No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf Prospectus has been filed under legislation in each of the provinces of Canada except Quebec that permits certain information about these securities to be determined after this Prospectus has become final and that permits the omission from this Prospectus of that information. The legislation requires the delivery to purchasers of a Prospectus Supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of NEXE Innovations Inc. at 109 – 19355 22nd Avenue, Surrey, BC V3Z 3S6, telephone: (604) 359-4725, and are also available electronically at www.sedar.com.*

The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the "United States" or, if applicable, to, or for the account or benefit of, "U.S. persons" (as such terms are defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state laws. This short form Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution."

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue **March 23, 2021**

NEXE INNOVATIONS INC.
$100,000,000

Common Shares
Debt Securities
Subscription Receipts
Units
Warrants

NEXE Innovations Inc. (the "**Company**") may offer and issue from time to time any (i) common shares in the capital of the Company (the "**Common Shares**") or preferred shares in the capital of the Company (the "**Preferred Shares**" and together with the Common Shares, the "**Equity Securities**"), (ii) bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description (collectively, "**Debt Securities**"), (iii) warrants to purchase Equity Securities and warrants to purchase Debt Securities (collectively, the "**Warrants**"), (iv) units comprised of one or more of the other securities described herein ("**Units**"), (v) subscription receipts that entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, Equity Securities, Debt Securities, Warrants, or Units ("**Subscription Receipts**", and together with the Equity Securities, Debt Securities, Warrants and Units, the "**Securities**") of up to $100,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) during the 25-month period that this short form base shelf Prospectus (the "**Prospectus**"), including any amendments thereto, is valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale, and set forth in an accompanying shelf Prospectus Supplement (a "**Prospectus Supplement**").

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable (i) in the case of Common Shares, the number of Common Shares offered and the offering price; (ii) in the case of Preferred Shares, the designation of the particular class and series, the number of Preferred Shares offered, the offering price, dividend rate, if any, and any other specific terms of the Preferred Shares being offered; (iii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, the offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other specific terms of the Debt Securities being offered; (iv) in the case of Warrants, the designation, number and terms of the Equity Securities or Debt Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms of the Warrants being offered; (v) in the case of Units, the designation and terms of the Units and of the Securities comprising the Units and any other specific terms of the Units being offered; and (vi) in the case of Subscription Receipts, the number of Subscription Receipts, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the procedures for the exchange of Subscription Receipts, the amount and type of securities that holders thereof will receive upon exchange thereof and any other specific terms of the Subscription Receipts being offered. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities. See "*Plan of Distribution*".

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Applicable securities legislation requires the delivery to purchasers of a Prospectus Supplement containing the omitted information within a specified period of time after agreeing to purchase any of these Securities, except in cases where an exemption from such delivery requirement is available. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The common shares of the Company (the "**Common Shares**") are listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "NEXE" and on the OTC Markets Platform under the symbol "NEXNF". On February 26, 2021, being the last trading day prior to the date hereof, the closing price of the Common Shares on the TSX-V was $3.09 and on the OTC Markets Platform was US $2.46. **Unless otherwise specified in an applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Units and Warrants will not be listed on any securities or stock exchange or on any automated dealer quotation system. There is currently no market through which these securities, other than the Common Shares, may be sold and purchasers may not be able to resell such securities purchased under this Prospectus and any Prospectus Supplement. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities and the extent of issuer regulation. See "*Risk Factors*".**

No underwriter or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

Prospective investors should read this Prospectus and any applicable Prospectus Supplement carefully before they invest in any Securities issued pursuant to this Prospectus. The Securities may be sold pursuant to this Prospectus through underwriters or dealers or directly or through agents designated from time to time at amounts and prices and other terms determined by the Company from time to time, or by the Company directly pursuant to applicable statutory exemptions. In connection with any underwritten offering of Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered. Such transactions, if commenced, may discontinue at any time. See "*Plan of Distribution*". A Prospectus Supplement will set out the names of any underwriters, dealers or agents involved in the sale of Securities, the amounts, if any, to be purchased by underwriters, the plan of distribution for such Securities, including the anticipated net proceeds to the Company from the sale of such Securities, the amounts and prices at which such Securities are sold and, if applicable, the compensation of such underwriters, dealers or agents.

Investment in the Securities being offered is highly speculative and involves significant risks that prospective investors should consider before purchasing such Securities. Prospective investors should carefully review the risks outlined in this Prospectus (including any Prospectus Supplement) and in the documents incorporated by reference as well as the information under the heading "*Cautionary Statement Regarding Forward-Looking Statements*" and consider such risks and information in connection with an investment in the securities. See "*Risk Factors*".

The Company's head office is located at 109 – 19353 22nd Ave., Surrey, BC V3Z 3S6 and its registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

This Prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Company may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such Securities and the compensation of any such underwriters, dealers or agents.

Investors should rely only on the information contained in or incorporated by reference into this Prospectus and any applicable Prospectus Supplement. The Company has not authorized anyone to provide investors with different information. Information contained on the Company's website shall not be deemed to be a part of this Prospectus (including any applicable Prospectus Supplement) or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities. The Company will not make an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the face page of this Prospectus, the date of any applicable Prospectus Supplement, or the date of any documents incorporated by reference herein.

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ABOUT THIS PROSPECTUS

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. The Company has not authorized anyone to provide anyone with different or additional information. If anyone provides any different or additional information, prospective investors should not rely on it. The Company is not making an offer to sell or seeking an offer to buy the securities offered pursuant to this Prospectus in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information contained in this Prospectus or any applicable Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or any applicable Prospectus Supplement or of any sale of our securities pursuant thereto. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

This Prospectus and any applicable Prospectus Supplement include references to trade names and trade-marks of other companies, which trade names and trade-marks are the property of their respective owners.

Statistical information and other data relating to the compostable product industry included in this Prospectus and any applicable Prospectus Supplement are derived from industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this Prospectus and any applicable Prospectus Supplement were obtained from various publicly available sources. Although we believe that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

In this Prospectus and any Prospectus Supplement, unless otherwise indicated, all dollar amounts and references to "C$" or "$" are to Canadian dollars and references to "U.S.$" or "US$" are to U.S. dollars.

In this Prospectus and in any Prospectus Supplement, unless the context otherwise requires, references to "we", "us", "our" or similar terms, as well as references to the "Company", refer to NEXE Innovations Inc. together with its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward looking information. All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Although the forward-looking statements and information contained in this Prospectus reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information. Such risks and factors include, but are not limited to, the following:

- the Company may continue to operate at a net loss and a going concern;
- the Company has a limited operating history;
- the Company may require additional liquidity;

- the Company will continue as a going concern;
- ability to commercialize the NEXE Pod;
- the Company's future is highly dependent upon the sales of Keurig and Nespresso beverage systems;
- the Company may become subject to litigation;
- the Company does not plan to pay dividends in the near future;
- the Company may need to take active steps to protect its intellectual property;
- research and development requires significant investment and commitment of resources;
- the Company's development and launch of new platforms and productions is critical to the Company's financial results and growth strategy;
- ability to meet market expectations for financial performance;
- any changes in the beverage environment and retail landscape;
- the Company's ability to maintain strategic relations with well recognized brands;
- product safety and quality concerns;
- the Company's ability to negotiate flexible long term purchase contracts;
- risks associated with acquisitions;
- the Company's products and services may become obsolete without innovation;
- the Company maintaining adequate insurance;
- the Company's risks related to product development and technology change;
- the Company will be profitable;
- The Company's products will be accepted by the market;
- The Company has an evolving business model and thus its services and products could change;
- the Company may lose customers which may have a significant impact on revenues;
- the Company will be dependent on the experience and skill of its management and key personnel;
- ability to promote its brand;
- the Company's growth depends in part on strategic relationships;
- the Company's ability to expand and grow its operations;
- the Company may be vulnerable to security breaches;
- government regulation of the Company's products and services;
- the Company not infringing a third party's intellectual property rights;
- the Company faces competition from larger businesses;
- the Company may require additional financing;
- product recalls may have an adverse impact on the Company;
- the Company's business is dependent on demand for coffee;
- the directors and officers may engage in business that is in conflict with the Company.
- the Common Shares of the Company are speculative and may experience high volatility on the TSX-V;
- global economic conditions may adversely affect the Company's business;
- foreign exchange rates; and
- market perception of smaller companies.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this Prospectus and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward looking statements and information contained in this Prospectus and the documents incorporated by reference herein. All forward-looking statements and information disclosed in this Prospectus are qualified by this cautionary statement.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of NEXE Innovations Inc. at 109 – 19353 22nd Ave., Surrey, BC V3Z 3S6, telephone: (604) 359-4725 or by accessing the disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**"), at www.sedar.com.

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

- the material change report dated June 2, 2020 disclosing of the completion of the Company's (formerly known as Whatcom Capital Corp.) initial public offering;
- the Filing Statement dated November 30, 2020 (the "**Filing Statement**");
- the audited annual consolidated financial statements for the fiscal years ended May 31, 2020 and 2019, together with the notes thereto and the auditor's reports thereon, which is included in the Filing Statement;
- the management's discussion and analysis of our financial condition and results of operations for the fiscal years ended May 31, 2020 and 2019, which is included in the Filing Statement;
- the material change report dated December 15, 2020 disclosing completion of the Qualifying Transaction between the Company and NEXE Innovations Inc.;
- the notice of transaction dated December 22, 2020 pursuant to section 4.9 of National Instrument 51-102 – *Continuous Disclosure Obligations*;
- the unaudited condensed consolidated interim financial statements for the six months ended November 30, 2020.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* filed by the Company with a securities commission or similar authority in any province of Canada subsequent to the date of this Prospectus and prior to the expiry of this Prospectus, or the completion of the issuance of Securities pursuant hereto, will be deemed to be incorporated by reference into this Prospectus.

A Prospectus Supplement containing the specific terms of any offering of the Securities will be delivered to purchasers of the Securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of the Securities to which that Prospectus Supplement pertains.

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

Upon our filing of a new annual information form and the related annual financial statements and management's discussion and analysis with applicable securities regulatory authorities during the duration of this Prospectus, the previous annual information form, the previous annual financial statements and management's discussion and analysis and all interim financial statements, supplemental information, material change reports and information circulars filed prior to the commencement of our financial year in which the new annual information form is filed will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of our securities under this Prospectus. Upon interim consolidated financial statements and the accompanying management's discussion and analysis and material change report being filed by us with the applicable securities regulatory authorities during the duration of this Prospectus, all interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of securities under this Prospectus.

References to our website in any documents that are incorporated by reference into this Prospectus do not incorporate by reference the information on such website into this Prospectus, and we disclaim any such incorporation by reference.

Any "template version" of any "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of a Prospectus Supplement and before the termination of the distribution of the Securities offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed to be incorporated by reference in such Prospectus Supplement.

SUMMARY DESCRIPTION OF BUSINESS

Name, Address and Incorporation

The Company was incorporated pursuant to the *Business Corporations Act* (British Columbia) on September 19, 2019 as "Whatcom Capital Corp.". On December 15, 2020, the Company changed its name to "NEXE Innovations Inc.". The Company's registered and records office is located at 704 - 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5 and its head office is located at 3204 – 4464 Markham Street, Victoria, British Columbia, Canada V8Z 7X8.

Reverse Takeover of NEXE Innovations Inc.

On December 15, 2020, the Company completed its acquisition of NEXE Innovations Inc., a private British Columbia company, ("**NEXE**") pursuant to the terms of an amalgamation agreement dated August 11, 2020, as amended, (the "**Agreement**") among the Company, the Company acquired all of the issued and outstanding securities of NEXE from NEXE's securityholders (the "**Transaction**"). Each holder of NEXE Shares received one (1) post-Consolidation common share of the Company (a "**Resulting Issuer Share**") for each NEXE Share held, each holder of NEXE Class A Preferred Shares, Series A ("**Series A Shares**") received one (1) Resulting Issuer Share for each Series A Share held, each holder of NEXE Class A Preferred Shares, Series A Preferred ("**Series A Preferred Shares**") received one (1) Resulting Issuer Share for each Series A Preferred Share held, and each holder of NEXE Class A Preferred Shares, Series 1 ("**Series 1 Shares**") received one and one-half (1.5) Resulting Issuer Shares for each Series 1 Share held. All currently outstanding convertible securities of NEXE, including NEXE share purchase warrants and NEXE stock options were exchanged or replaced with convertible securities of the Resulting Issuer based on a 1:1 ratio and on the same economic terms and conditions as previously issued.

