A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

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

*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 any securities or "blue sky" laws of any state of the United States. Accordingly, the securities offered hereby may not be offered or sold, directly or indirectly, within the United States of America, its territories and possessions, any state of the United States, and the District of Columbia (the **"United States"**) or to or for the account or benefit of any "U.S. Person" (as defined in Regulation S promulgated under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to or for the account or benefit of a U.S. Person or person within the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with the 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 RYU Apparel Inc. at its head office at 1672 West 2nd Avenue, Vancouver, British Columbia, Canada V6J 1H4 (Telephone: 604.235.2880) and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue **May 24, 2017**

RYU Apparel Inc.

Up to $♦
Up to ♦ Units

Price: $0.09 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of up to ♦ units (each, a "**Unit**") of RYU Apparel Inc. (the "**Corporation**") at a price of $0.09 per Unit (the "**Offering Price**"), which will be offered for sale pursuant to the terms of an agency agreement (the "**Agency Agreement**") dated ♦ between the Corporation and Canaccord Genuity Corp. (the "**Agent**"). Each Unit consists of one common share in the capital of the Corporation (a "**Unit Share**") and one transferable common share purchase warrant (a "**Warrant**") with each Warrant entitling the holder to acquire an additional common share of the Corporation (a "**Warrant Share**") at a price of $0.135 at any time before 4:30 p.m. (Vancouver time) on the date that is 24 months after the closing of the Offering. See *"Plan of Distribution"*. The Units, the Unit Shares, the Warrants and the Warrant Shares are sometimes collectively referred to as the "**Securities**". The Offering Price was determined by negotiation between the Corporation and the Agent with reference to the prevailing market price of common shares of the Corporation.

	Price to Public	Agent's Fee(1)	Net Proceeds to the Corporation(2)
Per Unit	$0.09	$0.0063	$0.0837
Offering(3)	$♦	$♦	$♦

(1) The Corporation has agreed to (i) pay the Agent a cash fee (the "**Agent's Fee**") equal to 7% of the gross proceeds raised under the Offering, including any gross proceeds raised upon the exercise of the Over-Allotment Option (as defined below) and a reduced cash fee of 3.5% on purchasers, if any, whose name appear on the list of purchasers to the Offering introduced to the Agent by the Corporation in the amount of up to $2,000,000 (the "**President's List**") and (ii) issue to the Agent warrants (each, an "**Agent's Warrant**") entitling the Agent to acquire that number of common shares of the Corporation equal to 7% of the number of Units sold under the Offering, including any Additional Units (as defined below) issued upon the exercise of the Over-Allotment Option and a reduced number of Agent's Warrants equal to 3.5% on purchasers, if any, whose name appear on the President's List. Each Agent's Warrant is exercisable into one common share of the Corporation (each, an "**Agent's Warrant Share**") at a price of $0.135 for a period of 24 months after the closing of the Offering. The issuance of the Agent's Warrants is qualified by this Prospectus. Pursuant to the terms of the Agency Agreement, the Corporation has agreed to pay the Agent a corporate finance fee (the "**Corporate Finance Fee**") of $25,000, consisting of $12,500 in cash (the "**Cash Corporate Finance Fee**") and $12,500 in common shares of the Corporation (the "**Corporate Finance Shares**"), to be issued at a deemed price equal to the Offering Price, being equal to 138,888 Corporate Finance Shares. The issuance of the Corporate Finance Shares is qualified by this Prospectus. Any references herein to Warrant Shares shall be read to include, as the context requires or permits, the Agent's Warrant Shares issuable upon the exercise of the Agent's Warrants. See *"Plan of Distribution".*

(2) After deducting the Agent's Fee, but before deducting the expenses of the Offering (including the Cash Corporate Finance Fee and the fees and expenses of legal counsel to the Agent), estimated to be $220,000, which, together with the Agent's Fee, will be paid by the Corporation from the proceeds of the Offering. See "*Use of Proceeds*".

(3) The Corporation has granted to the Agent an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, for a period of 30 days from the closing of the Offering (the "**Closing**"), to offer up to an additional ♦ Units at the Offering Price (the "**Additional Units**"), solely to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% in the aggregate of the number of Units sold at Closing may be issued in Additional Units pursuant to the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the total number of Units sold under the Offering (assuming the Offering is fully subscribed) will be ♦, the total price to the public will be $♦, the total Agent's Fee will be $♦, and the total net proceeds to the Corporation, after deducting the Agent's Fee, but before deducting the estimated expenses of the Offering, will be $♦. This Prospectus also qualifies the grant to the Agent of the Over-Allotment Option and the distribution of the Additional Units which may be issued and sold upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Any reference to Units shall read to include, as the context requires or permits, the Additional Units issuable under the Over-Allotment Option. See "*Plan of Distribution*".

The following table sets out the securities to be issued by the Corporation to the Agent in connection with the Offering:

Agent's Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	♦ Additional Units	Up to 30 days after the Closing	$0.09 per Additional Unit
Agent's Warrants	♦ Agent's Warrants(1)	Up to 24 months after the Closing	$0.135 per Agent's Warrant Share
Corporate Finance Shares	138,888 Corporate Finance Shares	Not Applicable	Not Applicable

(1) If the Over-Allotment Option is exercised in full. If the Over-Allotment Option is not exercised, a maximum of ♦ Agent's Warrants would be issuable.

The Agent conditionally offers these Units on behalf of the Corporation, on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*".

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the offering amount set out above.

It is expected that one or more global certificates evidencing the Unit Shares and the Warrants distributed under this Prospectus in Canada will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") and will be deposited with CDS on the Closing Date (as defined below). No certificate evidencing the Unit Shares or the Warrants will be issued to Canadian resident purchasers, unless requested, and registration will be made in the depository service of CDS. Canadian resident purchasers of the Units will receive only a customer confirmation from the Agent or other registered dealer who is a CDS participant (a "**CDS Participant**") and from or through whom a beneficial interest in the Units is purchased. Certificates for the Unit Shares and Warrants distributed under this Prospectus in the United States or to a U.S. Person will be available at the Closing and bear U.S. restrictive legends.

The Agent will hold all subscription funds received pending the Closing and will return subscription funds to the subscribers without interest, set-off or deduction if the Offering is not completed on or before the day which is 90 days after the date a receipt is issued for the final Prospectus or such later date as the Corporation and the Agent may agree and the securities regulatory authorities may approve (subject to the filing of any required amendment to this Prospectus and the regulator issuing a receipt for such amendment).

Closing is expected to take place on or about June 14, 2017, or such other date as may be agreed upon by the Corporation and the Agent (the "**Closing Date**"). Subject to applicable laws, the Agent may effect transactions intended to stabilize or maintain the market price for common shares of the Corporation at levels at or above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued by the Agent at any time. See "*Plan of Distribution*". Certain legal matters relating to the Offering will be passed upon by Clark Wilson LLP, on behalf of the Corporation and by Miller Thomson LLP, on behalf of the Agent.

The outstanding common shares of the Corporation (the "**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "RYU". On May 23, 2017, the closing price for the Common Shares on the TSXV was $0.10. The Corporation has applied to list the Unit Shares to be distributed under this Prospectus (including the Unit Shares that comprise the Additional Units), the Warrant Shares issuable upon the exercise of the Warrants (including the Warrant Shares that comprise the Additional Units), the Agent's Warrant Shares issuable upon the exercise of the Agent's Warrants and the Corporate Finance Shares on the TSXV. Subject to satisfying minimum distribution requirements for the Warrants, the Corporation also intends to apply to list the Warrants on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants acquired hereunder. This may affect the pricing of the Warrants, the transparency and availability of trading prices for the Warrants and the liquidity of the Warrants. See "*Risk Factors*".

An investment in the Securities is highly speculative and involves a high degree of risk. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*" for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Securities.

Mr. Bill Marcus, a director of the Corporation, resides outside of Canada. Mr. Marcus has appointed the Corporation, at 1672 West 2nd Avenue, Vancouver, British Columbia, Canada V6J 1H4, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

Prospective investors should rely only on the information contained in this Prospectus and the documents incorporated by reference herein. The Corporation has not authorized anyone to provide prospective investors with information different from that contained in this Prospectus. Subject to the Corporation's obligations under applicable securities laws, the information contained in the Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Units.

