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**THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND, IN SUCH JURISDICTIONS, ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENCE TO CLAIM OTHERWISE.**

## PRELIMINARY PROSPECTUS

Initial Public Offering

February 28, 2019

### VALDY INVESTMENTS LTD.

(a capital pool company)

**MINIMUM OFFERING: \$200,000 (2,000,000 COMMON SHARES)**

**MAXIMUM OFFERING: \$400,000 (4,000,000 COMMON SHARES)**

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Price: \$0.10 per Common Share

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Valdy Investments Ltd. (the "**Corporation**") hereby qualifies for distribution, through its agent, Leede Jones Gable Inc. (the "**Agent**"), a minimum of 2,000,000 common shares (the "**Common Shares**") in the share capital of the Corporation (the "**Minimum Offering**") and a maximum of 4,000,000 Common Shares (the "**Maximum Offering**") at a price of \$0.10 per Common Share (the "**Offering**"). The purpose of this Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the "**Exchange**") and, in the case of a Non Arm's Length Qualifying Transaction, as hereafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 - Capital Pool Companies (the "**CPC Policy**"). The Corporation is a Capital Pool Company ("**CPC**"). It has not commenced commercial operations and has no assets other than a minimum amount of cash, sales tax receivable and deferred financing costs. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

	Common Shares	Price to Public	Agent's Commission <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Minimum Offering	2,000,000 <sup>(3)</sup>	\$200,000	\$20,000	\$180,000
Maximum Offering	4,000,000 <sup>(3)</sup>	\$400,000	\$40,000	\$360,000

Notes:

<sup>(1)</sup> A cash commission of 10% of the gross proceeds of the Offering will be paid to the Agent upon Closing, as hereafter defined. The Corporation has agreed to pay the Agent a non-refundable Corporate Finance Fee of \$10,000 plus GST, of which \$5,250 has been paid and the balance of \$5,250 will be paid upon Closing. In addition, the Agent will be reimbursed by the Corporation for its reasonable expenses and legal fees, estimated at \$10,000, plus taxes and disbursements, towards which a \$6,000 retainer has been paid. The Agent will also be granted the Agent's Options, as hereafter defined. The Agent's Options are exercisable for a period of 24 months from the day the Common Shares are listed on the Exchange. The Agent's Options are qualified for distribution under this prospectus. See "Plan of Distribution - Agency Agreement and Agent's Compensation".

- <sup>(2)</sup> Before deducting the costs of this issue, estimated at \$84,000 which includes legal and audit fees and other expenses of the Corporation, the Corporate Finance Fee and the Agent's legal fees and expenses, the listing fee payable to the Exchange and filing fees payable to the Commissions. See "Use of Proceeds".
- <sup>(3)</sup> Up to 4,000,000 Common Shares are offered hereunder. See "Plan of Distribution" and "Options to Purchase Securities".

This Offering is made on a commercially reasonable efforts agency basis by the Agent and is subject to the completion of a minimum subscription of 2,000,000 Common Shares for gross proceeds to the Corporation of \$200,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of an agency agreement between the Corporation and the Agent (the "**Agency Agreement**"). If the minimum subscription of \$200,000 is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and persons or companies who subscribed within that period and as approved by the regulatory authorities, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent and any sub-agents as directed by the Agent, will be granted non-transferable options (the "**Agent's Options**") to purchase up to 200,000 Common Shares, assuming completion of the Minimum Offering or up to 400,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent's Options are qualified for distribution under this prospectus. See "Plan of Distribution - Agency Agreement and Agent's Compensation".

This Prospectus also qualifies certain options for distribution, which have been granted to directors and officers of the Corporation (the "**Directors' and Officers' Options**"). The Directors' and Officers' Options entitle the holders to purchase an aggregate of up to 650,000 Common Shares, assuming completion of the Minimum Offering or up to 850,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and such options may be exercised for a period of 10 years from the date on which the Common Shares are listed on the Exchange. See "Options to Purchase Securities".

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to National Policy 11-202 *Process for Prospectus Review in Multiple Jurisdictions* ("**NP 11-202**") and the time the Common Shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authority(ies) grants a discretionary order.

There is currently no market through which the Common Shares may be sold. The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

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

The Agent conditionally offers these Common Shares on a commercially reasonable efforts basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters by Clark Wilson LLP, Barristers & Solicitors, on behalf of the Corporation, and by Salley Bowes Harwardt LC, on behalf of the Agent. Pursuant to the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, or 40,000 Common Shares (\$4,000) if the Minimum Offering is subscribed for and 80,000 Common Shares (\$8,000) if the Maximum Offering is subscribed for. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, or 80,000 (\$8,000) if the Minimum Offering is subscribed for and 160,000 Common Shares (\$16,000) if the Maximum Offering is subscribed for. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that one or more global certificates that represent the aggregate number of Common Shares subscribed for under this Prospectus will be available for delivery at the Closing of the Offering unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the Agent as to the number of Common Shares subscribed for. Certificates representing the Common Shares in registered and definitive form will be issued in certain limited circumstances.

The Company is not a related issuer to the Agent or a connected issuer to the Agent (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*). Members of the professional group of the Agent hold, in the aggregate, 250,000 Common Shares of the Company or 5.56% of the issued and outstanding Common Shares as of the date of this prospectus. Upon closing of the Minimum Offering and Maximum Offering, the members of the professional group of the Agent would hold 3.85% and 2.94% of the issued and outstanding Common Shares, respectively. See “*Relationship between the Company and Agent*”.

**Leede Jones Gable Inc.  
Suite 1800 – 1140 West Pender Street  
Vancouver, British Columbia, V6E 4G1**

**Telephone: (604) 658-3000  
Facsimile: (604) 658-3099  
Toll-free: 1-888-878-6356**

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## GLOSSARY

**“Affiliate”** means a Company that is affiliated with another Company as described below:

A Company is an “Affiliate” of another Company if:

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

A Company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

**“Agency Agreement”** means the agency agreement dated ◆, 2019 between the Corporation and the Agent.

**“Agent”** means Leede Jones Gable Inc.

**“Agent’s Options”** mean the non-transferable options to be granted by the Corporation to the Agent and any sub-agents as directed by the Agent, entitling the holders to purchase up to 200,000 Common Shares, assuming completion of the Minimum Offering and up to 400,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange.

