

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

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "**United States**") or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "**U.S. Person**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person, see "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Kraken Robotics Inc. at 430 Water Street Suite 100, St. John's, NL, A1C 1E2, telephone 709-757-5757, and are also available electronically at www.sedar.com ("**SEDAR**").

SHORT FORM PROSPECTUS

New Issue

December 17, 2018



KRAKEN ROBOTICS INC.

\$6,000,000

15,000,000 Common Shares

\$0.40 per Common Share

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 15,000,000 common shares (the "**Offered Shares**") in the capital of Kraken Robotics Inc. (the "**Company**" or "**Kraken**") at a price of \$0.40 per Offered Share (the "**Offering Price**").

The Offered Shares are being issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated December 7, 2018 among the Company and Clarus Securities Inc., as lead underwriter and sole bookrunner (the "**Lead Underwriter**"), and including Beacon Securities Limited (collectively with the Lead Underwriter, the "**Underwriters**"). The Offering Price has been determined by negotiation between Kraken and the Lead Underwriter on behalf of the Underwriters. See "*Plan of Distribution*".

The Company's outstanding common shares (the "**Common Shares**") are traded on the TSX Venture Exchange Inc. ("**TSXV**") under the symbol "PNG" and on the OTCQB under the symbol "KRKNF". On December 14, 2018, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.42, and on the OTCQB was US\$0.3194.

The TSXV has conditionally approved the listing of the Offered Shares, including the Over-Allotment Shares (hereinafter defined) issuable upon exercise of the Over-Allotment Option (hereinafter defined) and the Compensation Shares (hereinafter defined) issuable upon exercise of the Compensation Options (hereinafter defined). Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

\$0.40 per Offered Share

	Price to the Public⁽¹⁾	Underwriters' Fee⁽²⁾	Net Proceeds to the Company⁽³⁾
Per Offered Share	\$0.40	\$0.024	\$0.376
Total	\$6,000,000	\$360,000	\$5,640,000

Notes:

- (1) The Offering Price was determined by arm's length negotiation between the Company and the Lead Underwriter, on behalf of the Underwriters, in the context of the market.
- (2) The Company has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 6% of the gross proceeds from the Offering, (including any gross proceeds raised on exercise of the Over-Allotment Option (hereinafter defined)), other than proceeds from certain president's list purchasers (up to a maximum of \$1,500,000) on which a cash fee equal to 3% will be paid. The Underwriters will also receive, as additional compensation, non-transferable compensation options (the "**Compensation Options**") to purchase that number of Common Shares (the "**Compensation Shares**") that is equal to 4% of the Offered Shares sold pursuant to the Offering, (including any Over-Allotment Shares (as hereinafter defined) sold pursuant to the exercise of the Over-Allotment Option), other than in respect of Offered Shares sold to certain president's list purchasers (to a maximum of 3,750,000 Offered Shares) on which Compensation Options equal to 2% will be issued. Each Compensation Option is exercisable to purchase one Compensation Share at a price of \$0.60 for a period of 24 months from the Closing Date (herein defined). This Prospectus also qualifies the distribution of the Compensation Options. See "*Plan of Distribution*".
- (3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately \$350,000), which will be paid from the proceeds of the Offering.

The Underwriters have been granted an over-allotment option, exercisable in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 2,250,000 Common Shares (the "**Over-Allotment Shares**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be \$6,900,000, \$414,000 and \$6,486,000, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the Over-Allotment Shares. A purchaser who acquires Over-Allotment Shares forming part of the Underwriters' over-allocation position acquires those Over-Allotment Shares under this Prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

Unless the context otherwise requires, all references herein to the "Offering", "Offered Shares", "Compensation Options" and "Compensation Shares", includes all securities issuable assuming the exercise of the Over-Allotment Option.

In connection with the Offering, the Company has been advised by the Underwriters that, subject to applicable laws, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Offered Shares. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may decrease the price at which the Offered**

Shares are distributed pursuant to the Prospectus to a price that is lower than the Offering Price. See “Plan of Distribution”.