In conjunction with closing of the Transaction, the Company completed a consolidation on the basis of two and one-half pre-consolidation common shares of the Company were exchanged for one post-consolidation common share of the Company (the "**Consolidation**"). The Company also changed its name to NEXE Innovations Inc. on closing of the Transaction (the "**Name Change**").

As the Transaction constitutes a reverse takeover, all information contained in this Prospectus relates to NEXE, being the reverse takeover acquirer.

Summary of Business

<u>Overview</u>

The Company is currently developing compostable (plant-based) single-serve coffee pods. At the Company's wholly owned facility in Surrey, British Columbia, the Company is able to roast, produce and package coffee into the Company's proprietary and fully compostable capsules, known as "NEXE PODs". Additionally, the Company has also purchased three-dimensional printers, which have been beneficial to the Company developing hundreds of iterations of the Keurig K-Cup, Nespresso, and soluble capsules. This in-house testing process contributes toward the Company developing the NEXE POD for commercialization. The Company is also developing Nespresso-sized pods as well as assessing other fully compostable packaging opportunities. The Company will continue to commercialize the NEXE POD and soluble format capsules and intends to develop the NEXE brand as the standard in fully compostable packaging. Ultimately, the Company aspires to be a leading partner to major Consumer Packaging Companies ("**CPG**") to provide compostable solutions for a variety of beverages, including coffee, tea and others.

The Company believes that the NEXE POD can eradicate the waste created by single-serve pods. The Company's goal is to attract and sustain a significant portion of the single-serve pod market, as there is a growing demand for environmentally friendly and sustainable products, brands will continue to shift to environmentally sustainable solutions for pods for Keurig and Nespresso single-serve brewing systems.

The Company's technology platform consists of the patented, fully compostable, "NEXE POD" as well as the proprietary equipment involved with the process of making the NEXE POD. Hundreds of municipalities in the European Union, Canada, and the United States are moving in the direction of introducing comprehensive compost systems, making the NEXE POD a viable alternative to the typical plastic coffee capsules out in the marketplace.

Summary of Annual Financial Information

The following table sets forth selected annual financial information about the Company for the financial years ended May 31, 2020, 2019 and 2018. Such information is derived from the Company's audited financial statements and should be read in conjunction with such financial statements, which are included in the Filing Statement.

Selected Financial Information	Year Ended May 31, 2020	Year Ended May 31, 2019	Year Ended May 31, 2018
Total revenues	-	-	-
Income from Operations	-	-	-
Total assets	$8,642,707	$5,365,292	$6,171,166
Total liabilities	$2,142,416	$1,298,020	$1,197,300
Operating Loss before other Items	$1,905,768	$1,349,191	$1,372,768
Net Loss	$2,187,603	$1,158,327	$1,130,860
Cash Dividends	-	-	-

Principal Business

Founded in 2015, the Company produces the proprietary NEXE POD, the first fully compatible single-serve beverage pod that is made of readily renewable materials for the Keurig brewing systems and is 100 percent compostable in an industrial composter. The innovative use of readily renewable materials combined with dynamic design, maintains the taste and integrity of the coffee. The NEXE POD provides a rich, great tasting, fully compostable product that will satisfy the consumer's desire to brew a single-serve hot beverage in a sustainable and environmentally friendly way and enhances the "circle economy" where there is reuse and composting.

The Company owns a fully paid for facility in Surrey, British Columbia that is 11,000 square feet. The facility is used both as the corporate headquarters and for research, development and manufacturing.

Figure 1 – The Company Facility

According to a report published by Fior Markets, the global annual single-serve coffee pod and capsule market is expected to grow from USD 15.23 billion to USD 29.2 billion by 2025 at a compound annual growth rate (CAGR) of 8.5% during the forecast period of 2018-2025[1]. Although some of these pods are recyclable, unfortunately, many of these pods are thrown in the garbage where they ultimately end up in either a landfill or in the ocean resulting in significant environmental damage. The Company's fully compostable coffee NEXE POD intends to address this issue.

The NEXE POD is fully compostable in more than 35 days, disposes with kitchen scraps, and is non-toxic. Alternatively, for those pods that are recyclable and made of polypropylene plastic, only one third of recycling programs accept these pods. Furthermore, recycling methods in place do not provide convenience to the consumer and pods must be deconstructed.

The Company believes that its patented packaging, enables it to not only enter multiple plant-based food and beverage packaging markets (soluble, creamers, ketchup, jam, etc.) but also helps prevent food waste.

The NEXE POD is manufactured from readily renewable resources that are fully compostable, biodegradable and advantageous for the environment. The dynamics inside a single-serve coffee brewer are harsh for compostable materials. There's water, high temperatures, and high pressures, all of which are the same factors, which biodegrade compostable matter. The NEXE POD does not use glue or a simple heat-sealed process that plastic conventional coffee pods use to bring together the product.

The Company's pioneering approach was manufactured using fibrous plant materials available from bamboo, bagasse and other plants, polylactic acid and poly-L-lactide and is patented with the United States Patent and Trademark Office (Patent No. 8,960,489).

The Company's technology platform consists of the patented fully compostable NEXE POD as well as the proprietary equipment involved with the process of making the NEXE PODs. The equipment developed by the Company to manufacture the NEXE POD has been highly customized by the Company.

With the Company's proprietary equipment, the Company is currently able to manufacture up to 20 million NEXE POD annual capacity in its facility but, the Company intends to increase its scale to a potential 220 million NEXE POD volume within the next few years. This volume will comprise of Nespresso format, K-Cup format, and soluble (hot chocolate, tea, etc.) markets. The Company has various strategic partnerships with various government organizations, such as the City of Surrey, innovate British Columbia, the University of British Columbia, Western Economic Diversification Canada, the National Research Council Canada, and the Natural Sciences and Engineering Research Council to name a few. In addition to the Company governmental ties, the Company has also won several awards for its technology.

Furthermore, the Company is in discussions with various commercial entities which could eventually serve as customers.

The single-serve market is growing at a rapid pace. The urgency to commercialize the Company comes from a great need for an environmentally sound alternative to waste created by current non-compostable pods. The Company is committed to the development of a solution and plan to build strategic partnerships with local roasters in the Pacific Northwest, Central Canada and California.

The Company believes that its product can eradicate the waste created by single-serve pods. The Company's long-term goal is to attain a significant portion of the single-serve pod market share by creating a culture where consumers of other brands will feel compelled switch to its environmentally sustainable solution.

<u>Principal Products or Services</u>

The Company's principal product is the NEXE POD, which can be used for single serve beverages, such as, the Nespresso format, K-Cup format and soluble (hot chocolate, tea, etc.) markets.

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[1] https://www.globenewswire.com/news-release/2020/03/16/2000705/0/en/Global-Coffee-Pod-and-Capsule-Market-is-Expected-to-Reach-USD-29-2-Billion-by-2025-Fior-Markets.html.

The Company anticipates that it will primarily focus on the sale of NEXE PODs for single serve coffee in Nespresso format and K-Cup format. The NEXE POD for the Nespresso market and the K-Cup market are near commercialization. To reach commercialization for the Nespresso market and the K-Cup market, the Company must acquire certain customized automation equipment in order to attach a filter to NEXE PODs in mass quantities. Due to delays caused by the Covid-19 pandemic, the Company anticipates this equipment will be acquired late first half of 2021. Certain coffee producers also require that the Company's facility obtain the SQFL Certification, which is anticipated in the first half of 2021.

The Company plans to also produce and sell the NEXE POD for the soluble market, which is for single serve pre-made beverages (ie. not ground coffee and instead hot chocolate, latte, tea, etc.). As of the date of this Prospectus, the NEXE POD for soluble markets is commercialized and ready for production upon receipt of purchase orders. The NEXE POD for the soluble market will be used in K-Cup machines.

In January 2021, NEXE launched its premium Xoma Superfoods line, which is intended to meet demand from the health and environmentally conscious consumers. The Xoma Superfoods line will initially consist of single serve beverages in K-Cup format and soluble markets. The Company has commenced sales of its first product, which is a superfood micro ground soluble coffee with organic MCT (medium-chain triglycerides) from coconut oil.

The Company intends to earn revenue from the sales of its fully compostable NEXE PODs to its clients as a contract manufacturer or co-packer. Although at the date of this Prospectus there have not been any sales to date, the Company is in discussions with several potential customers. Typically, what has been discussed and how the Company believes it will earn revenue is through the sale of its NEXE PODs to significant coffee companies as well as companies that have a focus on soluble formats, such as tea or hot chocolate on a negotiated volume basis. To date, the Company has signed the Kicking Horse LOU.

For example, the Company would do a commercial deal with a well-known coffee company that is interested in having fully compostable coffee pods for single-serve coffee consumption. Having a fully compostable coffee pod for these coffee companies typically fits well into these specific coffee companies' focus on sustainability, fair trade, and social consciousness.

The coffee and soluble format companies that the Company has been in discussions with are those that cater to single-serve Keurig K-Cup and Nespresso consumers.

The production concept is as follows: the coffee companies will ship their whole beans to the Company facility and the Company would grind those beans into a powder format. With the proprietary equipment at the Company facility, the Company can take the powder format and pack it into the patented NEXE PODs for mass production. The Company is able to do the same for tea and hot chocolate, for example, that it can do for coffee.

The NEXE PODs are in white label format but can be specially designed including the associated lid, carton and any packaging, for the purposes of the Company's customers. This enables the Company's customers to specifically tailor the NEXE PODs for their own marketing and branding schemes with retailers and end-consumers of their coffee.

Currently, NEXE PODs formats include: long filter (K-Cup format), short filter (K-Cup format), Nespresso format and soluble. Long and short filter and soluble format NEXE PODs all fit into the standard home and office single-serve Keurig coffee machine. The Nespresso format NEXE POD fits into the standard Nespresso single-serve coffee machine. Long filter would typically be used by K-Cup format customers which are looking for a stronger and more bold flavored coffee. The short filter K-Cup format customers would consist primarily of the major coffee chains who would resell the rebranded NEXE PODs via major grocery chains to their socially conscious coffee drinkers. Customers would typically consume tea or hot chocolate in single-serve format.

The Company intends to monetize its white label NEXE PODs by pre-negotiating a price with its coffee customers, which, is also directly correlated to the volume of NEXE PODs necessary as well as any other functionality or additional services that the Company might perform for its customers, such as with branding and marketing efforts, facilitating logistics, and potentially charging a premium for exclusivity on a particular packaging scheme.

The Company has the technology platform, the resources, the know-how and the ability to permit its coffee and soluble customers to bundle NEXE PODs for its customers' end consumers.

Going forward, the Company plans to strengthen its patent portfolio by making additional patent applications on the processes involved in the production of the NEXE POD and compostable packaging. Further, the Company sees the potential in doing licensing deals with eventual partners as well as participating in joint ventures when it makes sense with various CPG and Food and Beverage ("**F&B**") companies.

<u>Operations</u>

The Company has built and currently owns and maintains its NEXE POD technology platform, as the basis for its service offering. the Company has spent over five years developing the technology and executives of the Company have more than twenty years operating in the coffee and retail grocer industries. The technology platform consists of the patented fully compostable NEXE POD as well as the proprietary equipment involved with the process of making the NEXE PODs. Through this process, the Company is able to:

- Provide environmentally conscious customers with fully compostable NEXE PODs;
- Provide customers with long filter and short filter K-Cup Keurig compliant NEXE PODs;
- Provide customers with Nespresso-format compatible NEXE PODs;
- Provide customers with a soluble format NEXE POD for tea and hot chocolate; and
- License potential technology to various CPG and F&B companies.

The Company is currently able to serve up to 20 million NEXE POD annual capacity in its facility but is expecting delivery of additional equipment by the end of first half 2021 which should expand NEXE POD capacity to approximately 220 million potential annual NEXE PODs. By being able to do so, the Company should be able to significantly increase revenue by having the opportunity to serve larger volumes per customer and across a broader set up customers.

The Company is able to produce its soluble NEXE PODs and is selling its first soluble product under the Xoma superfoods line. Additionally, the Company is close to being able to fully-commercialize its K-Cup and Nespresso format capsules and believes that with some additional testing it should be able to enter into large quantity contracts utilizing those formats in 2021. To fully-commercialize the K-Cup and Nespresso format capsules, the Company will need to:

- install customized automation equipment, which will be delivered to its facility by late first half of 2021;
- for certain potential customers, obtain SQFL Certification at its facility, which is scheduled for first half 2021; and
- receive purchase orders from customers, which it is anticipating in the third quarter 2021.