The Corporation's head office is located at 1672 West 2nd Avenue, Vancouver, British Columbia, Canada V6J 1H4. The Corporation's registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Clark Wilson LLP, counsel to the Corporation, provided that the Unit Shares and the Warrants comprising the Units are listed on a "designated stock exchange" as defined in the Income Tax Act (Canada) (the **"Tax Act"**) (which currently includes Tier 1 and Tier 2 of the TSXV), the Unit Shares and Warrants, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder (the **"Regulations"**) for trusts governed by registered retirement savings plans **("RRSPs")**, registered retirement income funds **("RRIFs")**, deferred profit sharing plans, registered education savings plans **("RESPs")**, registered disability savings plans (**"RDSPs"**) and tax-free savings accounts (**"TFSAs"**) all as defined in the Tax Act (collectively, **"Plans"**). If the Warrants are not listed on a designated stock exchange, the Warrants, if issued on the date hereof, would nevertheless be a qualified investment for Plans provided the Unit Shares are listed on a designated stock exchange, and provided that the Warrants would not be a qualified investment for any Plan under which the Corporation is a "connected person" as defined in the Regulations. The Regulations define a "connected person" under a Plan as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Plan and any other person who does not deal at arm's length with that person.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF as the case may be will be subject to a penalty tax if the Unit Shares or Warrants held in the TFSA, RRSP RRIF are a "prohibited investment" under the Tax Act for the TFSA, RRSP, or RRIF. The Unit Shares and Warrants generally will not be a "prohibited investment" for a TFSA, RRSP, or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, does not deal at arm's length with the Corporation for the purposes of the Tax Act, or has a "significant interest" as defined in the Tax Act in the Corporation or in any person or partnership with which the Corporation does not deal at arm's length for the purposes of the Tax Act. A significant interest in the Corporation includes, but is not limited to, the ownership of 10% or more of any class of the issued shares of the Corporation. Amendments to the Tax Act proposed in the Federal Budget on March 22, 2017 would, if enacted as proposed, extend the "prohibited investment" rules to investments held in RESPs and RDSPs. Prospective purchasers should consult their own tax advisors as to whether the Unit Shares and the Warrants will be a "prohibited investment" for their TFSA, RRSP, RRIF, RESP or RDSP in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this 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 the Corporation at its head office at 1672 West 2nd Avenue, Vancouver, British Columbia, Canada V6J 1H4 (Telephone: 604.235.2880) and are also available electronically at www.sedar.com.

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

1. the annual information form (the "**AIF**") of the Corporation dated as of May 24, 2017 for the year ended December 31, 2016;

2. the material change report filed on May 24, 2017 relating to a market making agreement;

3. the material change report filed on April 5, 2017 relating to the creation of an advisory board, the grant of stock options and shares for services;

4. the condensed consolidated unaudited interim financial statements of the Corporation and the notes thereto for the period ended March 31, 2017, together with management's discussion and analysis for such financial statements;

5. the annual consolidated audited financial statements of the Corporation, the notes thereto and the auditor's report thereon for the financial year ended December 31, 2016, together with management's discussion and analysis for such financial statements;

6. the material change report filed on March 16, 2017 relating to the appointment of Brett Pawson as the Corporation's Senior Vice President, Retail and Operations;

7. the amended and restated material change report filed on February 3, 2017 relating to the closing of a short form prospectus offering;

8. the material change report filed on February 2, 2017 relating to the closing of a short form prospectus offering;

9. the material change report filed on January 26, 2017 relating to the issuance of a receipt for the Corporation's final prospectus in connection with a short form prospectus offering; and

10. the notice of meeting and management information circular dated October 31, 2016 for the Corporation's annual general and special meeting of shareholders held on November 30, 2016.

A reference herein to this Prospectus also means any and all documents incorporated by reference or deemed to be incorporated by reference in this Prospectus. Any documents of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, if filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated or deemed to be incorporated by reference herein may contain "forward-looking information" within the meaning of applicable securities laws, which may include, but are not limited to, statements with respect to expenses related to the Offering, the Closing Date of the Offering, use of proceeds, business objectives and milestones, and the Corporation's product line, the Corporation's business plan, future capital expenditures and the Corporation's need for, and its ability to raise, capital. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "may", "could", "would", "might", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "guidance" or variations of such words and phrases. While the Corporation has based this forward-looking information on its expectations about future events as at the date that such information was prepared, the information is not a guarantee of the Corporation's future performance and is subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking information. The material assumptions supporting such forward-looking information include, among other things the Corporation's ability to:

- obtain any necessary financing on acceptable terms;
- keep pace with changes in consumer demands;
- compete with other athletic apparel brands;
- rely on third party manufacturers;
- manage expansion effectively;
- enforce its intellectual property rights;
- launch additional product lines;
- retain its skilled personnel;
- manage current tax and regulatory regimes;
- manage the fluctuation in foreign currency exchange rates and interest rates; and
- follow general economic and financial market conditions.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out under the heading *"Risk Factors"* in this Prospectus and other documents incorporated by reference herein, which may cause the Corporation's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by such forward-looking information. Further, although the Corporation has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in such forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Subject to applicable securities laws, the Corporation undertakes no obligation to publicly update, reissue or revise any forward-looking information, whether as a result of new information, future events or otherwise. As there can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information, readers should not place undue reliance on forward-looking information. All forward-looking information in this Prospectus and the information incorporated by reference herein are qualified by this cautionary statement.

CURRENCY PRESENTATION

Unless otherwise indicated, all dollar amounts in this Prospectus are in Canadian dollars ($).

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are prepared in connection with the Offering are not part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR (www.sedar.com) before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

BUSINESS OF THE CORPORATION

Overview

RYU (Respect Your Universe) is a tailored urban athletic apparel brand that engages in the development, marketing, and distribution of apparel, bags and accessories. The Corporation's products are engineered for the fitness, training and performance of the multi-discipline athlete. The Corporation's products are designed, developed and tested at the Corporation's corporate headquarters in Vancouver, British Columbia, Canada, and its Beta 37.5 design lab in Squamish, British Columbia, Canada. Production takes place in factories located in North America and Asia.

The Corporation's brand was created by a team of industry experts whose assessment of the apparel market caused them to believe that the male athlete was underserved and the female athletic market was awash in a sea of sameness. That same analysis suggested that there was a void in the market for athletic bags that organized an athlete between the gym, office, home and their daily commute. This team transformed the Corporation's brand to focus on the new urban athletic category. This is defined by the following key words that set the core pillars of the Corporation's brand: *tailored, innovation,* and *urban athletic.*

Sales channels

The Corporation is an omni-channel retailer. In Canada, the Corporation sells its products at its three retail stores, through wholesale accounts, and online via its e-commerce site that can be reached at www.ryu.com. In the United States the Corporation sells its online via its e-commerce site at www.ryu.com and through wholesale accounts.

The Corporation has two reportable segments based on geographical location: Canada and the United States. Revenue in each of these market segments over the past two years is set out below:

For the year ended December 31, (audited)	2016		2015	
Canada	$ 1,239,873	91%	$ 245,167	28%
United States	127,170	9%	624,750	72%
Total	$ 1,367,043	100%	$ 869,917	100%

Retail:

On November 27, 2015, the Corporation's first retail store opened at West 4th Avenue, Vancouver, British Columbia, Canada. This is the Corporation's flagship store and it is designed as a community hub, where the Corporation hosts daily athletic, charity, and business events, most of which are free to the public. To enhance retail sales, the Corporation participates in community and industry events and sells its products to local sports teams.

The Corporation's retail store expansion plan is to have six stores open by the end of 2017. As of the date of this Prospectus, the Corporation has three stores in operation and two under construction. The Corporation also plans to open a store in New York, New York, USA, but the New York City store location has not been secured at this time. On November 26, 2016, the Corporation opened its second retail store, a 1,100 square foot retail space, at 805 Thurlow Street, Vancouver, British Columbia Canada. In the last week of March 2017, the Corporation opened its third retail store, a 3,967 square foot retail space, at 2002 Park Royal South, West Vancouver, British Columbia, Canada.

As of the date of this Prospectus, the Corporation has secured additional retail store leases at the following locations:

- Queen Street West in Toronto, Ontario, Canada with a targeted opening in the early third quarter of 2017; and
- Metrotown, Burnaby, British Columbia, Canada with a targeted opening in the early third quarter of 2017.

The following table sets forth the information about the Corporation's existing retail stores and planned retail stores under construction:

Retail stores	**Square Footage**	**Opening Date**
Existing Stores		
Vancouver – West 4th Avenue (Flagship)	3,200	November 2015
Vancouver – Thurlow Street	1,100	November 2016
West Vancouver – Park Royal South	3,967	March 2017
Planned Stores Under Construction		

Burnaby – Metrotown	2,002	Third Quarter 2017
Toronto – Queen Street West	2,220	Third Quarter 2017

E-commerce:

During the year ended December 31, 2016, the Corporation's e-commerce platform represented approximately 20% of the Corporation's revenues. The sales therefrom have been organic, deriving from word of mouth, the Corporation's marketing efforts, and the Corporation's online presence in social media channels. The Corporation has one e-commerce site for Canada and one for the United States. Each website order is fulfilled by its corresponding warehouse in Canada or the United States. The Corporation's intent is to invest heavily in e-commerce as it is more cost effective, it reaches a broader market than retail stores, and the Corporation wants its customers to have a great experience while shopping from their computers and mobile devices.

Wholesale:

The Corporation focuses mostly on its retail and e-commerce sales channels, it also intends to conduct corporate sales at wholesale prices.

Use of Proceeds

On February 2, 2017, the Corporation issued 24,896,271 Common Shares at a price of $0.15 per Common Share for gross proceeds of $3,734,440.65 under a short form prospectus offering.