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering:

Underwriters’ Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option	2,250,000 Over-Allotment Shares	For a period of 30 days from and including the Closing Date	\$0.40 per Over-Allotment Share
Compensation Options	690,000 Compensation Shares	24 months from the Closing Date	\$0.60 per Compensation Share
Total securities under option issuable to the Underwriters	2,940,000 Common Shares		

Investing in the Offered Shares is speculative and involves significant risks. You should carefully review and evaluate the risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Offered Shares, see “Forward-Looking Information” and “Risk Factors”. Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess the income tax, legal and other aspects of the Offering.

Subscriptions for the Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserves the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 20, 2018, or such other date as may be agreed upon by the Company and the Lead Underwriter, but in any event not later than 42 days after the date of the receipt for the final short form prospectus (the “**Closing Date**”). See “Plan of Distribution”.

It is anticipated that the Offered Shares will be delivered under the book-based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited in electronic form. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required, see “Plan of Distribution”.

Vice-Admiral Michael Connor (Director), who resides outside of Canada, has appointed Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, ON M5X 1G5, as his agent for service of process in Canada. Prospective purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process, see “Risk Factors”.

Information contained on the Company’s website shall not be deemed to be a part of this Prospectus or incorporated by reference herein and may not be relied upon by prospective investors for the purpose of determining whether to invest in the securities qualified for distribution under this Prospectus.

The Company's head office is located at 430 Water Street Suite 100, St. John's, NL, A1C 1E2, and its registered office is located at Suite 1600, 100 King Street West, Toronto, ON M5X 1G5.

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GENERAL MATTERS

Throughout this Prospectus, references to “Kraken”, the “Company”, “its”, “our”, “us” and “we”, or related terms refer to Kraken Robotics Inc., and includes, where the context requires, its subsidiaries.

An investor should rely only on the information contained or incorporated by reference in this Prospectus. The Company or the Underwriters have not authorized anyone to provide investors with additional or different information. The Company and the Underwriters are not making an offer to sell or seeking offers to buy the Offered Shares in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Offered Shares. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise noted.

FORWARD-LOOKING INFORMATION

Certain statements contained in this Prospectus and the documents incorporated by reference herein constitute “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. Forward-looking statements include statements concerning the Company’s current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of forward-looking terminology such as “seeks”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations of such words and phrases or statements that certain actions, conditions, events or results “may”, “could”, “should”, “would”, “might”, or “will be taken”, “occur” or “be achieved”, or the negative forms of any of these words and other similar expressions.

Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the competitive and business strategies of the Company;
- the Company's anticipated operating cash requirements and future financing needs;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's expectations regarding its revenue, expenses and operations;
- the applicable laws, regulations and any amendments thereof;
- expectations with respect to the advancement and adoption of new products;
- the acceptance by customers and the marketplace of new products and solutions;
- the ability to attract new customers and develop and maintain existing customers;
- the ability to protect, maintain and enforce the Company's intellectual property rights;
- the ability to successfully leverage current and future strategic partnerships and alliances;

- the ability to attract and retain personnel;
- the anticipated labour and materials costs;
- the Company's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Company operates;
- the anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates;
- the completion of the Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the approval by the TSXV for the listing of the Offered Shares and the Over-Allotment Shares;
- the use of the net proceeds of the Offering; and
- the Company's business objectives and milestones and the anticipated timing of execution.

Forward-looking statements reflect the Company's current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. In making the forward-looking statements included in this Prospectus, and the documents incorporated by reference herein, the Company has made various material assumptions, including, but not limited to:

- the Company will continue to be in compliance with regulatory requirements;
- the Company will have sufficient working capital and be able to secure additional funding necessary for the continued operation and development of the Company; and
- key personnel will continue their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner.

Purchasers are cautioned not to place undue reliance on the forward-looking statements or the assumptions on which the Company's forward-looking statements are based. Purchasers are also advised to carefully review and consider the risk factors identified in this Prospectus, see "*Risk Factors*", and in the documents incorporated by reference herein, for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Although the Company believes that the assumptions on which the forward-looking statements are made are reasonable, based on the information available to the Company on the date such statements were made, no assurances can be given as to whether these assumptions will prove to be correct. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by the foregoing cautionary statements and those made in our other filings with applicable securities regulators in Canada. These factors are not intended to represent a complete list of the factors that could affect

the Company and readers should not place undue reliance on forward-looking statements in this Prospectus and the documents incorporated by reference herein.

