

*A copy of this preliminary prospectus has been filed with the securities regulatory authority in the province of Alberta, British Columbia, Ontario and Saskatchewan and with the TSX Venture Exchange Inc. 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 of the prospectus is obtained from the securities regulatory authorities in the provinces of British Columbia, Alberta, Ontario and Saskatchewan.*

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

## **PRELIMINARY PROSPECTUS**

**INITIAL PUBLIC OFFERING**

**October 2, 2020**

**Cuspis Capital II Ltd.  
(A Capital Pool Company)**

**Minimum of \$500,000  
2,500,000 Common Shares**

**Maximum of \$1,500,000  
7,500,000 Common Shares**

**Price: \$0.20 per Common Share**

Cuspis Capital II Ltd. (the “**Corporation**”) hereby offers to the public a minimum of 2,500,000 Common Shares (as hereinafter defined) (the “**Minimum Offering**”) and a maximum of 7,500,000 Common Shares (the “**Maximum Offering**”) at a price of \$0.20 per share, for minimum aggregate gross proceeds of \$500,000 and maximum aggregate gross proceeds of \$1,500,000 (the “**Offering**”). The purpose of this Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate assets and/or businesses with a view to completing a Qualifying Transaction (as hereinafter defined). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and, in the case of a Non-Arm’s Length Qualifying Transaction (as hereinafter defined), must also receive Majority of the Minority Approval (as hereinafter defined) in accordance with Exchange Policy 2.4 (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash, prepaids and deferred offering costs. 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 and/or businesses with a view to completing a proposed Qualifying Transaction. See “Use of Proceeds” and “Business of the Corporation”.

This Offering is made on behalf of the Corporation by its agent, Industrial Alliance Securities Inc. (the “**Agent**”), on a best efforts agency basis, for total gross proceeds to the Corporation of a minimum of \$500,000 and a maximum of \$1,500,000. 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 are to be deposited with the Agent, pursuant to the terms of the Agency Agreement (as hereinafter defined). Unless an amendment to the final prospectus is filed and the “principal regulator” under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* has issued a receipt for the amendment, if subscriptions for the Minimum Offering are not raised within 90 days of the issuance of a receipt for filing of a final prospectus, or such other time as may be permitted by applicable securities legislation and consented to by the Agent and 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”. This prospectus qualifies the distribution of the Agent’s Warrant (as hereinafter defined) and options to be granted to directors and officers of the Corporation which shall entitle the grantees to purchase a number of Common Shares, at a price of \$0.20 per share, equal to 10% of the total number of Common Shares that will be outstanding upon completion of the Offering. See “Plan of Distribution”.

	<u>Price to Public</u>	<u>Agent's Commission<sup>(1)</sup></u>	<u>Net Proceeds to the Corporation<sup>(2)</sup></u>
Per Common Share	\$0.20	\$0.02	\$0.18
Minimum Offering	\$500,000	\$50,000	\$450,000
Maximum Offering <sup>(3)</sup>	\$1,500,000	\$150,000	\$1,350,000

Notes:

- (1) The Agent will receive a cash commission equal to 10% of the gross proceeds to the Corporation. In addition, the Agent and its sub-agents, if any, will be granted a non-transferable warrant (the "Agent's Warrant"), which will entitle the holder to purchase up to that number of Common Shares that is equal to 10% of the total number of Common Shares issued pursuant to the Offering, at a price of \$0.20 per Common Share exercisable for a period ending 24 months from the date the Common Shares are listed on the Exchange. The Agent's Warrant is qualified for distribution under this prospectus. Pursuant to the CPC Policy, no more than 50% of the aggregate number of Common Shares that may be acquired pursuant to the Agent's Warrant may be sold prior to completion of the Qualifying Transaction and the remaining 50% may only be sold after completion of the Qualifying Transaction. The Agent will be reimbursed for its expenses and legal fees incurred pursuant to this Offering, plus disbursements and taxes, for which a retainer of \$10,000 has been provided to the Agent. In addition, the Agent has received from the Corporation a corporate work fee of \$10,000 plus applicable taxes. See "Plan of Distribution".
- (2) Before deducting the costs of this issue, including listing and filing fees, the Agent's expenses and legal fees, the Agent's corporate work fee and the Corporation's legal fees, audit fees and expenses, estimated at \$[\*] exclusive of the Agent's commission. See "Use of Proceeds".
- (3) In addition to the qualification of up to 7,500,000 Common Shares pursuant to the Offering, this prospectus also qualifies for distribution: (i) the Agent's Warrant; and (ii) the options to be granted to officers and directors of the Corporation at the closing of this Offering, which shall entitle the grantees to purchase up to that number of Common Shares, at a price of \$0.20 per Common Share, equal to 10% of the number of Common Shares that will be outstanding upon completion of this Offering. See "Options to Purchase Securities".

## Market for Securities

**THERE IS CURRENTLY NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD AND PURCHASERS MAY NOT BE ABLE TO RESELL SECURITIES PURCHASED UNDER THIS PROSPECTUS. THIS MAY AFFECT THE PRICING OF THE SECURITIES IN THE SECONDARY MARKET, THE TRANSPARENCY AND AVAILABILITY OF TRADING PRICES, THE LIQUIDITY OF THE SECURITIES, AND THE EXTENT OF ISSUER REGULATION. SEE "RISK FACTORS".**

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

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

Other than the initial distribution of Common Shares pursuant to this prospectus, the grant of stock options to the officers and directors of the Corporation and the grant of the Agent's Warrant, 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 Applicable Securities Commissions (as defined herein) and the time the Common Shares are listed and posted for trading on the Exchange except, subject to the prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## Risk Factors

The Exchange may suspend from trading or delist the securities of a CPC where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing. Suspension from trading of the Common Shares may, and delisting of the Common Shares will, result in the Applicable Securities Commissions issuing an interim cease trade order against the Corporation. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation issued prior to this Offering owned by insiders. See "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".**

Assuming the Minimum Offering is subscribed for; an investor will suffer an immediate dilution on investment of 33.3% or \$0.067 per Common Share. Assuming the Maximum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 20.0% or \$0.040 per Common Share. See “Capitalization” and “Dilution”.

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 Corporation was only recently incorporated and does not own any ongoing business operations and has no assets other than cash and has not identified any potential asset or business for acquisition or participation. The Corporation has not entered into an Agreement in Principle. See “Risk Factors”, “Conflicts of Interest”, “Capitalization” and “Dilution”.

The Common Shares are highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. There is no assurance that the Corporation will identify and successfully negotiate the acquisition of any corporations, properties, assets or businesses, or any interests therein. Moreover, additional funds may be required to successfully complete an acquisition, and the Corporation may not be able to obtain such financing. If the acquisition is financed by the issuance of shares from the Corporation’s treasury, control of the Corporation may change and shareholders may suffer additional dilution. The directors and officers of the Corporation will only be devoting a portion of their time on the affairs of the Corporation. Potential conflicts of interest may result from the ordinary course of business of the Corporation and of the directors and officers of the Corporation. The directors and officers currently own 37.00% of the issued and outstanding common shares and will own approximately 24.67% of the issued Common Shares of the Corporation upon completion of the Minimum Offering, and approximately 14.80% of the issued Common Shares of the Corporation upon completion of the Maximum Offering. Since the Corporation has not placed any geographical restrictions on the location of the Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada. It may be difficult or impossible to affect service or notice to commence legal proceedings upon any directors, officers or experts located outside Canada. Even if service or notice is successfully affected, 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 applicable securities laws in Canada.

#### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the Common Shares sold under this prospectus, being 50,000 Common Shares based on the Minimum Offering and 150,000 Common Shares based on the Maximum Offering. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates (as hereinafter defined) or Affiliates (as hereinafter defined) of that purchaser, is 4% of the Common Shares sold under this prospectus, being 100,000 Common Shares based on the Minimum Offering and 300,000 Common Shares based on the Maximum Offering.

#### **Receipt of Subscriptions**

The Common Shares are conditionally offered for sale by the Agent on behalf of the Corporation on a best-efforts basis, subject to prior sale, if, as and when issued, and delivered in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters by Chitiz Pathak LLP of Toronto, Ontario on behalf of the Corporation and Burstall LLP on behalf of the Agent. Subscriptions will be received subject to rejection or allotment in whole or in part and the right to close the subscription books at any time without notice is reserved. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery at the closing of this Offering, unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