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

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

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;

- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

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

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

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

**"Closing"** means the completion of the Offering.

**"Commissions"** means the British Columbia Securities Commission and the Alberta Securities Commission.

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

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

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

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

**“Corporate Finance Fee”** means the \$10,000 fee, plus GST, payable to the Agent, of which \$5,250 has been paid and \$5,250 is payable from the proceeds of the Offering.

**“Corporation”** means Valdy Investments Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia), having its head office in the City of Vancouver, in the Province of British Columbia.

**“CPC”** means a company:

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

**“CPC Policy”** means Policy 2.4 - Capital Pool Companies of the Exchange.

**“Directors’ and Officers’ Options”** mean options to be granted at the Closing to directors and officers of the Corporation which options entitle the holders to purchase an aggregate of 650,000 Common Shares, assuming completion of the Minimum Offering and of 850,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and which options may be exercised for a period of ten years from the date on which the Common Shares are listed on the Exchange.

**“Escrow Agreement”** means the escrow agreement dated ◆, 2019 among the Corporation, the Trustee and the founding shareholders of the Corporation.

**“Exchange”** means the TSX Venture Exchange Inc.

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

**“Initial Listing Requirements”** means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

**“initial public offering”** or **“IPO”** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

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

- (a) a director or senior officer of the Issuer;



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

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

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

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

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

**“Maximum Offering”** means the offering of a maximum of 4,000,000 Common Shares.

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

**“Members’ Agreement”** means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

**“Minimum Offering”** means the offering of a minimum of 2,000,000 Common Shares.

**“NEX”** refers to the board of TSX Venture Exchange Inc. known as “NEX”.

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

**“Non Arm’s Length Parties to the Qualifying Transaction”** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other

parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

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

**“Offering”** means the offering of Common Shares in accordance with the terms of this prospectus.

**“Person”** means a Company or individual.

**“Principal”** means:

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

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

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

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

**“Promoter”** has the meaning specified in section 1(1) of the *Securities Act* (British Columbia).

**“Pro Group”** means:

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

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

**“Related Party Transaction”** has the meaning ascribed to that term under Multilateral Instrument 61-101, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm’s Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

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

**“Seed Shares”** means securities issued before an Issuer’s IPO, or by a private Target Company before a reverse take-over bid, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading.

**“SEDAR”** means System for Electronic Document Analysis and Retrieval.

**“Significant Assets”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Initial Listing Requirements.

**“Sponsor”** means a Member that meets the criteria specified in the Exchange Policy 2.2 - Sponsorship and Sponsorship Requirements, which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange policies.

**“Sponsor Report”** means the report to be provided to the Exchange by the Sponsor.

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

**“Trustee”** means Odyssey Trust Company, a trust corporation having an office in the City of Vancouver, in the Province of British Columbia.

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

## PROSPECTUS SUMMARY

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

**The Corporation:** Valdy Investments Ltd.

**Business of the Corporation:** The Corporation is a CPC. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash, sales tax receivable and deferred financing costs. The Corporation has commenced the process of identifying potential acquisitions. To date, the Corporation has not yet identified a Company or assets for a potential Qualifying Transaction. Furthermore, the Corporation has not entered into an Agreement in Principle. See "Business of the Corporation - Proposed Operations until Completion of a Qualifying Transaction".

**Offering:** A minimum of 2,000,000 and a maximum of 4,000,000 Common Shares are being offered and qualified under this prospectus at a price of \$0.10 per Common Share. In addition, the Corporation will grant to the Agent and any sub-agents as directed by the Agent, non-transferable options to purchase up to 200,000 Common Shares, assuming completion of the Minimum Offering and up to 400,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares are listed on the Exchange. The Agent's Options are qualified for distribution under this prospectus. This Prospectus also qualifies for distribution the Directors' and Officers' Options to be granted at the Closing which entitle the holders to purchase an aggregate of 650,000 Common Shares, assuming completion of the Minimum Offering and 850,000 Common Shares, assuming completion of the Maximum Offering, at a price of \$0.10 per Common Share and which options may be exercised for a period of ten years from the date on which the Common Shares are listed on the Exchange. See "Plan of Distribution" and "Options to Purchase Securities".

**Use of Proceeds:** The net proceeds to the Corporation from the Offering after deduction of all costs in respect of the Offering and prior share issuances, together with existing funds of the Corporation, are estimated to be \$446,000 assuming completion of the Minimum Offering and \$626,000 assuming completion of the Maximum Offering. These funds, less ongoing general and administrative costs, will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds".

**Directors and Management:**

James Decker - Chief Executive Officer and Director  
Johnny Ciampi - Chief Financial Officer, Corporate Secretary and Director  
Neil Currie - Director  
Jonathan McNair - Director

James Decker and Johnny Ciampi are the Promoters of the Corporation. See "Directors, Officers and Promoter" and "Promoter".

**Escrow Securities:**

2,000,000 Common Shares issued at \$0.05 per share will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

**Risk Factors:**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. The Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Maximum Offering, an investor will suffer an immediate dilution on investment (based on the gross proceeds from this and prior issuances without deduction of selling and related expenses) per Common Share of \$0.018 or 1.18% (1.54% or \$0.0154 per Common Share in the event of the Minimum Offering). There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such Persons or Companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "Business of the Corporation", "Directors, Officers and Promoters - Conflicts of Interest", "Capitalization", "Dilution" and "Risk Factors".

## THE CORPORATION

The Corporation was incorporated on August 22, 2018, as evidenced by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name “Valdy Investments Ltd.”

The registered and records office of the Corporation is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1. The head office of the Corporation is located at #902 – 510 Burrard Street, Vancouver, British Columbia V6C 3A8.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

As at December 31, 2018, the Corporation had incurred professional fees in the amount of \$15,022. Since December 31, 2018, the Company has incurred \$9,403 in professional fees. Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor and legal fees, the fees of the Exchange, the Agent’s commission, the Corporate Finance Fee, legal fees and expenses and the fees of the securities regulatory authorities. See “Use of Proceeds”.

