INCEPTUS CAPITAL LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

INCEPTUS CAPITAL LTD.

FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

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NOTICE TO THE READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accomplished by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

INCEPTUS CAPITAL LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

As at	Notes	December 31, 2018	March 31, 2018
		$	$
ASSETS			
Current assets:			
Cash		**164,256**	201,501
TOTAL ASSETS		**164,256**	201,501
LIABILITIES AND EQUITY			
CURRENT			
Accounts Payable and Accrual Liabilities		**1,555**	8,627
TOTAL LIABILITIES		**1,555**	8,627
EQUITY			
Share Capital	3	**284,163**	284,163
Reserves	3	**53,572**	53,572
Deficit		**(175,034)**	(144,861)
		162,701	192,874
TOTAL LIABILITIES AND EQUITY		**164,256**	201,501

Nature and continuance of operations (Note 1)

The accompanying notes are an integral part of the condensed interim financial statements

These financial statements are authorized for issue by the Board of Directors on February 28, 2019

They are signed on the Company's behalf by:

"Peter Chen"

Peter Chen
Director

"Tony Chan"

Tony Chan
Director

INCEPTUS CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF OPERATIONS
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended December 31, 2018	**Nine Months Ended December 31, 2018**	Three Months Ended December 31, 2017	Nine Months Ended December 31, 2017
	$	**$**	**$**	$
OPERATING EXPENSES				
Audit & Accounting	**-**	**568**	-	4,325
Bank Charges	**15**	**70**	33	66
Office and Miscellaneous	**2,262**	**6,247**	1,926	4,333
Professional Fees	**7,756**	**13,987**	12,206	26,959
Regulatory Filings	**-**	**3,347**	10,000	27,744
Share-Based Compensation	**-**	**-**	42,304	42,304
Stock-Related Expenses	**847**	**5,954**	4,124	4,124
	(10,880)	**(30,173)**	(70,593)	(109,855)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(10,880)**	**(30,173)**	(70,593)	(109,855)
BASIS AND DILUTED LOSS PER SHARE	**(0.01)**	**(0.01)**	(0.06)	(0.27)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,107,500**	**2,107,500**	1,214,103	406,173
BASIC AND DILUTED	**2,107,500**	**2,107,500**	1,214,103	406,173

The accompanying notes are an integral part of the condensed interim financial statements

INCEPTUS CAPITAL LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total Equity**
		$	**$**	**$**	**$**
BALANCE, FEBRUARY 1, 2017	-	-	-	-	-
Shares Issued for Private Placement	2,600,000	130,000	-	-	130,000
Loss for the Year	-	-		(11,732)	(11,732)
BALANCE, MARCH 31, 2017	2,600,000	130,000	-	(11,732)	118,268
Initial Public Offering	2,147,500	214,750	-	-	214,750
Finder's Fees	-	(21,475)	-	-	(21,475)
Share Issuance Costs	-	(27,844)	-	-	(27,844)
Agent's Options	-	(11,268)	11,268	-	-
Stock-Based Compensation	-	-	42,304	-	42,304
Loss for the Period	-	-	-	(109,855)	(109,855)
BALANCE, DECEMBER 31, 2017	4,747,500	284,163	53,572	(121,587)	216,148
Loss for the Period	-	-	-	(23,274)	(23,274)
BALANCE, MARCH 31, 2018	4,747,500	284,163	53,572	(144,861)	192,874
Loss for the Period	-	-	-	(30,173)	(30,173)
BALANCE, DECEMBER 31, 2018	**4,747,500**	**284,163**	**53,572**	**(175,034)**	**162,701**

The accompanying notes are an integral part of the condensed interim financial statements

INCEPTUS CAPITAL LTD.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Notes	**Nine Months Ended December 31, 2018**	Nine Months Ended December 31, 2017
		$	$
OPERATING ACTIVITIES			
Loss for the Period		**(30,173)**	(109,855)
Item Not Affecting Cash			
Stock-Based Compensation		**-**	42,304
Changes in Non-Cash Working Capital Items			
GST Receivable		**-**	(5,872)
Deferred Financing Costs		**-**	27,000
Accounts Payable and Accrued Liabilities		**(7,072)**	(6,738)
Cash Used In Operating Activities		**(37,245)**	(53,161)
FINANCING ACTIVITIES			
Share Issuance, Net		**-**	165,431
Cash Provided By Financing Activities		**-**	165,431
(DECREASE)/INCREASE IN CASH		**(37,245)**	112,270
CASH – BEGINNING OF PERIOD		**201,501**	102,365
CASH – END OF PERIOD		**164,256**	214,635