The following table provides a comparison of disclosure that the Corporation previously made about how the Corporation was going to use proceeds from the short form prospectus offering completed on February 2, 2017 (other than working capital) and the current status on such disclosed used of proceeds.

	Previously Disclosed Use of Proceeds		
	Assuming Minimum Offering	**Assuming Maximum Offering**	**Current Status**
Gross Proceeds[(1)]	$3,500,000	$5,000,000	$3,734,441
Net Proceeds	$3,005,000	$4,400,000	$3,207,592
Use of Proceeds			
Store Expansion	$400,000	$1,200,000	$410,000[(1)]
Inventory Purchases	$800,000	$1,000,000	$1,200,000[(2)]
General Corporate Purposes	$1,805,000	$2,200,000	$1,597,592[(2)]

(1) The Corporation used approximately $385,000 of the proceeds on leasehold improvement for the retail store located at Park Royal South in West Vancouver, British Columbia, Canada, which opened in the last week of March 2017, and approximately $25,000 for final payments on the leasehold improvements for the retail store located at Thurlow Street in Vancouver, British Columbia, Canada, which opened in the last week of November 2016. Since the maximum offering amount was not raised, the Corporation was unable to complete its three store expansion plan for 2017.

(2) The Corporation used approximately $1,200,000 of the proceeds for inventory purchases of apparel, bags and accessories. The Corporation used some of the funds allocated for the general corporate purposes to purchase inventory to address the time lag from when an inventory deposit is placed to when finished product is received at the Corporation's warehouse. The Corporation kept inventory purchases to a minimum in 2016 and as result started to experience shortages in certain styles and sizes in 2017. In the first quarter of 2017, the Corporation started placing inventory deposits to fill the gaps, but deliveries are not expected until the second and third quarters of 2017.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Corporation, on a consolidated basis, as at December 31, 2016, and both before and after giving effect the Offering:

	As at December 31, 2016	As at May 24, 2017	As at May 24, 2017 after giving effect to the Offering[(1)]
Share Capital			
Issued Common Shares	160,554,395	186,024,368	♦
Issued Warrants[(2)]	105,829,994	85,075,630	♦
Issued Agent's Warrants	-	-	♦
Granted Options	10,391,250	12,908,750	♦
Loan Capital	-	-	-

(1) Assuming completion of the Offering and assuming no exercise of the Over-Allotment Option.

(2) Excludes the Agent's Warrants.

Except as disclosed below, there has been no material change in the share and loan capital of the Corporation on a consolidated basis since December 31, 2016:

1. On January 1, 2017, 250,000 stock options exercisable into 250,000 Common Shares expired.

2. On January 17, 2017, 50,000 share purchase warrants of the Corporation expired.

3. On February 2, 2017, the Corporation issued 24,896,271 Common Shares at a price of $0.15 per Common Share under a short form prospectus offering. The Common Shares were sold pursuant to an agency agreement dated January 24, 2017 between the Corporation and the Agent. In consideration of the services performed by the Agent under the agency agreement dated January 24, 2017 between the Corporation and the Agent, the Corporation issued to the Agent and members of its selling group an aggregate of 1,742,739 warrants entitling the Agent and members of its selling group to acquire up to an aggregate of 1,742,739 Common Shares at a price of $0.20 per Common Share until February 2, 2019. In addition, the Corporation issued to the Agent 416,666 Common Shares as part of a corporate finance fee.

4. On February 2, 2017, 52,500 stock options exercisable into 52,500 Common Shares were cancelled or forfeited.

5. On February 3, 2017, 93,750 stock options exercisable into 93,750 Common Shares were cancelled or forfeited.

6. On February 28, 2017, 6,553,103 share purchase warrants of the Corporation expired.

7. On March 17, 2017, 18,750 stock options exercisable into 18,750 Common Shares were cancelled or forfeited.

8. On March 26, 2017, 300,000 stock options exercisable into 300,000 Common Shares expired.

9. On March 28, 2017, the Corporation granted 3,400,000 stock options to directors, officers, employees, and consultants of the Corporation which stock options are exercisable into 3,400,000 Common Shares

at a price of $0.15 per Common Share and which have expiry dates ranging between March 28, 2019 and March 28, 2027.

10. On March 22, 2017, a warrant holder exercised 44,000 warrants to purchase Common Shares at a deemed price of $0.20 per Common Share.

11. On April 14, 2017, 67,500 stock options exercisable into 67,500 Common Shares were cancelled or forfeited.

12. On April 26, 2017, 50,000 share purchase warrants of the Corporation expired.

13. On April 30, 2017, 100,000 stock options exercisable into 100,000 Common Shares expired.

14. On May 18, 2017, the Corporation issued to a consultant 113,036 Common Shares at a deemed price of $0.11 per Common Share.

15. On May 22, 2017, 15,800,000 share purchase warrants of the Corporation expired.

USE OF PROCEEDS

Proceeds

The estimated net proceeds of the Offering to the Corporation after deducting the Agent's Fee and estimated expenses of the Offering (including the Cash Corporate Finance Fee and the fees and expenses of legal counsel to the Agent), estimated to be approximately $♦, will be approximately: (i) $♦ in the event the Offering is fully subscribed (assuming no exercise of the Over-Allotment Option) and (ii) $♦ in the event the Offering is fully subscribed (assuming the Over-Allotment is exercised in full).

Principal Purposes

The Corporation intends to use the net proceeds from the Offering to fund store expansion and inventory purchases and for general corporate purposes.

The use of proceeds detailed in this Prospectus is based on estimates prepared by management of the Corporation. While the Corporation intends to spend funds available as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the offering amount set out above. The table below illustrates how the Corporation intends to use the proceeds of the Offering with reference to various potential thresholds of gross proceeds raised under the Offering.

	15% of Maximum Gross Proceeds Obtained	**50% of Maximum Gross Proceeds Obtained**	**75% of Maximum Gross Proceeds Obtained**	**100% of Maximum Gross Proceeds Obtained**
Gross Proceeds[(1)]	$♦	$♦	$♦	$♦
Net Proceeds[(2)]	$♦	$♦	$♦	$♦
Use of Proceeds				
Store Expansion	$♦	$♦	$♦	$♦
Inventory Purchases	$♦	$♦	$♦	$♦
General Corporate Purposes	$♦	$♦	$♦	$♦
Total:	**$♦**	**$♦**	**$♦**	**$♦**

(1) Assuming no exercise of the Over-Allotment Option.

(1) After deducting the Agent's Fee and the expenses of the Offering (including the Cash Corporate Finance Fee and the fees and expenses of legal counsel to the Agent) estimated to be approximately $♦, and assuming no exercise of the Over-Allotment Option.

Store Expansion

Assuming at least ♦% of the Offering is subscribed, the Corporation intends to use $♦ of the net proceeds of the Offering on leasehold improvement for three new planned retail stores located at Queen Street West in Toronto, Ontario, Canada with a targeted opening in the third quarter of 2017, Metrotown, Burnaby, British Columbia, Canada with a targeted opening in the third quarter of 2017, and its first international location in New York City, New York, USA with a targeted opening in late fourth quarter of 2017. The New York City store location has not been secured at this time.

Assuming at least ♦% of the Offering is subscribed, the Corporation intends to use $♦ of the net proceeds of the Offering on leasehold improvement for two new planned retail stores located at Queen Street West in Toronto, Ontario, Canada with a targeted opening in the third quarter of 2017 and Metrotown, Burnaby, British Columbia, Canada with a targeted opening in the third quarter of 2017.

Assuming at least ♦% of the Offering is subscribed, the Corporation intends to use $♦ of the net proceeds of the Offering on leasehold improvement for one new planned retail store located at Queen Street West in Toronto, Ontario, Canada with a targeted opening in the third quarter of 2017

Inventory Purchases

The Corporation intends to place inventory purchase orders for the 2017-2018 seasons. Inventory categories include apparel, bags and accessories to fill the needs of the Corporation's retail stores and the Corporation's ecommerce site at www.ryu.com.

Assuming ♦%, ♦%, ♦% and ♦% of the Offering is subscribed, the Corporation intends to use $♦, $♦, $♦ and $ ♦, respectively, of the net proceeds of the Offering for inventory purchases of apparel, bags and accessories.

General Corporate Purposes

During the year ended December 31, 2016 and the three month period ended March 31, 2017, the Corporation had negative cash flow from operating activities. On April 30, 2017, the Corporation had cash in the amount of approximately $400,000. The Corporation estimates its average monthly operating expenses will be approximately $♦. During the next 12 months, the Corporation's top four categories for the operating expenses are expected to be:

- Salaries and benefits (45%) - for salaried employees of the Corporation of which 50% is employed for the retail and e-commerce team, 22% is employed for the design team, 19% is employed for the administrative team, and 9% is employed for the marketing team;

- Retail operating and warehousing costs (20%) - includes lease payments, third party logistics, supplies, and repairs and maintenance;

- Selling and marketing (13%) – expected to vary depending on revenues and includes an estimate for search engine optimization costs and transaction fees; and

- Product creation (11%) - includes contract design costs at the Beta 37.5 lab, sampling and prototyping costs.