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction, the transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to primarily pursue a Qualifying Transaction in the natural resources or industrial sector but there is no assurance that these will, in fact, be the business sectors of a proposed Qualifying Transaction or of the Corporation following the Completion of the Qualifying Transaction.

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

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

### Method of Financing

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

### **Criteria for a Qualifying Transaction**

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Filings and Shareholder Approval of the Qualifying Transaction**

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

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

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

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



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

### **Initial Listing Requirements**

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

### **Trading Halts, Suspensions and Delisting**

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

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

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

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

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

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on NEX (the market on which former Exchange and Toronto Stock Exchange Issuers that do not meet the Initial Listing Requirements for Tier 2 issuers may continue to trade) rather than be delisted. In order to be eligible to list on NEX the Corporation must:

- (a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non Arm's Length Parties of the Corporation; and
- (b) either:
  - (i) cancel all Seed Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the IPO price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange, or
  - (ii) subject to majority shareholder approval, cancel an amount of the Seed Shares purchased by Non Arm's Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

If the Corporation lists on the NEX, the Corporation must continue to comply with all the requirements and restrictions of the CPC Policy.

### **Refusal of Qualifying Transaction**

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

- (a) the Resulting Issuer fails to satisfy the applicable Initial Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange,
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm, and
  - (iii) Associates of any such Person,collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

## USE OF PROCEEDS

### Gross Proceeds

The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus was \$350,000. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be up to \$400,000 in the event of the Maximum Offering (\$200,000 in the event of the Minimum Offering). From the aggregate gross proceeds of \$750,000, in the event of the Maximum Offering, the expenses and costs of this issue, including legal, accounting, audit, printing, regulatory fees and the Agent's commission, the Corporate Finance Fee, legal fees and expenses, estimated in the aggregate, to be approximately \$124,000 will be deducted. From the aggregate gross proceeds of \$550,000, in the event of the Minimum Offering, the expenses and costs of this issue, including legal, accounting, audit, printing, regulatory fees and the Agent's commission, the Corporate Finance Fee, legal fees and expenses, estimated in the aggregate, to be approximately \$104,000 will be deducted. The Corporation estimates that \$626,000, in the event of the Maximum Offering (\$446,000 in the event of the Minimum Offering), will be available to the Corporation from the sale of Common Shares distributed by this prospectus and prior sales of Common Shares.

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

Item	Minimum Offering	Maximum Offering
Gross cash proceeds raised prior to this Offering (Seed Shares) <sup>(1)</sup>	\$350,000	\$350,000
Expenses and costs relating to raising Seed Share proceeds <sup>(2)</sup>	Nil	Nil
Gross cash proceeds to be raised pursuant to this Offering	\$200,000	\$400,000
Estimated expenses and costs relating to the Offering <sup>(3)(4)</sup>	(\$104,000)	(\$124,000)
<b>Estimated funds available on completion of the Offering<sup>(5)</sup></b>	<b>\$446,000</b>	<b>\$626,000</b>
Estimated general and administrative expenses until Completion of a Qualifying Transaction	(\$50,000)	(\$50,000)
Funds available for identifying and evaluating assets or business prospects <sup>(5)(6)</sup>	\$396,000	\$576,000
<b>Total Net Proceeds</b>	<b>\$446,000</b>	<b>\$626,000</b>

#### Notes:

<sup>(1)</sup> See "Prior Sales".

<sup>(2)</sup> No issue costs have been allocated towards the issuance of the Seed Shares.

<sup>(3)</sup> Includes estimated Exchange listing fees of \$15,000 plus GST, estimated Commissions filing fees of \$5,500, Agent's commission of \$40,000, in the event of the Maximum Offering (\$20,000 in the event of the Minimum Offering), Corporate Finance Fee of 10,000 plus GST, Agent's legal fees and expenses of \$10,000 plus GST (see note (4)), the Corporation's legal fees of \$30,000, audit fees of \$10,000 and other expenses of approximately \$3,500 for a total of \$124,000, in the event of the Maximum Offering (\$104,000 in the event of the Minimum Offering).

<sup>(4)</sup> Pursuant to the Agency Agreement, the Agent will be paid a cash commission of \$40,000, in the event of the Maximum Offering (\$20,000 in the event of the Minimum Offering) and the Agent will be reimbursed by the Corporation for its reasonable legal fees and expenses estimated at \$10,000 plus taxes and disbursements towards which the Corporation has paid a \$6,000 retainer. The Corporation will pay the Agent a non-refundable Corporate Finance Fee of \$10,000 plus GST, of which the Corporation has paid \$5,250 and the balance of the \$5,250 will be paid from the proceeds of the Offering.

<sup>(5)</sup> In the event the Agent exercises the Agent's Options, there will be available to the Corporation a maximum of an additional \$40,000, in the event of the Maximum Offering (\$20,000 in the event of the Minimum Offering) which will be added to the working capital of the Corporation. In the event that any portion of the Directors' and Officers' Options are exercised, there will be available to the Corporation an additional \$85,000 in the event of the Maximum Offering (\$65,000 in the event of the Minimum Offering) which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.

- <sup>(6)</sup> In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$576,000 in the event of the Maximum Offering (\$396,000 in the event of the Minimum Offering) on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

### **Permitted Use of Funds**

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

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

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agent's fees, costs and commissions,

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

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or

advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

### **Restrictions on Use of Proceeds**

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

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

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

### **Private Placements for Cash**

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

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

Except as described under "Options to Purchase Securities" and "Use of Proceeds - Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including:

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

(b) deposits and similar payments.

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

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

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and Persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

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

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public a minimum of 2,000,000 Common Shares and a maximum of 4,000,000 Common Shares as provided in this Prospectus, at a price of \$0.10 per Common Share, for aggregate gross proceeds of a minimum of \$200,000 and a maximum of \$400,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive the Agent's commission of \$40,000 in the event of the Maximum Offering (\$20,000 in the event of the Minimum Offering) on Closing. In addition, the Corporation will pay the Agent's reasonable legal fees and expenses estimated at \$10,000 plus disbursements and taxes, towards which a retainer of \$6,000 has been paid. In addition, the Corporation will pay the Agent the non-refundable Corporate Finance Fee of \$10,000 plus GST, of which \$5,250 has been paid and \$5,250 will be paid on Closing.