Forward-looking statements speak only as of the date the statements are made. The Company assumes no obligation to update publicly or otherwise revise any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

TRADEMARKS AND SERVICE MARKS

This prospectus includes trademarks, trade names and service marks which are protected under applicable intellectual property laws for use in connection with the operation of our business, and which are the property of the Company. All other trade names, trademarks or service marks appearing in this prospectus that are not identified as marks owned by us are the property of their respective owners.

Solely for convenience, trademarks, service marks and trade names referred to in this prospectus may be listed without the ®, (TM) and (sm) symbols, however, we will assert, to the fullest extent under applicable law, our applicable rights in these trademarks, service marks and trade names.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been filed with the securities regulatory authorities in each of the provinces of Canada, excluding Québec, are specifically incorporated by reference and form an integral part of this Prospectus:

- (a) the annual information form of the Company dated October 11, 2018 for the year ended December 31, 2017 (the “**Annual Information Form**”);
- (b) the Company’s audited financial statements for the years ended December 31, 2017 and 2016, and related notes thereto, together with the independent auditors’ report thereon, filed to SEDAR on December 17, 2018;
- (c) the Company’s management discussion and analysis for the year ended December 31, 2017;
- (d) the Company’s unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018;
- (e) the Company’s management discussion and analysis for the three and nine months ended September 30, 2018;
- (f) the Company’s management information circular dated May 22, 2018 in respect of its annual general meeting held on June 20, 2018;
- (g) the material change report of the Company dated December 3, 2018 announcing the Offering;

- (h) the material change report of the Company dated August 7, 2018 announcing that Ocean Infinity Limited (“OI”) has agreed to purchase \$9 million of the Company’s deep-sea batteries; and
- (i) the material change report of the Company dated July 30, 2018 announcing the closing of a non-brokered private placement subscription of OI for 11,520,000 units of the Company for aggregate gross proceeds of to the Company of \$2.3 million.

Any documents of the type referred to in paragraphs (a)-(i) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management’s discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

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

DESCRIPTION OF THE BUSINESS

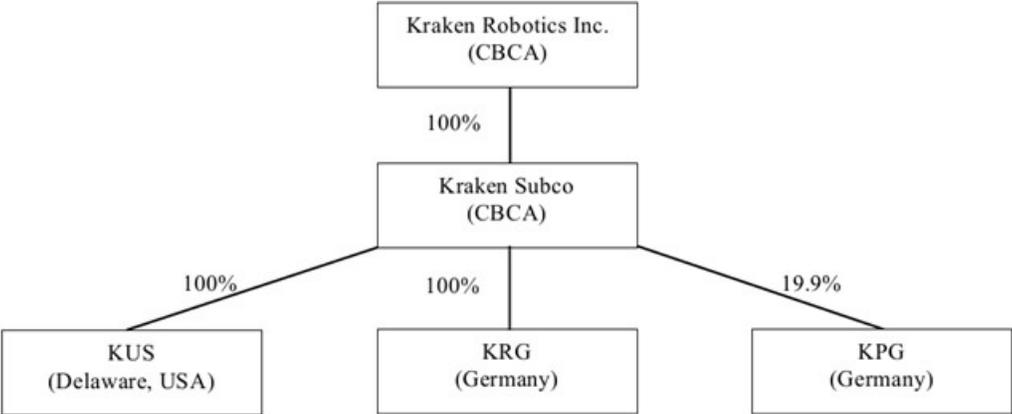
General

The Company was initially incorporated under the *Business Corporations Act* (British Columbia) on May 14, 2008 under the name Anergy Capital Inc. (“**Anergy**”). On February 18, 2015, Anergy completed its ‘Qualifying Transaction’ (as defined in the policies of the TSXV) and acquired all of the issued and outstanding common shares of Kraken Sonar Systems Inc. (“**Kraken Subco**”), which is now a wholly-owned subsidiary of the Company. Concurrent with the completion of the Qualifying Transaction, Anergy was continued under the *Canada Business Corporations Act*, where it remains, was renamed “Kraken Sonar Inc.” and began carrying on the business of the Company.

On September 20, 2017, the Company changed its name to “Kraken Robotics Inc.” and Kraken Subco changed its name to “Kraken Robotics Systems Inc.” to reflect the Company’s continued growth and evolution from manufacturing sensors to supplying complete robotic systems, software and services in the global unmanned maritime systems (“**UMS**”) market.

