

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

**AMENDED AND RESTATED PROSPECTUS AMENDING AND RESTATING THE  
PROSPECTUS DATED JANUARY 17, 2020**

**Initial Public Offering**

**April 3, 2020**

**WHATCOM CAPITAL CORP.  
(a capital pool company)**

**OFFERING: \$500,000 or 5,000,000  
Common Shares Price: \$0.10 per Common Share**

Whatcom Capital Corp. (the "**Corporation**") hereby qualifies for distribution, through its agent, Industrial Alliance Securities Inc. (the "**Agent**"), 5,000,000 class A common shares in the capital of the Corporation (the "**Common Shares**") for total gross proceeds to the Corporation of \$500,000 at a price of \$0.10 per Common Share (the "**Offering**").

The purpose of the Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as defined herein). Any proposed Qualifying Transaction must be approved by the Exchange (as defined herein) and, in the case of a Non-Arm's Length Qualifying Transaction (as defined herein), must also receive Majority of the Minority Approval (as defined herein) in accordance with the CPC Policy (as defined herein).

The Corporation is a Capital Pool Company or "CPC". The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

|                               | <b>Common<br/>Shares</b> | <b>Price to<br/>Public</b> | <b>Agent's<br/>Commission <sup>(1)</sup></b> | <b>Net Proceeds to<br/>the Corporation <sup>(2)</sup></b> |
|-------------------------------|--------------------------|----------------------------|----------------------------------------------|-----------------------------------------------------------|
| Per Common Share              | 1                        | \$0.10                     | \$0.01                                       | \$0.09                                                    |
| Total Offering <sup>(3)</sup> | 5,000,000                | \$500,000                  | \$50,000                                     | \$450,000                                                 |

Notes:

- (1) The Agent will receive a cash commission equal to 10% of the gross proceeds of the Offering, payable at closing, representing \$50,000 of the Offering (the "**Agent's Commission**"). The Agent will be paid a corporate finance fee of \$15,000 (of which \$7,500 (plus applicable taxes) has been paid and \$7,500 (plus applicable taxes) is to be paid upon closing of the Offering) (the "**Agent's Corporate Finance Fee**") and the Corporation is required to reimburse the Agent for its reasonable legal fees and expenses and applicable taxes and disbursements incurred in connection with the Offering estimated to be \$15,000 (the "**Agent's Expenses**"). As of the date hereof, the Corporation has paid the Agent an advance retainer of \$7,500 toward the Agent's Expenses. In addition, the Agent will be granted the Agent's Warrants (as defined herein). The Agent's Warrants are qualified for distribution under this prospectus. Assumes no President's List Commission and Warrants.
- (2) Calculated before deducting the costs of the Offering estimated to be an aggregate of \$87,500 (exclusive of the Agent's Commission) which includes the legal and audit fees of the Corporation estimated to be \$30,000, the Agent's Corporate Finance Fee and Agent's Expenses, the listing fee of \$15,000 (plus applicable taxes) payable to the Exchange and the estimated filing fees, printing fees and other expenses of the Corporation of approximately \$12,500. See "Use of Proceeds".
- (3) A total of 5,000,000 Common Shares are offered hereunder. In addition, this prospectus qualifies for distribution the grant of the Agent's Warrants and the D&O Options (as defined herein). See "Plan of Distribution" and "Options to Purchase Securities".

The Offering is made on a best efforts basis by the Agent in the Provinces of British Columbia, Alberta, Saskatchewan, and Ontario as agreed upon by the Agent and the Corporation pursuant to an agency agreement dated January 17, 2020 between the Corporation and the Agent (the "**Agency Agreement**"). The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If subscriptions for the 5,000,000 Common Shares have not been received within 90 days of the issuance of a receipt for the final prospectus or, if a receipt is issued for an amendment to the final prospectus, within 90 days of the issuance of such receipt, or such other time as may be authorized by the applicable securities commissions (the "**Commissions**") and, in any event, not later than

180 days after the date of the receipt for the final prospectus, and consented to by the Agent and Persons (as defined herein) who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction unless the subscribers have otherwise instructed the Agent. See "Plan of Distribution".

Pursuant to the Agency Agreement, the Agent or its designated sub-agents, if any, will also be granted non-transferable warrants to purchase up to 10% of the Common Shares sold in connection with the Offering (the "**Agent's Warrants**"), with each such Agent's Warrant exercisable for a period of twenty-four (24) months from the Listing Date (as defined herein) at a price of \$0.10 per Common Share. The Agent's Warrants are qualified for distribution under this prospectus. See "Plan of Distribution".

In addition, this prospectus also qualifies for distribution options to be granted to directors and officers of the Corporation (the "**D&O Options**") upon closing of the Offering which will entitle the holders thereof to purchase an aggregate of 750,000 Common Shares at a price of \$0.10 per Common Share. The D&O Options may be exercised for a period of five (5) years from the Listing Date.

### **Market for Securities**

As of the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America.

The Corporation has applied to list the Common Shares on the Exchange, which has been conditionally approved by the Exchange subject to the Corporation fulfilling all the listing requirements of the Exchange. The listing of the Common Shares on the Exchange is a condition to the closing of the Offering. There can be no assurance that the Corporation will meet all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of the D&O Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the applicable Commissions and the time the Common Shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable Commissions grant a discretionary order.

### **Risk Factors**

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

**There is no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of the Offering, purchasers will suffer an immediate dilution of 17% or \$0.017 per Common Share based on the gross proceeds of the Offering and on the basis of there being 7,500,000 Common Shares issued and outstanding following completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation. The Corporation was only recently incorporated and does not currently own any assets other than cash. The Corporation has no history of earnings and will not generate earnings or pay any dividends until at least after the Completion of the Qualifying Transaction.**

**The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, the receipt of Majority of the Minority Approval in accordance with the CPC Policy. There can be no assurance, however, that the Corporation will successfully complete a Qualifying Transaction. The Corporation has not entered into an Agreement in Principle (as defined herein).**

**Although the Corporation has commenced the process of identifying potential acquisitions, the Corporation has yet to enter into any negotiations with respect to such potential acquisitions and**

may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomical.

The Corporation may find that even if the terms of a potential acquisition are economical, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction (other than the requirement under the CPC Policy that the Significant Assets (as defined herein) must be located in Canada or the United States, unless the Resulting Issuer (as defined herein) is an oil and gas issuer or a mining issuer), such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws of Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with significantly greater resources.

The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the Listing Date. The applicable Commissions may issue an interim cease trade order against the Corporation's securities if the Common Shares are suspended from trading on the Exchange and will issue an interim cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of the Common Shares may result in the cancellation of all of the Common Shares owned by Non-Arm's Length Parties (as defined herein) issued prior to the Offering. Investors must rely solely on the expertise of the Corporation's directors and officers for any possible return on their investment.

The Corporation's promoters, directors, officers and control persons, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly, 2,500,000 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to the Offering and will own, directly or indirectly, approximately 33% of the issued and outstanding Common Shares upon completion of the Offering assuming that no Common Shares are bought by these persons under the Offering and assuming there has been no exercise of the Agent's Warrants or the D&O Options.

The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".

### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus representing a maximum subscription of 100,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates (as defined herein) of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, representing a maximum subscription of 200,000 Common Shares.

### **Receipt of Subscriptions**

Industrial Alliance Securities Inc., as agent, conditionally offers the Common Shares, on a best efforts basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement and subject to the approval of certain legal matters by AFG Law LLP, on behalf of the Corporation, and McDougall Gauley LLP, on behalf of the Agent.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved

to close the subscription books at any time without notice. The Common Shares will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee. Purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

**Industrial Alliance Securities Inc.**  
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Tel: (416) 864-6477

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## GLOSSARY

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

A Company is an "Affiliate" of another Company if:

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

A Company is "controlled" by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

**"Agency Agreement"** has the meaning given thereto on the second page of the cover sheet to this prospectus.

**"Agent"** means Industrial Alliance Securities Inc.

**"Agent's Corporate Finance Fee"** has the meaning given thereto on the first page of the cover sheet to this prospectus.

**"Agent's Commission"** has the meaning given thereto on the first page of the cover sheet to this prospectus.

**"Agent's Expenses"** has the meaning given thereto on the first page of the cover sheet to this prospectus.

**"Agent's Warrants"** has the meaning given thereto on the second page of the cover sheet to this prospectus.

**"Aggregate Pro Group"** means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the Issuer to provide financing sponsorship and other advisory services.

**"Agreement in Principle"** means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

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

**"Associate"** when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a Person who is an individual, a relative of such Person, including:
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his or her spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company.

