a “public corporation”, as those terms are defined in the Tax Act. The Corporation has applied to list the Common Shares on the Exchange prior to the Closing. The Corporation must rely on the Exchange to list the Common Shares on the Exchange 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 Corporation is not a “public corporation” at that time, the Common Shares will not be qualified investments for the Plans at that time.

Notwithstanding that such Common Shares may be a qualified investment for a RRSP, RRIF, RESP, RDSP or TFSA (the “Registered Plans”), the annuitant thereunder, subscriber or holder thereof, as the case may be, will be subject to a penalty tax in respect of the Common Shares held in such Registered Plan if the Common Shares are a “prohibited investment” for such Registered Plan for the purposes of the Tax Act. The Common Shares generally will not be a “prohibited investment” if the annuitant under, or subscriber or holder of the Registered Plan, 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) in the Corporation. In addition, the Common Shares will not be a “prohibited investment” if the Common Shares are “excluded property” as defined in the Tax Act in respect of such Registered Plan.

**Purchasers who intend to hold Common Shares in their Plans, should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

#### **DIVIDEND POLICY**

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

#### **PURCHASER’S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in 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 or damages if the prospectus or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

#### **FINANCIAL STATEMENTS**

The Corporation has included audited financial statements for the period from inception to December, 31, 2018.

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**

**(A Capital Pool Company)**

**FINANCIAL STATEMENTS**

**For the period of Incorporation (November 29, 2018) to December 31, 2018**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Caprice Business Development Canada Inc.:

### Opinion

We have audited the financial statements of Caprice Business Development Canada Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of loss and comprehensive loss, statement of shareholders' equity and cash flows for the period from incorporation on November 29, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from incorporation on November 29, 2018 to December 31, 2018 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.

### Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the Company incurred a net loss of \$22,092 during the period from incorporation on November 29, 2018 to December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

**[Audit Partner Signature]**

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

**March XX, 2019**

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

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**ASSETS**

Current

|                         |                   |
|-------------------------|-------------------|
| Cash (Note 1)           | \$ 75,000         |
| Subscription receivable | <u>25,000</u>     |
|                         | <u>\$ 100,000</u> |

**LIABILITIES**

Current

|                                          |                  |
|------------------------------------------|------------------|
| Accounts payable and accrued liabilities | <u>\$ 22,092</u> |
|------------------------------------------|------------------|

**SHAREHOLDERS' EQUITY**

|                        |                          |
|------------------------|--------------------------|
| Share capital (Note 4) | 100,000                  |
| Deficit                | <u>(22,092)</u>          |
|                        | <u>77,098</u>            |
|                        | <u><u>\$ 100,000</u></u> |

**Nature of operations** (Note 1)

**Subsequent event** (Note 8)

Approved by the Board of Directors:

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Director

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Director

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.  
STATEMENT OF LOSS AND COMPREHENSIVE LOSS  
FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER  
31, 2018**

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**EXPENSES**

|                            |    |        |
|----------------------------|----|--------|
| Professional fees (Note 8) | \$ | 22,092 |
|----------------------------|----|--------|

|                                        |    |          |
|----------------------------------------|----|----------|
| <b>NET LOSS AND COMPREHENSIVE LOSS</b> | \$ | (22,092) |
|----------------------------------------|----|----------|

**LOSS PER SHARE**

|                     |    |        |
|---------------------|----|--------|
| – Basic and diluted | \$ | (0.01) |
|---------------------|----|--------|

|                                                                                     |  |           |
|-------------------------------------------------------------------------------------|--|-----------|
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES<br/>OUTSTANDING – Basic and diluted</b> |  | 1,562,500 |
|-------------------------------------------------------------------------------------|--|-----------|

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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|                                   | <u>Share capital</u> |                   | Deficit            | Total<br>shareholders'<br>equity |
|-----------------------------------|----------------------|-------------------|--------------------|----------------------------------|
|                                   | Shares               | Amount            |                    |                                  |
| <b>BALANCE, NOVEMBER 29, 2018</b> | -                    | \$ -              | \$ -               | \$ -                             |
| Issued for cash                   | 1,500,000            | 75,000            | -                  | 75,000                           |
| Subscription receivable           | 500,000              | 25,000            | -                  | 25,000                           |
| Net loss for the period           |                      | -                 | (22,092)           | (22,092)                         |
| <b>BALANCE, DECEMBER 31, 2018</b> | <u>2,000,000</u>     | <u>\$ 100,000</u> | <u>\$ (22,092)</u> | <u>\$ 77,908</u>                 |