Furthermore, as the Company continues to develop additional intellectual property, the Company believes that it will be able to engage in licensing deals with various CPG companies.

The Company's sales and business development operations are presently conducted from Surrey, British Columbia. Because the Company is based on the West Coast of North America, an environment which is a leader in socially conscious decision-making and sustainability, the Company is a great company to attract potential customers in the region that are looking for fully compostable solutions as part of their mandate. The Company believes that in addition to coffee and tea, that there could be other industry opportunities that might arise for its patented pod materials.

Attention to the Company's NEXE POD have come from "word of mouth" as well as from the media. The Company's management has also attended various investment and sustainability conferences, which has also increased the awareness of the Company. Furthermore, discussions with potential customers has also come from the founding team members' experience in the coffee industry over numerous years.

The Company currently has 12 employees, including four executives, a coffee specialist, one administrative employee, two research and development ("**R&D**") specialists, and two floor and equipment operators.

Market Position

Consumers are willing to purchase coffee machines to recreate the café style experience at home. As a result, key players in the coffee industry have introduced coffee pods that are compatible with popular machines, such as Nespresso and Keurig. According to reports, more than 25 million Keurig machines were installed into offices and homes across the United States in 2014[2]. Furthermore, consumers are also become more adept at purchasing these pods Direct to Consumer ("**DTC**") to their home. From the report "Global Coffee Pods and Capsules Market – Growth, Trends, and Forecast (2019-2024)," released in February 2020 – the number of orders placed for coffee capsules grew 53% over the past 12 months and accounted for half of all coffee orders online. Nespresso and K-Cup, by Keurig, are leading the online sales of coffee pods in the United States. Furthermore, industry reports state that coffee capsules growth is between 7-8.5% YoY[3].

Furthermore, according to the National Geographic, over 161 million tons of plastic packaging is produced globally each year. Furthermore, in 2018, National Geographic estimated that "some 18 billion pounds of plastic waste flows into the oceans every year from coastal regions" and that "40 percent of plastic produced is packaging, used just once and then discarded."[4]

Of the coffee capsules consumed every year, the majority are comprised of plastic. Although many of these pods can be recycled, many of the recyclable ones are still thrown out on a daily basis. As it is, with the rise of Environmental, Social, and Governance ("**ESG**") funds and activism, a larger spotlight is being placed on companies that do not adhere to more socially acceptable methods of business and environmental awareness. The NEXE POD aims to gain market share of this huge market as more companies and consumers adopt sustainable and socially conscious mandates.

The Company is well-situated to take advantage of the rise of the "circular economy," which promotes a business model of reuse and return of biological materials, through anaerobic digestion, such as composting. Hundreds of municipalities in the EU, Canada, and the US are moving in the direction of introducing compost systems, making the NEXE POD a more likely alternative to the typical plastic coffee capsules out in the marketplace.

The management of the Company is not aware of any material market controls or regulations that may affect the marketing of its products.

Marketing Plans and Strategies

The Company's strategy is to be a leading enabler of environmentally and sustainable packaging. The Company believes this strategic focus has several benefits, including the ability to offer best-of-breed packaging, various and diversified revenue streams, additional potential licensing and technology development by-products, and is strongly positioned within a growing and more accepted ESG initiatives.

The Company's key near term objectives are to commercialize the NEXE POD on a mass scale. The corresponding plan to accelerate growth includes the following major areas of focus:

- Commercialize NEXE PODs on a mass scale basis: Although the Company has been able to demonstrate that it can package coffee-filled NEXE PODs on a small scale, the Company is aiming to commercialize its NEXE PODs on a mass scale of hundreds of thousands of compostable capsules per month and growing in volume to meet pent-up demand. Increasing commercialization will come from both trial and error and also from the experiences of the Company's team, which currently has experienced team members from the coffee,

[2] https://www.globenewswire.com/news-release/2020/03/16/2000705/0/en/Global-Coffee-Pod-and-Capsule-Market-is-Expected-to-Reach-USD-29-2-Billion-by-2025-Fior-Markets.html
[3] https://www.nationalgeographic.com/news/2018/05/plastics-facts-infographics-ocean-pollution/
[4] https://www.natinoalgeogrpahic.com/news/2018/05/plastics-facts-infographics-ocean-pollution/

engineering, and retail grocery industries. The Company intends to hire more regional sales team members to meet future demand.

- Developing a strong pipeline of products: To expand its products pipeline and to offer more stock keeping units, the Company continuously meets with CPG and F&B executives to understand their sustainable packaging needs. The Company believes that by interacting with and understanding the pains of its potential customers, that this should be an ideal way to further commercialize new products and enable the Company to grow from coffee and tea and into other opportunities.

- Increasing its geographic scope: The Company believes that as it begins to experience success with customers on the West Coast of North America, that this success will help it gain increased traction into other geographies. Many of the potential customers that the Company is dealing with are either funded by private equity groups and entities based internationally, which should help it grow its customer base.

- Developing additional IP: The Company believes that with its existing proprietary NEXE POD and equipment that the Company will be able to develop additional intellectual property for additional beverage pods. The Company has already begun to work with a significant intellectual property consulting group that has performed an initial assessment of its potential patent portfolio. By increasing the number of patents, especially those that are inter-related, the Company believes its positioning will move add intellectual property protection in the packaging sector and intends to ensure protection of its proprietary process in making its NEXE PODs.

- Increasing ability to do licensing deals: The Company believes that by doing licensing and joint venture deals, that this will increase its revenue ability and not necessarily take the company's resources away from its current core-focus of commercializing its NEXE PODs. Licensing deals will come from its internal R&D function and enable it to not only enhance its value within the CPG segment but potentially help it realize additional revenue streams.

The Company intends to generate revenue from sales of its fully compostable pods to its customers who will then sell the NEXE PODs into their distribution channel. Volume orders will dictate pricing and exclusivity. Additionally, the Company intends to eventually license out its technology and develop a revenue stream from these opportunities as well as potential joint ventures that the Company might eventually develop with other CPG and private equity companies.

Proprietary Protection

The Company has designed, engineered and built its own technology platform, including the patented NEXE POD and the underlying equipment used to build it. The Company relies on a combination of trademarks, trade secrets, copyright laws and contractual restrictions to protect the proprietary aspects of its products and services. These legal protections afford only limited protection. The Company may selectively pursue patenting of further technology developed in the future.

The Company filed a trademark under serial no. 2027865 for the NEXE Innovations name. This application is pending examination.

The Company also owns Patent No. 8,960,489, registered with the USPTO on February 24, 2015, for the NEXE POD. The Company may file for patents regarding aspects of its pod and equipment technology, services and delivery method at a later date depending on the costs and timing associated with filing. The Company has currently applied for sixteen provisional patents with the USPTO in relation to parts of the NEXE POD, the packaging and a related system and will be considering applying for more potential patents going forward.

The Company may make investments to further strengthen its intellectual protection going forward, although no assurances can be given that it will be successful in such endeavors.

The Company seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and noncompetition agreements and by restricting access to the Company's proprietary information.

Due to rapid technological change, the Company believes that factors such as expertise and technological and creative skills of its personnel, new services and enhancements to its existing services are more important to establish and maintain an industry and technology advantage than other available legal protections.

Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that both companies regard as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce the Company's intellectual property rights or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, operating results and financial condition. There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that its competitors will not independently develop similar services or products. Any failure by the Company to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

RISK FACTORS

Investing in the Company's Securities involves a high degree of risk. In addition to the other information included, or incorporated by reference in this Prospectus or any applicable Prospectus Supplement, prospective investors should carefully consider the risks described below before purchasing the Securities. If any of the following risks actually occur, the Company's business, financial condition and results of operations could materially suffer. As a result, the trading price of the Company's Securities, including the Common Shares, could decline, and prospective investors might lose all or part of their investment. The risks set out below are not the only risks the Company faces; risks and uncertainties not currently known to the Company or that it currently deem to be immaterial may also materially and adversely affect the Company's business, financial condition and results of operations. Prospective Investors should also refer to the other information set forth or incorporated by reference in this Prospectus or any applicable Prospectus Supplement, including the Company's consolidated financial statements and related notes.

Risks Related to the Business of the Company

Negative Operating Cash Flow and Going Concern

The Company has negative cash flow from operating activities and has historically incurred net losses. There is no assurance that the Company will generate sufficient revenues in the near future. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company expects to need to raise additional funds through issuances of securities or through loan financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. The independent auditor's report on the Company's consolidated financial statements draws attention to the material uncertainty that may cast doubt on the Company's ability to continue as a going concern. Importantly, the inclusion in the Company's financial statements of a going concern opinion may negatively impact the Company's ability to raise future financing. If the Company is unable to obtain additional financing from outside sources and eventually generate enough revenues, the Company may be forced to sell a portion or all of the Company's assets, or curtail or discontinue the Company's operations. If any of these events happen, investors may lose all or part of their investment.

Limited operating history.

The Company has limited operating history. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objectives. To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, The Company's long-term viability may be materially and adversely affected. To date, the Company has generated minimal revenues.

Financial Position and Additional Needs for Liquidity and Capital

The Company is engaged in researching and developing environmentally friendly biodegradable single-serve coffee pods. Investment in environmentally friendly biodegradable consumable product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to prove marketable or become commercially viable. Operating costs are expected to increase in the near term as the Company continues product development efforts and expects to continue until such time as any future product sales, royalty payments, licensing fees, and/or milestone payments are sufficient to generate revenues to fund continuing operations. In addition, the Company's operating expenses are expected to increase compared to last year as a result of its Canadian public reporting company status. The Company is unable to predict the extent of any future losses or when this business section will become profitable, if ever. Even if the Company achieves profitability, it may not be able to sustain or increase profitability on an ongoing basis.

Going-concern risks.

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Commercialization of the NEXE PODs

Although the Company is able to manufacture and produce a NEXE POD for the soluble market, such as, its Xoma line of products, the Company has not commercialized the NEXE PODs for the Keurig and Nespresso markets. In order to commercialize the NEXE PODs for these markets, the Company will be required to acquire certain customized automation equipment that permits the commercial production (ie. sufficient number) of these NEXE PODs. Further, certain customers may require the Company to obtain SQFL Certification prior to delivering any purchase orders to the Company. If the Company is unable to acquire certain automation equipment and/or required certifications, it may not be able to properly commercialize the NEXE PODS for the Keurig and Nespresso markets.

Future performance is highly dependent upon the sales of Keurig® and Nespresso® beverage systems.

Continued acceptance and adoption of Keurig® and Nespresso® beverage systems are significant factors in The Company's growth plans. Any substantial or sustained decline in the sale of Keurig® and Nespresso® hot system brewers, failure of consumers to adopt those beverage system, would materially adversely affect The Company's business.

Litigation Risk

The Company may become party to litigation from time to time in the ordinary course of business, including, but not limited to, in connection with its operations or pursuant to the terms of any of its commercial agreements, which could adversely affect its business. Should any litigation in which the Company becomes involved be decided against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Securities and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

The Company does not intend to pay dividends in the foreseeable future.

No dividends on the Common Shares have been paid by the Company to date. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the

Board, after taking into account a multitude of factors appropriate in the circumstances, including the Company's operating results, financial condition and current and anticipated cash needs.

Intellectual Property Protection

The Company's success will depend on its ability to obtain, protect and enforce patents on its technology and products. Any patents that the Company may own or license in the future may not afford meaningful protection for its technology and products. The Company's efforts to enforce and maintain its intellectual property rights may not be successful and may result in substantial costs and diversion of management time. In addition, others may challenge patents the Company may obtain in the future and, as a result, these patents could be narrowed, invalidated or rendered unenforceable or it may be forced to stop using the technology covered by these patents or to license the technology from third parties. In addition, current and future patent applications on which the Company depends may not result in the issuance of patents. Even if the Company's rights are valid, enforceable and broad in scope, competitors may develop products based on similar technology that is not covered by the Company's patents. Further, since there is a substantial backlog of patent applications at the various patent offices, the approval or rejection of the Company and its competitors' patent applications may take several years.