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

**"Commissions"** has the meaning given thereto on the second page of the cover sheet to this prospectus.

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

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

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

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

**"Corporation"** means Whatcom Capital Corp., a CPC incorporated under the laws of the Province of British Columbia.

**"CPC"** means a corporation:

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

**"CPC Policy"** means Exchange Policy 2.4-*Capital Pool Companies* of the Exchange applicable to CPC's.

**"D&O Options"** has the meaning given thereto on the second page of the cover sheet to this prospectus.

**"Escrow Agreement"** means the escrow agreement in Form 2F of the Exchange dated November 13, 2019 among TSX Trust, as escrow agent, the Corporation and each of the securityholders of the Corporation party to the escrow agreement.

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

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

**"Holding Company"** has the meaning given to it under the heading of "Escrowed Securities".

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

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

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

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

**"Listing Date"** means the date on which the Common Shares are listed on the Exchange.

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

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

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

**"Member"** means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

**"Members' Agreement"** means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange.

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

**"Non-Arm's Length Party"** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons and in relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

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

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

**"Offering"** has the meaning given thereto on the first page of the cover sheet to this prospectus.

**"Person"** means a Company or individual.

**"President's List"** means a list of purchasers of the Offering provided to the Agent by the Corporation.

**"President's List Commission and Warrants"** means (i) a cash commission paid to the Agent equal to 3% of the proceeds from the sale of the Common Shares sold pursuant to the Offering to purchasers under the President's List and (ii) Agent's Warrants issuable to the Agent to purchase that number of Common Shares equal to 3% of the number of Common Shares sold pursuant to the Offering to purchasers under

the President's List;

**"Principal"** means:

- (a) a Person who acted as a promoter of the Issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; or
- (d) a 10% holder – a Person that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

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

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

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

**"Pro Group"** means:

- (a) subject to subparagraphs (b), (c), and (d) "Pro Group" shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;
- (d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
  - (i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;
  - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
  - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
  - (iv) the Member maintains a list of such excluded Persons.

**"Promoter"** or **"promoter"** has the definition prescribed by applicable securities laws.

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

**"Registered Plans"** means registered retirement savings plans, registered retirement income funds, tax-

free savings accounts, registered education savings plans, deferred profit-sharing plans and registered disability savings plans, in each case as defined under the Tax Act.

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

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

**"SEDAR"** means the "System for Electronic Document Analysis and Retrieval" as prescribed by applicable Canadian securities legislation.

**"Seed Offering"** means the gross proceeds of \$125,000 received by the Corporation from the sale of 2,500,000 Common Shares at a price of \$0.05 per Common Share prior to the date of this prospectus.

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

**"Sponsor"** has the meaning specified in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

**"Stock Option Plan"** has the meaning given thereto under the heading "*Options to Purchase Securities*".

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

**"Tax Act"** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

**"Tier Maintenance Requirements"** means the minimum standards that must be maintained by an Issuer for continued listing on Tier 1 or Tier 2. See Exchange Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*.

**"TSX Trust"** means TSX Trust Company.

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

**"Voting Shares"** means a security of an Issuer that:

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

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Corporation:</b>             | Whatcom Capital Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Business of the Corporation:</b> | The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See "Business of the Corporation".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Offering:</b>                    | The Corporation is offering under this prospectus to the public, through the Agent, 5,000,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$500,000. In addition, the Corporation will grant the "Agent's Warrants" to the Agent to purchase that number of Common Shares as is equal to 10% of the total number of Common Shares sold in connection with the Offering representing 500,000 Common Shares with each Agent's Warrant being exercisable for a period of twenty-four (24) months from the Listing Date at a price of \$0.10 per Common Share. The grant of the Agent's Warrants is qualified under this prospectus. Moreover, this prospectus qualifies for distribution the D&O Options granted to directors and officers of the Corporation upon closing of the Offering which will entitle the holders thereof to purchase an aggregate of 750,000 Common Shares at a price of \$0.10 per Common Share. The D&O Options may be exercised for a period of five (5) years from the Listing Date. See "Plan of Distribution" and "Options to Purchase Securities".                                                                                                   |
| <b>Use of Proceeds:</b>             | The Corporation estimates that the net proceeds available to the Corporation upon completion of the Offering will be \$486,000 (inclusive of the gross cash proceeds raised prior to the Offering and the gross proceeds raised pursuant to the Offering and after deducting the Agent's Commission and the estimated costs and expenses to the Corporation relating to incorporation, organizational matters and the Seed Offering and those relating to this Offering). The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating business or assets. See "Use of Proceeds", "Business of the Corporation - Method of Financing" and "Risk Factors". |
| <b>Agent</b>                        | Industrial Alliance Securities Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Directors and Management:</b>    | <p>Darren Tindale – Director, and Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Promoter<br/> Jeff Tindale – Director<br/> Greg Clough – Director<br/> Martin Cronin – Director</p> <p>See "Directors, Officers and Promoters".</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Escrowed Shares:</b> | All of the currently issued and outstanding Common Shares, being 2,500,000 Common Shares, have been deposited in escrow pursuant to the Escrow Agreement. Such Common Shares will only be released from escrow in accordance with the terms of such agreement over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Risk Factors:</b>    | <p>Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.</p> <p>The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction.</p> <p>The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment.</p> <p>The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation.</p> <p>Assuming completion of this Offering, an investor will suffer an immediate dilution on investment (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) of 17% or \$0.017 per Common Share based on the gross proceeds of the Offering and on the basis of there being 7,500,000 Common Shares issued and outstanding following completion of the Offering.</p> <p>There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares.</p> <p>Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transactions.</p> <p>The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.</p> <p>The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons' or companies' judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "Business of the Corporation" and "Risk Factors".</p> |

## THE CORPORATION

The Corporation was incorporated on September 19, 2019 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name "Whatcom Capital Corp."

The head and registered office of the Corporation is located at 750 – 1095 West Pender Street, Vancouver, B.C., V6E 2M6. The Corporation does not have any subsidiaries.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

Since its incorporation and up to January 31, 2020, being the date of the most recent statement of financial position included in this prospectus, expenses in the amount of \$39,911 have been incurred by the Corporation for legal costs, regulatory fees, auditing fees and expenses, certain other legal and auditing fees and expenses (including the \$7,500 retainer paid to the Agent in respect of the Agent's Expenses and \$7,500 paid to the Agent in respect of the Agent's Corporate Finance Fee) and disbursements. Since January 31, 2020, the Corporation has incurred expenses in the aggregate amount of approximately \$2,000 related to the Offering.

Part of the gross proceeds of the Offering may be utilized to satisfy the obligations of the Corporation related to this Offering, including as it relates to the Agent's Commission, the Agent's Corporate Finance Fee, the Agent's Expenses and the expenses of its auditors and legal counsel. See "Use of Proceeds".

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with CPC Policy. The Corporation has not conducted commercial operations of any kind.

The Corporation is not specifically considering pursuing a Company, asset or business in any particular business or industry sector or in any particular geographical area and the Corporation anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical areas.

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

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

### Method of Financing

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

## **Criteria for a Qualifying Transaction**

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada as permitted by CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the Board of Directors. The Board of Directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the Board of Directors.

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

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

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading of the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non-Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1/Form 3B2, as the case may be. Upon acceptance by the Exchange, the Corporation must then either:

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

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

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

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

## **Potential Qualifying Transactions**

There are no Qualifying Transactions currently being reviewed by the Corporation.

## **Initial Listing Requirements**

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

## **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form (Form 2G), where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

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

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

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

The Exchange may suspend from trading or delist the Common Shares where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the date of listing. In the event that the Common Shares are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Corporation, determine to deal with the Issuer or its remaining assets in some other manner. See "Filings and Shareholders Approval of a Non-Arm's Length Qualifying Transaction" above and "Risk Factors" below.

## **Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
  - (iii) Associates of any such person,

- collectively would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in applicable securities legislation;
  - (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
  - (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

## USE OF PROCEEDS

### Proceeds and Principal Purposes:

The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of the prospectus amounts to \$125,000.

The gross proceeds to be received by the Corporation from the sale of the Common Shares distributed under this prospectus amounts to \$500,000.

The expenses and costs of this Offering, incurred to date and expected to be incurred, amount to approximately \$87,500 (exclusive of the Agent's Commission) which includes the legal and audit fees of the Corporation estimated to be \$30,000, the Agent's Corporate Finance Fee and Agent's Expenses, the listing fee of \$15,000 (plus applicable taxes) payable to the Exchange and the estimated filing fees, printing fees and other expenses of the Corporation of approximately \$12,500.

The Corporation estimates that the aggregate funds to be available to the Corporation from the sale of the Common Shares distributed under the prospectus and from prior sales of Common Shares will be \$486,000 (after deducting the Agent's Commission and the estimated costs and expenses to the Corporation of this Offering).