Kraken Subco is an entity incorporated under the *Canada Business Corporations Act*, and has two wholly-owned subsidiaries, Kraken Robotics US Inc. (“**KUS**”) and Kraken Robotik GmbH (“**KRG**”), and holds a 19.9% equity interest in Kraken Power GmbH (“**KPG**”) with an option to increase its equity holding to 75%. Under the KPG option, Kraken Subco can increase its equity holding to 75% through the conversion of an existing loan to equity and through additional consideration of €111,200.

In this Prospectus, the term “Company” includes, where appropriate, Kraken Subco, KUS and KRG.



Summary of the Business

Kraken is a marine technology company that provides ultra-high-resolution software-centric sensors and underwater robotic systems. The Company’s mission is to become a leading provider of underwater robotics equipment and services. Kraken began with eight employees in 2012 to develop and commercialize synthetic aperture sonar (“**SAS**”) technology. Today, Kraken has 50 employees with a head office in St. John’s, Newfoundland and has shipped products to customers in 10 countries. Of our 50 employees, 43 are engaged in R&D, engineering and production.

Kraken has a highly capable team of engineers, scientists, and technicians with specialized skills and knowledge. Scientific staff have world-leading expertise in sonar design, remote sensing, and signal processing for synthetic aperture sonar, anti-submarine warfare, and 3D optical imaging. Kraken’s mechanical engineering team has extensive experience designing tethered/towed and untethered/free-swimming underwater vehicles, custom payload sections, and launch and recovery systems. Kraken’s software engineering group develops applications for data acquisition, real-time processing, vehicle control, 3D visualization, telemetry, artificial intelligence, machine learning and data post-processing. The Company is supported by a team of technicians that perform assembly, inspection, testing, calibration, and troubleshooting of mechanical and electrical systems. Kraken’s technical staff also have extensive experience performing system integration onboard customer-owned vehicles and conducting operations at sea to collect data for a variety of surveys, technical demonstrations, and collaborative research projects.

Kraken’s products are sold into both the manned and the UMS market. The UMS market can be divided into unmanned underwater vehicles (“**UUVs**”) and unmanned surface vessels (“**USVs**”). UUVs are either autonomous underwater vehicles, remotely operated vehicles, or towed underwater vehicles tethered to a ship and towed beneath the surface of the water. UUVs are

used extensively for military and commercial applications, such as undersea search and survey missions. USVs may be remotely operated or be fully autonomous.

Kraken was founded with the objective of commercializing a software-centric version of SAS at the lowest cost in the market to compete with more hardware-dependent and expensive SAS solutions. SAS is an advanced imaging technology which dramatically improves seabed surveys by providing ultra-high-resolution imagery at superior area coverage rates (“**ACRs**”) as compared to conventional side scan sonar (“**SSS**”) technologies. These legacy SAS systems were seen as the domain of global defense contractors using SAS for military surveillance purposes to detect seabed mines or other types of unexploded ordnances. SAS is the next generation of sonar, following side scan sonar and multi-beam echo sounders, which while capable of producing high resolution images of objects on the seabed, only do so at short range and corresponding low ACR. SAS, on the other hand, is capable of producing ultra-high-resolution imagery at long ranges, which can be more than ten times the range of conventional side scan sonar, all while achieving significantly higher ACR.

SAS is the underwater equivalent of synthetic aperture radar used in the satellite and communications industry. This technology is ‘rare air technology’ with Kraken having only a handful of competitors at the high end of the market. Customers using SAS technology seek maximum ACR at the highest resolution and for the lowest cost. One factor affecting ACR is the length of the aperture (antenna). Traditional sonar technology such as SSS uses real apertures that are limited by the size of the underwater vehicle they are deployed on. SAS, on the other hand, uses the motion of the underwater vehicle along with highly sophisticated signal processing algorithms to ‘spoof’ the system into thinking the aperture is 40-50 times longer than it really is. The result is up to a 10 times increase in area coverage rates over traditional SSS. In other words, more area can be surveyed at a much higher resolution in less time.