The remaining 11% is expected to consist of expenses for office and general (6%), investor relations (1%), and professional fees (4%) that are mostly fixed costs.

Assuming ♦%, ♦%, ♦% and ♦% of the Offering is subscribed, the Corporation intends to use $♦, $♦, $♦ and $ ♦, respectively, of the net proceeds of the Offering for general corporate purposes and to use its cash on hand prior to the Offering and its revenues to fund a portion of its projected operating expenses of $♦ for the next 12 months. The Corporation anticipates it will have negative cash flow from operating activities in future periods. As such, the net proceeds of the Offering will be used to continue to fund the Corporation's operating activities.

While management of the Corporation plans to generate increased revenues and to continue financing the Corporation through the issuances of additional equity securities or debt instruments, there can be no assurance that sufficient revenue or financing will occur to meet the Corporation's cash needs for the next 12 months. The ability to achieve the Corporation's projected future operating results is based on a number of assumptions which involve significant judgments and estimates, which cannot be assured. If the Corporation is unable to achieve its projected operating results, its liquidity could be adversely impacted and the Corporation may need to seek additional sources of financing. The Corporation's operating results could adversely affect the Corporation's ability to raise additional capital to fund the Corporation's operations and there is no assurance that debt or equity financing will be available in sufficient amount, on acceptable terms, or in a timely basis.

Unallocated Working Capital

Any proceeds received from exercise of the Over-Allotment Option and exercise of the Warrants and Agent's Warrants will be used to provide general working capital to fund ongoing operations.

Business Objectives and Milestones

The principal business objective that the Corporation expects to accomplish in the near term is to deliver its products to a much broader demographic and enhance retail sales by opening three additional stores under the RYU brand in 2017.

Using the net proceeds from the Offering, the Corporation intends to open three new retail stores that are planned for 2017. It is estimated that each Canadian retail store will require approximately $♦ in leasehold improvements to open while a New York retail store will require approximately $♦ to open. The three new planned stores are located at:

1. Queen Street West in Toronto, Ontario, Canada with a targeted opening in the third quarter of 2017. This store opening, with its corresponding inventory stock, is expected to be possible if at least ♦% of the Offering is subscribed;

2. Metrotown, Burnaby, British Columbia, Canada with a targeted opening in the third quarter of 2017. This store opening, with its corresponding inventory stock, is expected to be possible if at least ♦% of the Offering is subscribed; and

3. New York City, New York, USA with a targeted opening in the late fourth quarter of 2017. The New York City store location has not been secured at this time. This store opening, with its corresponding inventory stock, is expected to be possible if at least ♦% of the Offering is subscribed;

If the Corporation is unable to raise the full amount of the Offering, it will have to either cut back its plans or finance the store expansion, inventory purchase requirements, and general corporate expenses by seeking additional sources of financing.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation has agreed to retain the Agent to offer for sale, on a commercially reasonable efforts basis, to the public in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, subject to prior sale, if, as and when issued by the Corporation, up to ♦ Units for aggregate gross proceeds of up to $♦ at a price of $0.09 per Unit, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement (and up to ♦ Additional Units for gross proceeds of up to $♦ if the Over-Allotment Option is also exercised by the Agent in full). The Offering Price was determined by negotiation between the Corporation and the Agent with reference to the prevailing market price of the Common Shares.

Each Unit consists of one Unit Share and one transferable Warrant with each Warrant entitling the holder to acquire one Warrant Share at a price of $0.135 at any time before 4:30 p.m. (Vancouver time) on the date that is 24 months after the closing of the Offering. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell such securities. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such securities, and the extent of issuer regulation.

The Corporation has granted the Agent the Over-Allotment Option, exercisable in whole or in part, for a period of 30 days from the Closing Date, enabling the Agent to offer up to ♦ Additional Units at a price of $0.09 per Additional Unit, solely to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% in the aggregate of the number of Units sold at Closing may be issued in Additional Units pursuant to the Over-Allotment Option).

The Corporation will pay to the Agent a cash fee equal to 7% (or 3.5% from purchasers from the President's List) of the gross proceeds raised under the Offering, including any gross proceeds raised from the sale of Additional Units issued upon the exercise of the Over-Allotment Option, if any, and issue the Agent's Warrants entitling the Agent to acquire that number of Agent's Warrant Shares equal to 7% (or 3.5% from purchasers from the President's List) of the number of Units sold under the Offering, including Units sold under the exercise of the Over-Allotment Option, at a price of $0.135 per Agent's Warrant Share for a period of 24 months after the Closing Date. Pursuant to the terms of the Agency Agreement, the Corporation has agreed to pay the Agent the Corporate Finance Fee of $25,000, consisting of $12,500 in cash and $12,500 in the Corporate Finance Shares, to be issued at a deemed price equal to the Offering Price, being equal to 138,888 Corporate Finance Shares.

If the Over-Allotment Option is exercised in full, the total number of Units sold pursuant to the Offering (assuming the Offering is fully subscribed) will be ♦, the total price to the public will be $♦, the total Agent's Fee will be $♦ and the total net proceeds to the Corporation, after deducting the Agent's Fee, but before deducting the estimated expenses of the Offering, will be $♦. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the offering amount set out above.

The Corporation will receive subscriptions for the Units subject to rejection or allotment in whole or in part and reserves the right to close the subscription books at any time without notice. The Closing of the sale of Units pursuant to the Offering will take place on the Closing Date. The Agent will hold all subscription funds received pending Closing and will return such subscription funds to the subscribers without interest, set-off or deduction if the Offering, pursuant to the terms of the Agency Agreement, is not completed on or before the day that is 90 days after the date a receipt is issued for the final Prospectus, or such later date as the Corporation and the Agent may agree and the securities regulatory authorities may approve (subject to the filing of any required amendment to the Prospectus and the regulator issuing a receipt for the amendment). It is expected that one or more global certificates evidencing the Unit Shares and the Warrants distributed under this Prospectus in Canada will be issued in registered form to CDS and will be deposited with CDS on the Closing Date. No certificate evidencing the Unit Shares and the Warrants will be issued to Canadian resident purchasers, except if requested, and registration will be made in the depository service of CDS. Canadian resident purchasers of the Unit Shares will receive only a customer confirmation from the Agent or other registered dealer who is a CDS

Participant and from or through whom a beneficial interest in the Unit Shares and the Warrants is purchased. Certificates for Unit Shares and the Warrants distributed under this Prospectus in the United States or to a U.S. Person will be available at the closing of the Offering and bear U.S. restrictive legends.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Units offered under this Prospectus and pursuant to the Agency Agreement on behalf of the Corporation, but is not obligated to buy any Units that are not sold. The obligations of the Agent under the Agency Agreement may be terminated at the discretion of the Agent and the Agent may withdraw subscriptions for the Units on behalf of subscribers on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events, including, without limitation, any material adverse change in the business or financial condition of the Corporation.

Pursuant to applicable securities legislation, the Agent may not, throughout the period of distribution under the Prospectus, bid for or purchase Common Shares for its own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to exceptions, provided the bid or purchase is not engaged in for the purpose of creating actual or apparent trading in, or raising the price of, such securities. These exceptions include 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 and a bid or purchase made for or on behalf of a client where the client's order was not solicited during the period of distribution. In connection with the Offering and subject to applicable securities legislation, the Agent may over-allot or effect transactions intended to stabilize or maintain the market price for the Common Shares at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed to indemnify the Agent, its affiliates and its directors, officers, employees, partners, agents, advisors and shareholders against certain liabilities and expenses or will contribute to payments that the Agent may be required to make in respect thereof.

In addition, the Corporation has agreed to reimburse the Agent for all reasonable expenses incurred by the Agent in connection with the Offering, including but not limited to the fees and expenses of legal counsel to the Agent, subject to a maximum amount of $70,000 (plus applicable taxes and disbursements).

The Corporation has agreed with the Agent that the Corporation will not issue or sell any Common Shares or any securities convertible into or exchangeable for or exercisable to acquire Common Shares for a period ending 90 days after the Closing Date without the prior written consent of the Agent, not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of incentive securities pursuant to existing incentive plans; (ii) outstanding convertible securities; and (iii) any transaction with an arm's length third party whereby the Corporation directly or indirectly acquires shares or assets of a business. In addition, the Corporation has agreed with the Agent that the Corporation will use reasonable efforts to restrict its officers and directors from selling any securities in the Corporation until the Closing Date without the prior written consent of the Agent.

The Corporation also granted to the Agent a right of first refusal to act as lead agent and manager for any equity, convertible debt or debt financing undertaken by the Corporation for a period of 20 months from the Closing.

This Offering is being made concurrently in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. Units may also be sold to qualified purchasers on a private placement basis outside of Canada without the filing of a prospectus, registration statement or other similar disclosure document pursuant to applicable and available statutory exemptions.