**INDUSTRIAL ALLIANCE SECURITIES INC.**  
**38 Auriga Drive, Suite 228**  
**Ottawa, Ontario**  
**K2E 8A5**

## TABLE OF CONTENTS

<b>GLOSSARY OF TERMS.....</b>	<b>v</b>
<b>SUMMARY OF PROSPECTUS.....</b>	<b>xi</b>
<b>THE CORPORATION.....</b>	<b>1</b>
<b>BUSINESS OF THE CORPORATION .....</b>	<b>1</b>
PRELIMINARY EXPENSES	1
PROCESS OF IDENTIFICATION OF ACQUISITION OR PARTICIPATION OPPORTUNITIES	1
METHOD OF FINANCING QUALIFYING TRANSACTION	1
CRITERIA FOR QUALIFYING TRANSACTION	2
FILINGS AND SHAREHOLDER APPROVAL OF A NON ARM’S LENGTH QUALIFYING TRANSACTION	2
INITIAL LISTING REQUIREMENTS	3
TRADING HALTS, SUSPENSION AND DELISTING	3
REFUSAL OF QUALIFYING TRANSACTION	4
<b>USE OF PROCEEDS .....</b>	<b>4</b>
PERMITTED USE OF FUNDS	5
RESTRICTIONS ON USE OF PROCEEDS	6
PRIVATE PLACEMENTS FOR CASH	6
PROHIBITED PAYMENTS TO NON-ARM’S LENGTH PARTIES	6
<b>PLAN OF DISTRIBUTION .....</b>	<b>7</b>
TOTAL SUBSCRIPTION	8
OTHER SECURITIES TO BE DISTRIBUTED	8
DETERMINATION OF PRICE	8
LISTING APPLICATION	8
SUBSCRIPTION BY AND RESTRICTIONS ON THE AGENT	8
RESTRICTIONS ON TRADING	8
<b>DESCRIPTION OF THE SECURITIES DISTRIBUTED.....</b>	<b>9</b>
COMMON SHARES	9
<b>CAPITALIZATION .....</b>	<b>9</b>
<b>OPTIONS TO PURCHASE SECURITIES.....</b>	<b>9</b>
STOCK OPTION TERMS	10
<b>PRIOR SALES .....</b>	<b>10</b>
<b>ESCROWED SECURITIES.....</b>	<b>11</b>
SECURITIES ESCROWED PRIOR TO THE COMPLETION OF THE QUALIFYING TRANSACTION	11
ESCROWED SECURITIES ON QUALIFYING TRANSACTION	13
<b>PRINCIPAL SHAREHOLDERS .....</b>	<b>14</b>
<b>DIRECTORS, OFFICERS AND PROMOTERS .....</b>	<b>15</b>
OTHER REPORTING ISSUER EXPERIENCE	17
CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES	18
PENALTIES OR SANCTIONS	19
PERSONAL BANKRUPTCIES	19
CONFLICTS OF INTEREST	19
<b>EXECUTIVE COMPENSATION .....</b>	<b>19</b>
<b>DILUTION.....</b>	<b>20</b>
<b>RISK FACTORS.....</b>	<b>21</b>
<b>LEGAL PROCEEDINGS.....</b>	<b>23</b>
<b>RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS.....</b>	<b>23</b>
<b>AUDITORS, TRANSFER AGENT AND REGISTRAR.....</b>	<b>23</b>
<b>MATERIAL CONTRACTS .....</b>	<b>23</b>
<b>DIVIDEND POLICY.....</b>	<b>23</b>
<b>INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHERS .....</b>	<b>23</b>
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....</b>	<b>24</b>
<b>ELIGIBILITY FOR INVESTMENT .....</b>	<b>24</b>
<b>OTHER MATERIAL FACTS.....</b>	<b>24</b>
<b>PURCHASER’S STATUTORY RIGHTS.....</b>	<b>24</b>
<b>CERTIFICATE OF THE CORPORATION .....</b>	<b>C1</b>
<b>CERTIFICATE OF THE AGENT .....</b>	<b>C2</b>

## GLOSSARY OF TERMS

In this prospectus, the terms and abbreviations set out below shall have the following meanings:

<b>Term</b>	<b>Definition</b>
<b>Affiliate</b>	<p>A Company is an “Affiliate” of another Company if:</p> <ul style="list-style-type: none"><li>(a) one of them is the subsidiary of the other, or</li><li>(b) each of them is controlled by the same Person.</li></ul> <p>A Company is “controlled” by a Person if:</p> <ul style="list-style-type: none"><li>(a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and</li><li>(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.</li></ul> <p>A Person beneficially owns securities that are beneficially owned by:</p> <ul style="list-style-type: none"><li>(a) a Company controlled by that Person, or</li><li>(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.</li></ul>
<b>Agency Agreement</b>	<p>The agency agreement effective ●, 2020 entered into between the Corporation and the Agent.</p>
<b>Agent</b>	<p>Industrial Alliance Securities Inc.</p>
<b>Agent’s Warrant</b>	<p>The common share purchase warrant granted by the Corporation to the Agent and its sub-agents, if any, to purchase Common Shares equal in number to 10% of the number of Common Shares sold under this Offering at a price of \$0.20 per Common Share exercisable for a period ending twenty-four months from the date the Common Shares are listed on the Exchange.</p>
<b>Aggregate Pro Group</b>	<p>All Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with an Issuer to provide financing sponsorship and other advisory services.</p>
<b>Agreement in Principle</b>	<p>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:</p> <ul style="list-style-type: none"><li>(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;</li><li>(b) identifies the parties to the Qualifying Transaction;</li><li>(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and</li><li>(d) identifies the conditions to any further formal agreements to complete the transaction;</li></ul>

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

<b>Applicable Jurisdictions</b>	The provinces of Alberta, British Columbia, Ontario and Saskatchewan.
<b>Applicable Securities Commissions</b>	The securities regulatory authorities in each of the Applicable Jurisdictions.
<b>Associate</b>	When used to indicate a relationship with a Person or Company, means: <ul style="list-style-type: none"><li>(a) an Issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling the Person to more than 10% of the voting rights attached to outstanding securities of the Issuer;</li><li>(b) any partner of the Person or Company;</li><li>(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;</li><li>(d) in the case of a Person, a relative of that Person, including:<ul style="list-style-type: none"><li>(i) that Person's spouse or child; or</li><li>(ii) any relative of the Person or of his spouse who has the same residence as that Person; but</li></ul></li><li>(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 of the Exchange with respect to that Member firm, Member corporation or holding company.</li></ul>
<b>Common Share</b>	An issued, fully-paid, non-assessable common share in the capital of the Corporation.
<b>Company</b>	A corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.
<b>Completion of the Qualifying Transaction</b>	The date the Final Exchange Bulletin is issued by the Exchange.
<b>Control Person</b>	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.
<b>Corporation</b>	Cuspis Capital II Ltd., a corporation incorporated under the <i>Business Corporations Act</i> (Ontario) with a registered office in Toronto, Ontario.
<b>CPC</b>	A corporation: <ul style="list-style-type: none"><li>(a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in Canada in compliance with the CPC Policy; and</li></ul>

(b) in regard to which the Final Exchange Bulletin has not yet been issued.

<b>CPC Policy</b>	Policy 2.4 of the Exchange.
<b>Escrow Agent</b>	TSX Trust Company
<b>Escrow Agreement</b>	Agreement dated as of ●, 2020 between the Corporation, the Escrow Agent, and the shareholders of the Corporation prior to this Offering placing the Seed Shares in escrow pursuant to the CPC Policy.
<b>Escrow Shares</b>	Common Shares of the Corporation that are held in escrow pursuant to the Escrow Agreement pursuant to the policies of the Exchange.
<b>Exchange</b>	The TSX Venture Exchange Inc.
<b>Final Exchange Bulletin</b>	The bulletin issued by the Exchange following closing of the Qualifying Transaction and the submission of all post-meeting documentation, which evidences the Exchange's final acceptance of the Qualifying Transaction.
<b>Insider</b>	<p>In relation to an Issuer, one of:</p> <ul style="list-style-type: none"><li>(a) a director or senior officer of the Issuer;</li><li>(b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;</li><li>(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</li><li>(d) the Issuer itself if it holds any of its own securities.</li></ul>
<b>IPO or Initial Public Offering</b>	A transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.
<b>Issuer</b>	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.
<b>Majority of the Minority Approval</b>	<p>The approval of a Non-Arm's Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:</p> <ul style="list-style-type: none"><li>(a) Non-Arm's Length Parties to the CPC;</li><li>(b) Non-Arm's Length Parties to the Qualifying Transaction; and</li><li>(c) in the case of a Related Party Transaction:<ul style="list-style-type: none"><li>(i) if the CPC holds its own shares, the CPC; and</li><li>(ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction,</li></ul></li></ul> <p>at a properly constituted meeting of the common shareholders of the CPC.</p>
<b>Maximum Offering</b>	The offering of a maximum of 7,500,000 Common Shares at a price of \$0.20 per Common Share pursuant to this prospectus.

<b>Member</b>	A Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a Member of the Exchange under the Exchange requirements.
<b>Members' Agreement</b>	The Member's agreement between the Exchange and each Person who from time to time, is accepted as and becomes a Member of the Exchange under the Exchange requirements.
<b>Minimum Offering</b>	The offering of a minimum of 2,500,000 Common Shares at a price of \$0.20 per Common Share pursuant to this prospectus.
<b>NEX</b>	The market on which former Exchange and Toronto Stock Exchange Issuers that do not meet Exchange Continued Listing Requirements for Tier 2 Issuers may continue to trade.
<b>Non-Arm's Length Parties to the Qualifying Transaction</b>	The Vendor(s), any Target Compan(y)(ies) including, in relation to Significant Assets or Target Compan(y)(ies), the Non-Arm's Length Parties of the Vendor, the Non-Arm's Length Parties and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.
<b>Non-Arm's Length Party</b>	In relation to a Company, a promoter, officer, director, other Insider or Control Person of such Company and any Associates or Affiliates of any such Persons. In relation to an individual, any Associate of the individual or any Company of which the individual is a promoter, director, officer, Insider, or Control Person.
<b>Non-Arm's Length Qualifying Transaction</b>	A proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.
<b>Offering</b>	The offering of a minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares at a price of \$0.20 per Common Share pursuant to this prospectus.
<b>Person</b>	A Company or an individual.
<b>Principal</b>	In respect of an Issuer, one of: <ul style="list-style-type: none"> <li>(a) a Person or Company who acted as a promoter (as defined under applicable Securities Laws) of the Issuer within two years of the date of the IPO prospectus or the Final Exchange Bulletin;</li> <li>(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;</li> <li>(c) 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;</li> <li>(d) a Person or Company that: <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> </li> </ul>

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

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

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

**Pro Group**

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

**Qualifying Transaction**

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.

**Registrar and Transfer Agent**

TSX Trust Company

<b>Resulting Issuer</b>	The Issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.
<b>SEDAR</b>	The system of electronic document filing maintained by the Canadian Securities Administrators.
<b>Securities Laws</b>	Means the relevant securities legislation, including regulations and rules, in force in every jurisdiction in which the Common Shares are qualified for distribution under this prospectus.
<b>Seed Shares</b>	The 5,000,000 Common Shares of the Corporation issued prior to the date of this prospectus for gross aggregate proceeds of \$500,000.
<b>Significant Assets</b>	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 minimum listing requirements of the Exchange.
<b>Sponsor</b>	Has the meaning specified in the Exchange's Policy 2.2, entitled "Sponsorship and Sponsorship Requirements."
<b>Target Company</b>	A Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.
<b>Vendors</b>	One or all of the beneficial owners of the Significant Assets (other than a Target Company) prior to their purchase by a CPC.