The Corporation has also agreed to grant to the Agent, and any sub-agents as directed by the Agent, non-transferable Agent's Options which entitle the holder to purchase up to 400,000 Common Shares in the event of the Maximum Offering (200,000 in the event of the Minimum Offering) at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent's Options are qualified under this prospectus for distribution. Not more than 50% of the aggregate number of Common Shares which can be acquired on the exercise of the entire Agent's Options may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The Offering consists of a minimum of 2,000,000 Common Shares and a maximum of 4,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of a minimum of \$200,000 and a maximum of \$400,000. Under the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares in the Offering, or 80,000 Common Shares or \$8,000 in the event of the Maximum Offering (40,000 Common Shares (\$4,000 in the event of the Minimum Offering). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares in the Offering, or 160,000 Common Shares (\$16,000) in the event of the Maximum Offering (80,000 Common Shares or \$8,000 in the event of the Minimum Offering). The funds received from the Offering will be deposited with the Agent, and will not be released until proceeds of \$200,000 have been deposited. The total subscription must be raised within 90 days of the date a receipt for the final prospectus is issued, or such other time as may be consented to by the Agent and Persons or Companies who subscribed within that period and as approved by the regulatory authorities, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

### **Other Securities Being Distributed**

The Corporation also proposes to grant the Directors' and Officers' Options at the Closing in accordance with the policies of the Exchange, which options are qualified for distribution pursuant to this prospectus. The Directors' and Officers' Options entitle the holders to purchase an aggregate of up to 650,000 Common Shares in the event of the Minimum Offering or up to 850,000 Common Shares in the event of the Maximum Offering at a price of \$0.10 per Common Share and such options may be exercised for a period of ten years from the date on which the Common Shares are listed on the Exchange. See "Plan of Distribution" and "Options to Purchase Securities".

### **Determination of Price**

The offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent.

### **Listing Application**

The Corporation has applied to list its Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all the listing requirements of the Exchange.

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

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

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

Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group cannot exceed 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 "Filing Requirements and Continuous Disclosure".

The Agent has advised the Corporation that to the best of its knowledge and belief, no directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the foregoing have subscribed for any Common Shares of the Corporation. The aggregate number of Common Shares permitted to be owned directly or indirectly by the Agent, or any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing, is 20% of the issued and outstanding Common Shares exclusive of Common Shares reserved for issuance at a future date.

### **Restrictions on Trading**

Other than the initial public offering of the Common Shares pursuant to this prospectus and the grant of the Agent's Options and the grant of the Directors' and Officers' Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to MI 11-202 and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **DESCRIPTION OF SHARE CAPITAL**

### **Common Shares**

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As of the date hereof, 4,500,000 Common Shares are issued and outstanding as fully paid and non-assessable, up to 4,000,000 Common Shares are reserved for issuance under this prospectus, up to 400,000 Common Shares are reserved for issuance pursuant to the Agent's Options and up to 850,000 are reserved for issuance pursuant to the Directors' and Officers' Options to be granted at the Closing, assuming completion of the Maximum Offering. See "Plan of Distribution".

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, entitled to one vote per share at meetings of the shareholders of the Corporation and, upon dissolution, entitled to share equally in such assets of the Corporation as are distributable to the holders of Common Shares and subject to the rights of the holders of preferred shares. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

### **Preferred Shares**

The Corporation is authorized to issue an unlimited number of preferred shares without par value of which, as at the date hereof, no preferred shares are issued and outstanding. Preferred shares may be issued in one or more series. Subject to the *Business Corporations Act* (British Columbia), the directors may, by resolution, if none of the shares of any particular series are issued, alter the articles of the



Corporation and authorize the alteration of the notice of articles of the Corporation, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Corporation is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

### CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of December 31, 2018 <sup>(1)</sup>	Amount Outstanding as of the Date Hereof <sup>(1)</sup>	Amount Outstanding After Giving Effect to the Offering	
				Minimum Offering <sup>(2)(3)</sup>	Maximum Offering <sup>(4)(5)</sup>
Common Shares	unlimited	\$100,000 (2,000,000 Common Shares)	\$350,000 (4,500,000 Common Shares)	\$550,000 (6,500,000 Common Shares)	\$750,000 (8,500,000 Common Shares)
Preferred Shares	unlimited	Nil	Nil	Nil	Nil
Long Term Debt	Nil	Nil	Nil	Nil	Nil

**Notes:**

- <sup>(1)</sup> As at December 31, 2018 and as of the date hereof, the Corporation had not commenced commercial operations.
- <sup>(2)</sup> Assuming completion of the Minimum Offering, the Corporation has reserved 200,000 Common Shares at \$0.10 per Common Share pursuant to the Agent's Options. The Corporation has also reserved 650,000 Common Shares at \$0.10 per Common Share issuable pursuant to the Directors' and Officers' Options to be granted at the Closing. See "Plan of Distribution" and "Options to Purchase Securities". This figure does not include the Agent's Options or the Directors' and Officers' Options.
- <sup>(3)</sup> Based on the gross proceeds of the Minimum Offering of \$200,000 and before deducting the Agent's commission, Corporate Finance Fee and reasonable expenses and the other costs of this Offering, estimated at \$104,000.
- <sup>(4)</sup> Assuming completion of the Maximum Offering, the Corporation has reserved 400,000 Common Shares at \$0.10 per Common Share pursuant to the Agent's Options. The Corporation has also reserved 850,000 Common Shares at \$0.10 per Common Share issuable pursuant to the Directors' and Officers' Options to be granted at the Closing. See "Plan of Distribution" and "Options to Purchase Securities". This figure does not include the Agent's Options or the Directors' and Officers' Options.
- <sup>(5)</sup> Based on the gross proceeds of the Maximum Offering of \$400,000 and before deducting the Agent's commission, Corporate Finance Fee and reasonable expenses and the other costs of this Offering, estimated at \$124,000.