The Corporation has applied to list the Unit Shares to be distributed under this Prospectus (including the Additional Units), the Warrant Shares issuable upon the exercise of the Warrants (including the Agent's Warrant Shares issuable upon the exercise of the Agent's Warrants and the Corporate Finance Shares on the TSXV. Subject to satisfying minimum distribution requirements for the Warrants, the Corporation also intends to apply to list the Warrants on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units under the Offering in the United States or to, or for the benefit or account of, any U.S. Person or persons in the United States. The Units have not been and will not be registered under the U.S. Securities Act or the securities laws of any state, commonwealth or district of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person (as such term is defined in rule 902(k) of Regulation S under the U.S. Securities Act) or person in the United States unless registered under the U.S. Securities Act and applicable state securities laws or in reliance on an exemption therefrom. The Agent has agreed that it will not offer, sell or deliver the Units within the United States, or to for the account or benefit of a U.S. Person or person within the United States, except in accordance with the Agency Agreement.

The Warrants may not be exercised in the United States or by, or on behalf or for the benefit of, any U.S. person or person in the United States unless an exemption from the registration requirements under the U.S. Securities Act and applicable state securities laws is available. See "*Description of Securities Distributed – Warrants*".

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Description of Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares without par value of which, as at the date hereof, 186,024,368 Common Shares are issued and outstanding as fully paid and non-assessable, up to ♦ Common Shares are reserved for issuance under this Prospectus (assuming the Over-Allotment Option is exercised in full), up to ♦ Common Shares are reserved for issuance pursuant to the Agent's Warrants (assuming the Over-Allotment Option is exercised in full), up to ♦ Common Shares are reserved for issuance as the Corporate Finance Shares, up to 85,075,630 Common Shares are reserved for issuance on the exercise of outstanding share purchase warrants and up to 12,908,750 Common Shares are reserved for issuance under outstanding stock option grants pursuant to the Corporation's stock option plan. The Corporation is also authorized to issue an unlimited number of preferred shares of which, as of the date hereof, there are none issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on the Common Shares, if any, as and when declared by the board of directors of the Corporation at its discretion, from funds legally available therefor, and, upon the liquidation, dissolution or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with, the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Preferred Shares

There are currently no preferred shares of the Corporation issued and outstanding. The preferred shares of the Corporation may include one or more series and, subject to the *Business Corporations Act* (British Columbia), the directors of the Corporation may, by resolution, if none of the shares of that particular series are issued, alter the Articles of the Corporation and authorize the alteration of the Notice of Articles of the Corporation, as the case may be, to do one or more of the following:

(a) determine the maximum number of shares of that series that the Corporation is authorized to issue, determine that there is no such maximum number, or alter any such determination;

(b) create an identifying name for the shares of that series, or alter any such identifying name; and
(c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

Warrants

Warrants comprise part of the Units offered for sale under the Offering. Each whole Warrant is transferable and will entitle the holder thereof to acquire one Warrant Share at an exercise price of $0.135 at any time until 4:30 p.m. (Vancouver time) on the date that is 24 months following the Closing Date. A total of ♦ Warrant Shares will be reserved for issuance by the Corporation pursuant to the exercise of the Warrants (♦ assuming that the Over-Allotment Option is exercised in full). The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**"), to be dated as of the Closing Date, between the Corporation and Computershare Trust Company of Canada, (or such other entity as the Agent and the Corporation may agree in writing) as warrant agent thereunder (the "**Warrant Agent**"). The Warrant Indenture will include, among other things, provisions for the appropriate adjustment of the class and number of the Warrant Shares issuable pursuant to any exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any payment of stock dividends to holders of all of the Common Shares, any capital reorganization of the Corporation, or any merger, consolidation or amalgamation of the Corporation with another corporation or entity, as well as customary amendment provisions. The Warrants may not be exercised in the United States or by, or on behalf or for the benefit of, a U.S. Person or person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available to the holder and the holder has furnished an opinion of counsel of recognized standing in form and substance reasonable satisfactory to the Corporation to such effect; provided, however, that a holder who is an accredited investor (satisfying one or more of the criteria set forth in Rule 501(a) of Regulation D under the U.S. Securities Act) that purchases Units from the Corporation for the holder's own account or for the account of another accredited investor (a "beneficial purchaser") will not be required to deliver an opinion of counsel in connection with the holder's exercise of the Warrants comprising part of such Units on the holder's own behalf, or on behalf of such beneficial purchaser (if any), at a time when the holder or such beneficial purchaser (if any) is an accredited investor. Holders of Warrants do not as such have any voting right or other right attached to Common Shares until the Warrants are duly exercised as provided for in the certificate representing the Warrants.

All Canadian Warrant holders will hold their Warrants through a CDS Participant. The Corporation expects that each holder of Warrants under the Offering will receive a confirmation of the number of Warrants issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for its participants holding Warrants.

None of the Corporation or the Warrant Agent will have any liability for: (a) the records maintained by CDS or CDS Participants relating to the Warrants or the book-entry accounts maintained by them; (b) maintaining, supervising or reviewing any records relating to such Warrants; or (c) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action be taken by CDS or its participants.

The ability of a person having an interest in Warrants held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Holders of Warrants must arrange purchases or transfers of Warrants through CDS Participants. It is anticipated by the Corporation that each such holder of a Warrant will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Warrant is issued in accordance with the practices and policies of such CDS Participant.

A Warrant holder may subscribe for the resulting number of Common Shares as applicable by instructing the CDS Participant holding the holder's Warrants to exercise all or a specified number of such Warrants and forwarding $0.135 per Warrant for each such Common Share subscribed for in accordance with the terms of the Offering to the CDS Participant which holds the holder's Warrants.

The subscription price is payable in Canadian funds drawn to the order of a CDS Participant. All payments must be forwarded to the appropriate office of the CDS Participant. The entire subscription price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Warrant Agent prior to the expiry time on the applicable exercise date. Accordingly, a Warrant holder subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the expiry time on the applicable exercise date to allow the CDS Participant to properly exercise the Warrants on its behalf. Warrant holders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

Payment of the subscription price will constitute a representation to the CDS Participant that the subscriber is not a citizen or resident of the United States, its territories or possessions or the agent of any such person and is not purchasing the Common Shares for resale to any such person.

Subscriptions for Common Shares made through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. Holders of Warrants who wish to exercise their Warrants and receive Common Shares are reminded that, because Warrants must be exercised through a CDS Participant, a significant amount of time may elapse from the date of exercise and the date the Common Shares issuable upon the exercise thereof are issued to the holder.

Depending on the distribution of the Warrants in the Offering and if they meet the listing requirement of the TSXV, the Warrants may or may not be listed for trading on any stock exchange or market quotation system.

Agent's Warrants

The Corporation will issue to the Agent, on Closing, the Agent's Warrants entitling the Agent to acquire that number of Common Shares equal to 7% (or 3.5% from purchasers from the President's List) of the number of Units sold under the Offering, including any Additional Units issued upon the exercise of the Over-Allotment Option. Each Agent's Warrant is exercisable into one Agent's Warrant Share at a price of $0.135 for a period of 24 months after the Closing Date. The terms governing the Agent's Warrants will be set out in the certificates representing the Agent's Warrants and will include, among other things, customary provisions for the appropriate adjustment of the class and number of the Agent's Warrant Shares issuable pursuant to any exercise of the Agent's Warrant upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares of the Corporation, any capital reorganization of the Corporation, or any merger, consolidation or amalgamation of the Corporation with another corporation or entity, as well as customary amendment provisions. The Agent's Warrants will be non-transferable. The Agent, as a holder of the Agent's Warrants, will not as such have any voting right or other right attached to Common Shares until the Agent's Warrants are duly exercised as provided for in the certificates representing the Agent's Warrants.