In addition to improved area coverage rate, Kraken provides this data in real time, without the traditional limitations of extensive post-mission processing. Furthermore, all of Kraken’s SAS systems are Interferometric, meaning that they are able to simultaneously provide real-time ultra-high definition SAS bathymetry that is co-registered with the SAS imagery. Through a partnership with Teledyne-owned Caris, Kraken also offers Caris Onboard, an automated hydrographic processing workflow which can combine imagery and bathymetry into real-time hydrographic databases certified to IHO SP44 standards.

As the Company has grown, it has developed additional sensors as well as designed and produced its own UUVs. In addition to selling products, Kraken has a nascent Robotics as a Service business. The Company believes that certain customers would prefer to hire the Company to provide product output to them (i.e. imaging and bathymetry data) using our own equipment. This is the genesis of our RaaS offering. Kraken is bidding on opportunities involving both shallow and deeper water surveys with both KATFISH™ (towed underwater vehicles) and ThunderFish® AUV. Kraken has branded its RaaS offering as SeaScout®, a complete seabed mapping and intelligence solution.

Recent Developments

On February 26, 2018, the Company closed a non-brokered private placement offering (the “**February 2018 Private Placement**”) comprised of 10,714,285 Common Shares at a price of \$0.14 per Common Share for aggregate gross proceeds of \$1,500,000. The Company issued 9,000 Common Shares as finder’s shares in connection with the offering.

On June 28, 2018, OI completed a strategic investment in the Company, on a non-brokered private placement basis (the “**OI Private Placement**”), purchasing 11,520,000 units in the capital of the Company at a price of \$0.20 per unit for aggregate gross proceeds of \$2,304,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, each whole warrant exercisable to acquire one Common Share at a price of \$0.40 for a period of 36 months from the date of issuance, subject to adjustment and acceleration.

On August 1, 2018, OI entered into a \$9,000,000 contract with the Company for the purchase of deep sea batteries and concurrently issued its first purchase order of \$2,500,000. On November 28, 2018, OI issued a \$6,500,000 purchase order to the Company for deep sea batteries representing an acceleration of approximately six months from its original schedule set out under a \$9,000,000 deep-sea battery contract, announced on August 1, 2018.

CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of the Company as at September 30, 2018, both before and after giving effect to the Offering.

	<u>As at September 30, 2018</u>		
	<u>Outstanding as at September 30, 2018 (unaudited)</u>	<u>Outstanding as at September 30, 2018 after giving effect to the Offering⁽¹⁾</u>	<u>Outstanding as at September 30, 2018 after giving effect to the Offering and the full Over-Allotment Option⁽²⁾</u>
Share Capital	Unlimited Common Shares	Unlimited Common Shares	Unlimited Common Shares
Common Shares	119,906,933	134,906,933	137,156,933
Options	6,955,000	6,955,000	6,955,000
Warrants	10,971,664	11,571,664 ⁽³⁾	11,661,664 ⁽⁴⁾
Finder Warrants	179,667	179,667	179,667
Total assets	\$9,401,124	\$14,691,124	\$15,537,124
Deficit	(\$11,200,125)	(\$11,200,125)	(\$11,200,125)
Total capitalization	2,887,852	8,177,852	9,023,852

Notes:

- (1) Based on the issuance of 15,000,000 Offered Shares for aggregate gross proceeds of \$6,000,000, less the Underwriters' Fee of \$360,000 and expenses of the Offering, estimated at \$350,000.
- (2) Based on the issuance of 17,250,000 Offered Shares for aggregate gross proceeds of \$6,900,000, less the Underwriters' Fee of \$414,000 and expenses of the Offering, estimated at \$350,000.
- (3) Based on the issuance of 600,000 Compensation Options.
- (4) Based on the issuance of 690,000 Compensation Options.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be \$5,640,000, before deducting the expenses of the Offering (estimated to be approximately \$350,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be \$6,486,000, before deducting the expenses of the Offering.

Principal Purposes

The Company currently anticipates using the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option) as set forth in the following table:

<u>Principal Purpose</u>	<u>Approximate Use of Net Proceeds</u>
Leasehold improvement and capital expenditures ⁽¹⁾	\$750,000
Fraunhofer AUV payments ⁽²⁾	\$750,000
Additional investments in KPG ⁽³⁾	\$200,000
Parts and Inventory ⁽⁴⁾	\$2,000,000
Working capital	\$620,000
General and administrative ⁽⁵⁾	\$970,000
Offering Expenses	\$350,000
Total	\$5,290,000

Notes:

- (1) Planned move into a new combined office and manufacturing facility in St. John's, Newfoundland in Q2 2019.
- (2) Final payment for AUV asset under Fraunhofer licensing agreement signed in March 2017.
- (3) Increase current 19.9% equity ownership position in KPG to 75%.
- (4) Parts and inventory to build KATFISH and sensor inventory in order to shorten product lead times.
- (5) Split equally between facility rental payments, marketing, travel and payroll.