## SUMMARY OF PROSPECTUS

*The following is a summary of the principal features of the Offering and should be read together with (and is qualified in its entirety by) the more detailed information and financial data and statements contained elsewhere in this prospectus.*

### **ISSUER**

Cuspis Capital II Ltd.

### **OFFERING**

A minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares are being offered under this prospectus at \$0.20 per Common Share in the Applicable Jurisdictions. In addition, this prospectus will qualify the distribution to the Agent of the Agent's Warrant (being an option to acquire Common Shares equal in number to 10% of the number of Common Shares sold under this Offering, being 250,000 Common Shares under the Minimum Offering and 750,000 Common Shares under the Maximum Offering, at a price of \$0.20 per Common Share exercisable for a period ending 24 months from the date the Common Shares are listed on the Exchange). The Corporation also intends to grant options to purchase a number of Common Shares equal to 10% of the total number of Common Shares issued and outstanding following the Offering (being 750,000 Common Shares under the Minimum Offering and 1,250,000 Common Shares under the Maximum Offering) at \$0.20 per Common Share to the officers and directors of the Corporation, which options are also qualified for distribution under this prospectus. See "Options to Purchase Securities" and "Plan of Distribution".

### **BUSINESS OF THE CORPORATION**

The principal business of the Corporation will be to identify and evaluate assets and/or businesses with a view to a potential acquisition or the acquisition of an interest therein in order to complete a Qualifying Transaction. The Corporation has not commenced commercial operations, other than to enter into discussions for the purpose of identifying potential acquisitions or interests, has no assets other than a minimum amount of cash, and is not a party to an Agreement in Principle. See "Business of the Corporation" and "Plan of Distribution".

### **USE OF PROCEEDS**

The funds available to the Corporation after the closing of the Offering, being the net proceeds from the Offering together with the net proceeds from prior sales of Common Shares, will be a minimum of \$829,745 and a maximum of \$1,729,745 (after deduction of the costs of prior sales of \$2,800, the Agent's commission of \$50,000 (Minimum Offering) and \$150,000 (Maximum Offering), and the Offering costs and prior expenses estimated at \$117,455 assuming the Minimum Offering is subscribed for, and \$117,455 assuming the Maximum Offering is subscribed for, inclusive of taxes and disbursements). The 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 and for general and administrative expenses until Completion of the Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified 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 business or assets. See "Use of Proceeds", "Business of the Corporation – Method of Financing Acquisition or Participation Opportunities" and "Risk Factors".

### **DIRECTORS AND MANAGEMENT**

William Ollerhead – Chief Executive Officer and Director  
Grant McCutcheon – Chief Financial Officer, Secretary and Director  
Jack Schoenmakers – Director  
C. Fraser Elliott – Director

See "Directors and Officers."

**ESCROWED SHARES:**

All Seed Shares issued at a price lower than the IPO price by the Corporation before the closing of this Offering, being 5,000,000 Common Shares, all Common Shares that have been or 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 placed in escrow pursuant to the Escrow Agreement, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. A total of 5,000,000 Common Shares, being all of the Common Shares issued and outstanding as of the date hereof, will be held by the Escrow Agent pursuant to the Escrow Agreement. See "Escrowed Securities".

**RISK FACTORS:**

Shall include, but not be limited to:

- (a) 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.
- (b) The Corporation was only recently incorporated and has no active business or assets other than cash.
- (c) The Corporation 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. See "Dividend Policy".
- (d) 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.
- (e) 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.
- (f) Assuming the Minimum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 33.3% or \$0.067 per Common Share. Assuming the Maximum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 20.0% or \$0.040 per Common Share.
- (g) There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares.
- (h) Until 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 Qualifying Transaction.
- (i) The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the CPC will be able to identify or complete a suitable Qualifying Transaction.
- (j) 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”, “Directors and Officers”, “Use of Proceeds”, “Risk Factors” and “Conflicts of Interest”.

- (k) If the Corporation does not list the Common Shares on the Exchange prior to the time of closing, adverse tax consequences will arise with respect to any Common Shares held in Registered Plans or deferred profit sharing plans (each as defined hereafter under the heading "Eligibility for Investment").
- (l) The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impacts of the COVID-19 crisis that may have an effect on the Corporation and its ability to identify and complete a Qualifying Transaction are unknown at this time but could result in material adverse consequences to the Corporation, including delays in completing a Qualifying Transaction, which could in turn require the Corporation to obtain additional financing by issuing shares from treasury, creating dilution for existing shareholders.

See “Risk Factors”.

## THE CORPORATION

Cuspis Capital II Ltd. was incorporated on September 3, 2019 under the *Business Corporations Act* (Ontario). The principal and registered office of the Corporation is located at Suite 700, 77 King Street West, Toronto, Ontario, M5K 1G8.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

To date, the Corporation has not conducted material operations of any kind and does not own any assets, other than cash and certain prepaid expenses as set out in the Financial Statements, and has not entered into an Agreement in Principle.

To date, the Corporation has incurred expenses of approximately \$63,680 which consists of audit costs, filing fees, corporate finance fees, fees associated with an advance retainer to cover the Agent's out of pocket expenses and legal fees related to the Offering and the corporate work fee. Of the \$63,680 in incurred expenses, approximately \$24,975 has been recorded in respect of legal fees. Since the most recent audited Statement of Financial Position, the Corporation has incurred approximately \$14,575 in legal fees, \$5,000 in filing fees, and \$nil in audit costs. The Corporation has provided the Agent with a \$21,300 advance retainer to cover the Agent's out of pocket expenses and corporate work fee (including HST). The proceeds of the Offering will be utilized to satisfy the obligations of the Corporation related to this Offering, including the expenses of the Corporation's auditors, legal counsel, and the Agent's legal counsel. See "Use of Proceeds", "Remuneration of Directors and Senior Officers", and "Relationship Between the Corporation and Professional Persons".

### Proposed Operations until Completion of a Qualifying Transaction

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 conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests.

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 "Restrictions on Use of Proceeds", and "Private Placement for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

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

### Process of Identification of Acquisition or Participation Opportunities

The Corporation proposes to identify acquisitions of interests in corporations, properties, assets or businesses through discussions with various contacts. Once a prospective acquisition target has been identified and evaluated, the Corporation will proceed to negotiate the terms upon which the Corporation may acquire an interest in the corporation, property, asset or business, with a view to completing a Qualifying Transaction.

### Method of Financing Qualifying Transaction

The Corporation may use cash, bank financing, issuance of treasury shares, private or public financing of debt or equity, or some combination thereof to finance its proposed Qualifying Transaction. **If treasury shares are issued to finance the Qualifying Transaction, such issuance could result in a change in control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.** See "Risk Factors".

## **Criteria for Qualifying Transaction**

All potential Qualifying Transactions will initially be screened by management of the Corporation so as to evaluate the business plan of each corporation or business, which evaluation will include an analysis of the assets, the line of services or products offered, the extent of the competition in the marketplace, the market potential of the product lines or services, the market plan, existing and remaining management, production plans, financial plans and cash-flow projections and capital requirements. Similar criteria will be employed in the evaluation of other assets.

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

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

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

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

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

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non-Arm's Length Qualifying Transaction. A filing statement 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:

- (a) in the case of a Non-Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) 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, Suspension 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 include the submission of a Sponsorship Acknowledgement 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 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 Corporation or its assets in some other manner. See "Shareholder Approval of the Qualifying Transaction".

If the Corporation does not complete a Qualifying Transaction within 24 months of the date of listing, it may apply for listing on the NEX rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (a) either: (i) cancel all escrowed Common Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the Offering price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange or (ii) subject to majority shareholder approval, cancel

the escrowed Common 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 Offering price; and

- (b) obtain majority shareholder approval for the transfer to NEX, exclusive of the votes of Non Arm's Length Parties of the Corporation.

If the Corporation lists the Common Shares on NEX, it must continue to comply with all requirements and restrictions of the CPC Policy.

### **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 applicable 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 aggregate gross proceeds received by the Corporation from the sale of Common Shares prior to the Offering were \$500,000. The expenses and costs of the prior sales of Common Shares are \$[•]. The aggregate gross proceeds expected to be received by the Corporation from the sale of the Common Shares offered by this prospectus assuming the Minimum Offering is subscribed for will be \$500,000 and assuming the Maximum Offering is subscribed for will be \$1,500,000. The costs of this issue are estimated at \$[•] assuming the Minimum Offering is subscribed for, and \$[•] assuming the Maximum Offering is subscribed for, inclusive of taxes and disbursements (of which approximately \$● has been incurred to date). Accordingly, the estimated funds to be available to the Corporation will be \$[•] assuming the Minimum Offering is subscribed for and \$[•] assuming the Maximum Offering is subscribed for.

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

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Cash proceeds raised prior to this Offering <sup>(1)</sup>	\$500,000	\$500,000
Expenses and costs relating to raising the cash proceeds raised prior to this Offering	(\$2,800)	(\$2,800)

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>	\$500,000	\$1,500,000
Estimated expenses and costs relating to the Offering:		
Agent's commission	(\$50,000)	(\$150,000)
Agent's corporate work fee (plus HST)	(\$11,300)	(\$11,300)
Agent's legal fees & expenses	(\$15,000)	(\$15,000)
Corporation's legal fees	(\$39,550)	(\$39,550)
Corporation's audit fees and expenses	(\$16,605)	(\$16,605)
Listing and filing Fees	(\$35,000)	(\$35,000)
<b>Estimated funds available (on completion of the Offering)</b>	<b>\$829,745</b>	<b>\$1,729,745</b>
<hr/>		
Funds available for identifying and evaluating assets or business prospects <sup>(3)</sup>	\$829,745	\$1,729,745
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$70,000	\$70,000
<b>Total Net Proceeds</b>	<b>\$759,745</b>	<b>\$1,659,745</b>

Notes:

(1) See "Prior Sales".