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

| <u>Item</u>                                                                                                                    | <u>Offering</u>         |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Gross cash proceeds raised prior to this Offering <sup>(1)</sup>                                                               | \$125,000               |
| Expenses and costs relating to incorporation, organizational matters and the Seed Offering                                     | (\$1,500)               |
| Gross cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>                                                      | \$500,000               |
| Expenses and costs relating to this Offering (includes listing fees, Agent's commissions, legal fees, audit fees and expenses) | <u>(\$137,500)</u>      |
| <b>Estimated funds available (on completion of the Offering) <sup>(3)</sup></b>                                                | <b><u>\$486,000</u></b> |
| Estimated general and administrative expenses until Completion of a Qualifying Transaction                                     | \$52,000                |
| Estimated Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>                           | <u>\$434,000</u>        |
| <b>Estimated total net proceeds (on completion of the Offering) <sup>(3)</sup></b>                                             | <b><u>\$486,000</u></b> |

Notes:

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Warrants in full, then there will be available to the Corporation an additional \$50,000 which will be added to the working capital of the Corporation (Assumes no President's List Commission and Warrants). In the event that the D&O Options are exercised in full, then there will be an additional \$75,000 which will be added to the working capital of the Corporation. There is no assurance that any of the Agent's Warrants or D&O Options will be exercised.

- (3) After adding the gross cash proceeds raised prior to the Offering and gross proceeds raised pursuant to the Offering and deducting the expenses and costs relating to incorporation and organizational matters of \$1,500 and further deducting the Agent's Commission (\$50,000) and the estimated costs and expenses to the Corporation of this Offering of approximately \$87,500, which includes the legal and audit fees of the Corporation estimated to be \$30,000, the Agent's Corporate Finance Fee and Agent's Expenses, the listing fee of \$15,000 (plus applicable taxes) payable to the Exchange and the estimated filing fees, printing fees and other expenses of the Corporation of approximately \$12,500. Assumes no President's List Commission and Warrants.
- (4) In the event that the Corporation enters into an Agreement in Principle prior to spending the entirety of this amount (\$434,000) on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

### **Permitted Use of Funds**

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

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

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

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

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

## **Restrictions on Use of Proceeds**

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

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

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

## **Private Placements for Cash**

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

## **Prohibited Payments to Non-Arm's Length Parties**

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in Investor Relations Activities as defined in Exchange Policy 1.1, by any means, including:

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

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

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

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in Investor Relations Activities as defined in Exchange Policy 1.1 continue to apply until the Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Agency Agreement and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a best efforts basis to the public 5,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$500,000, subject to the terms and conditions in the Agency Agreement.

The Agent will receive a cash commission equal to 10% of the gross proceeds of the Offering, payable at closing, representing \$50,000 of the Offering (assumes no President's List Commission and Warrants). The Agent will also be paid a corporate finance fee of \$15,000 (of which \$7,500 has been paid and \$7,500 is to be paid upon closing of the Offering) and the Corporation is required to reimburse the Agent for its reasonable legal fees and expenses and applicable taxes and disbursements incurred in connection with the Offering estimated to be \$15,000. As of the date hereof, the Corporation has paid the Agent an advance retainer of \$7,500 toward the Agent's Expenses.

Pursuant to the Agency Agreement, the Agent will also be granted non-transferable warrants to purchase up to 10% of the Common Shares sold in connection with the Offering (assumes no President's List Commission and Warrants), with each such Agent's Warrant exercisable for a period of twenty-four (24) months from the Listing Date at a price of \$0.10 per Common Share. The Agent's Warrants are qualified for distribution under this prospectus.

For purchasers under the President's List, the Agent will receive the President's List Commission and Warrants.

Not more than 50% of the Common Shares received on the exercise of the Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

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

The Offering is for 5,000,000 Common Shares for gross proceeds of \$500,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% of the total Common Shares in the Offering, representing a maximum subscription of 100,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, representing a maximum subscription of 200,000 Common Shares. The funds received from this Offering will be deposited with the Agent, and will not be released until a total of \$500,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued or, if a receipt is issued for an amendment to the final prospectus, within 90 days of the issuance of such receipt, or such other time as may be consented to by Persons who subscribed within that period, and, in any event, not later than 180 days after the date of the receipt for the final prospectus, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

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

In addition to the Agent's Warrants, the Corporation also proposes to grant the D&O Options in accordance with the policies of the Exchange, which options are qualified for distribution under the prospectus. See "Options to Purchase Securities".

### **Determination of Price**

The distribution price of \$0.10 per Common Share was determined through negotiations between the

Corporation and the Agent.

### **Listings Application**

The Exchange has conditionally accepted the listing of the Common Shares. Listing of the Common Shares is subject to the Corporation fulfilling all of the listing requirements of the Exchange.

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

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

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

The Agent has advised the Corporation that to the best of its knowledge and belief, no members of the Aggregate Pro Group have subscribed for Common Shares.

### **Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of the D&O Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the Commissions and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable Commissions grant a discretionary order.

## **DESCRIPTION OF THE SECURITIES DISTRIBUTED**

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B preferred shares without par value ("**Preferred Shares**"). As at the date hereof, there are 2,500,000 Common Shares issued and outstanding as fully paid and non assessable shares in the capital of the Corporation. In addition, up to 500,000 Common Shares are reserved for issuance pursuant to the exercise of the Agent's Warrants and 750,000 Common Shares are reserved for issuance in connection with the D&O Options. See "Plan of Distribution" and "Options to Purchase Securities".

### **Common Shares**

The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation. The holders of Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation, are entitled to receive such dividends in any financial year as the Board of Directors may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation. Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

## Preferred Shares

The Preferred Shares may be issued from time to time in one or more series and will have, among others, the following special rights and restrictions:

- The holders of Preferred Shares as a class shall, in preference to the holders of the Common Shares, be entitled to receive dividends.
- The holders of the Preferred Shares of any series shall also be entitled to such other preference, not inconsistent with these provisions, over the holders of the Common Shares.
- Unless subordinated in priority by the special rights and restrictions attached to any series of Preferred Shares, holders of Preferred Shares as a class will be entitled on distribution of the assets of the Corporation on liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on any other distribution of assets the Corporation prior to any distribution to the holders of Common Shares.
- No Preferred Shares may be issued if the Corporation is in arrears in the payment of dividends on any outstanding series of Preferred Shares without the approval of the holders of the Preferred Shares by resolution passed by the majority of holders of Preferred Shares.

The Board of Directors may also, by resolution, determine the maximum number of shares of any series of Preferred Shares, alter the Articles to create an identifying name by which the shares of any of the Preferred Shares may be identified and alter the Articles and authorize the alteration of the Notice of Articles to attach special rights or restrictions to Preferred Shares or to alter such special rights or restrictions, as follows, including without limitation: (a) the rate, amount or method of calculation of dividends, (b) whether such dividends are cumulative, partly cumulative or noncumulative, (c) the dates, manner and currency of payments of dividends and the date from which they accrue or become payable, (d) if redeemable or purchasable (whether at the option of the Corporation or holder of the Preferred Shares or otherwise), the redemption or purchase prices and currencies thereof and terms and conditions of redemption or purchase, with or without provision for sinking or similar funds, (e) the voting rights, if any and (f) any conversion, exchange or reclassification rights.

The Corporation, as of the date hereof, has no intention to issue Preferred Shares.

## CAPITALIZATION

| Designation of Security | Amount Authorized | Amount Outstanding as at January 31, 2020 <sup>(1)</sup> | Amount Outstanding as at the Date Hereof <sup>(1)</sup> | Amount to be Outstanding if all Common Shares being offered are sold <sup>(2)</sup> |
|-------------------------|-------------------|----------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------|
| Common Shares           | Unlimited         | \$125,000<br>(2,500,000 Common Shares) <sup>(3)</sup>    | \$125,000<br>(2,500,000 Common Shares) <sup>(3)</sup>   | \$625,000<br>(7,500,000 Common Shares) <sup>(4)</sup>                               |

Notes:

- (1) As of the date of the most recent statement of financial position contained in the prospectus and as of the date hereof, the Corporation has not commenced commercial operations.
- (2) The Corporation has reserved an aggregate of 750,000 Common Shares pursuant to the D&O Options and has also reserved an aggregate of 500,000 Common Shares pursuant to the Agent's Warrants. See "Options to Purchase Securities" and "Plan of Distribution".
- (3) These Common Shares are subject to escrow restrictions. See "Escrowed Securities".
- (4) The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$500,000 and the gross proceeds from prior issuances was \$125,000, all before deducting the costs of the Offering, estimated at \$137,500 which includes the Agent's Commission (assumes no President's List Commission and Warrants).

## OPTIONS TO PURCHASE SECURITIES

### Stock Option Terms

On November 12, 2019, the Corporation adopted an incentive stock option plan (the "**Stock Option Plan**") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Corporation and its subsidiaries, non-transferable options to purchase Common Shares exercisable for a period of up to ten (10) years from the date of the grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares after the completion of the Offering representing 750,000 Common Shares. The purpose of the Stock Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, officers and employees of, and consultants to the Corporation or its subsidiaries, to reward such directors, officers, employees and consultants with options under the Stock Option Plan from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such directors, officers, employees and consultants to acquire Common Shares as long term investments.

Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12-month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares as at the closing of the Offering. The maximum number of Common Shares reserved for issuance in any 12-month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant. Disinterested shareholder approval must be obtained for any grant of stock options to "Insiders" (as such term is defined in the policies of the Exchange) of the Corporation, within a 12-month period, of a number of stock options exceeding 10% of the issued and outstanding Common Shares.

Options may be exercised the greater of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the Optionholder's position with the Resulting Issuer, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Notwithstanding the terms of the Stock Option Plan described above, the CPC Policy imposes certain restrictions on stock options during the period that the Corporation remains a CPC. Such restrictions shall remain in place until the Exchange issues the Final Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC.) Under the CPC Policy, the Corporation, while it remains a CPC, is limited to granting stock options to only directors, officers and technical consultants of the Corporation. In addition, the total number of Common Shares reserved under option for issuance pursuant to the Stock Option Plan may not exceed 10% of the Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to any individual officer or director may not exceed 5% of the issued and outstanding Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares to be outstanding after the closing of the Offering. In addition, while the Corporation is a CPC, it is prohibited from granting stock options to any person providing investor relations activities, promotional or market making services. The exercise price per Common Share under any stock option granted by the Corporation while it is a CPC may not be less than the greater of \$0.10 and the Discounted Market Price, as defined in Exchange Policy 1.1.

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

### Options

On closing of the Offering, the Corporation will grant 750,000 options to purchase Common Shares to the persons, and upon the terms, outlined below and such options will be qualified for distribution pursuant to this prospectus:

| <b>Name<sup>(1)</sup></b> | <b>Common Shares Reserved Under Option (#) upon Completion of the Offering</b> | <b>Exercise or Base Price (\$/Share)</b> | <b>Expiration Date</b>        |
|---------------------------|--------------------------------------------------------------------------------|------------------------------------------|-------------------------------|
| Darren Tindale            | 187,500                                                                        | \$0.10                                   | 5 years from the Listing Date |
| Jeff Tindale              | 187,500                                                                        | \$0.10                                   | 5 years from the Listing Date |
| Martin Cronin             | 187,500                                                                        | \$0.10                                   | 5 years from the Listing Date |
| Greg Clough               | 187,500                                                                        | \$0.10                                   | 5 years from the Listing Date |

Total: 750,000

Note:

- (1) The D&O Options are being granted to directors and officers after the closing of this Offering (subject to regulatory approval) and are qualified for distribution pursuant to this prospectus. The options will vest immediately on the date of grant. No options to purchase Common Shares are being granted to any consultant to the Corporation.

### **PRIOR SALES**

Since September 19, 2019, the date of incorporation of the Corporation, 2,500,000 Common Shares have been issued and are currently outstanding as follows:

| <b>Date</b>        | <b>Number of Shares</b>  | <b>Issue Price per Share</b> | <b>Aggregate Issue Price</b> | <b>Consideration Received</b> |
|--------------------|--------------------------|------------------------------|------------------------------|-------------------------------|
| September 19, 2019 | 2,000,000 <sup>(1)</sup> | \$0.05                       | \$100,000                    | Cash                          |
| September 30, 2019 | 500,000 <sup>(1)</sup>   | \$0.05                       | \$25,000                     | Cash                          |
| <b>TOTAL:</b>      | <b>2,500,000</b>         |                              |                              |                               |

Note:

- (1) These Common Shares are subject to escrow restrictions. See "Escrowed Securities".

### **ESCROWED SECURITIES**

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

All of the 2,500,000 Common Shares issued prior to this Offering, all Common Shares that may be acquired by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with TSX Trust under the Escrow Agreement.

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

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

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

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

| <b>Name and Municipality of Residence of Shareholder</b> | <b>Common Shares</b> | <b>Number of Escrowed Common Shares</b> | <b>Percentage of Common Shares Prior to Giving Effect to the Offering</b> | <b>Approximate Percentage of Common Shares upon Completion of the Offering<sup>(1)</sup></b> |
|----------------------------------------------------------|----------------------|-----------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Darren Tindale<br>Vancouver, BC                          | 500,000              | 500,000                                 | 20%                                                                       | 6.7%                                                                                         |
| Jeff Tindale<br>Vancouver, BC                            | 500,000              | 500,000                                 | 20%                                                                       | 6.7%                                                                                         |
| Martin Cronin<br>Kelowna, BC                             | 500,000              | 500,000                                 | 20%                                                                       | 6.7%                                                                                         |
| Greg Clough<br>Surrey, BC                                | 500,000              | 500,000                                 | 20%                                                                       | 6.7%                                                                                         |
| Cannon Bridge Capital Corp.<br>Vancouver, BC             | 500,000              | 500,000                                 | 20%                                                                       | 6.7%                                                                                         |
| <b>Totals</b>                                            | <b>2,500,000</b>     | <b>2,500,000</b>                        | <b>100.00%</b>                                                            | <b>33.50%</b>                                                                                |

Note:

- (1) Before giving effect to the exercise of the Agent's Warrants or the D&O Options and assuming no Common Shares are purchased by any of the above shareholders under this Offering.

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

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

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

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

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

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

## Escrowed Securities On Qualifying Transaction

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

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

- 5% of the escrowed securities releasable at the time of the Final Exchange Bulletin, 5% on the date which is six months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18-month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18-month escrow release mechanism with:

- 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

## Escrowed Securities on Private Placement

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

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

## PRINCIPAL SHAREHOLDERS

Other than as set forth in the following, as of the date hereof, no Person is the direct or indirect beneficial owner of, or exercises control or direction over, 10% or more of the issued and outstanding Common Shares:

| <b>Name and Municipality of Residence of Shareholder</b>                                            | <b>Type of Ownership</b> | <b>Number of Common Shares</b> | <b>Percentage of Common Shares Owned Prior to Giving Effect to the Offering</b> | <b>Percentage of Common Shares Owned After Giving Effect to the Offering <sup>(1) (2)</sup></b> |
|-----------------------------------------------------------------------------------------------------|--------------------------|--------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Darren Tindale<br><br>Director, CEO, CFO,<br>Corporate Secretary &<br>Promoter<br><br>Vancouver, BC | Direct and Beneficial    | 500,000                        | 20%                                                                             | 6.7%                                                                                            |
| Jeff Tindale<br><br>Director<br><br>Vancouver, BC                                                   | Direct and Beneficial    | 500,000                        | 20%                                                                             | 6.7%                                                                                            |
| Martin Cronin<br><br>Director<br><br>Kelowna, BC                                                    | Direct and Beneficial    | 500,000                        | 20%                                                                             | 6.7%                                                                                            |
| Greg Clough<br><br>Director<br><br>Surrey, BC                                                       | Direct and Beneficial    | 500,000                        | 20%                                                                             | 6.7%                                                                                            |
| Cannon Bridge Capital Corp. <sup>(3)</sup>                                                          | Direct and Beneficial    | 500,000                        | 20%                                                                             | 6.7%                                                                                            |
|                                                                                                     |                          | <b>Total:<br/>2,500,000</b>    | <b>100%</b>                                                                     | <b>33.5%</b>                                                                                    |

**Notes:**

- (1) Assuming no Common Shares are purchased by these persons or entities under the Offering and assuming no exercise of the Agent's Warrants and the D&O Options.
- (2) On a fully-diluted basis (assuming the exercise of 500,000 Agent's Warrants and 750,000 D&O Options), each of the directors would own 7.86% of the issued and outstanding Common Shares and Cannon Bridge Capital Corp. would own 5.71% of the issued and outstanding Common Shares.
- (3) Cannon Bridge Capital Corp. is owned and controlled by Michael Townsend.

The Corporation's promoters, directors, officers and control persons, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly, 2,000,000 Common Shares, which represents 80% of the issued and outstanding Common Shares before giving effect to this Offering and will own, directly or indirectly, approximately 26.7% of the issued and outstanding Common Shares upon completion of the Offering assuming that no Common Shares are bought by these persons under this Offering and assuming there has been no exercise of the Agent's Warrants or the D&O Options.