The above noted allocation represents the Company's intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of proceeds, see "*Risk Factors – Additional Capital*".

Until applied, the net proceeds will be held as cash balances in the Company's bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

The Company had negative operating cash flow for the financial years ended December 31, 2017 and 2016, and for the nine months ended September 30, 2018. As at November 30, 2018, the Company had a working capital balance of approximately \$200,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities, see "*Risk Factors – Negative Cash Flow from Operations*".

If the Over-Allotment Option is exercised in full for Over-Allotment Shares, the Company will receive additional net proceeds of \$846,000. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to general working capital.

Business Objectives and Milestones

The primary business objectives for the Company over the next 12 months are:

1. Integrate the business of KPG following the exercise of the Company's option, and execute on existing battery contracts;

2. Secure a material project with the Ocean SuperCluster focused on Robotics as a Service business model for ocean floor mapping & seabed asset inspection;
3. Secure contracts with the United States Navy and the Department of Homeland Security;
4. Advance new product initiatives such as ThunderFish and Multi-Spectral SAS closer to commercialization.

Significant events that need to occur for the business objectives to be accomplished:

- a. Add additional capacity at KPG through the addition of new equipment, increased personnel and ship batteries to the schedule for 2019 (to be completed Q1 2019, estimated aggregate cost \$300,000);
- b. Complete additional field evaluation trials of our products (to completed in Q2 and Q3 2019, estimated cost \$200,000; and
- c. Complete this Offering to obtain proceeds to implement the Company's Business Objectives and Milestones.

Prior Financing

On June 28, 2018, the Company completed the OI Private Placement for gross proceeds of \$2,304,000, see "*Description of the Business – Recent Developments*". The intended use of proceeds from the private placement was to build up inventory and to fund general corporate and working capital purposes. Approximately 50% of these proceeds have since been applied to inventory with the remaining balance supporting general corporate and working capital purposes.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase, as principals on the Closing Date, 15,000,000 Offered Shares at the Offering Price for aggregate gross proceeds of \$6,000,000 payable in cash to the Company against delivery of the Offered Shares. The Offering Price and the other terms of the Offering were determined by arm's length negotiation between the Company and the Lead Underwriter on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of "disaster out", "material change out", "regulatory out" and "breach out" provisions in the Underwriting Agreement, and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 2,250,000 Over-Allotment Shares at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of

the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Shares forming part of the Underwriters' over-allocation position acquires those Over-Allotment Shares under this Prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters' Fee consisting of a cash fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option), other than proceeds from certain president's list purchasers (up to a maximum of \$1,500,000) on which a cash fee equal to 3% will be paid. The Underwriters will also receive, as additional compensation, non-transferable Compensation Options to purchase that number of Compensation Shares that is equal to 4% of the Offered Shares sold pursuant to the Offering (including any Over-Allotment Shares sold pursuant to the exercise of the Over-Allotment Option), other than in respect of Offered Shares sold to certain president's list purchasers (to a maximum of 3,750,000 Offered Shares) on which Compensation Options equal to 2% will be issued. Each Compensation Option is exercisable to purchase one Compensation Share at a price of \$0.60 for a period of 24 months from the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options.

The Offering is being made in each of the provinces of Canada, excluding Québec. The Offered Shares will be offered in each of the relevant provinces through the Underwriters or their affiliates who are registered to offer the Offered Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Offered Shares in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters.

The TSXV has conditionally approved the listing of the Offered Shares (including any issuable upon exercise of the Over-Allotment Option and the Compensation Options) on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company.