In addition to patent protection, the Company also relies on copyright and trademark protection, trade secrets, knowhow, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of the Company's trade secrets and proprietary information, the Company requires its employees, consultants and advisors to execute confidentiality and proprietary information agreements. However, these agreements may not provide the Company with adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorized use or disclosure. Furthermore, like many companies in the Company's industry, the Company may from time to time hire personnel formerly employed by other companies involved in one or more areas similar to the activities the Company conducts. In some situations, the Company's confidentiality and proprietary information agreements may conflict with, or be subject to, the rights of third parties with whom its employees, consultants or advisors have prior employment or consulting relationships. Although the Company require its employees and consultants to maintain the confidentiality of all confidential information of previous employers, the Company or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations. Finally, others may independently develop substantially equivalent proprietary information and techniques, or otherwise gain access to its trade secrets. The Company's failure to protect its proprietary information and techniques may inhibit or limit its ability to exclude certain competitors from the market and execute its business strategies.

The research and development of the single-serve beverage pods has required and will continue to require a significant investment and commitment of resources, is subject to numerous risks and uncertainties, and ultimately may not prove successful.

The Company has invested and expects to continue to invest significantly in the research and development of its NEXE pod technology. Such endeavor involves significant risks and uncertainties, including, insufficient revenues to offset liabilities and expenses associated with developing and launching the single-serve beverage pods, not accurately predicting consumer tastes and the market opportunity for a beverage platform, inability to respond in a timely manner to consumer desires and demands, and unidentified issues not discovered in the Company due diligence and planning.

The Company cannot be certain that the Keurig® and Nespresso® hot system brewers will be widely accepted by consumers or that they will be willing to pay a higher price for these products. In addition, the Company may not be able to sufficiently scale or find other ways to reduce the costs of manufacturing the pods. Because the introduction of and investment in a new pod is inherently risky, no assurance can be given that the NEXE pods will ultimately be successful or that it will not materially adversely affect The Company's reputation, financial condition, and operating results.

Continued innovation and the successful development and timely launch of new platforms, products and product extensions are critical to the Company's financial results and achievement of its growth strategy.

The Company may not be successful in developing innovative new products or the new products may not be commercially successful. Additionally, new product introductions are often time sensitive, and thus failure to deliver innovations on schedule could be detrimental to the Company's ability to successfully launch such new products and retain partners, in addition to potentially harming the Company's reputation and customer loyalty. The Company's financial results and its ability to maintain or improve its competitive position will depend on its ability to effectively gauge the direction of its key marketplaces and successfully identify, develop, manufacture, market and sell new or improved products in these changing marketplaces.

Future financial results are difficult to predict, and failure to meet market expectations for the Company's financial performance or its publicly announced guidance may cause the price of its securities to decline.

As the Company and its industry evolve, the Company expects to face new challenges with respect to the introduction of innovative products and the changing competitive landscape within the single serve category and the beverage industry. These challenges can occur at various stages, including design, supply chain and sales cycle. The Company's public forecasts regarding the expected performance of the business and future operating results are forward-looking statements subject to risks and uncertainties, including the risks and uncertainties described in other public statements, and necessarily reflect current assumptions and judgments that may prove incorrect. As a result, there can be no assurance that the Company's performance will be consistent with any public forecasts or that any variation from such forecasts will not be material and adverse.

Changes in the beverage environment and retail landscape could impact the Company's financial results.

The beverage environment is rapidly evolving as a result of, among other things, changes in consumer preferences; shifting consumer tastes and needs; changes in consumer lifestyles; and competitive product and pricing pressures. In addition, the beverage retail landscape is dynamic and constantly evolving, not only in emerging and developing marketplaces, where modern trade is growing at a faster pace than traditional trade outlets, but also in developed marketplaces, where discounters and value stores, as well as the volume of transactions through e-commerce, are growing at a rapid pace. If the Company is unable to successfully adapt to the rapidly changing environment its and overall financial results could be negatively affected.

Failure to maintain strategic relationships with well-recognized brands/brand owners and private label brands could adversely impact the Company's future growth and business.

Any of the Company's strategic partners may make their own business decisions which may not align with the Company's interests. If the Company's is unable to provide an appropriate mix of incentives to its strategic partners through a combination of pricing and marketing and advertising support, or if its strategic partners are not satisfied with its brand innovation and technological or other development efforts, they may take actions, including entering into agreements with competing pod contract manufacturers or vertically integrating to manufacture their own pods. Increasing competition among pod manufacturers and the move to vertical integration may result in price compression, which could have an adverse effect on the Company's gross margins. The loss of strategic partners could also adversely impact the Company's future profitability and growth, its ability to attract additional branded or private label parties to do business with the Company or its ability to attract new customers.

Product safety and quality concerns could negatively affect the Company's business.

The Company's success depends in part on its ability to maintain consumer confidence in the safety and quality of all of its products. Product safety or quality issues, or mislabeling, actual or perceived, or allegations of product contamination or quality or safety issues, even when false or unfounded, could subject the Company to product liability and consumer claims, negative publicity, a loss of consumer confidence and trust, may require the Company from time to time to conduct costly recalls from some or all of the channels in which the affected product was distributed, could damage the goodwill associated with its brands, and may cause consumers to choose other products. Such issues could result in the destruction of product inventory, lost sales due to the unavailability of product for a period of time, and higher than anticipated rates of warranty returns and other returns of goods, all of which could cause the Company's business to suffer and affect its results of operations.

The Company's long-term purchase commitments for certain strategic materials critical for the manufacture of pods could impair its ability to be flexible in its business without penalty.

In order to ensure a continuous supply of high-quality materials some of the Company's inventory purchase obligations may long-term purchase commitments for certain strategic materials critical for the manufacture of pods. The timing of these may not always coincide with the period in which the Company needs the supplies to fulfill customer demand. This could lead to higher and more variable inventory levels and/or higher material costs.

Risks associated with acquisitions.

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company' business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

The Company in the future may invest, in new business strategies, acquisitions and/or joint ventures. New ventures are inherently risky and may not be successful. In evaluating such endeavors, the Company is required to make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. Furthermore, acquisitions and investments involve certain other risks and uncertainties, including the risks involved with entering new competitive categories or regions, the difficulty in integrating newly-acquired businesses, the challenges in achieving strategic objectives and other benefits expected from acquisitions, investments or joint ventures, the diversion of the Company's attention and resources from its operations and other initiatives, the potential impairment of acquired assets and liabilities, the performance of underlying products, capabilities or technologies and the potential loss of key employees and customers of the acquired businesses.

Risk related to technological obsolescence and difficulty in obtaining equipment.

To remain competitive, the Company will continue to invest in equipment at its facilities required for maintaining the Company's activities. Should competitors introduce new technologies, the Company recognizes its equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment, which could adversely affect an investment in the Company.

Risks related to insurance of the Company's operations.

The Company has insurance coverage that includes directors and officers' insurance and commercial insurance covering the facility and the equipment within the facility. Nevertheless, given the novelty of development of biodegradable pods and associated businesses, such insurance may become unavailable, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company. While the Company believes its insurance coverage will address all material risks to which it is exposed and could be adequate and customary in its current state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Risks related to product development and technology change.

The Company's success could be seriously affected by a competitor's ability to develop and market technologies that compete with The Company's technologies. To remain competitive, The Company must continue to enhance and improve the responsiveness, functionality and features of its technology. The single serve beverage industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render The Company's existing operations and proprietary technology and systems obsolete. There can be no assurance The Company will successfully implement new technologies and systems to meet industry standards and if unable to adapt in a timely matter, the business of The Company could be materially affected.

Risks related to profitability.

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Resulting Issuer's operations, business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to scale back or shutdown its operations, reduce its sales and marketing efforts or forego certain business opportunities, which could adversely affect an investment in the Company.

Risks related slow acceptance of products.

The marketplace may be slow to accept or understand the significance of the Company's technology due to its unique nature and the competitive landscape. If the Company is unable to promote, market and sell its products and secure relationships with partners and purchasers, the Company's business and financial condition will be adversely affected, which could adversely affect an investment in the Company.

The Company has an evolving business model and thus its services and products could change.

To stay current with the industry, the Company's business model may need to evolve as well. From time to time, it may modify aspects of the Company's business model relating to its product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage the Company's reputation, limit the Company's growth and negatively affect its operating results.

Any failure by the Company to maintain its customers would harm the Company's future operating results.

Although the Company intends to add new customers, if one or more of its larger customers becomes dissatisfied with the Company's products and services, or the Company's pricing, or ceases to do business with The Company for any other reason, the operating results of the Company would be negatively and substantially impacted.

Interruptions or delays in service from the Company's facilities could impair the delivery of the Company's services and harm its business.

The facilities may be vulnerable to damage or interruption due to floods, fires, power loss, telecommunications failures, and similar events. The facilities may also be subject to destruction, break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any damage to, or failure of, the Company's systems generally could result in stoppage interruptions in its service. Interruptions in its service may reduce its revenue, cause the Company to issue credits or pay penalties, cause customers to terminate their contracts and adversely affect the Company's renewal rate and its ability to attract new customers. The Company's business will also be harmed if its customers and potential customers believe the Company's service and product is unreliable. Despite precautions taken such as disaster recovery plans at these facilities, the occurrence of a natural disaster, an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the Company's services. Even with the disaster recovery arrangements and precautions taken at its facilities, the Company's services could be interrupted. Further, as the Company continues to grow and scale its business to meet the needs of its customers, additional burdens may be placed on its facilities. These interruptions, stoppages and burdens could adversely affect an investment in the Company.

The Company depends on highly skilled personnel to grow and operate its business, and if the Company is unable to hire, retain and motivate its personnel, the Company may not be able to grow effectively.

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and customer support representatives. The Company's ability to execute efficiently is dependent upon contributions from its employees, including its senior management team. In addition, there may occasionally be changes in the Company's senior management team that may be disruptive to its business. If the Company's senior management team, including any new hires that The Company may make, fails to work together effectively and to execute on its plans and strategies on a timely basis, its business could be harmed.

The Company's growth strategy also depends on its ability to expand its organization with highly skilled personnel. Identifying, recruiting, training and integrating qualified individuals will require significant time, expense and attention. In addition to hiring new employees, the Company must continue to focus on retaining its best employees. The Company may need to invest significant additional amounts of cash and equity to attract and retain new employees, and The Company may never realize returns on these investments. If the Company is not able to effectively add and retain employees, its ability to achieve its strategic objectives could be adversely impacted, and its business could be harmed.

If the Company is unable to maintain and promote its brand, its business and operating results may be harmed.

The Company believes that maintaining and promoting its brand is critical to expanding its customer base. Maintaining and promoting its brand will depend largely on its ability to continue to provide useful, reliable and innovative services, which the Company may not do successfully. The Company may introduce new features, products, services or terms of service that its customers do not like, which may negatively affect its brand and reputation. Maintaining and enhancing the Company's brand may require it to make substantial investments, and these investments may not achieve the desired goals. If the Company fails to successfully promote and maintain its brand or if the Company incurs excessive expenses in this effort, its business and operating results could be adversely affected.

The Company's growth depends in part on the success of its strategic relationships with third parties.

In order to grow its business, the Company anticipates that it will continue to depend on its relationships with third parties, such as alliance partners, distributors, equipment supplies, and manufacturers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be effective in providing incentives to third parties to favor their products or services, or to prevent or reduce the Company's products and services. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of current and potential customers, as its partners may no longer facilitate the adoption of The Company's products and services by potential customers.

If the Company is unsuccessful in establishing or maintaining its relationships with third parties, its ability to compete in the marketplace or to grow its revenue could be impaired, and its operating results may suffer. Even if the Company is successful, the Company cannot assure investors that these relationships will result in increased customer usage of the Company's services or increased revenue and/or profitability. Furthermore, if the Company's partners fail to perform as expected, the Company's reputation may be harmed, and its business and operating results could be adversely affected.

The expansion or development of the business, including through acquisitions, increased product offerings or other strategic growth opportunities, may cause disruptions in The Company's business, which may have an adverse effect on the Company's business, operations or financial results.

The Company may seek to expand and develop its business, including through acquisitions, increased product offerings, or other strategic growth opportunities. In the ordinary course of business, the Company may review, analyze, and evaluate various potential transactions or other activities in which it may engage. Such transactions or activities could cause disruptions in, increase risk or otherwise negatively impact its business. Among other things, such transactions and activities may:

- disrupt the Company's business relationships with its customers, depending on the nature of or counterparty to such transactions and activities;
- direct the time or attention of management away from other business operations;
- fail to achieve revenue or margin targets, operational synergies or other benefits contemplated;
- increase operational risk or volatility in the Company's business; and/or
- result in current or prospective employees experiencing uncertainty about their future roles with The Company, which might adversely affect The Company's ability to retain or attract key managers or other employees.