### OPTIONS TO PURCHASE SECURITIES

The Directors' and Officers' Options to purchase 850,000 Common Shares assuming completion of the Maximum Offering (650,000 Common Shares in the event of the Minimum Offering) to be granted at Closing of this Offering to directors and officers, effective as of the date on which the Common Shares are listed on the Exchange, are qualified for distribution pursuant to this prospectus.

The Corporation has adopted a stock option plan, as amended, pursuant to which the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange

requirements, grant to directors, officers, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares after the Closing of this Offering. Options may be exercised the greater of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

The Directors’ and Officers’ Options will be granted at the Closing effective as of the date on which the Common Shares are listed on the Exchange, are qualified for distribution pursuant to this prospectus and are expected to be allocated on the following basis:

Optionee	Number of Common Common Shares Reserved Under Option		Exercise Price	Expiry Date
	Minimum Offering	Maximum Offering		
James Decker	225,000	325,000	\$0.10	10 years from the Listing Date
Johnny Ciampi	225,000	325,000	\$0.10	10 years from the Listing Date
Neil Currie	100,000	100,000	\$0.10	10 years from the Listing Date
Jonathan McNair	100,000	100,000	\$0.10	10 years from the Listing Date
<b>Total</b>	<b>650,000</b>	<b>850,000</b>	<b>\$0.10</b>	

#### PRIOR SALES

Since the date of incorporation of the Corporation, 4,500,000 Common Shares have been issued as follows:

Date	Number of Common Shares	Issue Price Per Share	Aggregate Issue Price	Consideration Received
August 22, 2018	200,000 <sup>(1)</sup>	\$0.05	\$10,000	Cash
September 28, 2018	1,800,000 <sup>(1)</sup>	\$0.05	\$90,000	Cash
January 24, 2019	2,500,000	\$0.10	\$250,000	Cash

Notes:

<sup>(1)</sup> These Common Shares will be held in escrow. See “Escrowed Securities”.

#### ESCROWED SECURITIES

2,000,000 Common Shares issued prior to this Offering (which were issued at a price of \$0.05 per Common Share) and all Common Shares that may be acquired from treasury of the Corporation by Non Arm’s Length Parties of the Corporation either under the Offering or otherwise prior to Completion of

the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with Odyssey Trust Company (previously defined as the “Trustee”) under the Escrow Agreement.

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

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

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

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

Name and Municipality of Residence of Shareholder	Common Shares	Number of Common Shares Held in Escrow	Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering	Percentage of Common Shares of the Corporation After Giving Effect to the Minimum Offering <sup>(1)</sup>	Percentage of Common Shares of the Corporation After Giving Effect to the Maximum Offering <sup>(1)</sup>
James Decker Vancouver, BC	900,000	900,000	20.0%	13.8%	10.6%
Johnny Ciampi <sup>(2)</sup> Vancouver, BC	900,000	900,000	20.0%	13.8%	10.6%
Neil Currie Vancouver, BC	100,000	100,000	2.2%	1.5%	1.8%
Jonathan McNair Vancouver, BC	100,000	100,000	2.2%	1.5%	1.8%
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>44.3%</b>	<b>30.6%</b>	<b>24.8%</b>

Notes:

<sup>(1)</sup> Assuming no Common Shares are purchased by these persons under the Offering and assuming no exercise of the Directors’ and Officers’ Options or the Agent’s Options.

<sup>(2)</sup> 100,000 of these Common Shares are held directly by Johnny Ciampi and 800,000 Common Shares are held by Lucris Capital Corporation, a private company wholly owned by Johnny Ciampi, the Chief Financial Officer, Corporate Secretary and a director of the Corporation.

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

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

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

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

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

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

### **Escrowed Securities on Qualifying Transaction**

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

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 2 issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 3 year escrow release mechanism with 5% of the escrowed securities releasable at the time of the Final Exchange Bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18 month escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

#### **Escrowed Securities on Private Placement**

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

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

#### **PRINCIPAL SHAREHOLDERS**

The following table lists those persons who directly own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence of Shareholder	Type of Ownership	Common Shares <sup>(1)</sup>	Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering	Percentage of Common Shares of the Corporation After Giving Effect to the <sup>(2)</sup>	
				Minimum Offering	Maximum Offering
James Decker <sup>(1)(2)</sup> Vancouver, BC	Direct	900,000	20.0%	13.8%	10.6%
Johnny Ciampi <sup>(1)(2)</sup> Vancouver, BC	Direct/Indirect <sup>(3)</sup>	900,000	20.0%	13.8%	10.6%
<b>Total</b>		<b>1,800,000</b>	<b>40%</b>	<b>27.6%</b>	<b>21.2%</b>

Notes:

<sup>(1)</sup> These securities are subject to escrow pursuant to the policies of the Exchange. See “Escrowed Securities”.

<sup>(2)</sup> Assuming no Common Shares are purchased by these persons under the Offering, and assuming full exercise of the Agent’s Options, and the Directors’ and Officer’s Options on a fully diluted basis, James Decker and Johnny Ciampi will each hold 12.6% of the issued and outstanding Common Shares in the event of the Maximum Offering and James Decker and Johnny Ciampi will each hold 15.3% of the issued and outstanding Common Shares in the event of the Minimum Offering.

<sup>(3)</sup> 100,000 of these Common Shares are held directly by Johnny Ciampi and 800,000 Common Shares are held indirectly through Lucris Capital Corporation, a private company wholly owned by Johnny Ciampi, the Chief Financial Officer, Corporate Secretary and a director of the Corporation

### DIRECTORS, OFFICERS AND PROMOTER

The following are the names and municipalities of residence of the directors, officers and Promoter of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years:

*James Decker – Vancouver, British Columbia – Chief Executive Officer and Director and Promoter*

Mr. Decker, age 51, has served as Chief Executive Officer and a Director of the Corporation since August 22, 2018. Mr. Decker has been a director of Holbrooke Capital, is a boutique real estate investment, development and advisory firm, since November 2004. Mr. Decker is also a consultant to United States publicly listed companies and Canadian and U.S. private companies, providing advice related to corporate development opportunities, corporate finance and operations. Mr. Decker has acted as special advisor to The Alkaline Water Company Inc., a company which, through its subsidiaries, is engaged in the business of marketing, manufacturing and distributing bottled alkaline water for retail consumers and listed on NASDAQ and the Exchange, since March 2016. He advises on structure, finance and other advisory services to consumer product companies in the apparel, beverage and healthcare industries. Mr. Decker is a graduate of the University of Victoria with a degree in Bachelor of Arts.