PRIOR SALES

During the 12 months preceding the date of this Prospectus, the Corporation issued the following securities:

1. On May 24, 2016, the Corporation issued 740,000 Common Shares for services at a deemed price of $0.20 per Common Share;

2. On May 30, 2016, the Corporation issued 11,934,821 units at a price of $0.20 per unit under a non-brokered private placement for gross proceeds $2,386,964. Each unit consisted of one Common Share and one share purchase warrant, which warrant entitles the holder to purchase one additional Common Share at a price of $0.50 per Common Share May 30, 2019;

3. On May 30, 2016, the Corporation issued to a finder 600,000 Common Shares at a deemed price of $0.20 per Common Share;

4. On May 30, 2016, the Corporation issued to a finder 220,500 warrants to acquire additional Common Shares exercisable at $0.50 per share until May 30, 2019;

5. On June 17, 2016, the Corporation granted 2,585,000 stock options to directors, officers, consultants and employees of the Corporation which stock options are exercisable into 2,585,000 Common Shares of the Corporation at a price of $0.25 per Common Share until June 16, 2021;

6. On September 1, 2016, the Corporation issued 7,511,408 units at a deemed price of $0.125 per unit under a non-brokered private placement for gross proceeds of $938,926. Each unit consisted of one Common Share and one share purchase warrant, which warrant entitles the holder to purchase one additional Common Share at a price of $0.20 per Common Share until September 1, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the common shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from September 1, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

7. On October 3, 2016, the Corporation issued 11,458,368 units at a price of $0.125 per unit under a non-brokered private placement for aggregate gross proceeds of $1,432,296. Each unit consisted of one Common Share and one share purchase warrant, which warrant entitles the holder to purchase one additional Common Share at a price of $0.20 per Common Share until October 3, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the common shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from October 3, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

8. On October 3, 2016, the Corporation issued to a finder 303,209 Common Shares at a deemed price of $0.125 per Common Share;

9. On October 3, 2016, the Corporation issued to a finder 291,088 warrants to acquire additional Common Shares exercisable at $0.20 per share until October 3, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the Common Shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from October 3, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

10. On November 14, 2016, the Corporation issued 5,680,000 units of the Corporation in settlement of debt in the amount of $710,000 at a deemed price of $0.125 per unit. Each unit consisted one Common Share and one share purchase warrant, which warrant entitles the holder to purchase one additional Common Share at a price of $0.20 per Common Share until November 14, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the Common Shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from November 14, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

11. On November 15, 2016, the Corporation granted 150,000 stock options to a consultant of the Corporation which stock options are exercisable into 150,000 Common Shares of the Corporation at a price of $0.20 per Common Share until November 15, 2021 and of which 75,000 options vested with

the consultant on November 15, 2016 and 75,000 options will vest with the consultant on November 15, 2017;

12. On November 23, 2016, the Corporation issued 30,252,560 units at a price of $0.125 per unit under a non-brokered private placement for aggregate proceeds of $3,781,570. Each unit consisted of one Common Share and one share purchase warrant, which warrant entitles the holder to purchase one additional Common Share at a price of $0.20 per Common Share until November 23, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the Common Shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from November 23, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

13. On November 23, 2016, the Corporation issued to a finder 202,500 Common Shares at a deemed price of $0.125 per Common Share;

14. On November 23, 2016, the Corporation issued to a finder 402,920 warrants to acquire additional Common Shares exercisable at $0.20 per share until November 23, 2018, with each warrant entitling the holder to purchase one additional Common Share at an exercise price of $0.20 per Common Share until November 23, 2018, subject to an acceleration provision of the Corporation whereby, in the event that the Common Shares have a closing price on the TSXV (or such other exchange on which the Common Shares may be traded at such time) of greater than $0.25 per Common Share for a period of twenty consecutive trading days at any time after four months and one day from November 23, 2016, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holder by the Corporation;

15. On February 2, 2017, the Corporation issued 24,896,271 Common Shares at a price of $0.15 per Common Share under a short form prospectus offering. The Common Shares were sold pursuant to an agency agreement dated January 24, 2017 between the Corporation and the Agent. In consideration of the services performed by the Agent under the agency agreement dated January 24, 2017 between the Corporation and the Agent, the Corporation issued to the Agent and members of its selling group an aggregate of 1,742,739 warrants entitling the Agent and members of its selling group to acquire up to an aggregate of 1,742,739 Common Shares at a price of $0.20 per Common Share until February 2, 2019. In addition, the Corporation issued to the Agent 416,666 Common Shares as part of a corporate finance fee;

16. On March 22, 2017. a warrant holder exercised 44,000 warrants to purchase Common Shares at a deemed price of $0.20 per Common Share;

17. On March 28, 2017, the Corporation granted 3,400,000 stock options to directors, officers, employees, and consultants of the Corporation which stock options are exercisable into 3,400,000 Common Shares at a price of $0.15 per Common Share and which have expiry dates ranging between March 28, 2019 and March 28, 2027; and

18. On May 18, 2017, the Corporation issued to a consultant 113,036 Common Shares at a deemed price of $0.11 per Common Share.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSXV under the symbol "RYU". The following table lists the price range and trading volumes of the Common Shares on the TSXV for the periods indicated.

Month	High $	Low $	Volume
May 1 to 23, 2017	0.11	0.09	2,686,486
April 2017	0.14	0.105	3,436,887
March 2017	0.145	0.105	6,214,679
February 2017	0.135	0.095	8,252,642
January 2017	0.16	0.13	3,706,587
December 2016	0.175	0.14	5,877,696
November 2016	0.22	0.13	9,988,023
October 2015	0.175	0.105	9,352,770
September 2016	0.13	0.095	7,266,780
August 2016	0.16	0.11	3,761,067
July 2016	0.17	0.15	4,420,355
June 2016	0.19	0.13	5,127,346
May 2016	0.23	0.16	3,346,583

(Source: Stockwatch)

RISK FACTORS

An investment in the Securities is subject to a number of risks, including those described below, that could have a materially adverse effect upon, among other things, the operating results, loss, business prospects and condition (financial or otherwise) of the Corporation. A prospective purchaser of such securities should carefully consider the information described in this Prospectus, the documents incorporated by reference in this Prospectus, including, without limitation, the risk factors set out under the heading “Risk Factors” in the AIF and the information under the heading “*Cautionary Note Regarding Forward-Looking Information*” and, in particular, should give special consideration to the following risk factors before making a decision to purchase the Securities. The risks described herein are not the only risk factors facing the Corporation and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Corporation.

Risks Related to the Offering

Loss of Entire Investment

An investment in the Securities is speculative and may result in the loss of an investor’s entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Corporation.

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described herein under the heading “*Use of Proceeds*”. However, subject to the Agency Agreement, management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under “*Use of Proceeds*” if they believe it would be in the best interest of the Corporation to do so. Purchasers of Units may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation. See “*Use of Proceeds*”.

Future Sales of Common Shares by Existing Shareholders and the Corporation

The Corporation may issue additional Common Shares in the future, which will result in the then existing holders of Common Shares sustaining dilution to their relative proportion of the equity of the Corporation. The Corporation’s articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuances. Also, additional Common Shares may be issued by the Corporation on the exercise of stock options and upon the exercise of previously issued share purchase warrants. The issuance of these additional equity securities may have a similar dilutive effect on the existing holders of Common Shares.

The Market Price for the Common Shares cannot be assured

The Common Shares have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Common Shares after the Offering, and the market price of the Common Shares may decline below the Offering Price.

There may not be a Market for the Warrants

The Corporation intends to list the Warrants on the TSXV if there is sufficient distribution to meet the TSXV's listing requirements. Should the Warrants not be listed on the TSXV, there will be no public market through which the Warrants may be sold and purchasers of Units may not be able to resell the Warrants purchased under this Prospectus. Even if a market develops for the Warrants, there can be no assurance that it will be liquid.

Risks Related to the Corporation

If the Corporation does not obtain additional financing its business may fail. The Corporation has a history of operating losses and negative cash flow that will continue into the foreseeable future.

The Corporation will require additional financing to sustain its business operations. The Corporation currently does not have any arrangements for such financing and it may not be able to obtain financing when required. A decline in the price of the Common Shares may impact the Corporation's ability to obtain future financing. Obtaining additional financing would be subject to a number of factors, including the Corporation's ability to initially attract investments prior to substantial revenue generation, and thereafter its ability to grow its brand. The Corporation can provide investors with no assurance that it will ever achieve profitable operations, and thus it faces a high risk of business failure. The Corporation's ability to achieve and maintain profitability and positive cash flow is dependent upon:

- the Corporation's ability to market and sell its products to the levels anticipated;
- the Corporation's ability to generate profits from the sale of those products; and
- the Corporation's ability to create a successful brand.

The Corporation has a history of operating losses and negative cash flow that will continue into the foreseeable future. If the Corporation fails to execute its strategy to achieve and maintain profitability in the future, investors could lose confidence in the value of the Common Shares, which could cause the Corporation's stock price to further decline and adversely affect its ability to raise additional capital. If the Corporation fails to obtain additional short-term financing, it would not have adequate liquidity to fund its operations, and would not be able to continue as a going concern.

Because of the unique difficulties and uncertainties inherent in the apparel business, the Corporation faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by apparel companies and the high rate of failure of such enterprises. The Corporation's likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the design, manufacture and sale of the products that it plans to offer, as well as the highly competitive landscape of the apparel industry. These potential problems include, but are not limited to, unanticipated problems relating to manufacturing and sales, lack of branding and marketing traction with consumers, and additional costs and expenses that may exceed current estimates.

The Corporation's success depends on its ability to maintain the value and reputation of its brand.

The Corporation's success depends on the value and reputation of its brand. The Corporation's brand is integral to its business as well as to the implementation of its strategies for expanding its business. The Corporation has repositioned and will continue to reposition its brand from primarily targeting a mixed martial arts consumer to a broader performance and lifestyle consumer. The market's acceptance of the Corporation's repositioned brand is a key factor to its success. Maintaining, promoting and positioning its brand will depend largely on the success of its marketing and merchandising efforts and its ability to provide a consistent, high quality guest experience. The Corporation relies on social media, as one of its marketing strategies, to have a positive impact on both its brand value and reputation. The Corporation's brand could be adversely affected if it fails to achieve these objectives or if the Corporation's public image or reputation were to be tarnished by negative publicity. Negative publicity regarding the production methods of any of the Corporation's suppliers or manufacturers could adversely affect its reputation and sales and force the Corporation to locate alternative suppliers or manufacturing sources.