The accompanying notes are an integral part of the condensed interim financial statements

1. Nature and Continuance of Operations

Inceptus Capital Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

On November 9, 2017, the Company successfully completed its initial public offering (“IPO”) and listed on the Exchange under the symbol of “ICI.P”. The offering consisted of 2,147,500 common shares at a price of $0.10 per share for gross proceeds of $214,750. The proceeds raised from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company as defined under the policies of the Exchange.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. These material uncertainties may cause significant doubt on the Company’s ability to continue as a going concern.

On November 9, 2017, the Company successfully completed its initial public offering and listed on the TSX Venture Exchange under the symbol of “ICI.P”. The offering consisted of 2,147,500 common shares at a price of 10 cents per share for gross proceeds of $214,750. Mackie Research Capital Corp. acted as agent for the offering and received a commission of 10 per cent of the gross proceeds of the offering and a corporate finance fee. The company also reimbursed Mackie for its expenses in connection with the offering. In addition, the company has granted Mackie an option to acquire up to 214,750 common shares of the company at a per share price of 10 cents exercisable until November 9, 2019. The full disclosure concerning the Company’s share capital is included and discussed in Note 3. The proceeds raised from the issuance of share capital and from the Company’s initial public offering (“IPO”) may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSX Venture.

On October 8, 2018, the Company entered into a letter of intent to acquire 100 per cent of the common shares of RIMPAC Advanced Technology Development as intended to constitute the qualifying transaction of the company under Policy 2.4, Capital Pool Companies, of the TSX Venture Exchange. Pursuant to the letter of intent, the company will issue a total of 20,274,370 common shares to the shareholders of RIMPAC, at a deemed price of 20 cents per share, for a deemed aggregate purchase price of $4,054,874. The Company intended to complete a non-brokered private placement, which will close concurrent with the closing of the transaction, pursuant to which the company intends to issue up to 10 million units at a price of 20 cents per unit to arm's-length subscribers for gross proceeds of up to $2-million. Each unit will entitle the holder to receive one common share of the company and one-half of one common share purchase warrant, each whole warrant exercisable into one common share in the capital of the company at a price of 30 cents for five years following the issuance.

1. Nature and Continuance of Operations

On December 3, 2018, the Company terminated negotiations to acquire private oil and gas services company RIMPAC Advanced Technology Development Ltd. The Company is seeking for other opportunities to serve as its qualifying transaction under the policies of the TSX Venture Exchange.

As at December 31, 2018, the Company has working capital of $162,701, and has incurred accumulated loss of $175,034 since incorporation. The Company possesses $164,256 in cash. The continuation of the Company as a going concern is dependent upon its ability to complete a qualifying transaction. To the extent that the Company is unable to identify a purchase transaction, additional financing might be needed. However, there can be no assurance that such financing will occur in the amounts and with the terms expected in favor of the Company.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim financial statements for the nine months ended December 31, 2018 (the “Interim Financial Statements”), have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The Interim Financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB” and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

These interim financial statements were authorized for issue by the Board of Directors on February 28, 2019.

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company’s presentation currency.

(c) Significant Judgments, Estimates and Assumptions

The preparation of these financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Assumptions and Estimates

Share-based payments

The Company measures share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures.

(d) Financial Instruments

All financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments are initially measured at fair value less transaction costs. All financial instruments are subsequently measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost.

2. Significant Accounting Policies

Subsequent measurement and changes in fair value will depend on their initial classification, as follows:
• Fair value through profit or loss financial instruments are measured at fair value and changes in fair value are recognized in profit or loss;
• Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the asset is derecognized or impaired at which time the amounts would be recorded in profit or loss;
• Loans and receivables, held to maturity investments, and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has classified its financial instruments as follows:
• Fair value through profit or loss – cash
• Loans and receivables – receivables
• Other financial liabilities – accounts payable and accrued liabilities

Financial assets measured at amortized cost are assessed at the end of each reporting period whether there is any objective evidence of impairment.