Mr. Decker will devote the time necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

*Johnny Ciampi – Vancouver, British Columbia – Chief Financial Officer, Corporate Secretary, Director and Promoter*

Mr. Ciampi, age 48, has served as the Chief Financial Officer and a Director of the Corporation since August 22, 2018, the Corporate Secretary of the Corporation since January 14, 2019 and an audit committee member of the Corporation since December 3, 2018. Mr. Ciampi is the Vice President and Director of Maxam Capital Corp., a private company that formed the Maxam Opportunities Fund II LP, to focus on structured investments in both publicly traded and private companies, and Managing Partner for the Maxam Opportunities Fund II LP, a private equity fund. He has been a director of Premium Brands Holding Corporation, a specialty food company listed on the Toronto Stock Exchange, since July

2005 and a director of Diversified Royalty Corp., a multi-royalty company listed on the Toronto Stock Exchange, since November 2014. Mr. Ciampi is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Accountant designation

Mr. Ciampi will devote the time necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

*Neil Currie – Vancouver, BC – Director*

Mr. Currie, age 33, has served as a Director and audit committee member of the Corporation since February 15, 2019. Mr. Currie has been the Managing Partner and founder of Capital Event Management Ltd. from November 2010 and the President of Currie Capital, a private company, from January 2009. Since 2010 Mr. Currie and his team have organized over 50 investment conferences around North America, facilitating capital investment for companies listed on the Toronto Stock Exchange, the Exchange and Canadian Securities Exchange. Mr. Currie started his career working investor relations in 2006, moving on quickly to becoming Vice President and Partner of [vantagewire.com](http://vantagewire.com) which was sold in 2013. Mr. Currie was instrumental in the listing of NexGen Energy Ltd. (NXE:TSX) while acting as the Corporate Secretary, Siyata Mobile Inc. (SIM:TSX.V) for which he was CEO and a director at the time, and Venzee Technologies Inc. (VENZ:TSX.V) as a founding and significant shareholder. He is also the CEO and Founder of Stockpools Inc. ([www.stockpools.com](http://www.stockpools.com)).

Mr. Currie will devote the time necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

*Jonathan McNair – Vancouver, British Columbia – Director*

Mr. McNair, age 51, has served as a Director of the Corporation since August 22, 2018 and an audit committee member of the Corporation since December 3, 2018. Mr. McNair has been a Partner with Baker Tilly WM LLP (formerly Wolrige Mahon LLP) since March 2004. He received his CIRP designation from the Canadian Association of Insolvency and Restructuring Pro in June 2011 and his CPA from the Chartered Professional Accountants of British Columbia in May 1998. Mr. McNair graduated from the University of Victoria with a BA in Geography on June 30, 1992.

Mr. McNair will devote the time necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

### **Other Corporate Information**

Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditor. The audit committee of the Corporation currently consists of Johnny Ciampi, Neil Currie and Jonathan McNair.

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

Prior to this Offering, the directors, officers and Promoter beneficially own, directly or indirectly, or have control or direction over, an aggregate of 2,000,000 Common Shares (44.3%) in the capital of the Corporation. See "Principal Shareholders". James Decker, the Chief Executive Officer, Director and

Promoter of the Corporation, beneficially owns 900,000 Common Shares (20.0%) in the capital of the Corporation. Johnny Ciampi, the Chief Financial Officer, Corporate Secretary, a Director and Promoter of the Corporation, beneficially owns 900,000 Common Shares (20.0%) in the capital of the Corporation. Neil Currie, a Director of the Corporation, beneficially owns 100,000 Common Shares (2.2%) in the capital of the Corporation. Jonathan McNair, a director of the Corporation, owns 100,000 Common Shares (2.2%) in the capital of the Corporation

### Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoter of the Corporation that are, or have been within the last five years, directors, officers or Promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term From – To
Johnny Ciampi	Premium Brands Holding Corporation	TSX <sup>(1)</sup>	Director	07/27/15 to present
	Diversified Royalty Corp.	TSX <sup>(1)</sup>	Director	11/14 to present

Note:

<sup>(1)</sup> Toronto Stock Exchange

### Corporate Cease Trade Orders or Bankruptcies

No director, officer, Insider or Promoter or a shareholder holding a sufficient number of securities to affect materially the control of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### Penalties or Sanctions

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

### Personal Bankruptcies

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or has instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.



## Conflicts of Interest

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

## Executive Compensation

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

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

Although the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"), there have been no such reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its officers. However, no payment other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

The Corporation has adopted a stock option plan. The directors and officers of the Corporation will also be granted the Directors' and Officers' Options. See "Options to Purchase Securities" for further particulars.

## DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of \$0.018 per Common Share or 1.18% on the basis of there being 8,500,000 Common Shares of the Corporation issued and outstanding following completion of the Maximum Offering (1.94% or \$0.0194 per Common Share in the event of completion of the Minimum Offering). Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to the filing of this

prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Item	Minimum Offering (\$)	Maximum Offering \$
Gross proceeds of prior share issues	\$350,000	\$350,000
Gross proceeds of this Offering	\$200,000	\$400,000
Total gross proceeds after this Offering	\$550,000	\$750,000
Offering price per share	\$0.10	\$0.10
Proceeds per share after this Offering	\$0.0846	\$0.082
Dilution per share to subscriber	\$0.018	\$0.018
Percentage of dilution in relation to offering price	1.54%	1.18%

#### ELIGIBILITY FOR INVESTMENT

In the opinion of Clark Wilson LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares would, if issued on the date hereof, be a “qualified investment” under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plans, a registered disability savings plan and a tax-free savings account, all as defined in the Tax Act (each a “**Deferred Plan**”) and a deferred profit sharing plan provided that at such time: (i) the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the Exchange), or (ii) the Corporation is a “public corporation”, as defined in the Tax Act.