(2) In the event that the Agent exercises the Agent's Warrant and the directors and officers exercise their options, there will be available to the Corporation an additional amount of \$200,000 assuming the Minimum Offering is subscribed for and \$400,000 assuming the Maximum Offering is subscribed for, which amount will be added to the working capital of the Corporation. See "Plan of Distribution". 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 the entire net proceeds, being \$759,745 if the Minimum Offering is sold, and \$1,659,745 if the Maximum Offering is sold, 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, all proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada, any province or territory thereof or the Government of the United States of America, in certificates of deposit or in interest bearing accounts of Canadian chartered banks and/or trust companies, or a combination thereof.

The proceeds of this Offering and any prior sale of Common Shares, after deducting the costs of this Offering, will only be sufficient to identify a limited number of opportunities. Additional funds may be required to finance any acquisition to which the Corporation may commit. See "Business of the Corporation", "Method of Financing Acquisition or Participation Opportunities" and "Risk Factors".

### Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Restrictions on Use of Proceeds", "Private Placements for Cash," and "Prohibited Payments to Non-Arm's Length Parties", the aggregate 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:

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services, and
- (h) Agent's fees, costs and commissions,

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

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

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

Until Completion of the Qualifying Transaction, not more than the lesser of 30% of the aggregate gross proceeds from the sale of all securities issued by the Corporation or \$210,000 shall be used for purposes other than those described above, including the following expenditures which the CPC Policy specifies as not being expenditures to identify and evaluate assets or businesses:

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

No proceeds of the Offering 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" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

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

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

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

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

## **PLAN OF DISTRIBUTION**

### **The Agent and the Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a best-efforts basis to the public in the Applicable Jurisdictions, a minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares as provided in this prospectus at \$0.20 per Common Share for minimum aggregate gross proceeds of \$500,000 and maximum aggregate gross proceeds of \$1,500,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares, a \$10,000 corporate work fee, and reimbursement of its expenses and legal fees incurred pursuant to this Offering, which is estimated to be at \$15,000, plus disbursements and taxes. The Corporation will grant to the Agent and its sub-agents, if any, at the closing of the Offering the Agent's Warrant to acquire Common Shares in number equal to 10% of the number of Common Shares sold under the Offering, being 250,000 Common Shares under the Minimum Offering and 750,000 Common Shares under the Maximum Offering, at \$0.20 per share for a 24 month period following the date of listing of the Common Shares on the Exchange. The Agent's Warrant is qualified under this prospectus. Pursuant to the CPC Policy, where the Agent receives an option or the right to subscribe for a certain number of shares as consideration for acting as Agent, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to Completion of the Qualifying Transaction. The remaining 50% may only be sold after Completion of the Qualifying Transaction.

This prospectus qualifies the distribution of a minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares, the issuance of options to purchase a number of Common Shares equal to 10% of the number of Common Shares issued and outstanding upon completion of the Offering to be granted to officers and directors of the Corporation, and the Agent's Warrant. See "Options to Purchase Securities".

### **Best-Efforts Offering and Minimum Distribution**

The Agent has agreed to use its best-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 but is not obligated to do so. 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 or upon the occurrence of certain events stated in the Agency Agreement.

Pursuant to the Agency Agreement, the Corporation has also granted the Agent a right of first refusal to participate as lead agent and sole bookrunner in any equity or debt financing that the Corporation may undertake, to serve as the Corporation's Sponsor with respect to any potential Qualifying Transaction by the Corporation for a period ending 24 months from the date of the closing of the Offering.

## **Total Subscription**

The total Offering is a minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares for minimum aggregate gross proceeds of \$500,000 and maximum aggregate gross proceeds of \$1,500,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% of the total Common Shares in the Offering, or 50,000 Common Shares in the case of the Minimum Offering being subscribed for and 150,000 Common Shares in the case of the Maximum Offering being subscribed for. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% of the total number of Common Shares in the Offering, or 100,000 Common Shares in the case of the Minimum Offering being subscribed for and 300,000 Common Shares in the case of the Maximum Offering being subscribed for. The funds received from the Offering will be deposited with the Agent, and will not be released until the full amount of the Minimum Offering proceeds has been deposited. The Minimum Offering must be raised within 90 days of the date a final receipt for this prospectus is issued, or such other time as may be permitted by applicable securities legislation and consented to by the Agent and 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 a number of Common Shares equal to 10% of the number of Common Shares issued and outstanding upon completion of the Offering, being 750,000 Common Shares under the Minimum Offering and 1,250,000 Common Shares under the Maximum Offering, to directors and officers in accordance with the policies of the Exchange, and the Common Shares to be issued upon exercise of options are qualified for distribution under this prospectus.

## **Determination of Price**

The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent.

## **Listing Application**

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

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

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

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 this Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this 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 owned directly or indirectly by the Aggregate Pro Group cannot exceed 20% of the total and outstanding Common Shares 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".

## **Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrant and the grant of options to the officers and directors 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

Applicable Securities Commissions and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## DESCRIPTION OF THE SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares of which, as at the date of this prospectus, 5,000,000 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares. A minimum of 2,500,000 Common Shares and a maximum of 7,500,000 Common Shares are being qualified for distribution under this prospectus. In addition, pursuant to the Agent’s Warrant, the number of Common Shares equal to 10% of the Common Shares issued pursuant to this Offering, being a minimum of 250,000 Common Shares and a maximum of 750,000 Common Shares, will be reserved for issuance. Common Shares will also be reserved for issuance under options to be granted to directors and officers in the amount equal to 10% of the Common Shares issued and outstanding immediately upon closing of the Offering, being a minimum of 750,000 Common Shares and a maximum of 1,250,000 Common Shares. See “Plan of Distribution” and “Options to Purchase Securities”.

### Common Shares

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

## CAPITALIZATION

<b>Capital</b>	<b>Amount Authorized</b>	<b>Amount outstanding as of the date of the most recent balance sheet contained in this prospectus<sup>(1)</sup></b>	<b>Amount outstanding as at [•], 2020</b>	<b>Amount to be outstanding upon completion of the Minimum Offering<sup>(2)(3)(4)</sup></b>	<b>Amount to be outstanding upon completion of the Maximum Offering<sup>(5)(6)(7)</sup></b>
Common Shares	Unlimited	\$500,000 (5,000,000 Common Shares)	\$500,000 (5,000,000 Common Shares)	\$1,000,000 (7,500,000 Common Shares)	\$2,000,000 (12,500,000 Common Shares)

Notes:

- (1) At this date, the Corporation had not commenced commercial operations.
- (2) Excluding up to 750,000 Common Shares issuable at \$0.20 per share, expiring 5 years from the date of being granted, pursuant to stock options to be granted to directors and officers of the Corporation.
- (3) Excluding 250,000 Common Shares issuable at \$0.20 per share, expiring 24 months from the date of listing of the Common Shares on the Exchange, pursuant to the Agent’s Warrant. See “Plan of Distribution”.
- (4) Funds estimated to be available on completion of the Offering amount to \$829,745 after giving effect to the Minimum Offering and deducting the selling commissions and related expenses incurred by the Corporation. See “Use of Proceeds – Proceeds and Principal Purposes”.
- (5) Excluding up to 1,250,000 Common Shares issuable at \$0.20 per share, expiring 5 years from the date of being granted, pursuant to stock options to be granted to directors and officers of the Corporation.
- (6) Excluding 750,000 Common Shares issuable at \$0.20 per share, expiring 24 months from the date of listing of the Common Shares on the Exchange, pursuant to the Agent’s Warrant. See “Plan of Distribution”.
- (7) Funds estimated to be available on completion of the Offering amount to \$1,729,745 after giving effect to the Maximum Offering and deducting the selling commissions and related expenses incurred by the Corporation. See “Use of Proceeds – Proceeds and Principal Purposes”.

## OPTIONS TO PURCHASE SECURITIES

The Corporation has established a stock option plan for its officers, directors, consultants and employees to which the Corporation may grant options to acquire a maximum number of Common Shares equal to 10% of the total issued and outstanding Common Shares of the Corporation.

Upon closing of the Offering, the Corporation proposes to enter into stock option agreements pursuant to the Stock Option Plan as follows:

<b>Name</b>	<b>Number of Shares Under Option If Minimum Offering is Subscribed</b>	<b>Number of Shares under Option if Maximum Offering is Subscribed</b>	<b>Exercise Price per Share</b>	<b>Expiry Date</b>
William Ollerhead	187,500	312,500	\$0.20	Five years from date of grant
Grant McCutcheon	187,500	312,500	\$0.20	Five years from date of grant
Jack Schoenmakers	187,500	312,500	\$0.20	Five years from date of grant
C. Fraser Elliott	187,500	312,500	\$0.20	Five years from date of grant
<b>Total:</b>	<b>750,000</b>	<b>1,250,000</b>		

### Stock Option Terms

The Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the requirements of the Exchange, grant to officers, directors, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares. Options representing not more than 10% of the issued and outstanding Common Shares may be granted to Insiders within any twelve-month period. Options may be exercised within the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

The options to be granted to directors and officers to purchase a number of Common Shares equal to 10% of the number of Common Shares issued and outstanding upon completion of the Offering are qualified for distribution under this prospectus.

### PRIOR SALES

Since the date of incorporation, 5,000,000 Common Shares have been issued and are currently outstanding as follows:

<b>Date Issued</b>	<b>Number of Common Shares</b>	<b>Issue Price per Common Share</b>	<b>Aggregate Issue Price</b>	<b>Nature of Consideration</b>
September 3, 2019	50,000	\$0.10	\$5,000	Cash
July 30, 2020	1,650,000	\$0.10	\$165,000	Cash
July 31, 2020	2,650,000	\$0.10	\$265,000	Cash
August 31, 2020	650,000	\$0.10	\$65,000	Cash
<b>Total</b>	<b>5,000,000</b>		<b>\$500,000</b>	

Notes:

- (1) All of these Common Shares will be placed in escrow pursuant to the Escrow Agreement. See "Escrowed Securities".