(e) Share Capital

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

(f) Share-Based Payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(g) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to off set the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized on temporary differences arising from the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

2. Significant Accounting Policies

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Loss per Share

Basic loss per share is computed by dividing net earnings loss (the numerator) by the weighted average number of outstanding common shares for the period (denominator). Escrow shares that are contingently returnable are not treated as outstanding and are excluded from the calculation of basic loss per share until the date the shares are no longer subject to recall. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

(i) Accounting Standards and Interpretations Not Yet Adopted

The Company has reviewed amendments to accounting pronouncements that have been issued but are not yet effective, and determined that the following may have a future impact on the Company.

IFRS 9, Financial Instruments – Classification and Measurement

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments.

The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements.

3. Share Capital

a) Authorized Share Capital
Authorized:
Unlimited Class A Voting, Participating, Common Shares without par value
Unlimited Class B Voting, Non-participating, Common Shares without par value
Unlimited Class C Non-Voting, Participating, Common Shares without par value
Unlimited Class D Non-Voting, Non-participating, Common Shares without par value

b) Issued Share Capital

As at December 31, 2018, there were 4,747,500 Class A common shares issued and outstanding.

c) Share Capital Transactions

During the year ended March 31, 2017, the Company issued 2,600,000 Class A common shares of the Company (the "Common Shares") at a price of $0.05 per share, which Common Shares will be subject to escrow provisions pursuant to the policies of the TSX Venture Exchange.

(Unaudited – Expressed in Canadian Dollars)

3. Share Capital

d) Escrow

The Company has 2,680,000 common shares subject to an escrow agreement whereby 10% of the shares will be released from escrow upon the completion of the qualifying transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed within 24 months from the date of listing.

e) Share Purchase Option

The Company has adopted a stock option plan pursuant to which it may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares (the "Incentive Stock Options"), provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares upon completion of the Offering, exercisable for periods of up to 10 years from the date of grant. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

During the year ended March 31, 2018, the Company granted incentive stock options to its directors and officers of the Company, which entitles the purchase of an aggregate 474,750 common shares in the capital of the company at a per share price of 10 cents for a period of 10 years.

(f) Reserves - Agent's Options

A summary of option activity for the nine months ended December 31, 2018 is as follows:

	Number of Options/ Exercisable	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
Balance, April 1, 2017	-	-	-
Agent's Options Granted	214,750	$0.10	2.00
Balance, March 31, 2018	214,750	$0.10	1.61
Balance, December 31, 2018	214,750	$0.10	0.86

The fair value of the share purchase options granted pursuant to the Initial Public Offering was estimated to be $11,268 using the Black-Scholes Option Pricing Model with the following assumptions: exercise price of $0.10 at grant date, risk-free interest rate of 0.88%, dividend yield of 0%, volatility of 100% and expected life of approximately 2 years.

(g) Reserves – Stock Options

A summary of option activity for the nine months ended December 31, 2018 is as follows:

	Number of Options/ Exercisable	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
Balance, April 1, 2017	-	-	-
Stock Options Granted	474,750	$0.10	10.00
Balance, March 31, 2018	474,750	$0.10	9.63
Balance, December 31, 2018	474,750	$0.10	8.88

3. Share Capital (Continued)

The fair value of the stock options granted was estimated to be $42,304 using the Black-Scholes Option Pricing Model with the following assumptions: exercise price of $0.10 at grant date, risk-free interest rate of 0.88%, dividend yield of 0%, volatility of 100% and expected life of approximately 10 years.

4. Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the nine months ended December 31, 2018, $4,725 (2017: $500) in administrative expenses was incurred and paid to a company, directly controlled by the CEO and director of the Company.

5. Capital Disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end, and there were no changes in the Company's approach to capital management.

6. Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured as level 1 input.

7. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash which is measured at fair value, approximate their carrying value due to short term nature.