The Common Shares are not currently listed on a “designated stock exchange”. However, the Corporation is applying to list the Common Shares on the Exchange prior to the time of Closing. In addition, the Corporation intends to file an election in its tax return for its first taxation year on or before its first filing due date to be deemed to have been a public corporation from the beginning of that taxation year, and the Issuer will provide a covenant in the Agency Agreement to this effect.

Notwithstanding the foregoing, if the Common Shares are a "prohibited investment" as defined in the Tax Act, the holders, annuitants, or subscribers, as the case may be, of Deferred Plans which hold any such Common Shares that are prohibited investments will be subject to a penalty tax. The Common Shares will generally not be a prohibited investment, unless the holder, annuitant, or subscriber, as the case may be, does not deal at arm’s length with the Corporation for purposes of the Tax Act, or the holder, annuitant or subscriber, as the case may be, has a "significant interest" in the Corporation (within the meaning of the Tax Act). Generally, a holder, annuitant or subscriber will have a significant interest in the Corporation if the holder, annuitant, subscriber and/or persons or partnerships not dealing at arm’s length with the holder, annuitant or subscriber own directly or indirectly 10% or more of the issued shares of any class of the capital stock of the Corporation or any corporation related to the Corporation within the meaning of the Tax Act. **Prospective purchasers who intend to hold Common Shares in a Deferred Plan are urged to consult their own tax advisors to ensure that the Common Shares would not constitute a “prohibited investment” in their particular circumstances.**

#### RISK FACTORS

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The following are risk factors associated with the Corporation:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash, sales tax receivable and deferred financing costs. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Directors, Officers and Promoter - Conflicts of Interest";
- (d) assuming completion of the Maximum Offering, an investor will suffer an immediate dilution to its investment of \$0.01 per Common Share or 1.0% (\$0.02 per Common Share or 2.0% assuming completion of the Minimum Offering;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;

- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;
- (q) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan; and
- (r) if the Corporation does not list the Common Shares on the Exchange prior to the time of Closing or does not meet the requirements to make an election to be a "public corporation" for purposes of the Tax Act in the manner contemplated under "Eligibility for Investment" or otherwise fails to make such election for any reason, adverse tax consequences will arise with respect to any Common Shares held in Deferred Plans and deferred profit sharing plans.

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

#### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings, which are material to its business. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

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

The Corporation is not a "related issuer" or "connected issuer" of the Agent for the purposes of National Instrument 33-105 Underwriting Conflicts. The Agent was not involved in the decision by the Corporation to distribute Common Shares pursuant to the Offering, nor was the Offering requested or suggested to the Corporation by the Agent. The Agent, through its corporate finance department was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the

Common Shares on a “commercially reasonable efforts” basis. Members of the professional group of the Agent hold in the aggregate 250,000 Common Shares of the Company or 5.56% of the issued and outstanding Common Shares as of the date of this prospectus. Upon closing of the Minimum Offering and Maximum Offering, the members of the professional group of the Agent would hold 3.85% and 2.94% of the issued and outstanding Common Shares, respectively. See “Plan of Distribution”.

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

Certain legal matters relating to this Offering will be passed upon by Clark Wilson LLP, on behalf of the Corporation, and by Salley Bowes Harwardt LC, on behalf of the Agent.

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditor of the Corporation is Davidson & Company LLP, Chartered Professional Accountants, at its office at 1200 – 609 Granville Street, Vancouver, British Columbia V7Y 1G6.

Odyssey Trust Company, at #835 – 409 Granville Street, Vancouver, British Columbia V6C 1T2 is the transfer agent and registrar for the Corporation’s Common Shares.

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

The directors and officers have all acquired Common Shares. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation. See “Options to Purchase Securities”, “Escrowed Securities” and “Principal Shareholders”.

#### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to investors in the Common Shares hereunder within the two years prior to the date hereof, other than the following:

1. Transfer Agent and Registrar Agreement dated January 11, 2019 between the Corporation and the Trustee.
2. Stock Option Plan adopted by the board of directors on February 15, 2019.
3. Escrow Agreement dated ◆, 2019 among the Corporation, the Trustee and those shareholders that executed such agreement. See “Escrowed Securities”.
4. Agency Agreement dated ◆, 2019 between the Corporation and the Agent. See “Plan of Distribution”.

Copies of these agreements will be available for inspection at the business office of the Corporation located at the offices of the Corporation, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

#### **OTHER MATERIAL FACTS**

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

### **DIVIDEND POLICY**

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

### **PROMOTER**

James Decker and Johnny Ciampi are considered to be the Promoters of the Corporation in that they initiated the organizing of the Corporation. See also "Prior Sales" and "Principal Shareholders".

### **PURCHASERS' STATUTORY RIGHTS**

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

**VALDY INVESTMENTS LTD.**

Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

**INDEPENDENT AUDITOR'S REPORT**

To the Directors of  
Valdy Investments Ltd.

***Opinion***

We have audited the accompanying financial statements of Valdy Investments Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from inception on August 22, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Valdy Investments Ltd. as at December 31, 2018, and its financial performance and its cash flows for the period from inception on August 22, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

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

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

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

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

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

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

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





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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is P. Guy Thomas.

[DRAFT]

Vancouver, Canada

Chartered Professional Accountants

February 28, 2019

**VALDY INVESTMENTS LTD.**  
**Statement of Financial Position**  
**As at December 31, 2018**  
(Expressed in Canadian Dollars)

	2018
<b>ASSETS</b>	
Cash	\$ 92,478
	\$ 92,478
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 7,500
 <b>SHAREHOLDERS' EQUITY</b>	
Share capital ( <i>Note 3</i> )	100,000
Deficit	(15,022)
	84,978
	\$ 92,478

Nature and continuance of operations (*Note 1*)

Subsequent event (*Note 8*)

The accompanying notes are an integral part of the financial statements.

**VALDY INVESTMENTS LTD.**  
**Statement of Loss and Comprehensive Loss**  
**From Inception on August 22, 2018 to December 31, 2018**  
(Expressed in Canadian Dollars)

	2018
Operating Expenses	
Professional fees	\$ 15,022
Loss and Comprehensive Loss	\$ (15,022)
Basic and Diluted Loss per Share	\$ (0.01)
Weighted Average Number of Shares Outstanding – Basic and Diluted	1,435,115

The accompanying notes are an integral part of the financial statements.