The Company may be vulnerable to security breaches that could adversely affect its operations, business, operations, and reputation.

The Company's infrastructure may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches. An attack attempt or security breach could potentially result in interruption or cessation of certain of The Company's services to its customers, The Company's inability to meet expected levels of service, or data transmitted over The Company's customers' networks being compromised. The Company cannot guarantee that its security measures will not be circumvented, resulting in customer network failures or interruptions that could impact its customers' network availability and have a material adverse effect on its business, financial condition, or operational results. The Company may be required to expend significant resources to protect against or recover from such threats. If an actual or perceived breach of its security occurs, the market perception of the effectiveness of its security measures could be harmed, and The Company could lose customers. Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. These attacks may be committed by The Company's employees, contractors or external actors operating from any geography. Any such events could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to The Company's reputation, negative market perception, or costly response measures, which could adversely affect its business.

Risks related to regulation by governmental authorities.

The activities of the Company may be subject to regulation by governmental authorities wherever its business is conducted. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the business, results of operations and financial condition of the Company.

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Failure to follow regulatory requirements will have a detrimental impact on the business. Timing and nature of changes in legislation cannot be predicted and could irreparably harm the business.

Risks related to protection of intellectual property rights.

The future success of the Company's business is dependent upon the intellectual property rights surrounding the technology, including trade secrets, know-how and continuing technological innovation. Although the Company will seek to protect its proprietary rights through trademark registrations and patent applications, its actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. As of the date of this Prospectus, the Company has one (1) patent and one (1) registered trademark. There can be no assurance that other companies are not investigating or developing other technologies that are similar to the technology. In addition, effective intellectual property protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate designation of the Company's technology. Any of these claims, with or without merit, could subject the Company to costly litigation. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of the Company's brand and other intangible assets may be diminished. Any of these events could have an adverse effect on the Company's business and financial results.

If third party patents or patent applications contain claims infringed by the Company's technology and these claims are valid, the Company may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly impacted. Further, the enforceability of the patents owned by the Company may be challenged and the Company's patents could be partially or wholly invalidated following challenges by third parties.

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation in the technology industry is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercializing its technology. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative technology. Defense of any lawsuit or failure to obtain any of these licenses could prevent the Company or its partners from commercializing available technology and could cause it to incur substantial expenditure.

The Company also relies on its trade secrets, which include information relating to the manufacture, development and administration of its technology. The protective measures that the Company employs may not provide adequate protection for its trade secrets. This could erode the Company's competitive advantage and materially harm its business. The Company cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that the Company will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

Risks related to competition.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The beverage industry is intensely competitive with respect to product, quality, convenience and price. The Company faces significant competition in each of its channels and marketplaces. The Company competes with major international beverage and appliance companies that operate in multiple geographic areas, as well as numerous companies that are primarily local in operation. The Company's ability to gain a share of sales in the global marketplace or in various local marketplaces or maintain or enhance its relationships with its partners and customers may be limited as a result of actions by competitors, including as a result of increased consolidation in the food and beverage industry and an increase in the number of competitive pod contract manufacturers.

Many of the Company's competitors and potential competitors are larger and have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than the Company does. With the introduction of new technologies and market entrants, the Company expects competition to continue to intensify in the future. If the Company fails to compete effectively, its business will be harmed. For these reasons, the Company may not be able to compete successfully against its current and future competitors.

Some of the Company's current and potential competitors have significantly greater resources and better competitive positions in certain markets than the Company does. These factors may allow the Company's competitors to respond more effectively than the Issuer to new or emerging technologies and changes in market requirements. The Company's competitors may develop products, features, or services that are similar to the Company or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against the Company. As a result, the Company's competitors may acquire and engage users at the expense of the growth or engagement of its user base, which may negatively affect the Company's business and financial results.

The Company believes that its ability to compete effectively depends upon many factors both within and beyond the Company's control, including:

- the usefulness, ease of use, performance, and reliability of the Company's products and services compared to its competitors;
- customer service and support efforts;
- marketing and selling efforts;
- The Company's financial condition and results of operations;
- changes mandated by legislation, regulatory authorities, or litigation, some of which may have a disproportionate effect on the Company;
- acquisitions or consolidation within the Company's industry, which may result in more formidable competitors;
- The Company's ability to attract, retain, and motivate talented employees and consultants;
- The Company's ability to cost-effectively manage and grow its operations; and
- The Company's reputation and brand strength relative to that of its competitors.

Risks related to management of growth.

The Company may in the future, experience rapid growth and development in a relatively short period of time by aggressively marketing its products and services. The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

If the Company is not able to build and sustain proper information technology infrastructure or successfully implement its business transformation initiative, its business could suffer.

The Company depends on information technology to improve the effectiveness of operations, to interface with its customers, to maintain financial accuracy and efficiency, to comply with regulatory financial reporting, legal and tax requirements, and for digital marketing activities and online communication among its locations and between its personnel and the personnel of its contract manufacturers, suppliers or other third-party partners. If the Company does not allocate and effectively manage the resources necessary to build and sustain the proper information technology infrastructure, it could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions, the loss of or damage to intellectual property, or the loss of sensitive or confidential data through security breach or otherwise.

Additional financing requirements and access to capital.

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. The Company may require additional funds for further research and development, sales and marketing, operations, working capital, and general corporate purposes. The Company may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other companies, government grants and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to the Company. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail, or discontinue operations.

Product recalls and/or product liability may adversely impact the Company.

The Company will be subject to regulation by a variety of regulatory authorities. In the event that the Company, does not adhere to product safety requirements or its quality control standards, it might not identify a deficiency before its ships its products to customers. The failure to produce products that adhere to the Company's quality control standards could damage its reputation and brands and lead to customer litigation against the Company and the Company may be required to remove or recall those products at a substantial cost. The Company may be unable to recover costs related to product recalls.

Company's business is highly dependent on sales of coffee, and if demand for coffee decreases, its business would suffer.

Because the Company is highly dependent on consumer demand for coffee, a shift in consumer preferences away from coffee or its product offerings would harm the business more than if it had more diversified product offerings. If customer demand for coffee decreases, its sales would decrease and the Company would be materially adversely affected.

Future revenues are dependent on demand for coffee. Demand for coffee and demand for single-cup brewing systems is affected by many factors, including:

- Changes in consumer tastes and preferences;
- Changes in consumer lifestyles;
- National, regional and local economic conditions;
- Perceptions or concerns about the environmental impact of the products;
- Demographic trends; and
- Perceived or actual health benefits or risks.

Risks related to volatility of share price, absence of dividends and fluctuation of operating results.

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, and other factors could have a significant effect on the share price or trading volumes for the Company Shares. The Company has not paid dividends to date and the Company does not expect to pay dividends in the foreseeable future.

Risks related to equity dilution to shareholders.

The issuance of any equity securities could, and the issuance of any additional shares will, cause the Company's existing shareholders to experience dilution of their ownership interests.

Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's Shares.

Risks related to use of proceeds.

Although the Company has set out its intended use of proceeds in this Prospectus, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Issuer's business, including the Company's ability to achieve its stated business objectives.

Risks related to global economic and financial deterioration impeding access to capital or increasing the cost of capital.

Market events and conditions, including disruption in the Canadian, U.S. and international financial markets and other financial systems and the deterioration of Canadian, U.S. and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the market area in which the Company will participate.

Risks related to reporting issuer status.

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Economic environment and global economic risk.

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability.

Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's Shares on the stock exchange.

Business interruptions resulting from the COVID-19 outbreak or similar public health crises could cause a disruption

to the development and distribution of products and adversely impact business.

Public health crises such as pandemics or similar outbreaks could adversely impact the Company's business. In December 2019, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes COVID-19 surfaced in Wuhan, China and has reached multiple other regions and countries, including Surrey, British Columbia, Canada where the Company's primary office and facility is located. The coronavirus pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The extent to which the coronavirus impacts the Company's operations or those of third-party partners, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that will emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. The continued spread of COVID-19 globally could adversely impact the Company's product distribution, business relationships and sales, both locally and internationally. COVID-19 may also affect the Company's management personnel and employees as well as employees of third-parties located in affected geographies that it relies upon.

Risks Related to the Securities of the Company

Future sales or issuances of debt or equity securities could decrease the value of any existing Common Shares, dilute investors' voting power, reduce our earnings per share and make future sales of our equity securities more difficult.

We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities) and may issue additional equity securities to finance operations, acquisitions or other projects. We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to securityholders. Exercises of presently outstanding share options may also result in dilution to securityholders.

Our board of directors (the "**Board**") has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, our shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that we will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of our Common Shares at prices less than the current market price for the Common Shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so. Sales of our Common Shares by shareholders might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

The Common Share price has experienced volatility and may be subject to fluctuation in the future based on market conditions.

Our Common Shares are listed and posted for trading on the TSX-V under the symbol "NEXE" and on the OTC Markets Platform under the symbol "NEXNF". An investment in the Company's securities is highly speculative. The market prices for the securities of pharmaceutical companies, including our own, have historically been highly volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the financial performance or prospects of any particular company. In addition, because of the nature of our business, certain factors such as our announcements, competition from new therapeutic products or technological innovations, governmental regulations, fluctuations in our operating results, results of clinical trials, public concern regarding the safety of drugs generally, general market conductions, developments in patent and proprietary rights, the Company's financial condition or results of operations as reflected in our quarterly and annual financial statements, our operating performance and the performance of competitors and other similar companies, changes in earnings estimates or recommendations by research analysts who track our securities or securities of other companies in the life sciences sector, general market conditions, announcements relating to litigation, the arrival or departure of key personnel and the factors listed under the heading

"*Cautionary Statement Regarding Forward-Looking Statements*" can have an adverse impact on the market price of our Common Shares.

Any negative change in the public's perception of our prospects could cause the price of our securities, including the price of our Common Shares, to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of life sciences companies in general could depress the price of our securities, including the price of our Common Shares, regardless of our results. In the past, following declines in the market price of a company's securities, securities class-action litigation often has been instituted against the company. Litigation of this type, if instituted, could result in substantial costs and a diversion of our management's attention and resources.

The Company will have broad discretion over the use of the net proceeds of an offering of its securities and it may not use these proceeds in a manner desired by its shareholders.

While detailed information regarding the use of proceeds from the sale of our securities will be described in the applicable Prospectus Supplement, the Company will have broad discretion over the use of the net proceeds from an offering by the Company of its securities. Because of the number and variability of factors that will determine the Company's use of such proceeds, the Company's ultimate use might vary substantially from its planned use. Prospective investors may not agree with how the Company allocates or spends the proceeds from an offering of its securities. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of its securities, including the market value of its Common Shares, and that may increase its losses.

There is no assurance of a sufficient liquid trading market for the Company's Common Shares in the future.

Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Company's Common Shares on the trading market, and that the Company will continue to meet the listing requirements of the TSX-V or achieve listing on any other public listing exchange.

There is currently no market through which our securities, other than the Common Shares, may be sold.

There is currently no market through which our securities, other than the Common Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, debt securities, subscription receipts, units or warrants will not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell debt securities, subscription receipts, units or warrants purchased under this Prospectus. This may affect the pricing of our securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for our securities, other than the Common Shares, will develop or, if developed, that any such market, including for the Common Shares, will be sustained.

The debt securities will be unsecured and will rank equally in right of payment with all of the future unsecured debt.

Unless otherwise indicated in the applicable Prospectus Supplement, the debt securities will be unsecured and will rank equally in right of payment with all of our other existing and future unsecured debt. The debt securities will be effectively subordinated to all of our existing and future secured debt to the extent of the assets securing such debt. If we are involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of unsecured debt securities, including the debt securities. In that event, a holder of debt securities may not be able to recover any principal or interest due to it under the debt securities. See "*Description of Debt Securities*".

USE OF PROCEEDS

Available Funds

As at February 28, 2021, the Company has a working capital of approximately $17,784,000. Accordingly, the Company has sufficient funds to carry out the existing business objectives set forth under "Business Objectives" below.