## ESCROWED SECURITIES

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

All of the 5,000,000 Common Shares issued prior to this Offering at a price below \$0.20 per Common Share, all Common Shares that have been or 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 the Escrow Agreement. As of the date hereof, 5,000,000 Common Shares will be held by the Escrow Agent pursuant to the Escrow Agreement.

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

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

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation, which are held pursuant to the Escrow Agreement:

Name and Municipality of Residence of Shareholder	Number of Common Shares held in Escrow	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Minimum Offering <sup>(1)</sup>	Percentage of Common Shares after giving effect to the Maximum Offering <sup>(1)</sup>
William Ollerhead <sup>(2)</sup> , Toronto, Ontario	550,000	11.00%	7.33%	4.40%
Grant McCutcheon Toronto, Ontario	300,000	6.00%	4.00%	2.40%
Jack Schoenmakers <sup>(3)</sup> Kitchener-Waterloo, Ontario	450,000	9.00%	6.00%	3.60%
C. Fraser Elliott Toronto, Ontario	550,000	11.00%	7.33%	4.40%
Darin Thompson Toronto, Ontario	300,000	6.00%	4.00%	2.40%
Robert Groh <sup>(4)</sup> Warton, Ontario	300,000	6.00%	4.00%	2.40%
Michael McIntosh Toronto, Ontario	300,000	6.00%	4.00%	2.40%

Roger, Dent Toronto, Ontario	300,000	6.00%	4.00%	2.40%
Barry Foster Woodstock, Ontario	500,000	10.00%	6.67%	4.00%
Sandy Edmonstone <sup>(5)</sup> Calgary, Alberta	300,000	6.00%	4.00%	2.40%
Elliot Strashin <sup>(6)</sup> Toronto, Ontario	100,000	2.00%	1.33%	0.80%
Jacqueline Logan Keswick, Ontario	300,000	6.00%	4.00%	2.40%
Andrew McCreath <sup>(6)</sup> Toronto, Ontario	250,000	5.00%	3.33%	2.00%
Taylor MacDonald Vancouver, British Columbia	500,000	10.00%	6.67%	4.00%
<b>Total</b>	<b>5,000,000</b>	<b>100%</b>	<b>66.67%</b>	<b>40.00%</b>

Notes:

- (1) Assuming these shareholders do not acquire any Common Shares under the Offering.
- (2) Mr. Ollerhead owns 250,000 Common Shares personally, and another 300,000 Common Shares through Chunkerhead Ltd.
- (3) Mr. Schoenmakers owns 450,000 Common Shares through Schoevest Investment Inc. (of which he is the sole shareholder).
- (4) Mr. Robert Groh owns 300,000 Common Shares through Dr. R. Groh & Dr. S. Chun Dentistry Professional Corporation
- (5) Mr. Sandy Edmonstone owns 300,000 Common Shares through Stoneco Investments Inc.
- (6) Mr. Elliot Strashin owns 100,000 Common Shares through Strashin Developments Ltd.
- (7) Mr. Andrew McCreath owns 250,000 Common Shares through Pumpkin Inc.

Where Common Shares of the Corporation required to be placed in escrow are held by a non-individual (a “holding company”), during the currency of the Escrow Agreement, each holding company has agreed, or will be required to agree, that it will not carry out any transactions 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 which 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 holding company.

Upon the Corporation completing a Qualifying Transaction, the escrowed securities shall be released as to 10% immediately following the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release, pursuant to the terms of the Escrow Agreement.

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 of 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 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 escrow agreement ("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 ("Surplus Security Escrow Agreement").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with 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, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18 month escrow release mechanism with 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.

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 of 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.

The escrow agreements described above provide, *inter alia*, that all voting rights attached to escrowed securities shall be exercised by the registered holder of such securities.

### PRINCIPAL SHAREHOLDERS

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

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number of Shares<sup>(1)</sup></b>	<b>Percentage of Shares Owned before the Offering</b>	<b>Percentage of Shares Owned after giving effect to the Minimum Offering<sup>(2)</sup></b>	<b>Percentage of Shares Owned after giving effect to the Maximum Offering<sup>(2)</sup></b>
William Ollerhead Toronto, Ontario	Beneficial and Indirect <sup>(3)</sup>	550,000	11.00%	7.33%	4.40%
C. Fraser Elliott Toronto, Ontario	Of Record and Beneficial	550,000	11.00%	7.33%	4.40%
Barry Foster Woodstock, Ontario	Of Record and Beneficial	500,000	10.00%	6.67%	4.00%
Taylor MacDonald Vancouver, British Columbia	Of Record and Beneficial	500,000	10.00%	6.67%	4.00%
<b>Total</b>		<b>2,100,000</b>	<b>42.00%</b>	<b>28.00%</b>	<b>16.80%</b>

Notes:

- (1) Subject to the Escrow Agreement. See “Escrowed Securities”.
- (2) Reflecting the assumption that the Agent’s Warrant is fully exercised and that all options are granted as stated on page 10 of this prospectus and that they are all exercised, Ollerhead would own, assuming the Minimum Offering is subscribed for, 737,500 Common Shares which would constitute 8.68% of the Corporation’s outstanding Common Shares on a fully diluted basis, and assuming the Maximum Offering is subscribed for, 862,500 Common Shares which would constitute 5.95% of the Corporation’s outstanding Common Shares on a fully-diluted basis. Mr. Elliott would own, assuming the Minimum Offering is subscribed for, 737,500 Common Shares which would constitute 8.68% of the Corporation’s outstanding Common Shares on a fully diluted basis, and assuming the Maximum Offering is subscribed for, 862,500 Common Shares which would constitute 5.95% of the Corporation’s outstanding Common Shares on a fully-diluted basis. Mr. Foster would own, assuming the Minimum Offering is subscribed for, 500,000 Common Shares which would constitute 5.88% of the Corporation’s outstanding Common Shares on a fully diluted basis, and assuming the Maximum Offering is subscribed for, 500,000 Common Shares which would constitute 3.45% of the Corporation’s outstanding Common Shares on a fully-diluted basis. Mr. McDonald would own, assuming the Minimum Offering is subscribed for, 500,000 Common Shares which would constitute 5.88% of the Corporation’s outstanding Common Shares on a fully diluted basis, and assuming the Maximum Offering is subscribed for, 500,000 Common Shares which would constitute 3.45% of the Corporation’s outstanding Common Shares on a fully-diluted basis
- (3) Mr. Ollerhead owns 250,000 Common Shares personally, and another 300,000 Common Shares through Chunkerhead Ltd.

The directors and officers, together with the Associates and Affiliates of the directors and officers, as a group beneficially own and control 1,850,000 Common Shares which represents 37.00% of the issued Common Shares of

the Corporation before giving effect to this Offering and which will represent 24.67% of the issued Common Shares of the Corporation upon completion of the Minimum Offering and 14.80% of the issued Common Shares of the Corporation upon completion of the Maximum Offering.

### DIRECTORS, OFFICERS AND PROMOTERS

The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation, their present principal occupation, the number of Common Shares beneficially owned or over which they directly or indirectly exercise control or direction, and the percentage of Common Shares to be held by each of them prior to and on completion of the Offering:

<b>Name, (Age) and Municipality of Residence</b>	<b>Position or Office</b>	<b>Present Principal Occupation</b>	<b>Common Shares Held (percentage and number of Common Shares prior to Offering)</b>	<b>Percentage and Number of Common Shares Held Upon Completion of Minimum Offering<sup>(2)</sup></b>	<b>Percentage and Number of Common Shares Held Upon Completion of Maximum Offering<sup>(2)</sup></b>
William Ollerhead (55) Toronto, Ontario	Director, Chief Executive Officer	Managing Director, Ollerhead Capital <sup>(5)</sup>	550,000 Common Shares <sup>(3)</sup> 11.00%	550,000 Common Shares <sup>(3)</sup> 7.33%	550,000 Common Shares <sup>(3)</sup> 4.40%
Grant McCutcheon <sup>(1)</sup> (57) Toronto, Ontario	Director, Chief Financial Officer and Secretary	Investor and Corporate Finance Professional	300,000 Common Shares 6.00%	300,000 Common Shares 4.00%	300,000 Common Shares 2.40%
Jack Schoenmakers <sup>(1)</sup> (63) Kitchener-Waterloo, Ontario	Director	President, Schoevest Investment Inc.	450,000 Common Shares <sup>(4)</sup> 9.00%	450,000 Common Shares <sup>(4)</sup> 6.00%	450,000 Common Shares <sup>(4)</sup> 3.60%
C. Fraser Elliott <sup>(1)</sup> (64) Toronto, Ontario	Director	President, CFE Financial Inc.	550,000 Common Shares 11.00%	550,000 Common Shares 7.33%	550,000 Common Shares 4.40%

Notes:

- (1) Member of the Audit Committee.
- (2) Before the exercise of stock options by the directors and officers, the exercise of the Agent's Warrant and assuming that no Common Shares are purchased by these shareholders under this Offering. See "Plan of Distribution".
- (3) Mr. Ollerhead owns 250,000 Common Shares personally, and another 300,000 Common Shares through Chunkerhead Ltd
- (4) Mr. Schoenmakers owns 450,000 Common Shares through Schoevest Investment Inc. (of which he is the sole shareholder).
- (5) Ollerhead Capital is a registered business name of Chunkerhead Ltd.

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. As at the date of this prospectus, the directors and officers own 1,850,000 Common Shares representing 37.00% of the issued Common Shares of the Corporation before giving effect to this Offering and which will represent 24.67% of the issued Common Shares of the Corporation upon completion of the Minimum Offering and 14.80% of the issued Common Shares of the Corporation upon completion of the Maximum Offering.