## DIRECTORS, OFFICERS AND PROMOTERS

### **Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers**

The following is a list of the current directors, officers and promoters of the Corporation, their municipalities

of residence, their current positions with the Corporation, their principal occupations during at least the past five (5) years and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by such director, officer and promoter:

| <b>Name, Age, Municipality of Residence and Position</b>                                                                                                | <b>Principal Occupation for Past Five Years</b>                                                                                                                                                         | <b>Common Shares Beneficially Owned, Directly and Indirectly, (percentage and number of Common Shares prior to the Offering)</b> | <b>Common Shares Beneficially Owned, Directly and Indirectly (percentage and number of Common Shares Upon Completion of Offering)<sup>(1)(3)</sup></b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Darren Tindale <sup>(2)</sup><br>Vancouver, BC<br><i>Director, Chief Executive Officer, Chief Financial Officer, Corporate Secretary &amp; Promoter</i> | Body and Mind Inc., Corporate Secretary & CFO; financial, regulatory and accounting consultant and senior officer of public and private companies                                                       | 20%<br>500,000 Common Shares                                                                                                     | 6.7%<br>500,000 Common Shares                                                                                                                          |
| Jeff Tindale <sup>(2)</sup><br>Vancouver, BC<br><i>Director</i>                                                                                         | Patriot One Technologies Inc., Director; Cliffmont Resources Ltd., President, CEO and Director; Nexco Resources Ltd., President, CEO and Director; director and officer of public and private companies | 20%<br>500,000 Common Shares                                                                                                     | 6.7%<br>500,000 Common Shares                                                                                                                          |
| Martin Cronin <sup>(2)</sup><br>Kelowna, BC<br><i>Director</i>                                                                                          | CEO & President of Patriot One Technologies Inc.; Regional Director of Canadian Armed Forces Liaison Council.                                                                                           | 20%<br>500,000 Common Shares                                                                                                     | 6.7%<br>500,000 Common Shares                                                                                                                          |
| Greg Clough<br>Surrey, BC<br><i>Director</i>                                                                                                            | Logistics manager in the hospitality industry; owner of private restaurant business                                                                                                                     | 20%<br>500,000 Common Shares                                                                                                     | 6.7%<br>500,000 Common Shares                                                                                                                          |
| <b>Totals</b>                                                                                                                                           |                                                                                                                                                                                                         | <b>80%<br/>2,000,000</b>                                                                                                         | <b>26.7%<br/>2,000,000</b>                                                                                                                             |

Notes:

- (1) Before giving effect to the exercise of the Agent's Warrants or the D&O Options and assuming no Common Shares are purchased by any of the above persons under this Offering.
- (2) Member of the Corporation's audit committee. The members of the audit committee are "financially literate", as defined by National Instrument 52-110—*Audit Committees*. Mr. Jeff Tindale and Mr. Martin Cronin are "independent", as defined by National Instrument 52-110—*Audit Committees*. The Corporation does not have an executive committee. Each director holds office until the next annual meeting of shareholders.
- (3) These shares are subject to escrow restrictions. See "Escrowed Securities".

**Darren Tindale, Age 48, Director, Chief Executive Officer, Chief Financial Officer, Corporate Secretary & Promoter**

Darren Tindale brings over 19 years of financial accounting and management experience and has worked for both public and private companies. Mr. Tindale completed several accounting courses under the Certified General Accountants program. Mr. Tindale has served as Chief Financial Officer for numerous TSX Venture and CSE listed companies. Most recently, Mr. Tindale served as Chief Financial Officer of Body and Mind Inc. (CSE) from March 2017 to August 2019. Mr. Tindale is currently the corporate secretary for Body and Mind Inc. and also provides consulting services to publicly listed companies for financial, regulatory and accounting services.

It is expected that, initially, Mr. Tindale will devote up to 25% of his time to the affairs of the Corporation and such additional time and expertise as is required by the Corporation from time to time.

**Jeff Tindale, Age 49, Director**

Mr. Tindale has over 20 years in private capital and investor consulting and advisory services to high-growth companies across various sectors. He has experience in corporate governance, finance, mergers and acquisitions and has been and currently is a director and officer of several public and private companies.

It is expected that, initially, Mr. Tindale will devote up to 10% of his time to the affairs of the Corporation and such additional time and expertise as is required by the Corporation from time to time.

**Martin Cronin, Age 55, Director**

Mr. Cronin is an expert in the areas of counter-terrorism, conflict resolution, and government/corporate interface. He has extensive experience in high intensity conflict environments and has served as CEO of a private company specializing in communications and survivability technologies. Before moving to the private sector, Mr. Cronin was British Consul-General to Western Canada, based in Vancouver. He is currently a director and the Chief Executive Officer and President of Patriot One Technologies Inc. His career includes over twenty years of experience in the field of international diplomacy with the British Government, including postings in Yemen, Jordan, Sweden, Pakistan and Iraq. Mr. Cronin is also Honorary Colonel of the British Columbia Dragoons (a Canadian Forces Primary Reserve Regiment), Regional Director of the Canadian Forces Liaison Council, a member of the Advisory Board of the Central Okanagan Economic Development Commission, and Member of the Advisory Board of International Yacht Training Worldwide. He is a frequent guest speaker on the Middle East and security issues. Mr. Cronin has a Bachelor's Degree from Leeds University, U.K.

It is expected that, initially, Mr. Cronin will devote up to 10% of his time to the affairs of the Corporation and such additional time and expertise as is required by the Corporation from time to time.

**Greg Clough, Age 46, Director**

Mr. Clough is currently the logistics manager for a private company in the hospitality industry. Prior to this, Mr. Clough owned and operated a private business in the restaurant industry. His work experience includes management positions in the private sector.

It is expected that, initially, Mr. Clough will devote up to 20% of his time to the affairs of the Corporation and such additional time and expertise as is required by the Corporation from time to time

**Exchange Requirements**

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

**Aggregate Ownership of Securities**

The directors and officers of the Corporation, as a group, currently own, directly or indirectly, 2,000,000 Common Shares representing approximately 80% of the Common Shares currently issued and outstanding. Following the completion of the Offering, they will own, directly or indirectly, 2,000,000 Common Shares representing approximately 26.7% of the then issued and outstanding Common Shares (in both cases, assuming no exercise of the Agent's Warrants or the D&O Options and no purchase by the directors and officers of the Corporation of Common Shares pursuant to the Offering).

**Other Reporting Issuer Experience**

The following table sets out the directors, officers and promoter(s) of the Corporation that are, or have been within at least the last five (5) years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

| Name                                                                     | Name of Reporting Issuer      | Position                    | Name of Exchange or Market | From       | To           |
|--------------------------------------------------------------------------|-------------------------------|-----------------------------|----------------------------|------------|--------------|
| Jeff Tindale<br>(Director)                                               | Patriot One Technologies Inc. | Director                    | TSX                        | Oct 2016   | October 2019 |
|                                                                          | Cliffmont Resources Ltd.      | President, CEO and Director | TSXV                       | Aug 2009   | Present      |
|                                                                          | Nexco Resources Ltd.          | President, CEO and Director | CSE                        | Nov 2016   | Aug 2019     |
|                                                                          | Homestake Resources Ltd.      | Director                    | TSXV                       | July 2014  | Sept 2016    |
|                                                                          | Nomad Ventures Inc.           | Director                    | TSXV                       | Oct 2016   | May 2017     |
|                                                                          | Fincanna Capital Corp.        | Director                    | CSE                        | Jan 2017   | Aug 2018     |
| Darren Tindale<br>(Director, CEO, CFO, Corporate Secretary and Promoter) | Body and Mind Inc.            | Corporate Secretary         | CSE                        | Aug 2019   | Present      |
|                                                                          | Body and Mind Inc.            | CFO                         | CSE                        | March 2017 | Aug 2019     |
| Martin Cronin<br>(Director)                                              | Patriot One Technologies Inc. | CEO and Director            | TSX Venture Exchange       | Oct 2016   | April 2019   |
|                                                                          | Patriot One Technologies Inc. | CEO and Director            | TSX                        | April 2019 | Present      |

### Corporate Cease Trade Orders or Bankruptcies

Other than disclosed herein, no director, officer, insider or promoter of the Corporation, or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or personal Holding Company of any such persons, has, within the last 10 years, been a director, officer, insider or promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

Mr. Jeff Tindale is the President, CEO and a director of Cliffmont Resources Ltd. ("Cliffmont"). On February 5, 2016, the British Columbia Securities Commission issued a cease trade order against Cliffmont for failure to file annual audited financial statements and management's discussion and analysis for the year ended September 30, 2015. On February 9, 2016, the Ontario Securities Commission issued a cease trade order against Cliffmont for failure to file annual audited financial statements, management's discussion and analysis and related certifications for the year ended September 30, 2015 and for failure to pay the filing fees in respect thereof. The British Columbia Securities Commission and Ontario Securities Commission cease trade orders have been revoked.

### Penalties or Sanctions

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

### Personal Bankruptcies

No director, officer, insider or promoter of the Corporation, or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or personal Holding Company of any such persons, has, within the 10 years preceding the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any

proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

## Conflicts of Interest

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

## EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in Investor Relations Activities as defined in Exchange Policy 1.1 in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

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

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, legal services, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"), which reimbursements, since incorporation, have not taken place. No reimbursement may be made for any payment made to lease or buy a vehicle.