Business Objectives

Business Objectives with Available Funds

Over the next twelve months, the Company's existing business objectives include the following:

- Complete the commercialization of the NEXE Pods for the Keurig, Nespresso and compatible brewing systems.
- Increase Production Capacity from current 20 million units to up to 420 million units through the acquisition of additional customized automation and molding equipment. The Company anticipates the cost of this business objective to be $8,120,000.
- Expansion of sales team as well as sales and marketing initiatives to support the increase in production. The Company has allocated a budget of $2,000,000 for expanding the sales and marketing team.
- Create new product lines utilizing the Company's proprietary compostable packaging technology. The Company has allocated a budget of $2,000,000 for creating new product lines.

As the Company has a working capital of $17,784,000 as at February 28, 2021, the Company's working capital is sufficient to meet the costs of the above noted business objectives.

Business Objectives with net proceeds from the issuance of Securities under this Prospectus

The Company's business objectives over the next twelve months with the proceeds of the issuance of Securities under this Prospectus will be to fully integrate the Company's production and expand its operations:

- Expansion of operations to Ontario and/or mid-western United States by establishing a facility of up to 250,000 sq. ft.
- Increase Production Capacity from current 420 million units to up to 800 million units through the acquisition of additional customized automation.
- Fully automate (vertically integrate) the production of up to 800 million units by purchasing the necessary equipment and robotics to produce the compounds (plant resin) of the NEXE Pods as well as pre-assemble and mold all NEXE Pods at its facility.
- Expansion of sales team as well as sales and marketing initiatives to support the increase in production.
- Potential acquisitions for manufacturing own automation lines and vertically integrate the supply chain.
- Potential acquisitions to acquire premium coffee brands.
- Acquire additional mold making equipment to ensure rapid development of new products.

The anticipated expenditures of these business objectives is set out in the section below titled "Use of Proceeds".

Use of Proceeds

Unless we otherwise indicate in a Prospectus Supplement relating to a particular offering, we currently intend to use the net proceeds from the sale of our securities for the advancement of the business objectives outlined below.

Business Objective	**Anticipated Expenditure**
Completion of a new facility(ies) in Ontario and/or mid-western United States of approximately 250,000 sq. ft. As part of the set-up of the new facilities, the Company anticipates the purchase of new roaster, grinder and supply chain equipment and new hires.	Approximately $10,000,000
Acquisition of additional customized automation to scale up production to up to 800 million units.	Approximately $8,000,000
Acquisition of equipment and robotics to fully automate (vertically integrate) the production of up to 800 million units.	Approximately $27,000,000
New hires for sales and advertising to market products	Approximately $8,000,000
Acquisition of companies for customized automation equipment and supply chains	Approximately $10,000,000
Acquisition of existing coffee brands	Approximately $10,000,000
Development of new products under in-house brands, such as, products under the Xoma Superfoods line.	Approximately $9,000,000
Research and development of new compostable products (ie. not NEXE pods)	Approximately $10,000,000
Unallocated Working Capital	Approximately $8,000,000

In order to raise additional funds to finance future growth opportunities, the Company may, from time to time, issue Securities (including Debt Securities). More detailed information regarding the use of proceeds from the sale of Securities, including any determinable milestones at the applicable time, will be described in a Prospectus Supplement. The Company may also, from time to time, issue Securities otherwise than pursuant to a Prospectus Supplement to this Prospectus. See also "*Risk Factors – Negative Operating Cash Flow and Going Concern*".

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at October 31, 2020,being the date of the most recently filed annual financial statements prior to the Company completing its acquisition of NEXE. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at October 31, 2020[(1)]	**As at the date of this Prospectus**[(1)]
Total Common Shares Outstanding	4,000,000	77,496,588
Total Warrants Outstanding[(2)]	150,000	11,433,092
Total Options Outstanding	160,000	5,337,548

Note
(1) On December 15, 2020, Whatcom Capital Corp. effected the Consolidation (as defined herein). All references to Common Shares, including those issuable on exercise of convertible securities, in the table above as of the date of this Prospectus are disclosed on a post-Consolidation basis.

(2) Total warrants outstanding consists of: (i) 760,000 performance share purchase warrants exercisable at $0.35 per share; (ii) 4,051,879 share purchase warrants exercisable at $1.00 per share, (iii) 5,975,352 share purchase warrants exercisable at $1.10 per share, (iv) 417,606 share purchase warrants exercisable at $0.80 per share and (v) 238,255 share purchase warrants exercisable at $0.65 per share.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

PRIOR SALES

During the 12-month period before the date of this Prospectus, the Company completed the following issuances of Securities:

Date of Sale or Grant	Issue or Exercise Price	Number of Common Shares(1)
June 2, 2020	$0.25	1,500,000
June 2, 2020	$0.25	1,500,000
December 15, 2020	$0.80(1)	43,283,035
December 15, 2020	$0.80	11,437,500
December 15, 2020	$0.80	6,273,203
December 15, 2020	$1.10	101,125
December 24, 2020	$1.00	182,202
December 29, 2020	$1.00	25,000
December 30, 2020	$1.00	58,047
December 31, 2020	$1.00	321,500
January 4, 2021	$0.80(2)	1,375,000
January 4, 2021	$1.00(2)	10,000
January 7, 2021	$1.00(2)	32,500
January 8, 2021	$1.00(2)	25,000
January 11, 2021	$1.00(2)	17,500
January 12, 2021	$1.00(2)	20,000
January 13, 2021	$1.00(2)	146,875
January 14, 2021	$1.00(2)	12,500
January 18, 2021	$1.00(2)	105,000
January 19, 2021	$0.80(2)	40,584
January 19, 2021	$1.00(2)	176,250
January 19, 2021	$1.10(2)	31,923
January 20, 2021	$0.25(2)	55,214
January 20, 2021	$1.10(2)	101,125
January 20, 2021	$1.00(2)	164,250
January 21, 2021	$0.25(2)	55,214
January 21, 2021	$1.00(2)	306,625

January 22, 2021	$1.00(2)	118,750
January 25, 2021	$0.80(2)	66,100
January 25, 2021	$1.00(2)	158,750
January 26, 2021	$1.00(2)	267,500
January 26, 2021	$1.10(2)	110,000
January 27, 2021	$1.00(2)	12,500
January 29, 2021	$1.00(2)	72,500
February 1, 2021	$1.00(2)	20,000
February 2, 2021	$0.65(2)	11,770
February 2, 2021	$0.80(2)	71,379
February 2, 2021	$1.00(2)	164,687
February 2, 2021	$1.10(2)	387,606
February 4, 2021	$1.00(2)	125,000
February 8, 2021	$0.35(2)	240,000
February 8, 2021	$1.00(2)	277,900
February 8, 2021	$1.10(2)	15,000
February 8, 2021	$0.80(2)	5,000
February 9, 2021	$0.25(2)	5,004
February 9, 2021	$1.00(2)	83,850
February 9, 2021	$1.10(2)	118,260
February 9, 2021	$0.80(2)	4,650
February 10, 2021	$0.65(2)	19,881
February 10, 2021	$0.80(2)	19,014
February 10, 2021	$1.00(2)	1,230,575
February 10, 2021	$1.10(2)	795,600
February 10, 2021	$0.25(2)	151,595
February 12, 2021	$0.65(2)	7,884
February 12, 2021	$0.80(2)	105,740
February 12, 2021	$1.10(2)	60,375
February 12, 2021	$1.00(2)	64,350
February 12, 2021	$0.25(2)	57,950
February 16, 2021	$0.80(2)	56,392
February 16, 2021	$1.10(2)	320,242
February 16, 2021	$1.00(2)	174,137
February 17, 2021	$1.00(2)	10,000
February 18, 2021	$1.00(2)	30,000
February 19, 2021	$1.00(2)	412,875

February 19, 2021	$1.10(2)	121,328
February 19, 2021	$0.80(2)	7,634
February 22, 2021	$1.00(2)	122,575
February 22, 2021	$1.10(2)	58,841
February 22, 2021	$0.65(2)	10,640
February 23, 2021	$1.00(2)	25,000
February 24, 2021	$0.65(2)	49,842
February 24, 2021	$1.10(2)	43,076
February 24, 2021	$1.00(2)	200,500
February 24, 2021	$0.35(2)	200,000
February 24, 2021	$0.80(2)	98,903
February 26, 2021	$0.65(2)	30,514
February 26, 2021	$1.10(2)	3,846
February 26, 2021	$1.00(2)	3,000
February 26, 2021	$0.35(2)	375,000
February 26, 2021	$0.80(2)	94,654
February 26, 2021	$0.25(2)	40,000
March 4, 2021	$1.10(2)	38,000
March 4, 2021	$1.00(2)	50,000
March 4, 2021	$0.35(2)	300,000
March 4, 2021	$0.80(2)	6,325
March 8, 2021	$1.10(2)	73,361
March 8, 2021	$1.00(2)	6,250
March 11, 2021	$1.00(2)	135,000
March 11, 2021	$0.65(2)	3,692
March 11, 2021	$0.80(2)	2,500
March 17, 2021	$1.10(2)	25,706
March 17, 2021	$0.53(3)	106,472
March 19, 2021	$0.25(2)	14,160
March 19, 2021	$1.10(2)	32,701

Notes

(1) On December 15, 2020, Whatcom Capital Corp. effected the Consolidation (as defined herein). All references to Common Shares, including those issuable on exercise of convertible securities, in the table above as of the date of this Prospectus are disclosed on a post-Consolidation basis.

(2) Common Shares issued upon exercise of warrants.

(3) Common Shares issued upon exercise of stock options.

TRADING PRICE AND VOLUME

The Company's Common Shares are listed and posted for trading on the TSX-V under the symbol "NEXE". Trading price and volume of the Company's securities will be provided as required for all of our Common Shares, as applicable, in each Prospectus Supplement to this Prospectus.

EARNINGS COVERAGE RATIOS

If the Company offers Debt Securities having a term to maturity in excess of one year under this Prospectus and any applicable Prospectus Supplement, the applicable Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such securities.

DESCRIPTION OF COMMON SHARES

As of the date of this Prospectus, the authorized capital of the Company consisted of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 77,496,588 Common Shares are issued and outstanding.

Each Common Share entitles the holder thereof to one vote at any meeting of our shareholders. The holders of Common Shares are entitled to receive if, as and when declared by the Board, dividends in such amounts as shall be determined by the Board. The holders of Common Shares have the right to receive the Company's remaining property and assets in the event of a liquidation, dissolution or winding-up, whether voluntary or involuntary. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

DESCRIPTION OF PREFERRED SHARES

The Company is not currently authorized to issue Preferred Shares. Subject to obtaining all necessary corporate and regulatory approvals and amending the Notice of Articles of the Company to authorize the creation and issuance of Preferred Shares, in one or more classes or series, in accordance with the provisions of the BCBCA, the Board may fix from time to time before each issuance of a class or series of Preferred Shares, the number of Preferred Shares comprising each class or series and the designation, rights, privileges, restrictions and conditions attaching to each class or series of Preferred Shares including, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions. Unless otherwise indicated in the applicable Prospectus Supplement, all Preferred Shares to be issued from time to time under this Prospectus will be fully paid and non-assessable.

The particular terms and provisions of the Preferred Shares as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Preferred Shares, and the extent to which the general terms and provisions described below may apply to such Preferred Shares will be described in the applicable Prospectus Supplement. Preferred Shares may be offered separately or together with other Securities, as the case may be.

The Preferred Shares of each class or series will be entitled, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Company, or any other return of capital or distribution, to a preference over the Common Shares and over any other shares of the Company ranking by their terms junior to the Preferred Shares of that class or series. The Prospectus Supplement relating to the Preferred Shares offered will contain a description of the specific terms of that class or series of Preferred Shares as fixed by the Board, including, as applicable:

- The number of Preferred Shares offered and the offering price of the Preferred Shares;
- The designation and any stated value of the Preferred Shares;
- The dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation of such rates, periods or dates applicable to the Preferred Shares;
- The date from which dividends on the Preferred Shares will accumulate, if applicable;

- The liquidation rights of the Preferred Shares;
- The procedures for auction and remarketing, if any, of the Preferred Shares;
- The sinking fund provisions, if applicable, for the Preferred Shares;
- The redemption provisions, if applicable, for the Preferred Shares;
- Whether the Preferred Shares will be convertible into or exchangeable for other securities and, if so, the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio and the conversion or exchange period (or the method of determining the same);
- Whether the Preferred Shares will have voting rights and terms of any voting rights;
- Whether the Preferred Shares will be listed on any securities or stock exchange or any automated dealer quotation system;
- Whether the Preferred Shares will be issued with any other securities and, if so, the amount and terms of these securities; and
- Any other specific terms, preferences or rights of, or limitations or restrictions on, the Preferred Shares.