It is expected that, initially, each director, with the exception of William Ollerhead, will devote approximately 10% of their time to the business of the Corporation, and that William Ollerhead will devote that amount of time which is required to administer the business of the Corporation.

The following are brief biographies of the Directors and Officers of the Corporation:

***William Ollerhead – Chief Executive Officer and Director***

Mr. Ollerhead is the principal of Ollerhead Capital, a division of the private investment, management services, and corporate finance consulting company Chunkerhead Ltd., where he serves as the Managing Director. Mr. Ollerhead has over 25 years of experience in the capital markets and corporate finance field. He presently serves on the board of directors of Thermal Energy International Inc. (TSX-V: TMG), and is also the chair of the its audit committee, and on the board of Cuspis Capital Ltd. (TSX-V:CUSP.P). Additionally, Mr. Ollerhead has served on the boards of both public and private companies, and not-for-profit organizations, in various capacities – including chairman, director, and as a member and chair of audit committees.

In 1997, Mr. Ollerhead founded Ollerhead Capital Corporation which, until its sale in December of 2009, provided corporate finance advisory services relating to the structuring and arranging of approximately \$800 million worth of private debt transactions.

Prior to 1997, Mr. Ollerhead worked for an independent full-service investment dealer as a member of both its corporate finance, and fixed income sales and trading departments. Prior to that, he worked with two Canadian institutional investors, MetLife and Sun Life, latterly co-administering approximately \$2 billion in private placement investments. Mr. Ollerhead began his career in capital markets in 1989, as the equity analyst for the Canadian equity portfolio of MetLife’s Canadian subsidiary. His investment and capital markets experience has provided him with exposure to, and knowledge of, a broad range of industries.

He currently serves as, president and treasurer of the GTA Lakers Basketball Academy.

Mr. Ollerhead holds a B.A. with a concentration in Statistics from the University of Western Ontario, and an M.B.A. with a concentration in Finance from McGill University. In 2010, he completed the Directors Education Program at the Institute of Corporate Directors at University of Toronto’s Rotman School of Management. Mr. Ollerhead is 55 years old, and will devote such time as is required in connection with the management of the Corporation until completion of the Qualifying Transaction.

***Grant McCutcheon – Chief Financial Officer, Secretary and Director***

Mr. McCutcheon is an entrepreneurial executive with business, legal and finance expertise. His career spans over 25 years in corporate and securities law, capital markets and investment management. Mr. McCutcheon trained and practiced as a lawyer with the predecessor of Fasken LLP, a major Canadian law firm, from 1989 to 1992, and was an executive with a prominent private equity and venture capital firm with regulated investment funds from 1995 to 2008. He has worked closely with legal advisors and the regulatory framework for public companies, including as an officer of public companies. He presently serves as a director and the Chief Financial Officer of Cuspis Capital Ltd.

Through his experience in venture capital and private equity, Mr. McCutcheon has served on numerous public and private company boards, audit and compensation committees. He has led all aspects of venture capital investing from initiating and structuring investment, partnering on investments, developing management teams and achieving “exits”.

Mr. McCutcheon has a strong and practical working knowledge of corporate governance and securities regulatory regimes having lead in the design of public company governance as well as compliance regimes for regulated investment management companies.

Mr. McCutcheon received his M.B.A from the Thunderbird School of Global Management in Phoenix, Arizona. He has been active in the community serving as a director of the Toronto Police Services’ charity “Pro Action Cops & Kids”, as president of the Jackman Institute of Child Study’s parents’ association, and as a coach and director in

community sports associations. Mr. McCutcheon is 57 years old, and will devote such time as is required in connection with the management of the Corporation until completion of the Qualifying Transaction.

#### ***Jack Schoenmakers – Director***

Mr. Schoenmakers has spent the majority of his working career in the energy industry. Mr. Schoenmakers is currently President of Schoevest Investment Inc., serves on the board of Cuspis Capital Ltd. (TSX-V:CUSP.P) and has served on venture listed company boards, including Thermal Energy International Inc. (from 2012-2018; TSX-V: TMG) and Tribute Resources Inc. (from 2005-2018; TSX-V: TRB). Mr. Schoenmakers has also sat on the Boards of several private companies including Nothing But Nature (from 2005-2017) which was acquired by Greenspace Brands Inc. (TSXV: JTR) in January of 2017. Mr. Schoenmakers co-founded and acted as President of Ontario Energy Savings Corp., (currently trading as Just Energy Group Inc. on the TSX under the symbol “JE”). Mr. Schoenmakers was previously the president of Avenue Energy, where he managed oil and natural gas assets in Ontario and Alberta, traded gas at various points in Canada, into the United States and marketed natural gas to large volume industrial customers in both countries. Mr. Schoenmakers was previously a board member of the Ontario Energy Association and past chair of the Ontario Energy Marketers Association. Mr. Schoenmakers obtained his B.A. in Economics from the University of Waterloo. Mr. Schoenmakers is 63 years old, and will devote such time as is required in connection with the management of the Corporation until completion of the Qualifying Transaction.

#### ***C. Fraser Elliott – Director***

Since 1987, Mr. Elliott has been the President of CFE Financial Inc. (“CFE”), a private investment banking company. During the past 33 years, Mr. Elliott has provided consulting and financial services including mergers, acquisitions, and structured financings, through CFE, to a variety of businesses in both the public and private sectors where he invested and retained an ownership position (when warranted) to assist in the growth of such companies.

Mr. Elliott was chief financial officer of Tangarine Payment Solutions Corp. (“Tangarine Corp.”), a public company which he had listed on the TSX Venture Exchange. He arranged for the successful sale of the business in March 2009. From 1998 to 1999, he was vice president of finance, chief financial officer and secretary of Vital Retirement Living Inc. (“VRL”), also a public company he listed on the TSX Venture Exchange. He has also been a director of VRL since 1998.

In May 2009, Mr. Elliott became chairman of Gowest Gold Ltd., a publicly listed gold exploration and development company (TSX-V: GWA). He has been active in raising the profile of the business, including the completion of a dozen public financings from 2009 to 2018 that total approximately \$60 million.

In between 2011 to 2013, Mr. Elliott was appointed chief financial officer of ONEnergy Inc. (TSX-V: OEG, formerly Look Communications Inc.) and Unique Broadband Systems, Inc. (NEX: KUR). He resigned his position from Unique Broadband Systems, Inc. in July 2013, and he resigned from ONEnergy Inc. in February 2014.

He currently sits on the board of Cuspis Capital Ltd. (TSX-V:CUSP.P) and he resigned as a director of Sylogist Ltd. (TSX-V:SYZ) in August 2020, where he served as chairman of the audit committee. He has served on a variety of school and charitable organization boards during the previous 20 years. Mr. Elliott is 64 years old, and will devote such time as is required in connection with the management of the Corporation until completion of the Qualifying Transaction.

#### **Other Reporting Issuer Experience**

The following table sets out the directors, officers and promoters 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:

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
William Ollerhead	Thermal Energy International Inc., Ontario	TSX-V	Director	Oct. 2011	Present
	Cuspis Capital Ltd.	TSX-V	Director	March 2019	Present
Grant McCutcheon	Unique Broadband Systems Inc., Ontario	TSX-V	Chief Executive Officer, Director	Jul. 2010	May 2015
	Cuspis Capital Ltd.	TSX-V	Chief Financial Officer, Director	March 2019	Present
Jack Schoenmakers	Thermal Energy International Inc., Ontario	TSX-V	Director	Oct. 2012	Nov. 2018
	Tribute Resources Inc., Alberta	TSX-V	Director	Jun. 2005	Mar. 2018
	Cuspis Capital Ltd.	TSX-V	Director	March 2019	Present
C. Fraser Elliott	Gowest Gold Ltd.	TSX-V	Director, Executive Chairman	May. 2009	Present
	Sylogist Ltd.	TSX-V	Director	May 2008	Aug. 2020
	Cuspis Capital Ltd.	TSX-V	Director	March 2019	Present
	Dealnet Capital Corp.	TSX-V	Director	Nov. 2014	Apr. 2015
	ONEnergy Inc.	TSX-V	Chief Financial Officer	Feb. 2011	Feb. 2014

Notes:

(1) TSX-V means the TSX Venture Exchange.

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

Other than as described below, no director, officer, Insider or promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control 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:

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

- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Grant McCutcheon was a director and Fraser Elliott was an officer of Kure Technologies, Inc., formerly Unique Broadband Systems, Inc. (“UBS”) which in July, 2011, commenced a Court supervised claims process under the Companies’ Creditors Arrangement Act (“CCAA”) to, among other things: (i) facilitate the determination and compromise or arrangement of creditor claims against UBS; (ii) permit UBS to propose a plan to realize value from UBS’ accumulated tax losses, public listing and other assets; (iii) avert an imminent liquidity crisis being caused by litigation-related expenses that will prevent UBS from continuing to carry on business for the benefit of its stakeholders and defending proceedings brought against the company by former officers and directors; (iv) stay all payables owing by UBS; and (v) provide a process to determine the claims being asserted against UBS in a more cost effective and expeditious manner. UBS successfully settled all of the claims made against it in the CCAA proceedings and on February 26, 2015, the Ontario Superior Court made an order to facilitate the Company’s’ orderly exit from the CCAA proceedings.

William Ollerhead became a director of BioExx Specialty Proteins Ltd. (“BioExx”) in June 2008, and resigned on July 30, 2013. More than two months after Mr. Ollerhead’s resignation, and following a change in management of BioExx, the company filed for and obtained an order from the Ontario Superior Court of Justice (Commercial Division) under the Companies’ Creditors Arrangement Act on October 1, 2013.

Fraser Elliott is a director of Vital Retirement Living Inc. (“VRL”), VRL is a public company formerly listed on the TSXV, which is currently the subject of a temporary cease trade order issued by each of the British Columbia, Alberta, and Ontario Securities Commissions for failure to file audited financial statements for the year ended December 31, 2002. VRL has not filed financial statements for any period subsequent to December 31, 2002 and is being wound up.