An economic downturn or economic uncertainty in the Corporation's key markets may adversely affect consumer discretionary spending and demand for its products.

Many of the Corporation's products may be considered discretionary items for consumers. Factors affecting the level of consumer spending for such discretionary items include general economic conditions, particularly those in North America and other factors such as consumer confidence in future economic conditions, fears of recession, the availability of consumer credit, level of unemployment, tax rates and the cost of consumer credit. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remains unpredictable and subject to reductions due to credit constraints and uncertainties about the future. The current volatility in the North America economy in particular has resulted in an overall slowing in growth in the retail sector because of decreased consumer spending, which may remain depressed for the foreseeable future. These unfavorable economic conditions may lead consumers to delay or reduce purchases of its products. Consumer demand for the Corporation's products may not reach its sales targets, or may decline, when there is an economic downturn or economic uncertainty in its key markets, particularly in North America. The Corporation's sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on its financial condition.

The Corporation's sales and profitability may decline as a result of increasing product costs and decreasing selling prices.

The Corporation's business is subject to significant pressure on pricing and costs caused by many factors, including intense competition, constrained sourcing capacity and related inflationary pressure, pressure from consumers to reduce the prices it charges for its products and changes in consumer demand. These factors may cause the Corporation to experience increased costs, reduce its sales prices to consumers or experience reduced sales in response to increased prices, any of which could cause its operating margin to decline if the Corporation is unable to offset these factors with reductions in operating costs and could have a material adverse effect on its financial conditions, operating results and cash flows.

If the Corporation is unable to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products, the Corporation may not be able to achieve profitability.

The Corporation's success depends on its ability to identify and originate product trends as well as to anticipate and react to changing consumer demands in a timely manner. All of the Corporation's products are subject to changing consumer preferences that cannot be predicted with certainty. If the Corporation is unable to introduce new products or novel technologies in a timely manner or its new products or technologies are not accepted by its customers, the Corporation's competitors may introduce similar products in a more timely fashion, which could hurt its goal to be viewed as a leader in apparel innovation. The Corporation's new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of apparel or away from these types of products altogether, and its future success depends in part on its ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales, excess inventory levels, and further deterioration of operating results. Even if the Corporation is successful in anticipating consumer preferences, its ability to adequately react to and address those preferences will in part depend upon the Corporation's continued ability to develop and introduce innovative, high-quality products. The Corporation's failure to effectively introduce new products that are accepted by consumers could result in a decrease in net revenue and excess inventory levels, which could have a material adverse effect on its financial condition.

The Corporation's results of operations could be materially harmed if it is unable to accurately forecast customer demand for its products.

To ensure adequate inventory supply, the Corporation must forecast inventory needs and place orders with its manufacturers based on its estimates of future demand for particular products. The Corporation's ability to accurately forecast demand for its products could be affected by many factors, including its ability to raise sufficient equity or debt capital in a timely manner, an increase or decrease in customer demand for the Corporation's products or for products of its competitors, its failure to accurately forecast customer acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions, and weakening of economic conditions or consumer confidence in future economic conditions. If the Corporation fails to accurately forecast customer demand, it may experience excess inventory levels or a shortage of products available for sale in its stores or for delivery to customers.

Inventory levels in excess of customer demand or purchased in excess quantities, may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would cause the Corporation's gross margin to suffer and could impair the strength and exclusivity of its brand. Conversely, if the Corporation underestimates customer demand for its products, its manufacturers may not be able to deliver products to meet its requirements, and this could result in damage to its reputation and customer relationships.

The fluctuating cost of raw materials could increase the Corporation's cost of goods sold and cause its results of operations and financial condition to suffer.

The Corporation's costs for raw materials are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries, and other factors that are generally unpredictable and beyond its control. Increases in the cost of raw materials or the prices the Corporation pays for its cotton yarn and cotton-based textiles, could have a material adverse effect on its cost of goods sold, results of operations, financial condition and cash flows.

The Corporation relies on third-party suppliers to provide fabrics for and to produce its products, and it has limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity.

The Corporation does not manufacture its products or the raw materials for them and relies instead on third-party suppliers. Due to its financial condition, the Corporation has delayed payments to its manufactures or agreed to revise contractual terms, which has had a negative impact on its relationships with them. If the Corporation fails to make or delay payments to its manufactures, those manufactures may refuse to work for the Corporation and it may have difficulties finding other manufactures that are willing to make its products on terms acceptable to the Corporation, or which are competitive in the marketplace.

Many of the specialty fabrics used in the Corporation's products are technically advanced textile products developed and manufactured by third parties and may be available, in the short-term, from only one or a very limited number of sources. The Corporation has no long-term contracts with its suppliers or manufacturing sources, and it competes with other companies for fabrics, raw materials, production and import quota capacity.

The Corporation has occasionally received, and may in the future continue to receive, shipments of products that fail to comply with its technical specifications or that fail to conform to its quality control standards. The Corporation has also received, and may in the future continue to receive, products that meet its technical specifications but that are nonetheless unacceptable to the Corporation. Under these circumstances, unless the Corporation is able to obtain replacement products in a timely manner, it risks the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if defects in the manufacture of the Corporation's products are not discovered until after such products are purchased by its customers, the Corporation's customers could lose confidence in the technical attributes of its products and its results of operations could suffer and its business could be harmed.

The Corporation may in the future experience a significant disruption in the supply of fabrics or raw materials from current sources and it may be unable to locate alternative materials suppliers of comparable quality at an acceptable price, or at all. In addition, if the Corporation experiences significant increased demand, or if the Corporation needs to replace an existing supplier or manufacturer, it may be unable to locate additional supplies of fabrics or raw materials or additional manufacturing capacity on terms that are acceptable to the Corporation, or at all, or the Corporation may be unable to locate any supplier or manufacturer with sufficient capacity to meet its requirements or to fill its orders in a timely manner. Identifying a suitable supplier is an involved process that requires the Corporation to become satisfied with its quality control, responsiveness and service, financial stability and labor and other ethical practices. Even if the Corporation is able to expand existing or find new manufacturing or fabric sources, it may encounter delays in production and added costs as a result of the time it takes to train its suppliers and manufacturers in its methods, products and quality control standards. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from the Corporation's markets or from other participants in its supply chain. Any delays, interruption or increased costs in the supply of fabric or manufacture of the Corporation's products could have an adverse effect on its ability to meet customer demand for its products and could result in lower net revenue and income from operations both in the short and long term.

The Corporation's reliance on third party providers for all warehouse and fulfillment functions reduces its ability to control the warehousing and fulfillment processes, which could harm its sales, reputation, and overall business.

The Corporation has entered into an agreement to outsource most of its warehouse and fulfillment functions to third party providers where its inventory is held at sites managed by an independent contractor who will then perform most of its warehousing, packaging and fulfillment services. The Corporation depends on independent contractor fulfillers to properly fulfill customer orders in a timely manner and to properly protect its inventories. The contractor's failure to ship products to customers in a timely manner, to meet the required quality standards, to correctly fulfill orders, to maintain appropriate levels of inventory, or to provide adequate security measures and protections against excess shrinkage could cause the Corporation to miss delivery date requirements of its customers or incur increased expense to replace or replenish lost or damaged inventory or inventory shortfall. The failure to make timely and proper deliveries may cause the Corporation's customers to cancel orders, refuse to accept deliveries, impose non-compliance charges through invoice deductions or other charge-backs, demand reduced prices or reduce future orders, any of which could harm its sales, reputation and overall profitability. The Corporation's excess inventory held at these facilities may be damaged due to the length of time that they are at the facility, which may not be covered by the contractor or its insurance.

The Corporation operates in a highly competitive market and the size and resources of some of its competitors may allow them to compete more effectively than the Corporation can, resulting in a decrease in its net revenue.

The market for apparel is highly competitive. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow the Corporation's market share, any of which could substantially harm its business and results of operations. The Corporation competes directly against wholesalers and direct retailers of athletic apparel, including large, diversified apparel companies with substantial market share and established companies expanding their production and marketing of technical athletic apparel, as well as against retailers specifically focused on athletic, active, lifestyle, and other categories of apparel. The Corporation also faces competition from wholesalers and direct retailers of traditional commodity athletic apparel, such as cotton T-shirts and sweatshirts. Many of the Corporation's competitors are large apparel and sporting goods companies with strong worldwide brand recognition, such as Nike, Inc., Lululemon Athletica Inc., Adidas AG, which includes the Adidas and Reebok brands, and The Gap, Inc., which includes the Athleta brand. Because of the fragmented nature of the industry, the Corporation also competes with other apparel sellers. Many of the Corporation's competitors have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, store development, marketing, distribution and other resources than the Corporation does. In addition, the Corporation's athletic and other categories of apparel are sold at a price premium to comparable apparel.