The applicable Prospectus Supplement will also contain a discussion of any material Canadian income tax consideration relevant tot eh purchase and ownership of the Preferred Shares offered by the Prospectus Supplement.

DESCRIPTION OF DEBT SECURITIES

The following description of the terms of debt securities sets forth certain general terms and provisions of debt securities in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of debt securities offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such debt securities. Prospective investors should rely on information in the applicable Prospectus Supplement if it is different from the following information.

Debt securities may be offered separately or in combination with one or more other securities of the Company. The Company may, from time to time, issue debt securities and incur additional indebtedness other than through the issue of debt securities pursuant to this Prospectus.

The debt securities will be issued under one or more indentures (each, a "**Trust Indenture**"), in each case between the Company and a financial institution or trust company organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a "**Trustee**").

The following description sets forth certain general terms and provisions of the debt securities and is not intended to be complete. The particular terms and provisions of the debt securities and a description of how the general terms and provisions described below may apply to the debt securities will be included in the applicable Prospectus Supplement. The following description is subject to the detailed provisions of the applicable Trust Indenture. Accordingly, reference should also be made to the applicable Trust Indenture, a copy of which will be filed by the Company with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions, after it has been entered into, and will be available electronically at www.sedar.com.

General

The applicable Trust Indenture will not limit the aggregate principal amount of debt securities that may be issued under such Trust Indenture and will not limit the amount of other indebtedness that the Company may incur. The applicable Trust Indenture will provide that the Company may issue debt securities from time to time in one or more series and may be denominated and payable in U.S. dollars, Canadian dollars or any foreign currency. Unless otherwise indicated in the applicable Prospectus Supplement, the debt securities will be unsecured obligations of the Company.

The Company may specify a maximum aggregate principal amount for the debt securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of debt securities may be reopened for issuance of additional debt securities of such series. The applicable Trust Indenture will also permit the Company to increase the principal amount of any series of the debt securities previously issued and to issue that increased principal amount.

Any Prospectus Supplement for debt securities supplementing this Prospectus will contain the specific terms and other information with respect to the debt securities being offered thereby, including, but not limited to, the following:

- the designation, aggregate principal amount and authorized denominations of such debt securities;
- the percentage of principal amount at which the debt securities will be issued;
- whether payment on the debt securities will be senior or subordinated to other liabilities or obligations of the Company;
- whether the payment of the debt securities will be guaranteed by any other person;
- the date or dates, or the methods by which such dates will be determined or extended, on which the Company may issue the debt securities and the date or dates, or the methods by which such dates will be determined or extended, on which the Company will pay the principal and any premium on the debt securities and the portion (if less than the principal amount) of debt securities to be payable upon a declaration of acceleration of maturity;
- whether the debt securities will bear interest, the interest rate (whether fixed or variable) or the method of determining the interest rate, the date from which interest will accrue, the dates on which the Company will pay interest and the record dates for interest payments, or the methods by which such dates will be determined or extended;
- the place or places the Company will pay principal, premium, if any, and interest, if any, and the place or places where debt securities can be presented for registration of transfer or exchange;
- whether and under what circumstances the Company will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the debt securities, and whether and on what terms the Company will have the option to redeem the debt securities rather than pay the additional amounts;
- whether the Company will be obligated to redeem or repurchase the debt securities pursuant to any sinking or purchase fund or other provisions, or at the option of a holder, and the terms and conditions of such redemption;
- whether the Company may redeem the debt securities at its option and the terms and conditions of any such redemption;
- the denominations in which the Company will issue any registered and unregistered debt securities;
- the currency or currency units for which debt securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars) or if payments on the debt securities will be made by delivery of Common Shares or other property;
- whether payments on the debt securities will be payable with reference to any index or formula;
- if applicable, the ability of the Company to satisfy all or a portion of any redemption of the debt securities, any payment of any interest on such debt securities or any repayment of the principal owing upon the maturity of such debt securities through the issuance of securities of the Company or of any other entity, and any restriction(s) on the persons to whom such securities may be issued;
- whether the debt securities will be issued as global securities (defined below) and, if so, the identity of the depositary for the global securities;
- whether the debt securities will be issued as unregistered securities (with or without coupons), registered securities or both;
- the periods within which and the terms and conditions, if any, upon which the Company may redeem the debt securities prior to maturity and the price or prices of which, and the currency or currency units in which, the debt securities are payable;
- any events of default or covenants applicable to the debt securities;
- any terms under which debt securities may be defeased, whether at or prior to maturity;
- whether the holders of any series of debt securities have special rights if specified events occur;
- any mandatory or optional redemption or sinking fund or analogous provisions;
- the terms, if any, for any conversion or exchange of the debt securities for any other securities;
- rights, if any, on a change of control;
- provisions as to modification, amendment or variation of any rights or terms attaching to the debt securities;
- the Trustee under the Trust Indenture pursuant to which the debt securities are to be issued;
- whether the Company will undertake to list the debt securities of the series on any securities exchange or automated interdealer quotation system; and
- any other terms, conditions, rights and preferences (or limitations on such rights and preferences) including covenants and events of default which apply solely to a particular series of the debt securities being offered which do not apply generally to other debt securities, or any covenants or events of default generally applicable to the debt securities which do not apply to a particular series of the debt securities.

The Company reserves the right to include in a Prospectus Supplement specific terms pertaining to the debt securities which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the debt securities described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such debt securities.

Unless stated otherwise in the applicable Prospectus Supplement, no holder of debt securities will have the right to require the Company to repurchase the debt securities and there will be no increase in the interest rate if the Company becomes involved in a highly leveraged transaction or has a change of control.

The Company may issue debt securities bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, and offer and sell these securities at a discount below their stated principal amount. The Company may also sell any of the debt securities for a foreign currency or currency unit, and payments on the debt securities may be payable in a foreign currency or currency unit. In any of these cases, the Company will describe certain Canadian federal income tax consequences and other special considerations in the applicable Prospectus Supplement.

Unless otherwise indicated in the applicable Prospectus Supplement, the Company may issue debt securities with terms different from those of debt securities previously issued and, without the consent of the holders thereof, reopen a previous issue of a series of debt securities and issue additional debt securities of such series.

Ranking and Other Indebtedness

Unless otherwise indicated in an applicable Prospectus Supplement, the debt securities will be direct unsecured obligations of the Company. The debt securities will be senior or subordinated indebtedness of the Company as described in the applicable Prospectus Supplement. If the debt securities are senior indebtedness, they will rank equally and rateably with all other unsecured indebtedness of the Company from time to time issued and outstanding which is not subordinated. If the debt securities are subordinated indebtedness, they will be subordinated to senior indebtedness of the Company as described in the applicable Prospectus Supplement, and they will rank equally and rateably with other subordinated indebtedness of the Company from time to time issued and outstanding as described in the applicable Prospectus Supplement. The Company reserves the right to specify in a Prospectus Supplement whether a particular series of subordinated debt securities is subordinated to any other series of subordinated debt securities.

The Board may establish the extent and manner, if any, to which payment on or in respect of a series of debt securities will be senior or will be subordinated to the prior payment of our other liabilities and obligations and whether the payment of principal, premium, if any, and interest, if any, will be guaranteed by any other person and the nature and priority of any security.

Registration of Debt Securities

Debt Securities in Book Entry Form

Unless otherwise indicated in an applicable Prospectus Supplement, debt securities of any series may be issued in whole or in part in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**Depositary**") or its nominee and held by or on behalf of the Depositary in accordance with the terms of the applicable Trust Indenture. The specific terms of the depositary arrangement with respect to any portion of a series of debt securities to be represented by a Global Security will, to the extent not described herein, be described in the Prospectus Supplement relating to such series. The Company anticipates that the provisions described in this section will apply to all depositary arrangements.

Upon the issuance of a Global Security, the Depositary or its nominee will credit, in its book-entry and registration system, the respective principal amounts of the debt securities represented by the Global Security to the accounts of such participants that have accounts with the Depositary or its nominee ("**Participants**"). Such accounts are typically designated by the underwriters, dealers or agents participating in the distribution of the debt securities or by the Company if such debt securities are offered and sold directly by the Company. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold beneficial interests through Participants. With respect to the interests of Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by the Depositary or its nominee. With respect to the interests of persons other than Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by Participants or persons that hold through Participants.

So long as the Depositary for a Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by such Global Security for all purposes under the applicable Trust Indenture and payments of principal, premium, if any, and interest, if any, on the debt securities represented by a Global Security will be made by the Company to the Depositary or its nominee. The Company expects that the Depositary or its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown on the records of such Depositary or its nominee. The Company also expects that payments by Participants to owners of beneficial interests in a Global Security held through such Participants will be governed by standing instructions and customary practices and will be the responsibility of such Participants. Conveyance of notices and other communications by the Depositary to direct Participants, by direct Participants to indirect Participants and by direct and indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of debt securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the debt securities, such as redemptions, tenders, defaults and proposed amendments to the Trust Indenture.

Owners of beneficial interests in a Global Security will not be entitled to have the debt securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such debt securities in certificated non-book-entry form, and will not be considered the owners or holders thereof under the applicable Trust Indenture, and the ability of a holder to pledge a debt security or otherwise take action with respect to such holder's interest in a debt security (other than through a Participant) may be limited due to the lack of a physical certificate.

No Global Security may be exchanged in whole or in part for debt securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depositary for such Global Security or any nominee of such Depositary unless: (i) the Depositary is no longer willing or able to discharge properly its responsibilities as depositary and the Company is unable to locate a qualified successor; (ii) the Company at its option elects, or is required by law, to terminate the book-entry system through the Depositary or the book-entry system ceases to exist; or (iii) if provided for in the Trust Indenture, after the occurrence of an event of default thereunder (provided the Trustee has not waived the event of default in accordance with the terms of the Trust Indenture), Participants acting on behalf of beneficial holders representing, in aggregate, a threshold percentage of the aggregate principal amount of the debt securities then outstanding advise the Depositary in writing that the continuation of a book-entry system through the Depositary is no longer in their best interest.

If one of the foregoing events occurs, such Global Security shall be exchanged for certificated non-book-entry debt securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the Depositary may direct.

The Company, any underwriters, dealers or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for (i) records maintained by the Depositary relating to beneficial ownership interests in the debt securities held by the Depositary or the book-entry accounts maintained by the Depositary, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to the Depositary and contained in this Prospectus or in any Prospectus Supplement or Trust Indenture with respect to the rules and regulations of the Depositary or at the direction of Depositary Participants.

Unless otherwise stated in the applicable Prospectus Supplement, CDS Clearing and Depository Services Inc. or its successor will act as Depositary for any debt securities represented by a Global Security.

Debt Securities in Certificated Form

A series of the debt securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Unless otherwise indicated in the applicable Prospectus Supplement, unregistered securities will have interest coupons attached.

In the event that the debt securities are issued in certificated non-book-entry form, and unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest, if any, on the debt securities (other than a Global Security) will be made at the office or agency of the Trustee or, at the option of the Company, by the Company by way of cheque mailed or delivered to the address of the person entitled at the address appearing in the security register of the Trustee or electronic funds wire or other transmission to an account of the person entitled to receive such payments. Unless otherwise indicated in the applicable Prospectus Supplement, payment of interest, if any, will be made to the persons in whose name the debt securities are registered at the close of business on the day or days specified by the Company.

At the option of the holder of debt securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount and tenor. If, but only if, provided in an applicable Prospectus Supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Trust Indenture. Unless otherwise specified in an applicable Prospectus Supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable Prospectus Supplement may indicate the places to register a transfer of the debt securities in definitive form. Except for certain restrictions to be set forth in the Trust Indenture, no service charge will be payable by the holder for any registration of transfer or exchange of the debt securities in definitive form, but the Company may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

DESCRIPTION OF WARRANTS

General

This section describes the general terms that will apply to any warrants for the purchase of Common Shares, or equity warrants, or for the purchase of debt securities, or debt warrants.

Warrants may be issued independently or together with other securities, and warrants sold with other securities may be attached to or separate from the other securities. Warrants will be issued under one or more warrant agency agreements to be entered into by the Company and with one or more financial institutions or trust companies acting as warrant agent.