#### **Penalties or Sanctions**

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

#### **Personal Bankruptcies**

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

#### **Conflicts of Interest**

There are potential conflicts of interest to which the directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, Insiders and promoters have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where 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 under the *Business Corporations Act* (Ontario).

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

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

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"), which reimbursements, since incorporation, have totaled \$nil as of the date hereof. No reimbursement may be made for any payment made to lease or acquire a vehicle.

The directors and officers of the Corporation may also be granted stock options.

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.

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

## DILUTION

Assuming the Minimum Offering is subscribed for, purchasers of Common Shares under this prospectus will suffer an immediate dilution on investment of 33.3% or \$0.067 per Common Share. Assuming the Maximum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 20.0% or \$0.040 per Common Share. Dilution has been computed on the basis of total gross proceeds to be raised under this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or of related expenses incurred by the Corporation.

<b>Item</b>	<b>Minimum Offering</b>	<b>Maximum Offering</b>
Gross proceeds of prior share issues	\$500,000	\$500,000
Gross proceeds of this Offering	\$500,000	\$1,500,000
Total gross proceeds after this Offering	\$1,000,000	\$2,000,000
Offering price per share	\$0.20	\$0.20

Proceeds per share after this Offering	\$0.133	\$0.160
Dilution per share to subscriber	\$0.067	\$0.040
Percentage of dilution in relation to offering price	33.3%	20.0%

### **RISK FACTORS**

Prior to making a decision to invest, prospective purchasers in the Offering should consider their own position, and all of the risks of investing in the Common Shares. The following are risk factors associated with the Corporation:

- (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 this 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, see “Conflicts of Interest”;
- (d) assuming the Minimum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 33.3% or \$0.067 per Common Share. Assuming the Maximum Offering is subscribed for, an investor will suffer an immediate dilution on investment of 20.0% or \$0.040 per Common Share, see “Dilution”;
- (e) there can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (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 Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months of the date of listing;
- (n) if the Corporation does not list the Common Shares on the Exchange prior to the time of closing, adverse tax consequences will arise with respect to any Common Shares held in Registered Plans or deferred profit sharing plans (each as defined hereafter under the heading "Eligibility for Investment");
- (o) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (p) 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;
- (q) 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;
- (r) 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
- (s) the Corporation is relying solely on its past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Corporation is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Corporation. In such event, the Corporation will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.
- (t) The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impacts of the COVID-19 crisis that may have an effect on the Corporation and its ability to identify and complete a Qualifying Transaction are unknown at this time but could result in material adverse consequences to the Corporation, including delays in completing a Qualifying Transaction, which could in turn require the Corporation to obtain additional financing by issuing shares from treasury, creating dilution for existing shareholders.

**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.**

See "Business of the Corporation", "Method of Financing Acquisition or Participation Opportunities" and "Directors and Officers".

## **LEGAL PROCEEDINGS**

There are no actual or, to the knowledge of the Corporation, pending legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are likely to be subject.

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

The Agent for the Offering is Industrial Alliance Securities Inc. Legal counsel to the Agent is Burstall LLP.

The Corporation is not a “related issuer” or “connected issuer” of the Agent as such terms are defined in National Instrument 33-105 - Underwriting Conflicts. The employees, officers and directors of the Agent do not own any Common Shares.

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

Certain legal matters relating to the Offering will be passed upon by Chitiz Pathak LLP on behalf of the Corporation, and Burstall LLP on behalf of the Agent.

McGovern Hurley LLP, auditors of the Corporation, are independent of the Corporation within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

As of the date hereof, the partners and associates of Chitiz Pathak LLP and the partners and associates of Burstall LLP do not own any Common Shares of the Corporation but may subscribe for Common Shares pursuant to the Offering.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditor of the Corporation is McGovern Hurley LLP, 251 Consumers Road, Suite 800, Toronto, Ontario M2J 4R3. The Transfer Agent and Registrar for the Common Shares of the Corporation is TSX Trust Company.

## **MATERIAL CONTRACTS**

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

- (a) The Agency Agreement. See “Plan of Distribution”.
- (b) The Transfer Agency and Registrar Agreement dated of ●, 2020 between the Corporation and the Registrar and Transfer Agent.
- (c) The Escrow Agreement. See “Escrowed Securities”.
- (d) The Stock Option Plan. See “Options to Purchase Securities”.

Copies of these agreements will be available for inspection at the registered office of the Corporation at Suite 700, 77 King Street West, Toronto, Ontario, M5K 1G8, and at the office of the Commission during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

## **DIVIDEND POLICY**

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHERS**

No director, officer, or promoter or other member of management of the Corporation, or any Associate or Affiliate of any such person, is or has been indebted to the Corporation.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The officers, directors and promoter have all acquired Seed Shares and an aggregate number of Common Shares equal to 10% of the number of Common Shares issued and outstanding upon completion of the Offering will be reserved for stock options to be granted to them. See “Options to Purchase Securities”.

## ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, tax counsel for the Corporation, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”), the regulations thereunder in force as of the date hereof (the “**Regulations**”), all amendments to the Tax Act and Regulations publically announced by the Minister of Finance (Canada) as of the date hereof, provided that the Common Shares are listed on a “designated stock exchange” (which includes the Exchange) or is otherwise a “public corporation” (as that term is defined in the Tax Act), the Common Shares will be qualified investments under the Tax Act and the Regulations in effect on the date hereof for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (each a “**Registered Plan**”) and deferred profit sharing plans.

The Common Shares are not currently listed on a designated stock exchange and the Corporation is not currently a “public corporation”, as that term is defined in the Tax Act. The Corporation has applied to list the Common Shares on the Exchange after the close of trading on the day before Closing of the Offering. The Corporation must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the Common Shares on the Closing of the Offering 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 Closing of the Offering, the Common Shares will not be qualified investments for Registered Plans and deferred profit sharing plans at that time.

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a Registered Plan, the holder, annuitant or subscriber of a Registered Plan (as applicable) will be subject to a penalty tax on the Common Shares held in the Registered Plan, if such shares are a “prohibited investment” for the purposes of the Tax Act. The Common Shares will not be prohibited investments for a Registered Plan provided the holder, annuitant or subscriber thereof deals at arm’s length with the Corporation for the purposes of the Tax Act, and 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” for a Registered Plan if the Common Shares are “excluded property”, as defined in the Tax Act. Holders should consult their own advisors as to whether the Common Shares will be a prohibited investment in their particular circumstances.

## OTHER MATERIAL FACTS

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

## PURCHASER’S STATUTORY RIGHTS OF WITHDRAWAL AND RECESSIO

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

Financial Statements of

**CUSPIS CAPITAL II LTD.**

For the Periods from Incorporation (September 3, 2019) to June 30, 2020  
and from July 1, 2020 to August 31, 2020

Independent Auditor's Report

To the Shareholders of Cuspis Capital II Ltd.

## **Opinion**

We have audited the financial statements of Cuspis Capital II Ltd. (the "Company"), which comprise the statements of financial position as at August 31, 2020 and June 30, 2020, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity (deficiency) and statements of cash flows for the period from July 1, 2020 to August 31, 2020 and the period from September 3, 2019 (date of incorporation) to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and June 30, 2020, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

## **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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 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 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 judgement 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 risks 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 of the audit resulting in this independent auditor's report is •.

**McGovern Hurley LLP**

***DRAFT***

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
•, 2020

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# CUSPIS CAPITAL II LTD.

## Statements of Financial Position

(In Canadian dollars)

As at

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	August 31, 2020	June 30, 2020
<b>Assets</b>		
Current assets		
Funds held in trust (note 6)	\$ 440,000	\$ 5,000
Other amounts receivable (notes 4 and 11)	60,000	-
<b>Total assets</b>	<b>\$ 500,000</b>	<b>\$ 5,000</b>

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## Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 22,805	\$ 7,542
<b>Total current liabilities</b>	<b>22,805</b>	<b>7,542</b>
Shareholders' equity (deficiency)		
Share capital (note 4)	497,200	4,000
Deficit	(20,005)	(6,542)
<b>Total shareholders' equity (deficiency)</b>	<b>477,195</b>	<b>(2,542)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$ 500,000</b>	<b>\$ 5,000</b>

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Nature of operations and going concern (Note 1)

Subsequent events (Note 11)

Approved by the Board of Directors:

(Signed) *"William Ollerhead"*

Director and Chief Executive Officer

(Signed) *"Grant McCutcheon"*

Director and Chief Financial Officer

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# CUSPIS CAPITAL II LTD.

## Statements of Loss and Comprehensive Loss

(In Canadian dollars)

For the

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	Two months ended August 31, 2020	Period from incorporation (September 3, 2019) to June 30, 2020
Expenses		
Professional fees	\$ 13,463	\$ 6,542
Net loss and comprehensive loss for the period	\$ (13,463)	\$ (6,542)
Loss per share		
Basic and diluted (note 4)	\$ (0.01)	\$ (0.13)
Weighted average number of shares outstanding		
Basic and diluted	2,306,452	50,000

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

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## CUSPIS CAPITAL II LTD.

### Statements of Changes in Shareholders' Equity (Deficiency)

(In Canadian dollars)

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	Shares issued #	Share Capital \$	Deficit \$	Total shareholders' Equity (deficiency) \$
Balance as at September 3, 2019	-	-	-	-
Seed common shares issued for cash	50,000	5,000	-	5,000
Share issuance costs	-	(1,000)	-	(1,000)
Net loss for the period	-	-	(6,542)	(6,542)
<b>Balance as at June 30, 2020</b>	<b>50,000</b>	<b>4,000</b>	<b>(6,542)</b>	<b>(2,542)</b>
Seed common shares issued for cash	4,950,000	495,000	-	495,000
Share issuance costs	-	(1,800)	-	(1,800)
Net loss for the period	-	-	(13,463)	(13,463)
<b>Balance as at August 31, 2020</b>	<b>5,000,000</b>	<b>497,200</b>	<b>(20,005)</b>	<b>477,195</b>

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

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# CUSPIS CAPITAL II LTD.