The Corporation's competitors may be able to achieve and maintain brand awareness and market share more quickly and effectively than the Corporation can. Many of the Corporation's competitors promote their brands through traditional forms of advertising, such as print media and television commercials, and through celebrity endorsements, and have substantial resources to devote to such efforts. The Corporation's competitors may also create and maintain brand awareness using traditional forms of advertising more quickly than it can. The Corporation's competitors may also be able to increase sales in their new and existing markets faster than it does by emphasizing different distribution channels than it does, such as catalog sales or an extensive franchise network, as opposed to distribution through retail stores, wholesale or internet, and many of the Corporation's competitors have substantial resources to devote toward increasing sales in such ways.

The Corporation has four utility patent applications pending in Canada and the United States that are directed to the construction and operation of bag products and exercise tights products. The Corporation has nine design registrations/design patents granted in Canada, the United States and China directed to the visual aesthetics of bag products, exercise tights products, and exercise shorts products. The Corporation has five design applications pending in Canada, the United States and China directed to the visual aesthetics of bag products and exercise tights products. However, the Corporation owns no patents or exclusive intellectual property rights in the technology, fabrics or processes underlying its products, such as utility patents. Accordingly, the Corporation's current and future competitors are able to manufacture and sell products with performance characteristics, fabrication techniques and styling similar to its products.

The Corporation's failure or inability to protect its intellectual property rights could diminish the value of its brand and weaken its competitive position.

The Corporation currently relies on a combination of copyright, trademark, trade dress and unfair competition laws, as well as confidentiality procedures and licensing arrangements, to establish and protect its intellectual property rights. The Corporation cannot assure you that the steps taken by it to protect its intellectual property rights will be adequate to prevent infringement of such rights by others, including imitation of its products and misappropriation of its brand. In addition, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect the Corporation's intellectual property rights as fully as in the United States or Canada, and it may be more difficult for the Corporation to successfully challenge the use of its intellectual property rights by other parties in these countries. If the Corporation fails to protect and maintain its intellectual property rights, the value of its brand could be diminished and the Corporation's competitive position may suffer.

Third parties may oppose the Corporation's trademark applications or otherwise challenge the Corporation's use of the trademarks.

Lululemon Athletica Canada Inc. has sought and received an extension of time to June 11, 2017 from the Canadian Intellectual Property Office to consider whether it wishes to oppose the Corporation's trademark application for RYU (Stylized). In the event that the Corporation's trademarks are successfully challenged, the Corporation could be forced to rebrand its products, which could result in loss of brand recognition and could require the Corporation to devote resources to advertising and marketing new brands and the Corporation's competitive position may suffer, which could have a material adverse effect on its financial condition.

The Corporation may not be able to successfully open profitable new store locations in a timely manner, if at all, which could harm its results of operations.

The Corporation's growth will depend on its ability to successfully open and operate new stores. Sales at these stores are derived, in part, from the volume of foot traffic in these locations. The Corporation's ability to successfully open and operate new stores depends on many factors, including, among others, its ability to:

- identify suitable store locations, the availability of which is outside of the Corporation's control;
- negotiate acceptable lease terms, including desired tenant improvement allowances;
- hire, train and retain store personnel and field management;
- immerse new store personnel and field management into the Corporation's corporate culture;
- source sufficient inventory levels; and
- successfully integrate new stores into our existing operations and information technology systems.

Successful new store openings may also be affected by the Corporation's ability to initiate its marketing efforts in advance of opening additional stores in new markets. The Corporation typically relies on its marketing efforts to build awareness of its brand and demand for its products. There can be no assurance that the Corporation will be able to successfully implement its marketing efforts in a particular market in a timely manner, if at all. Additionally, the Corporation may be unsuccessful in identifying new markets where its apparel and other products and brand image will be accepted or the performance of its stores will be considered successful.

The Corporation plans to open a store in New York, New York, USA, but the New York City store location has not been secured at this time and may not be identified on reasonable commercial terms.

The Corporation's U.S. operations may not be successful, which could harm the Corporation's results of operations.

Certain U.S. markets are part of the Corporation's expansion strategy. If the Corporation opens one or more stores in the United States, the Corporation anticipates that it will be subject to the risks associated with operating in new markets where the demographics, consumer preferences, and economic conditions can be very different from the Canadian markets in which the Corporation primarily operates. Should market conditions of new U.S. locations vary significantly from what is anticipated, the Corporation's financial results could be adversely affected. In addition, the Corporation is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Corporation, the Canadian dollar. The currency in which these transactions are denominated is the U.S. dollar. Should the financial results of the Corporation's U.S. operations significantly fall short of targets, the Corporation could be exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Corporation has not entered into forward contracts to mitigate this risk.

The Corporation's ability to source its merchandise profitably or at all could be hurt if new trade restrictions are imposed or existing trade restrictions become more burdensome.

Canada and the countries in which the Corporation's products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for the Corporation to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of products available to the Corporation or may require the Corporation to modify its supply chain organization or other current business practices, any of which could harm its business, financial condition and results of operations.

The Corporation's employees are critical to its success, and the loss of key personnel could harm its business.

The Corporation's performance is substantially dependent on the continued services and performance of its executive officers and other key personnel. The Corporation has employment agreements in place for its Chief Executive Officer, Chief Financial Officer, and its Senior Vice President of Retail and Operations. No key man life insurance has been purchased on any of the Corporation's executive officers. The Corporation's performance also depends on its ability to retain and motivate its officers. The loss of the services of any of the Corporation's officers could have a material adverse effect on its business, prospects, financial condition and results of operations.

Competition for key personnel is intense, and the Corporation cannot assure you that it will be successful in attracting and retaining such personnel. The failure to attract and retain the necessary technical, managerial and marketing personnel could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations. The Corporation's future success also depends on its ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial and marketing personnel.

The Corporation is dependent on its information technology systems and third-party servicers, and systems failures, interruptions or breaches of security could have an adverse effect on its financial condition and results of operations.

The Corporation's business is dependent on the successful and uninterrupted functioning of its information technology systems setup by third-party providers, as it outsources many of its major systems. The Corporation relies on the controls of these providers in lieu of controls setup by the Corporation. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt the Corporation's operations. Because the Corporation's information technology and telecommunications systems interface with and depend on third-party systems, the Corporation could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions.

The exercise of outstanding options and warrants may have a dilutive effect on the price of the Common Shares.

To the extent that outstanding stock options and warrants are exercised, dilution to the Corporation's shareholders will occur. Moreover, the terms upon which the Corporation will be able to obtain additional equity capital may be adversely affected, since the holders of the outstanding options and warrants can be expected to exercise them at a time when the Corporation would, in all likelihood, be able to obtain any needed capital on terms more favorable to it than the exercise terms provided by the outstanding options and warrants.

The Corporation does not expect to pay dividends in the future. Any return on investment may be limited to the value of the Common Shares.

The Corporation does not currently anticipate paying cash dividends in the foreseeable future. The payment of dividends on Common Shares will depend on earnings, financial condition and other business and economic factors affecting it at such time as the board of directors may consider relevant. The Corporation's current intention is to apply net earnings, if any, in the foreseeable future to increasing its capital base and development and marketing efforts. There can be no assurance that the Corporation will ever have sufficient earnings to declare and pay dividends to the holders of Common Shares, and in any event, a decision to declare and pay dividends is at the sole discretion of the Corporation's board of directors. If the Corporation does not pay dividends, its Common Shares may be less valuable because a return on your investment will only occur if its stock price appreciates.

LEGAL MATTERS

Certain legal matters relating to this Offering will be passed upon by Clark Wilson LLP, Vancouver, British Columbia, Canada, on behalf of the Corporation, and by Miller Thomson LLP, Vancouver, British Columbia, Canada, on behalf of the Agent. To the knowledge of the Corporation, designated professionals (as such term is defined in Form 51-102F2) of Clark Wilson LLP, as a group, and designated professionals of Miller Thomson LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the issued and outstanding Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, at its Vancouver, British Columbia, Canada office. Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, has confirmed that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accounts of British Columbia.

Computershare Investor Services Inc., at its Vancouver office located at 510 Burrard Street, Second Floor, Vancouver, British Columbia, Canada V6C 3B9, is the transfer agent and registrar for the Common Shares.

DIVIDEND POLICY

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

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, 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, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of common share purchase warrants, such as the Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the common share purchase warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

DATE: May 24, 2017

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

"Marcello Leone"	*"Pedro Villa"*
Marcello Leone President, Chief Executive Officer and Director	Pedro Villa Chief Financial Officer

ON BEHALF OF THE BOARD

"Martino Ciambrelli"	*"Maria Leone"*
Martino Ciambrelli Director	Maria Leone Director

CERTIFICATE OF THE AGENT

DATE: May 24, 2017

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

CANACCORD GENUITY CORP.

Per: *"Jamie Brown"*

Jamie Brown
Vice Chairman, Managing Director
Investment Banking