The Company will deliver an undertaking to the securities regulatory authority in each of the provinces of British Columbia and Alberta that it will not distribute warrants that, according to the aforementioned terms as described in the applicable Prospectus Supplement for warrants supplementing this Prospectus, are “novel” specified derivatives within the meaning of Canadian securities legislation, separately to any member of the public in Canada, unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless such Prospectus Supplement containing the specific terms of the warrants to be distributed separately is first approved by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the warrants will be distributed.

This summary of some of the provisions of the warrants is not complete. The statements made in this Prospectus relating to any warrant agreement and warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement. Prospective Investors should refer to the warrant indenture or warrant agency agreement relating to the specific warrants being offered for the complete terms of the warrants. A copy of any warrant indenture or warrant agency agreement relating to an offering or warrants will be filed by the Company with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions, after it has been entered into, and will be available electronically at www.sedar.com.

The applicable Prospectus Supplement relating to any warrants that we offer will describe the particular terms of those warrants and include specific terms relating to the offering.

Original purchasers of warrants (if offered separately) will have a contractual right of rescission against the Company in respect of the exercise of such warrant. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities acquired upon exercise of the warrant, the total of the amount paid on original purchase of the warrant and the amount paid upon exercise, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the exercise takes place within 180 days of the date of the purchase of the warrant under the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the warrant under the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In an offering of warrants, or other convertible securities, original purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the warrants, or other convertible securities, are offered to the public under the Prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

Equity Warrants

The particular terms of each issue of equity warrants will be described in the applicable Prospectus Supplement. This description will include, where applicable:

- the designation and aggregate number of equity warrants;
- the price at which the equity warrants will be offered;
- the currency or currencies in which the equity warrants will be offered;
- the date on which the right to exercise the equity warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each equity warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each equity warrant;
- the terms of any provisions allowing or providing for adjustments in (i) the number and/or class of Common Shares that may be purchased, (ii) the exercise price per Common Share or (iii) the expiry of the equity warrants;
- whether the Company will issue fractional shares;
- whether the Company has applied to list the equity warrants or the underlying shares on a securities exchange or automated interdealer quotation system;
- the designation and terms of any securities with which the equity warrants will be offered, if any, and the number of the equity warrants that will be offered with each security;
- the date or dates, if any, on or after which the equity warrants and the related securities will be transferable separately;
- whether the equity warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- material Canadian federal income tax consequences of owning the equity warrants; and
- any other material terms or conditions of the equity warrants.

Debt Warrants

The particular terms of each issue of debt warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- the designation and aggregate number of debt warrants;
- the price at which the debt warrants will be offered;
- the currency or currencies in which the debt warrants will be offered;
- the designation and terms of any securities with which the debt warrants are being offered, if any, and the number of the debt warrants that will be offered with each security;
- the date or dates, if any, on or after which the debt warrants and the related securities will be transferable separately;
- the principal amount of debt securities that may be purchased upon exercise of each debt warrant and the price at which and currency or currencies in which that principal amount of debt securities may be purchased upon exercise of each debt warrant;
- the date on which the right to exercise the debt warrants will commence and the date on which the right will expire;
- the minimum or maximum amount of debt warrants that may be exercised at any one time;
- whether the debt warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;
- material Canadian federal income tax consequences of owning the debt warrants; and
- any other material terms or conditions of the debt warrants. Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities subject to the warrants.

DESCRIPTION OF UNITS

The Company may issue units, which may consist of one or more Common Shares, warrants or any combination of securities as is specified in the relevant Prospectus Supplement. In addition, the relevant Prospectus Supplement relating to an offering of units will describe all material terms of any units offered, including, as applicable:

- the designation and aggregate number of units being offered;
- the price at which the units will be offered;
- the designation, number and terms of the securities comprising the units and any agreement governing the units;
- the date or dates, if any, on or after which the securities comprising the units will be transferable separately;
- whether the Company will apply to list the units on a securities exchange or automated interdealer quotation system;
- material Canadian federal income tax consequences of owning the units, including how the purchase price paid for the units will be allocated among the securities comprising the units; and
- any other material terms or conditions of the units.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The Company may issue subscription receipts separately or in combination with one or more other securities. The subscription receipts will entitle holders thereof to receive, upon satisfaction of certain release conditions and for no additional consideration, Common Shares, warrants or any combination thereof. Subscription receipts will be issued pursuant to one or more subscription receipt agreements (each, a "**Subscription Receipt Agreement**"), each to be entered into between the Company and an escrow agent (the "**Escrow Agent**") that will be named in the relevant Prospectus Supplement. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the sale of any subscription receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the subscription receipts sold to or through such underwriter or agent.

The following description sets forth certain general terms and provisions of subscription receipts that may be issued hereunder and is not intended to be complete. The statements made in this Prospectus relating to any Subscription Receipt Agreement and subscription receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt

Agreement. Prospective investors should refer to the Subscription Receipt Agreement relating to the specific subscription receipts being offered for the complete terms of the subscription receipts. The Company will file a copy of any Subscription Receipt Agreement relating to an offering of subscription receipts with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions, after it has been entered into, and such Subscription Receipt Agreement will be available electronically at www.sedar.com.

General

The Prospectus Supplement and the Subscription Receipt Agreement for any subscription receipts that the Company may offer will describe the specific terms of the subscription receipts offered. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of subscription receipts being offered;
- the price at which the subscription receipts will be offered;
- the designation, number and terms of the Common Shares, warrants or a combination thereof to be received by the holders of subscription receipts upon satisfaction of the release conditions, and any procedures that will result in the adjustment of those numbers;
- the conditions (the "**Release Conditions**") that must be met in order for holders of subscription receipts to receive, for no additional consideration, the Common Shares, warrants or a combination thereof;
- the procedures for the issuance and delivery of the Common Shares, warrants or a combination thereof to holders of subscription receipts upon satisfaction of the Release Conditions;
- whether any payments will be made to holders of subscription receipts upon delivery of the Common Shares, warrants or a combination thereof upon satisfaction of the Release Conditions;
- the identity of the Escrow Agent;
- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of subscription receipts, together with interest and income earned thereon (collectively, the "**Escrowed Funds**"), pending satisfaction of the Release Conditions;
- the terms and conditions pursuant to which the Escrow Agent will hold Common Shares, warrants or a combination thereof pending satisfaction of the Release Conditions;
- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions;
- if the subscription receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commissions in connection with the sale of the subscription receipts;
- procedures for the refund by the Escrow Agent to holders of subscription receipts of all or a portion of the subscription price of their subscription receipts, plus any pro rata entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;
- any contractual right of rescission to be granted to initial purchasers of subscription receipts in the event that this Prospectus, the Prospectus Supplement under which subscription receipts are issued or any amendment hereto or thereto contains a misrepresentation;
- any entitlement of the Company to purchase the subscription receipts in the open market by private agreement or otherwise;
- whether the Company will issue the subscription receipts as global securities and, if so, the identity of the depository for the global securities;
- whether the Company will issue the subscription receipts as bearer securities, as registered securities or both;
- provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms of the subscription receipts, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares, warrants or other the Company securities, any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;
- whether the Company will apply to list the subscription receipts on a securities exchange or automated interdealer quotation system;
- material Canadian federal income tax consequences of owning the subscription receipts; and
- any other material terms or conditions of the subscription receipts.

Original purchasers of subscription receipts will have a contractual right of rescission against the Company in respect of the conversion of the subscription receipt. The contractual right of rescission will entitle such original purchasers to receive the amount paid on original purchase of the subscription receipt upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion takes place within 180 days of the date of the purchase of the subscription receipt under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the subscription receipt under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

Rights of Holders of Subscription Receipts Prior to Satisfaction of Release Conditions

The holders of subscription receipts will not be, and will not have the rights of, shareholders of the Company. Holders of subscription receipts are entitled only to receive Common Shares, warrants or a combination thereof on exchange of their subscription receipts, plus any cash payments, all as provided for under the Subscription Receipt Agreement and only once the Release Conditions have been satisfied. If the Release Conditions are not satisfied, holders of subscription receipts shall be entitled to a refund of all or a portion of the subscription price thereof and all or a portion of the pro rata share of interest earned or income generated thereon, as provided in the Subscription Receipt Agreement.

Escrow

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the subscription receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the subscription receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of subscription receipts will receive a refund of all or a portion of the subscription price for their subscription receipts, plus their pro rata entitlement to interest earned or income generated on such amount, if provided for in the Subscription Receipt Agreement, in accordance with the terms of the Subscription Receipt Agreement. Common Shares or warrants may be held in escrow by the Escrow Agent and will be released to the holders of subscription receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

Modifications

The Subscription Receipt Agreement will specify the terms upon which modifications and alterations to the subscription receipts issued thereunder may be made by way of a resolution of holders of subscription receipts at a meeting of such holders or consent in writing from such holders. The number of holders of subscription receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

The Subscription Receipt Agreement will also specify that the Company may amend any Subscription Receipt Agreement and the subscription receipts, without the consent of the holders of the subscription receipts, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of the holders of outstanding subscription receipts or as otherwise specified in the Subscription Receipt Agreement.

The foregoing summary of certain of the principal provisions of the securities is a summary of anticipated terms and conditions only and is qualified in its entirety by the description in the applicable Prospectus Supplement under which any securities are being offered.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada or to an investor who is a resident of Canada of acquiring, owning and disposing of any of our securities offered thereunder. The applicable Prospectus Supplement may also describe certain U.S. federal income tax consequences of the acquisition, ownership and disposition of any of our securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the U.S. Internal Revenue Code of 1986), including, to the extent applicable, such consequences relating to debt securities payable in a currency other than the U.S. dollar, issued at an original issue discount for U.S. federal income tax purposes or containing early redemption provisions or other special items. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

PLAN OF DISTRIBUTION

The Company may sell Securities offered by this Prospectus for cash (i) to or through underwriters, dealers, placement agents or other intermediaries, (ii) directly to one or more purchasers or (iii) in connection with acquisitions of assets or shares or another entity or company.

Each Prospectus Supplement with respect to our securities being offered will set forth the terms of the offering, including:

- the person offering the securities (the Company);
- the name or names of any underwriters, dealers or other placement agents;
- the number and the purchase price of, and form of consideration for, the securities;
- the proceeds to the Company from such sale; and
- any commissions, fees, discounts and other items constituting underwriters', dealers' or agents' compensation.

The Securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriters to the Company.

Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered by that Prospectus Supplement.

The Company may agree to pay the underwriters or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Where the Company pays such commission, it will be paid out of the general corporate funds of the Company.

Under agreements which may be entered into by us, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under applicable securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers and agents with whom we enter into agreements may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

In connection with any offering of the Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered to, or for the account or benefit of, a person in the "United States" or, as applicable, a "U.S. person" (as such terms are defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state laws. Each underwriter or agent for any offering of securities pursuant to this Prospectus will agree that it will not offer, sell or deliver such securities to, or for the account of benefit of, a person in the United States, or, as applicable, a U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws.

RECENTLY COMPLETED AND PROBABLE ACQUISITIONS

The Company has not completed nor proposes to complete a significant acquisition for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations.*

LEGAL MATTERS

Certain legal matters related to our securities offered by this Prospectus will be passed upon on our behalf by O'Neill Law LLP, with respect to matters of Canadian law. The partners and associates of O'Neill Law LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Company are MNP LLP, Chartered Professional Accountants, at its offices located at Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3. MNP LLP is independent from the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares in Canada is TSX Trust Company at its principal offices in Vancouver, British Columbia.

WHERE MORE INFORMATION CAN BE FOUND

We are required to file with the securities commission or authority in each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario annual and quarterly reports, material change reports and other information.

Prospective investors may read any document we file with or furnish to the securities commissions and authorities of the provinces British Columbia, Alberta, Saskatchewan and Ontario through SEDAR at www.sedar.com.

STATUTORY RIGHTS OF WITHDRAWL 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 or a Prospectus Supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the Prospectus or a Prospectus Supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for recession, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

In an offering of warrants, or other convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the warrants, or other convertible, exchangeable or exercisable securities, are offered to the public under the Prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal advisor.

CERTIFICATE OF THE ISSUER

Dated: March 23, 2021

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

"Darren Footz"	*"Raj Kang"*
Darren Footz	Raj Kang
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Ashvani Guglani"	*"Haytham Hodaly"*
Ashvani Guglani	Haytham Hodaly
Director	Director

CERTIFICATE OF PROMOTERS

Dated: March 23, 2021

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

"Darren Footz"

Darren Footz
Promoter