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                              |                 |
|----------------------------------------------|-----------------|
| Net loss for the year                        | \$ (22,092)     |
| Change in non-cash working capital items:    |                 |
| Subscription receivable                      | (25,000)        |
| Accounts payable and accrued liabilities     | <u>22,092</u>   |
| <b>Net cash used in operating activities</b> | <u>(25,000)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                                  |                |
|--------------------------------------------------|----------------|
| Shares issued for cash                           | <u>100,000</u> |
| <b>Net cash provided by financing activities</b> | <u>100,000</u> |

|                                  |                         |
|----------------------------------|-------------------------|
| <b>INCREASE IN CASH</b>          | 75,000                  |
| <b>CASH, BEGINNING OF PERIOD</b> | <u>-</u>                |
| <b>CASH, END OF PERIOD</b>       | <u><u>\$ 75,000</u></u> |

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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**1. NATURE OF BUSINESS**

Caprice Business Development Canada Inc. (the “Company”) is a company domiciled in Canada. The Company was incorporated on November 19, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is 2900 – 550 Burrard Street, Vancouver, BC.

The Company is currently a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (“TSX-V”) Corporate Finance Manual. The principal business of the Company is to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4. The Company is currently seeking opportunities to undertake a Qualifying Transaction.

As a Capital Pool Company, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

Subsequent to December 31, 2018, the Company is in the process of applying to list its common shares on the TSX-V and completing a public offering of common shares. See Note 8.

**2. BASIS OF PREPARATION**

***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 of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements were authorized for issue by the board of directors on **March XX, 2019**.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. BASIS OF PREPARATION (continued)**

***Basis of measurement***

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

***Functional and presentation currency***

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

***Use of estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as the measurement of deferred taxes, depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these financial statements. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

**3. SIGNIFICANT ACCOUNTING POLICIES**

***Share capital***

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

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

***Loss per share***

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Loss per share (continued)***

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. Outstanding common shares that are contingently cancelable are excluded from the weighted average number of shares outstanding.

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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***Income taxes***

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

***Financial instruments***

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Financial instruments (continued)***

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Recent accounting pronouncements***

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after January 1, 2019. These standards have been assessed to not have a significant impact on the Company's financial statements.

**4. SHARE CAPITAL**

***Authorized***

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

***Issued***

During the period ended December 31, 2018, the Company issued 2,000,000 common shares at a price of \$0.05 for proceeds of \$100,000. \$25,000 of the proceeds remained as a subscription receivable at December 31, 2018.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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As at December 31, 2018, the Company's only financial instruments is comprised of cash. The fair value of this financial instruments approximates its carrying value due to its short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at December 31, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*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.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at December 31, 2018, the Company had a cash balance of \$75,000 to settle future liabilities of \$22,092 and as such, is not exposed to significant liquidity risk.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

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

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 29, 2018 (DATE OF INCORPORATION) TO DECEMBER 31, 2018**

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monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**6. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2018, the Company's shareholders' equity was \$77,098. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|                                                      |    |              |
|------------------------------------------------------|----|--------------|
| Loss for the period                                  | \$ | (22,092)     |
| Tax rate                                             |    | <u>27%</u>   |
| Expected income tax recovery                         |    | (5,965)      |
| Change in unrecognized benefit of non-capital losses |    | <u>5,965</u> |
| Income tax recovery                                  | \$ | <u>-</u>     |

The Company has accumulated non-capital losses of approximately \$22,092 which may be deducted in the calculation of taxable income in future years. The losses expire in 2038.

**8. SUBSEQUENT EVENT**

The Company is in the process of filing its prospectus and is proposing to issue 2,000,000 common shares in the capital of the Company at a price of \$0.10 per share, for aggregate gross proceeds of \$200,000.

## **CERTIFICATE OF THE CORPORATION**

Date: March 28, 2019

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

*(signed) "Derek Lew"*

Derek Lew  
Chief Executive Officer

*(signed) "Mark Leung"*

Mark Leung  
Chief Financial Officer

## **ON BEHALF OF THE BOARD OF DIRECTORS**

*(signed) "Mark Rutledge"*

Mark Rutledge  
Director

*(signed) "Mark Tommasi"*

Mark Tommasi  
Director

# **CERTIFICATE OF THE AGENT**

Date: March 28, 2019

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

**HAYWOOD SECURITIES INC.**

Per: (signed) "Don Wong"  
Don Wong  
Vice President, Investment Banking