Upon completion of the Offering, the Company agrees not to, for a period ending 90 days from the Closing Date, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, authorize, sell or issue or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Company (including those that are convertible or exchangeable into securities of the Company) other than: (i) pursuant to the Offering (including the Over-Allotment Option); (ii) the issuance of non-convertible debt securities; (iii) upon the exercise of convertible securities, options or warrants of the Company outstanding as of the date hereof; (iv) pursuant to the Company's stock option plan, restricted share unit plan or any other share compensation arrangement of the Company; (v) pursuant to any acquisition of shares or assets of arm's length persons; or (vi) in connection with any strategic transactions, investments or supply agreements

between the Company and a third party, including any stock options that may be issued to any arm's length persons in connection with such strategic transactions, investments or supply agreements. The Company further acknowledges and understands that it will cause its officers and directors to enter into an agreement in favour of the Underwriters pursuant to which each of such individuals will agree, for a period ending 90 days after the Closing Date, not to directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Company.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 20, 2018, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the final short form prospectus.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

Non-Certificated Inventory System

It is anticipated that the Offered Shares will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

Kraken is authorized to issue an unlimited number of Common Shares, of which 122,012,487 Common Shares are issued and outstanding as of the date hereof.

Holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of Kraken, to receive notice of and one vote per Common Share at meetings of shareholders and, upon liquidation, dissolution or winding up of Kraken, to share rateably in such assets of Kraken as are distributable to the holders of Common Shares.

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

Date	Number of Securities Issued	Type	Issuance / Exercise Price Per Security
November 30, 2018	500,000 ⁽²⁾	Common Shares	\$0.30
October 23, 2018	1,388,888 ⁽²⁾	Common Shares	\$0.30
October 19, 2018	50,000 ⁽²⁾	Common Shares	\$0.30
October 3, 2018	166,666 ⁽²⁾	Common Shares	\$0.30
September 28, 2018	500,000 ⁽²⁾	Common Shares	\$0.30
September 4, 2018	150,000 ⁽²⁾	Common Shares	\$0.30
August 27, 2018	116,666 ⁽²⁾	Common Shares	\$0.30
August 13, 2018	2,154,166 ⁽²⁾	Common Shares	\$0.30
August 13, 2018	11,666 ⁽²⁾	Common Shares	\$0.18
August 2, 2018	833,334 ⁽²⁾	Common Shares	\$0.30
July 20, 2018	1,000,000	Options	\$0.26
July 19, 2018	333,334 ⁽²⁾	Common Shares	\$0.30
July 4, 2018	150,000 ⁽¹⁾	Common Shares	\$0.17
July 4, 2018	100,000 ⁽¹⁾	Common Shares	\$0.21
June 28, 2018	11,520,000 ⁽³⁾	Common Shares	\$0.20
June 28, 2018	5,760,000 ⁽³⁾	Warrants	\$0.40
June 21, 2018	200,000	Options	\$0.21
February 26, 2018	10,723,285 ⁽⁴⁾	Common Shares	\$0.14
February 21, 2018	1,721,743	Common Shares	\$0.15
February 20, 2018	450,000	Options	\$0.18
February 2, 2018	333,333 ⁽²⁾	Common Shares	\$0.15
January 10, 2018	166,666 ⁽²⁾	Common Shares	\$0.15
January 8, 2018	100,000 ⁽¹⁾	Common Shares	\$0.17
December 18, 2017	1,770,000	Options	\$0.18

Notes:

- (1) Common Shares issued pursuant to an exercise of Options.
- (2) Common Shares issued pursuant to an exercise of Warrants.
- (3) Issued pursuant to the OI Private Placement.

- (4) Common Shares issued pursuant to the February 2018 Private Placement. Includes 9,000 Common Shares issued to finders.

TRADING PRICE AND VOLUME

The outstanding Common Shares are currently traded on the TSXV under the trading symbol “PNG” and on the OTCQB under the trading symbol “KRKNF”. The following table sets forth the reported high and low prices and monthly trading volumes of the Common Shares on the TSXV for the 12-month period prior to the date of this Prospectus.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
December 1-14, 2018	0.45	0.38	979,431
November 2018	0.47	0.42	5,374,008
October 2018	0.54	0.39	4,954,334
September 2018	0.54	0.37	5,397,482
August 2018	0.445	0.34	7,980,840
July 2018	0.39	0.255	9,765,545
June 2018	0.255	0.15	7,955,346
May 2018	0.17	0.15	4,136,335
April 2018	0.17	0.145	1,715,145
March 2018	0.195	0.155	3,649,271
February 2018	0.185	0.16	5,775,738
January 2018	0.175	0.165	4,873,162
December 2017	0.19	0.165	3,069,926

On December 14, 2018, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the TSXV was \$0.42, and on the OTCQB was US\$0.3194.