## Statements of Cash Flows

(In Canadian dollars)

For the

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	<b>Two months ended August 31, 2020</b>	Period from incorporation (September 3, 2019) to June 30, 2020
Cash flows from operating activities		
Net loss for the period	\$ (13,463)	\$ (6,542)
Change in non-cash operating assets and liabilities		
Accounts payable and accrued liabilities	15,263	7,542
Cash provided by operating activities	1,800	1,000
Financing activities		
Share capital	495,000	5,000
Other amounts receivable	(60,000)	-
Share issuance costs	(1,800)	(1,000)
Cash provided by financing activities	433,200	4,000
Increase in cash	435,000	5,000
Cash, beginning of period	5,000	-
Cash, end of period	\$ 440,000	\$ 5,000

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

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 1. Nature of operations and going concern

Cuspis Capital II Ltd. (the “Company” or “Cuspis II”) was incorporated September 3, 2019 pursuant to the provisions of the Business Corporations Act (Ontario). The Company’s corporate and tax year-end is June 30.

The Company intends to carry on business as a Capital Pool Corporation (“CPC”), as such term is defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4 – Capital Pool Companies (“CPC Policy 2.4”). As at August 31, 2020, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company’s principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company’s registered head office is located at 77 King Street West, Suite 700, Toronto, Ontario, Canada M5K 1G8.

The Company intends to complete an initial public offering (the “IPO”) subsequent to August 31, 2020. The gross proceeds raised from the IPO may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed “Qualifying Transaction” as such term is defined in Exchange CPC Policy 2.4 (“Transaction Expenses”) with the exception that the lesser of 30% of the gross proceeds and \$210,000 may be used for purposes other than those included in the Transaction Expenses.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under Exchange Policy 2.4, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or delist the Company’s shares from trading should it not meet these requirements.

#### **Novel Coronavirus (“COVID-19”)**

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations and complete its IPO and a Qualifying Transaction.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 1. Nature of operations and going concern (continued)

#### Going concern

These financial statements were prepared on a going-concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of \$13,463 for the period ended August 31, 2020 (period ended June 30, 2020 - \$6,542). However, the Company believes that its working capital balance as at August 31, 2020 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to obtain additional financing and complete a Qualifying Transaction. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

### 2. Basis of presentation

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective August 31, 2020.

#### Basis of measurement

These financial statements have been prepared on a historical cost basis and on an accrual basis except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements were authorized for issue by the Board of Directors on ●, 2020.

### 3. Summary of significant accounting policies

#### Financial instruments

##### *Financial assets*

##### Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized cost", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 3. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

###### Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss. The Company’s financial assets include cash which is measured at amortized cost.

###### Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statement of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial assets at FVPL.

###### Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statement of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

###### Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

##### *Financial liabilities*

###### Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 3. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial liabilities (continued)*

##### Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of loss.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

##### Fair value hierarchy

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value 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 assets or liabilities, either directly or indirectly;

Level 3 – Inputs for assets or liabilities that are not based on observable market data.

#### Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 3. Summary of significant accounting policies (continued)

#### Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

#### Share-based payments

The Company has a stock option plan (the "Option Plan") which is discussed in note 5. The Company uses the fair value-based method of accounting for share-based payment arrangements. The fair value of each option granted to directors, officers, consultants and employees is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

#### Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation.

During the periods ended June 30, 2020 and August 31, 2020, no options were issued or outstanding. Therefore, basic and diluted loss per share are the same for the periods presented.

#### Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 3. Summary of significant accounting policies (continued)

#### **Use of estimates, assumptions and judgements (continued)**

##### Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

##### Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

#### **Change in accounting policy**

On July 1, 2020, the Company adopted the amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”). These standards were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments did not have any material impact on the Company's financial statements.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 4. Share capital

#### Authorized

Unlimited common shares with no par value

#### Issued

	Number of Common Shares	Amount
Balance as at September 3, 2019	-	\$ -
Seed share issuance <sup>(i)</sup>	50,000	5,000
Share issuance costs	-	(1,000)
<b>Balance as at June 30, 2020</b>	<b>50,000</b>	<b>\$ 4,000</b>
Seed share issuance <sup>(i)</sup>	4,950,000	495,000
Share issuance costs	-	(1,800)
<b>Balance as at August 31, 2020</b>	<b>5,000,000</b>	<b>\$ 497,200</b>

#### Seed share issuance

On September 3, 2019, the Company issued 50,000 shares to a director and officer at a price of \$0.10 per share for gross proceeds of \$5,000.

During the period ended August 31, 2020, the Company issued an aggregate of 1,800,000 seed common shares to the directors and officers of the Company and an additional 3,150,000 seed common shares to other investors at a price of \$0.10 per share for gross proceeds of \$495,000. \$60,000 in share subscription proceeds was outstanding as at August 31, 2020 which was recorded in other amounts receivable.

#### Shares subject to escrow after completion of the IPO

After completing the IPO, all issued and outstanding seed shares will be held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6<sup>th</sup>, 12<sup>th</sup>, 18<sup>th</sup>, 24<sup>th</sup>, 30<sup>th</sup> and 36<sup>th</sup> months following the initial release, pursuant to the terms of an Escrow Agreement dated as of ●, 2020 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 5. Stock options

The Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of grant.

The Option Plan was approved by the Board of Directors and adopted by the Company on ●, 2020.

### 6. Funds held in trust

As at August 31, 2020, the Company had \$440,000 held in trust with its lawyers (June 30, 2020 - \$5,000).

### 7. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities as at August 31, 2020 totaling \$22,805 (June 30, 2020 - \$7,542) consisted mainly of professional expenses and share issuance cost accruals.

### 8. Income taxes

#### Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% were as follows:

	Period ended August 31, 2020	Period ended June 30, 2020
Loss before income taxes	\$ (13,463)	\$ (6,542)
Expected income tax recovery based on statutory rate	3,600	1,700
Tax benefits not recognized	(3,600)	(1,700)
<b>Deferred income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

#### Deferred income tax balances

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	August 31, 2020	June 30, 2020
Non-capital loss carry-forwards	\$ 20,000	\$ 6,500
Share issue costs	2,800	1,000
	<b>\$ 22,800</b>	<b>\$ 7,500</b>

#### Deferred income tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately \$20,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2040 and 2041.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 9. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to become a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements. There were no significant changes in the Company's approach to capital management during the periods ended August 31, 2020 and June 30, 2020.

### 10. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

#### Fair values

As at August 31, 2020, the Company's financial instruments consist of cash, other amounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the completion of the IPO, the Company's search for a Qualifying Transaction, and limit exposure to credit and market risks.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held with the Company's lawyers in trust. The Company believes its exposure to credit risk is not significant.

#### 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 market interest rates. None of the Company's financial instruments bear interest. Therefore, management believes the Company has no significant exposure to interest rate risk through its financial instruments as at August 31, 2020.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 9, in normal circumstances.

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# CUSPIS CAPITAL II LTD.

## Notes to the Financial Statements

(In Canadian dollars)

For the Periods Ended August 31, 2020 and June 30, 2020

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### 11. Subsequent events

#### Other amounts receivable

Share subscription proceeds totalling \$60,000 that were outstanding as at August 31, 2020 were received during the month of September, 2020.

#### The IPO

Pursuant to a prospectus dated ●, 2020, the Company is proposing to offer a minimum of 2,500,000 common shares of the Company at \$0.20 per common share for gross proceeds of \$500,000 (the “Minimum Offering”) and up to a maximum of 7,500,000 common shares of the Company at \$0.20 per common share for gross proceeds of \$1,500,000 (the “Maximum Offering”).

#### Stock option agreements

Concurrently with the completion of the IPO, the Company intends to enter into stock option agreements with officers and directors of the Company, entitling them to purchase up to that number of common shares equal to 10% of the number of common shares that will be outstanding upon completion of the IPO, at a price of \$0.20 per common share for a period of five years from the date of issuance.

#### Agent’s compensation

The Company has entered into an agreement between the Company and Industrial Alliance Securities Inc. (the “Agent”) dated effective ●, 2020 (the “Agency Agreement”). Pursuant to the terms of the Agency Agreement, the Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the common shares, a \$10,000 corporate work fee, and reimbursement of its expenses and legal fees incurred pursuant to the IPO plus disbursements and taxes. The Company will grant to the Agent and its sub-agents, if any, at the closing of the IPO the “Agent’s Warrant” to acquire common shares in number equal to 10% of the number of common shares sold under the IPO, at \$0.20 per share for a 24-month period following the date of listing of the common shares on the Exchange. Pursuant to CPC Policy 2.4, where the Agent receives an option or the right to subscribe for a certain number of shares as consideration for acting as Agent, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of the Qualifying Transaction. The remaining 50% may only be sold after completion of the Qualifying Transaction.

Deductible costs of this issue include listing and filing fees, the Agent’s expenses and legal fees, the Agent’s corporate work fee and the Company’s legal fees, audit fees and expenses, which are estimated at \$●, assuming the Minimum Offering is subscribed for, and \$●, assuming the Maximum Offering is subscribed for, inclusive of taxes and disbursements and exclusive of the Agent’s commission.

**CERTIFICATE OF THE CORPORATION**

October 2, 2020

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 the provinces of Alberta, British Columbia, Ontario and Saskatchewan.

*“William Ollerhead”*  
William Ollerhead  
Chief Executive Officer and Director

*“Grant McCutcheon”*  
Grant McCutcheon  
Chief Financial Officer, Secretary and  
Director

**ON BEHALF OF THE BOARD**

*“Jack Schoenmakers”*  
Jack Schoenmakers  
Director

*“C.Fraser Elliott”*  
C. Fraser Elliott  
Director

## **CERTIFICATE OF THE AGENT**

October 2, 2020

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

### **INDUSTRIAL ALLIANCE SECURITIES INC.**

Per: *“Vilma Jones”*  
Name: Vilma Jones  
Title: Managing Director & Co-Head of  
Equity Capital Markets