The Corporation has reserved 750,000 Common Shares in respect of the D&O Options. See "Principal Shareholders" and "Options to Purchase Securities".

After Completion of the Qualifying Transaction, the Corporation may pay remuneration to its officers if the Board of Directors feel the Corporation is able to do so. No remuneration is anticipated to be paid to the Board of Directors in their capacity as directors in the foreseeable future. No payment other than the Permitted Reimbursements will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

## DILUTION

Purchasers of the Common Shares offered hereunder will suffer an immediate dilution of 17% or \$0.017 per Common Share on the basis of there being 7,500,000 Common Shares issued and outstanding following completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

## RISK FACTORS

The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying

Transaction;

- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 17% or \$0.017 per Common Share on the basis of there being 7,500,000 Common Shares issued and outstanding upon completion of the Offering;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) listing of the Common Shares is subject to the Corporation fulfilling all of the listing requirements of the Exchange and the approval of the Exchange. The Exchange has conditionally approved the Corporation's listing application subject to the Corporation fulfilling all the listing requirements of the Exchange. There can be no assurance that the Corporation will meet all the listing requirements of the Exchange;
- (l) the Corporation must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the Common Shares on the closing of the Offering and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the Exchange at the time of their issuance on closing of the Offering. If the Common Shares are not listed on the Exchange at the time of their issuance on the closing of the Offering and the Corporation is not a "public corporation" at that time, the Common Shares will not be qualified investments for the Registered Plans at that time;
- (m) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (n) trading in the Common Shares may be halted at other times for other reasons, including

for failure by the Corporation to submit documents to the Exchange in the time periods required;

- (o) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (p) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (q) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (r) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation;
- (s) subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan;
- (t) the Corporation cannot be certain and provides no guarantee that, if the Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Corporation and its shareholders. The Qualifying Transaction may also result in increased debt of the Corporation; and
- (u) any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Corporation could have a material adverse effect on the Resulting Issuer's business and results of operations.

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

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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

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

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

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

Certain legal matters relating to this Offering will be passed upon by AFG Law LLP, on behalf of the Corporation, and by McDougall Gauley LLP, on behalf of the Agent. Any remuneration for legal services provided to the Corporation are subject to the restrictions set forth in the CPC Policy.

Otherwise, no Person whose profession or business gives authority to a statement made by such Person and who is named in this prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or expected to be

elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a Promoter of the Corporation or of an Associate or Affiliate of the Corporation.

#### **AUDITORS**

The auditors of the Corporation are Shim & Associates LLP, Chartered Professional Accountants with an office located at Suite 970 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

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

The registrar and transfer agent of the Common Shares is TSX Trust at its office located at 2700 – 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

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

The directors and officers of the Corporation have all acquired Common Shares. In addition, each of the directors and officers of the Corporation have been granted the D&O Options pursuant to the Corporation's Stock Option Plan. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation. See "Principal Shareholders", "Options to Purchase Securities" and "Escrowed Securities".

#### **DIVIDEND POLICY**

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

If the Corporation generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any, and, when appropriate, retire debt. The Board of Directors of the Corporation will determine if and when dividends should be declared and paid in the future based on the Corporation's financial position at the relevant time.

#### **PROMOTERS**

Darren Tindale, a director, chief executive officer, chief financial officer and corporate secretary of the Corporation may be considered to be the promoter of the Corporation in that he took the initiative in organizing the business of the Corporation. As of the date hereof, Mr. Tindale is the direct owner of 500,000 Common Shares, and will be granted 187,500 stock options at a price of \$0.10 per Common Share pursuant to the Stock Option Plan. See "Options to Purchase Securities", "Escrowed Securities", "Principal Shareholders" and "Directors, Officers and Promoters".

#### **MATERIAL CONTRACTS**

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

- (a) the Agency Agreement;
- (b) the Escrow Agreement;
- (c) the Stock Option Plan; and
- (d) the transfer agent, registrar and disbursing agent agreement dated September 23, 2019 between the Corporation and TSX Trust.

The material contracts described above may be inspected at the registered office of the Corporation located at 750 – 1095 West Pender Street, Vancouver, B.C., V6E 2M6 during normal business hours during the period of the distribution of the Common Shares being distributed hereunder and for a period of thirty days thereafter.

## OTHER MATERIAL FACTS

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

## ELIGIBILITY FOR INVESTMENT

In the opinion of AFG Law LLP, counsel to the Corporation, based on the provisions of the Income Tax Act (Canada) and the regulations thereunder (collectively the "**Tax Act**") in force as of the date hereof, provided the Common Shares are listed on a "designated stock exchange" (as such term is defined in the Tax Act and which currently includes the Exchange) or the Corporation is otherwise a "public corporation" (as that term is defined in the Tax Act) at the particular time, the Common Shares will at that time be a "qualified investment" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") or a tax-free savings account ("**TFSA**") as those terms are defined in the Tax Act (collectively, the "**Plans**"). **Holders who intend to hold Common Shares in a Plan should consult their own tax advisors regarding whether such securities are "qualified investment" at the relevant time for such Plan.**

**The Common Shares are not currently listed on a "designated stock exchange" and the Corporation is not currently a "public corporation", as those terms are defined in the Tax Act.** The Corporation has applied to list the Common Shares on the Exchange as of the day before Closing, followed by an immediate halt in trading of the Common Shares in order to allow the Corporation to satisfy the conditions of the Exchange and to have the Common Shares listed and posted for trading prior to the issuance of the Common Shares on the closing of the Offering. The Corporation must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the Common Shares on the closing of the Offering and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the Exchange at the time of their issuance on Closing. If the Common Shares are not listed on a "designated stock exchange" (which currently includes the Exchange) at the time of their issuance on the closing of the Offering and the Corporation is not otherwise a "public corporation" at that time, the Common Shares will not be "qualified investments" for the Plans at that time.

Notwithstanding that a Common Share may be a qualified investment for a TFSA, RRSP, RRIF, RDSP or RESP (a "Registered Plan"), the holder, subscriber or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act in respect of the Common Shares if such Common Shares are a "prohibited investment" for the Registered Plan for purposes of the Tax Act. The Common Shares will generally be a "prohibited investment" for a Registered Plan if the holder, subscriber or annuitant, as the case may be, 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. In addition, the Common Shares generally will not be a prohibited investment if the Common Shares are "excluded property" within the meaning of the Tax Act for the Registered Plan. **Holders, subscribers or annuitants who intend to hold Common Shares in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

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

**FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION  
ON SEPTEMBER 19, 2019 TO OCTOBER 31, 2019 (AUDITED) AND  
THE THREE MONTH PERIOD ENDED JANUARY 31, 2020 (UNAUDITED)**

# **WHATCOM CAPITAL CORP.**

(A Capital Pool Company)

Financial Statements

For the period from Date of Incorporation (September 19, 2019)  
to October 31, 2019

(Expressed in Canadian dollars)



**SHIM & Associates LLP**  
**Chartered Professional Accountants**  
Suite 970 – 777 Hornby Street  
Vancouver, B.C. V6Z 1S4  
T: 604 559 3511 | F: 604 559 3501

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Whatcom Capital Corp.

### **Opinion**

We have audited the accompanying financial statements of Whatcom Capital Corp. (the Company), which comprise the statement of financial position as at October 31, 2019, and the statements of net and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation on September 19, 2019 to October 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019, and its financial performance and cash flows for the period from the date of incorporation on September 19, 2019 to October 31, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the Prospectus.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

*SHIM & ASSOCIATES LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, Canada  
15 January 2020

**WHATCOM CAPITAL CORP.**  
**(A Capital Pool Company)**  
Statement of financial position  
(Expressed in Canadian dollars)

|                                                   | Oct 31,<br>2019<br>\$ |
|---------------------------------------------------|-----------------------|
| Assets                                            |                       |
| Current assets                                    |                       |
| Cash (Note 4)                                     | 124,383               |
| <b>Total assets</b>                               | <b>124,383</b>        |
| Liabilities and shareholders' equity              |                       |
| Current liability                                 |                       |
| Accounts payable and accrued liabilities          | 5,925                 |
| Shareholders' equity                              |                       |
| Share capital (Note 5)                            | 125,000               |
| Deficit                                           | (6,542)               |
| <b>Total shareholders' equity</b>                 | <b>118,458</b>        |
| <b>Total liabilities and shareholders' equity</b> | <b>124,383</b>        |