Credit Risk

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

7. Financial Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of $164,256 to pay liabilities of $1,555.

Market Risk

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the nine months ended December 31, 2018, the Company held $nil financial instruments subject to significant foreign exchange or interest rate risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

8. Subsequent Events

Subsequent to the nine months ended December 31, 2018, the Company entered into a non-binding letter of intent to acquire 2,492,666 common shares of Spatial Imaging Laboratory Corp., which are 100 per cent of the issued common shares of Spatial. Spatial is a private company incorporated under the laws of British Columbia and engaged in artificial-intelligence-driven patient engagement technology.

Pursuant to the terms of the LOI and subject to completion of certain conditions precedent, including, among others, preparation by Spatial of audited financial statements and a business plan in accordance with the requirements of the TSX Venture Exchange, satisfactory due diligence typical of a transaction of this nature, execution of a definitive agreement, and receipt of all necessary regulatory and TSX-V approvals, the proposed acquisition of Spatial is intended to qualify as the Company’s qualifying transaction under TSX-V capital pool company Policy 2.4.

The proposed transaction was negotiated at arm's length and is not a non-arm's-length qualifying transaction as defined by the policies of the TSX-V. In addition, the proposed transaction is not a related-party transaction as such term is defined by Multilateral Instrument 61-101 (Protection of Minority Security Holders in Special Transactions) and is not subject to Policy 5.9 of the TSX-V.

Pursuant to the LOI, the Company will issue a total of 60 million common shares to the shareholders of Spatial, at a deemed price of 20 cents per share, for a deemed aggregate purchase price of $12-million. In addition, approximately four million shares will be issued by the Company in satisfaction of the debt settlement arrangement of Spatial in the amount of approximately $800,000.

The Company intends to complete a brokered private placement, which will close concurrent with the closing of the proposed transaction, pursuant to which the Company intends to issue up to 20 million units at a price of 20 cents per unit to arm's-length subscribers for gross proceeds of up to $4.0-million. Each unit will be composed of one common share of the resulting issuer and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the purchase of one common share in the capital of the resulting issuer at a per-share price of 50 cents for a period of five years following the completion of the proposed transaction.

The warrants will be subject to an accelerated exercise provision whereby in the event the closing price of the resulting issuer's common shares trades at 70 cents or higher for a period of 10 consecutive trading days, then the Company may, within five days of such event, provide notice by way of a news release that the warrants shall expire on the date that is 30 days from the date notice is given. The proceeds of the concurrent financing will be used to advance the business of the resulting issuer and for general corporate purposes.

8. Subsequent Events (Continued)

The terms of the concurrent private placement financing and agent compensation remain subject to negotiation. In accordance with applicable securities legislation and the policies of the TSX-V, all securities to be issued under the proposed transaction and the concurrent financing will be subject to a hold period of four months and one day from the date of issuance.

Following closing of the proposed transaction and completion of the proposed concurrent private placement, the resulting publicly traded entity (the Company, then the resulting issuer) expects to be classified as a technology issuer on Tier 2 of the TSX-V.

The resulting issuer will have approximately 88,747,500 common shares issued and outstanding (non-diluted and not accounting for any exercise of options and warrants), of which the shareholders of the company will hold approximately 5.35 per cent, the shareholders of Spatial will hold approximately 67.60 per cent, the debtors of the Spatial will hold approximately 4.51 per cent and the shareholders under the concurrent private placement financing will hold approximately 22.54 per cent.

It is a further term of the LOI that, upon completion of the transaction, the Company, then the resulting issuer, will change its name to a name to be approved of by its board of directors.

Further information about the proposed transaction, including financial information with respect to Spatial and its shareholders, will be disclosed when available and included in the filing statement that will be filed by the Company, in due course, in accordance with the policies of the TSX-V.

Sponsorship of a qualifying transaction of a capital pool company is required by the TSX-V unless exempt in accordance with TSX-V policies. The Company intends on applying for an exemption from the sponsorship requirements under Subsection 3.4(a)(ii) of TSX-V Policy 2.2; however, there is no assurance that the Company will ultimately obtain this exemption.

Completion of the transaction is subject to a number of conditions, including, but not limited to, exchange acceptance and, if applicable pursuant to exchange requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.