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling WLG (Canada) LLP counsel to the Company, and Borden Ladner Gervais LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, in force as of the date hereof, the Offered Shares, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account, as those terms are defined in the Tax Act (collectively referred to as “**Registered Plans**”) or a deferred profit sharing plan (as defined in the Tax Act), provided that the Offered Shares are listed on a “designated stock exchange” in Canada for the purposes of the Tax Act (which currently includes the TSXV).

Notwithstanding the foregoing, the holder or subscriber of, or an annuitant under a Registered Plan, as the case may be, (the “**Controlling Individual**”) will be subject to a penalty tax in respect of Offered Shares held in the Registered Plan if such securities are a “prohibited investment” (as defined in the Tax Act) for the particular Registered Plan. A Offered Share generally will be a “prohibited investment” for a Registered Plan if the Controlling Individual does not deal at arm’s length with the Company for the purposes of the Tax Act or the Controlling Individual has a “significant interest” (as defined in subsection 207.01(4) the Tax Act) in the Company. Controlling Individuals should consult their own tax advisors as to whether the Offered Shares will be a prohibited investment in their particular circumstances.

RISK FACTORS

An investment in the Offered Shares is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Offered Shares should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading “*Risk Factors*” in the Annual Information Form, which is incorporated by reference.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business.

Risks Related to the Offering

An Investment in the Offered Shares is Speculative

An investment in the Offered Shares and the Company’s prospects generally, are speculative due to the risky nature of its business and the present state of its development. Investors may lose their entire investment and should carefully consider the risk factors described below and under the heading “*Risk Factors*” in the Annual Information Form.

Negative Cash Flow from Operations

The Company had negative operating cash flow for the financial years ended December 31, 2017 and 2016, and for the nine months ended September 30, 2018. As at November 30, 2018, the Company had a working capital balance of approximately \$200,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future due to its desire to increase the number of employees. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities, see “*Use of Proceeds*”.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading “*Use of Proceeds*” if they believe it would be in the Company’s best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company’s results of operations may suffer.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives, including with respect to the expansion of its product offerings, completing future acquisitions, and entering into strategic partnerships. The Company intends to fund its business objectives by way of additional offerings

of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will then require additional financing to fund its operations until positive cash flow is achieved, see “*Risk Factors – Negative Cash Flow from Operations*”.

Volatile Market Price of the Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company’s operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts’ estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by government and regulatory authorities, the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder’s holdings in the Company. The Company’s articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company’s stock option plan and upon the exercise of outstanding warrants.

Profitability

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. The marine robotics industry requires significant financial resources, and there is no assurance that future revenues will be sufficient to generate the funds required to continue the Company’s business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its research and development efforts or in the future reduce its marketing efforts or forego certain business opportunities.

Going Concern

The Company will require additional financing in order to continue its operations. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures and the Company will need to re-evaluate its business plan in order to continue as a going concern.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon on behalf of the Company by Gowling WLG (Canada) LLP, and on behalf of the Underwriters by Borden Ladner Gervais LLP. As at the date hereof, the partners and associates of Gowling WLG (Canada) LLP and Borden Ladner Gervais LLP, each as a group, beneficially own, directly and indirectly, in the aggregate, less than one percent of the Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

KPMG LLP have advised the Company that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. with an office at 510 Burrard Street, 2nd Floor Vancouver, British Columbia V6C 3B9.

CERTIFICATE OF THE COMPANY

December 17, 2018

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding Québec.

(Signed) "Karl Kenny"

Chief Executive Officer

(Signed) "Greg Reid"

Chief Financial Officer

On behalf of the Board of Directors:

(Signed) "Lawrence Puddister"

Director

(Signed) "Shaun McEwan"

Director

CERTIFICATE OF THE UNDERWRITERS

December 17, 2018

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding Québec.

CLARUS SECURITIES INC.

(Signed) "Robert Orviss"
Managing Director

BEACON SECURITIES LIMITED

(Signed) "Ezra Chang"
Managing Director