**Subsequent events** (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on January 15, 2020 by:

/s/ Darren Tindale

Darren Tindale, Director

/s/ Martin Cronin

Martin Cronin, Director

The accompanying notes are an integral part of these financial statements

**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Statement of net and comprehensive loss  
(Expressed in Canadian dollars)

|                                                                 | September 19,<br>2019<br>(Incorporation) to<br>October 31,<br>2019<br>\$ |
|-----------------------------------------------------------------|--------------------------------------------------------------------------|
| Expenses                                                        |                                                                          |
| Bank fees and interest                                          | 134                                                                      |
| Office expenses                                                 | 483                                                                      |
| Professional fees                                               | 5,925                                                                    |
| Net and comprehensive loss for the period                       | (6,542)                                                                  |
| Net loss per share, basic and diluted (Note 7)                  | -                                                                        |
| Weighted average shares outstanding, basic and diluted (Note 7) | -                                                                        |

The accompanying notes are an integral part of these financial statements

**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Statement of changes in shareholders' equity  
(Expressed in Canadian dollars)

|                                                     | Share capital       |              |               | Total<br>shareholders'<br>equity<br>\$ |
|-----------------------------------------------------|---------------------|--------------|---------------|----------------------------------------|
|                                                     | Number of<br>shares | Amount<br>\$ | Deficit<br>\$ |                                        |
| Balance, September 19, 2019 (Date of Incorporation) | -                   | -            | -             | -                                      |
| Shares issued for cash                              | 2,500,000           | 125,000      | -             | 125,000                                |
| Net loss for the period                             | -                   | -            | (6,542)       | (6,542)                                |
| Balance, October 31, 2019                           | 2,500,000           | 125,000      | (6,542)       | 118,458                                |

The accompanying notes are an integral part of these financial statements

**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Statement of cash flows

(Expressed in Canadian dollars)

|                                                      | September 19,<br>2019<br>(Incorporation) to<br>October 31,<br>2019<br>\$ |
|------------------------------------------------------|--------------------------------------------------------------------------|
| Operating activities                                 |                                                                          |
| Net loss for the period                              | (6,542)                                                                  |
| Adjustment for non-cash working capitals:            |                                                                          |
| Increase in accounts payable and accrued liabilities | 5,925                                                                    |
| Net cash used in operating activities                | (617)                                                                    |
| Financing activity                                   |                                                                          |
| Issuance of common shares                            | 125,000                                                                  |
| Net cash provided by financing activity              | 125,000                                                                  |
| Increase in cash, being cash end of period           | 124,383                                                                  |

The accompanying notes are an integral part of these financial statements

# **WHATCOM CAPITAL CORP.**

## **(A Capital Pool Company)**

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

Whatcom Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 19, 2019. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The registered and head office of the Company is located at 750-1095 West Pender Street, Vancouver, B.C. V6E 2M6.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at October 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of \$6,542. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

### **2. BASIS OF PRESENTATION**

#### **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee.

#### **Basis of Preparation**

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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## **2. BASIS OF PRESENTATION (Cont'd)**

### **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations 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 results may 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. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards within the framework of the significant accounting policies described below:

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### **i) Financial assets**

The Company adopted IFRS 9, Financial Instruments, on its incorporation. IFRS 9 replaces International Accounting Standards (IAS) 39, Financial Instruments: Recognition and Measurement. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost. Cash is classified as a financial asset.

## WHATCOM CAPITAL CORP.

### (A Capital Pool Company)

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial Instruments (Cont'd)

##### i) Financial assets (Cont'd)

###### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through OCI (FVOCI):** Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

##### ii) Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: where the Company optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **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. Parties are also considered to be related if they are subject to common control. 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.

#### **Deferred Taxes**

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

### **4. CASH RESTRICTION**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

### **5. SHARE CAPITAL**

#### **Authorized share capital**

Unlimited Class A Common Shares without par value; and  
Unlimited Class B Preferred Shares without par value

#### **Share issuances**

On September 19, 2019, the Company issued 2,000,000 common shares at \$0.05 per share to the directors of the Company for proceeds of \$100,000.

On September 30, 2019, the Company completed a financing by issuing 500,000 common shares at \$0.05 per share for proceeds of \$25,000.

## WHATCOM CAPITAL CORP.

### (A Capital Pool Company)

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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#### 5. SHARE CAPITAL (Cont'd)

The issued and outstanding common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

#### 6. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the period ended October 31, 2019, there were no related party transactions. There was no compensation to key management personnel.

#### 7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended October 31, 2019 was based on the loss attributable to common shareholders of \$6,542 and the average weighted average number of capital stock is nil as all outstanding shares have been escrowed and therefore are contingently returnable.

#### 8. INCOME TAXES

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

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|                                | 2019    |
|--------------------------------|---------|
|                                | \$      |
| Loss before income taxes       | (6,542) |
| Expected income tax (recovery) | (1,766) |
| Change in valuation allowance  | 1,766   |
| Total income tax recovery      | -       |

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**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

**8. INCOME TAXES**

The significant components of the Company's deferred income tax assets that have not been included on the statement of financial position are as follows:

|                                | 2019    |
|--------------------------------|---------|
|                                | \$      |
| Deferred income tax assets:    |         |
| Non-capital loss carryforwards | 1,766   |
|                                | 1,766   |
| Valuation allowance            | (1,766) |
| Net deferred tax assets        | -       |

The tax pools relating to these deductible temporary differences expire as follows:

|                                                         | Expiry Date Range |
|---------------------------------------------------------|-------------------|
| Temporary Differences                                   |                   |
| Non-capital losses available for future period (Canada) | 2039              |

**9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes share capital in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the financial statements

For the Period from Date of Incorporation (September 19, 2019) to October 31, 2019

(Expressed in Canadian dollars)

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## **9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

### **Risk Disclosures and Fair Values**

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at October 31, 2019, the Company had accounts payable and accrued liabilities of \$5,925 due within 12 months and had cash of \$124,383 to meet its current obligations. As a result the Company has minimal liquidity risk.

### **Credit Risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Trust believes it has no significant credit risk.

## **10. SUBSEQUENT EVENTS**

On November 12, 2019, the Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX Venture Exchange requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

The Company intends to file a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan and Ontario, and pursuant to an Agency Agreement (the "Agency Agreement") to be entered into between the Company and Industrial Alliance Securities Inc. (the "Agent"), to offer 5,000,000 Common Shares at \$0.10 (the "Offering") per share to the public for total estimated proceeds of \$500,000 (before transaction costs). The Agent will be granted options to purchase up to 10% of the total common shares sold under the offering at a price of \$0.10 per share, and expiring 24 months from the closing date. The Company also intends to grant 750,000 share options immediately after the closing of the Offering to directors and officers under the Company's share option plan at a price of \$0.10 per share and an expiry date of five years from the date of grant.

The Company will pay the agent a commission equal to 10% of the gross proceeds, a corporate finance fee of \$15,000 and reasonable expenses estimated to be \$15,000.

**WHATCOM CAPITAL CORP.**

*(A Capital Pool Company)*

*Condensed Interim Financial Statements*

*For the three months ended January 31, 2020*

*(Unaudited)*

*(Expressed in Canadian dollars)*

**WHATCOM CAPITAL CORP.**  
**(A Capital Pool Company)**

Condensed Interim Statements of Financial Position  
(Unaudited)  
(Expressed in Canadian dollars)

|                                                   | January 31,<br>2020 | October 31,<br>2019<br>(Audited) |
|---------------------------------------------------|---------------------|----------------------------------|
| <b>Assets</b>                                     |                     |                                  |
| <b>Current</b>                                    |                     |                                  |
| Cash (Note 3)                                     | \$ 75,542           | \$ 124,383                       |
| Amounts receivable                                | 1,014               | -                                |
| Prepays (Note 4)                                  | 16,975              | -                                |
| <b>Total Assets</b>                               | <b>\$ 93,531</b>    | <b>\$ 124,383</b>                |
| <b>Liabilities</b>                                |                     |                                  |
| <b>Current</b>                                    |                     |                                  |
| Accounts payable and accrued liabilities          | 8,442               | 5,925                            |
| <b>Total Liabilities</b>                          | <b>8,442</b>        | <b>5,925</b>                     |
| <b>Shareholders' Equity</b>                       |                     |                                  |
| <b>Share capital</b> (Note 5)                     | 125,000             | 125,000                          |
| <b>Deficit</b>                                    | (39,911)            | (6,542)                          |
| <b>Total Shareholders' Equity</b>                 | <b>85,089</b>       | <b>118,458</b>                   |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 93,531</b>    | <b>\$ 124,383</b>                |

Approved and authorized for issuance on behalf of the Board of Directors on March 30, 2020 by:

/s/ Darren Tindale  
Darren Tindale, Director

/s/ Martin Cronin  
Martin Cronin, Director

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

**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Condensed Interim Statements of Net and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars)

|                                                                            | Three Months<br>Ended<br>January 31,<br>2020 | September 19,<br>2019<br>(Incorporation)<br>to October 31,<br>2019<br>(Audited) |
|----------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|
| <b>General and Administration Expenses</b>                                 |                                              |                                                                                 |
| Bank fees and interest                                                     | \$ 65                                        | \$ 134                                                                          |
| Filing fees                                                                | 17,099                                       | -                                                                               |
| Office                                                                     | -                                            | 483                                                                             |
| Professional fees                                                          | 16,205                                       | 5,925                                                                           |
| <b>Net and Comprehensive Loss</b>                                          | <b>\$ (33,369)</b>                           | <b>\$ (6,542)</b>                                                               |
| <b>Net loss per share, basic and diluted (Note 7)</b>                      | <b>\$ -</b>                                  | <b>\$ -</b>                                                                     |
| <b>Weighted average shares outstanding,<br/>basic and diluted (Note 7)</b> | <b>-</b>                                     | <b>-</b>                                                                        |

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

**WHATCOM CAPITAL CORP.**  
**(A Capital Pool Company)**

Condensed Interim Statement of Changes in Shareholders' Equity  
(Unaudited)  
(Expressed in Canadian dollars)

|                                                            | <b>Share Capital</b>        |               |                |                                 |          |
|------------------------------------------------------------|-----------------------------|---------------|----------------|---------------------------------|----------|
|                                                            | <b>Number of<br/>Shares</b> | <b>Amount</b> | <b>Deficit</b> | <b>Shareholders'<br/>Equity</b> |          |
| <b>Balance, September 19, 2019 (Date of Incorporation)</b> | -                           | \$ -          | \$ -           | \$ -                            | -        |
| Shares issued for cash                                     | 2,500,000                   | 125,000       |                |                                 | 125,000  |
| Net loss for the period                                    | -                           | -             | (6,542)        |                                 | (6,542)  |
| <b>Balance, October 31, 2019</b>                           | 2,500,000                   | 125,000       | (6,542)        |                                 | 118,458  |
| Net loss for the period                                    | -                           | -             | (33,369)       |                                 | (33,369) |
| <b>Balance, January 31, 2020</b>                           | 2,500,000                   | \$ 125,000    | \$ (39,911)    | \$                              | 85,089   |

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

**WHATCOM CAPITAL CORP.****(A Capital Pool Company)**

Condensed Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

|                                                      | <b>Three Months<br/>Ended<br/>January 31,<br/>2020</b> | <b>September 19,<br/>2019<br/>(Incorporation)<br/>to October 31,<br/>2019<br/>(Audited)</b> |
|------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>          |                                                        |                                                                                             |
| Net loss for the period                              | \$ (33,369)                                            | \$ (6,542)                                                                                  |
| Changes in non-cash working capital items            |                                                        |                                                                                             |
| Increase in amounts receivable                       | (1,014)                                                | -                                                                                           |
| Increase in prepaids                                 | (16,975)                                               | -                                                                                           |
| Increase in accounts payable and accrued liabilities | 2,517                                                  | 5,925                                                                                       |
| Net cash used in operating activities                | (48,841)                                               | (617)                                                                                       |
| <b>Cash Flows from Financing Activities</b>          |                                                        |                                                                                             |
| Issuance of common shares                            | -                                                      | 125,000                                                                                     |
| Net cash provided by financing activities            | -                                                      | 125,000                                                                                     |
| <b>Change in Cash During the Period</b>              | (48,841)                                               | 124,383                                                                                     |
| <b>Cash, Beginning of Period</b>                     | 124,383                                                | -                                                                                           |
| <b>Cash, End of Period</b>                           | \$ 75,542                                              | \$ 124,383                                                                                  |
| <br><b>Cash Paid During the Period for Interest</b>  | <br>\$ -                                               | <br>\$ -                                                                                    |
| <b>Cash Paid During the Period for Income Taxes</b>  | \$ -                                                   | \$ -                                                                                        |

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

# **WHATCOM CAPITAL CORP.**

## **(A Capital Pool Company)**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

Whatcom Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 19, 2019. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading. The registered and head office of the Company is located at 750-1095 West Pender Street, Vancouver, B.C. V6E 2M6.

These condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at January 31, 2020 the Company has not generated any revenues from operations and has an accumulated deficit of \$39,911 (October 31, 2019 - \$6,542). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

### **2. BASIS OF PRESENTATION**

#### **Statement of Compliance**

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the audited financial statements for the period from date of incorporation (September 19, 2019) to October 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's audited financial statements for the period from Date of Incorporation (September 19, 2019) to October 31, 2019.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

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## **2. BASIS OF PRESENTATION (Cont'd)**

### **Basis of Preparation**

The condensed interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements are presented in Canadian dollars, unless specifically indicated otherwise, which is the Company's functional currency.

### **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations 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 results may 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. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

### **Change in Accounting Policy**

IFRS 16, Leases:

Under IFRS 16, the Company is required to review all of its contracts if they contain leases or lease-type arrangements. Virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the Company will be required to recognize lease assets ("right-of-use" assets) and the related lease liability on the statement of financial position.

Management has assessed that IFRS 16 did not have any effect on the Company's current financial statements, but could have an impact in the future.

## **3. CASH RESTRICTION**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

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#### **4. PREPAIDS**

During the three months ended January 31, 2020, the Company filed a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan and Ontario, and pursuant to an Agency Agreement (the "Agency Agreement") entered into between the Company and Industrial Alliance Securities Inc. (the "Agent"), to offer 5,000,000 Common Shares at \$0.10 (the "Offering") per share to the public for total estimated proceeds of \$500,000 (before transaction costs). The Agent will be granted options to purchase up to 10% of the total common shares sold under the offering at a price of \$0.10 per share, and expiring 24 months from the closing date. The Company also intends to grant 750,000 share options immediately after the closing of the Offering to directors and officers under the Company's share option plan at a price of \$0.10 per share and an expiry date of five years from the date of grant. The Company will pay the agent a commission equal to 10% of the gross proceeds, a corporate finance fee of \$15,000 and reasonable expenses estimated to be \$15,000. Pursuant to the Agency Agreement, the Company advanced \$15,975 to Industrial Alliance as a deposit towards a work fee and legal retainer.

#### **5. SHARE CAPITAL**

##### **Authorized share capital**

Unlimited Class A Common Shares without par value; and  
Unlimited Class B Preferred Shares without par value

##### **Share issuances**

On September 19, 2019, the Company issued 2,000,000 common shares at \$0.05 per share to the directors of the Company for proceeds of \$100,000.

On September 30, 2019, the Company completed a financing by issuing 500,000 common shares at \$0.05 per share for proceeds of \$25,000.

The issued and outstanding common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

##### **Stock Options**

On November 12, 2019, the Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX Venture Exchange requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

As at January 31, 2020, the Company did not grant any options.

## **WHATCOM CAPITAL CORP.**

### **(A Capital Pool Company)**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

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#### **6. TRANSACTIONS WITH RELATED PARTIES**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three month period ended January 31, 2020, there were no related party transactions. There was no compensation to key management personnel.

#### **7. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the three month period ended January 31, 2020 and for the period from the date of incorporation to October 31, 2019 was based on the loss attributable to common shareholders of \$33,369 and \$6,542, respectively, and the average weighted average number of capital stock is nil as all outstanding shares have been escrowed and therefore are contingently returnable.

#### **8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### **Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes share capital in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 3.

##### **Risk Disclosures and Fair Values**

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at January 31, 2020, the Company had accounts payable and accrued liabilities of \$8,442 (October 31, 2019 - \$5,925) due within 12 months and had cash of \$75,542 (October 31, 2019 - \$124,383) to meet its current obligations. As a result the Company has minimal liquidity risk.

##### **Credit Risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

**CERTIFICATE OF THE CORPORATION**

Dated: April 3, 2020

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario.

/s/ Darren Tindale

Darren Tindale  
Director, Chief Executive Officer, Chief  
Financial Officer, Corporate Secretary, and  
Promoter

/s/ Jeff Tindale

Jeff Tindale  
Director

**ON BEHALF OF THE BOARD OF DIRECTORS**

/s/ Martin Cronin

Martin Cronin  
Director

/s/ Greg Clough

Greg Clough  
Director

**CERTIFICATE OF THE PROMOTER**

Dated: April 3, 2020

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario.

/s/ Darren Tindale

Darren Tindale

**CERTIFICATE OF THE AGENT**

Dated: April 3, 2020

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

**INDUSTRIAL ALLIANCE SECURITIES INC.**

*/s/ Frederik Westra*

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Frederik Westra  
Executive Vice President, Managing Director &  
Head of Capital Markets

**ACKNOWLEDGMENT – PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in the attached prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14, 15, and 21 of Form 3A of the CPC Policy, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the prospectus; and
- (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

**ON BEHALF OF THE BOARD OF DIRECTORS**

/s/ Darren Tindale

Director, Chief Executive Officer, Chief Financial  
Officer, Corporate Secretary and Promoter