**VALDY INVESTMENTS LTD.**  
**Statement of Changes in Shareholders' Equity**  
**From Inception on August 22, 2018 to December 31, 2018**  
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Deficit	Total
Balance, August 22, 2018	-	\$ -	\$ -	\$ -
Shares issued for private placement	2,000,000	100,000	-	100,000
Comprehensive loss	-	-	(15,022)	(15,022)
<b>Balance, December 31, 2018</b>	<b>2,000,000</b>	<b>\$ 100,000</b>	<b>\$ (15,022)</b>	<b>\$ 84,978</b>

The accompanying notes are an integral part of the financial statements.

**VALDY INVESTMENTS LTD.**  
**Statement of Cash Flows**  
**From Inception on August 22, 2018 to December 31, 2018**  
(Expressed in Canadian Dollars)

	2018
Cash flows used in operating activities	
Loss for the period	\$ (15,022)
Changes in non-cash operating items:	
Accounts payable and accrued liabilities	7,500
Net cash used in operating activities	(7,522)
Cash flows from financing activities	
Proceeds from issuance of shares	100,000
Net cash from financing activities	100,000
Net increase in cash	92,478
Cash, beginning of period	-
Cash, end of period	\$ 92,478

The accompanying notes are an integral part of the financial statements.

## 1. Nature and Continuance of Operations

Valdy Investments Ltd. (the "Company") was incorporated under the provincial *Business Corporations Act* (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3<sup>rd</sup> Avenue, Vancouver, BC V6R 1N5. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient fund to operate for the next twelve months.

## 2. Significant Accounting Policies

### (a) Statement of Compliance

The financial statements of the Company comply with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements were approved by the Board of Directors for issuance on February 4, 2019.

### (b) Basis of Presentation

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

### (c) Significant Judgments, Estimates and Assumptions

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

## 2. Significant Accounting Policies (continued)

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

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as disclosed in Note 1.

### (d) Share Capital

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

### (e) Income Taxes

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

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

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

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

### (f) Loss Per Share

Basic loss per share is computed by dividing net earnings (loss) by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

## 2. Significant Accounting Policies (continued)

### (g) Financial Instruments

The following is the accounting policy for financial assets under IFRS 9:

#### Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

Cash: FVTPL

Trade payable and accrued liabilities: Amortized cost

## 3. Share Capital

Authorized:

Unlimited Common Shares without par value

Unlimited Preferred Shares without par value

During the period ended December 31, 2018, the Company issued 2,000,000 common shares of the Company at a price of \$0.05 per share. There were no share issue costs during the period ended December 31, 2018.

As at December 31, 2018, the Company has no outstanding options or warrants.



#### 4. Capital Disclosures

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

The Company's objectives when managing capital are:

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

The Company is not subject to any externally or internally imposed capital requirements at period end.

#### 5. Financial Instruments

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

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

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

#### 6. Financial Risk Management

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

##### *Overview*

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

##### *Credit Risk*

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

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of \$92,478 to pay liabilities of \$7,500.

##### *Market Risks*

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

## 7. Income Taxes

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

	2018
Loss for the period	\$ (15,022)
Expected income tax recovery	(4,000)
Change in unrecognized deductible temporary differences	4,000
<b>Total income tax recovery</b>	<b>\$ -</b>

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

	2018
Deferred tax asset	
Incorporation costs	\$ 2,000
Non-capital losses available for future period	\$ 2,000
	4,000
<b>Unrecognized deferred tax assets</b>	<b>(4,000)</b>
<b>Net deferred tax asset</b>	<b>\$ -</b>

The significant components of the Company's temporary differences and unused tax losses that have not been included on the statement of financial position are as follows:

	2018	Expiry Date
Temporary differences		
Incorporation costs	\$ 7,500	No expiry date
Non-capital losses available for future period	\$ 7,500	2038

### Subsequent Event

On January 24, 2019, the Company completed a private placement offering, pursuant to which the Company issued 2,500,000 common shares at \$0.10 per share for total proceeds of \$250,000.

The Company is in the process of filing an Initial Public Offering ("IPO") to file a prospectus with the securities regulatory authorities in the provinces of Alberta and British Columbia pursuant to an Agency Agreement (the "Agency Agreement") to be entered into between the Company and Leede Jones Gable Inc. (the "Agent"), to offer a minimum of 2,000,000 common shares (the "Minimum Offering") and a maximum of 4,000,000, common shares (the "Maximum Offering") at \$0.10 per share to the public for total estimated proceeds ranging from \$200,000 to \$400,000 (before transaction costs). At closing, the Company will issue to the Agent compensation options (the "Agent's Compensation Options") up to 200,000 common shares, assuming completion of the Minimum Offering, or up to 400,000 common shares, assuming completion of the Maximum Offering. Each Agent's Compensation Option entitles the Agent to purchase one common share of the Company at \$0.10 per common share at any time prior to the date that is 24 months from the closing date.

Additionally, the Company granted options to purchase up to an aggregate of 850,000 common shares of the Company to the four directors and officers of the Company. All stock options are exercisable at \$0.10 per share; are exercisable on or before the tenth anniversary of the date on which the IPO is carried out, and vest immediately.

**DATE: February 28, 2019**

**CERTIFICATE OF THE CORPORATION**

The foregoing 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 British Columbia and Alberta, and the regulations thereunder.

*"James Decker"*

\_\_\_\_\_  
James Decker  
Chief Executive Officer and Director

*"Johnny Ciampi"*

\_\_\_\_\_  
Johnny Ciampi  
Chief Financial Officer, Corporate Secretary and  
Director

**ON BEHALF OF THE BOARD**

*"Neil Currie"*

\_\_\_\_\_  
Neil Currie  
Director

*"Jonathan McNair"*

\_\_\_\_\_  
Jonathan McNair  
Director

**CERTIFICATE OF THE PROMOTER**

This prospectus 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 British Columbia and Alberta.

*"James Decker"*

\_\_\_\_\_  
James Decker  
Promoter

*"Johnny Ciampi"*

\_\_\_\_\_  
Johnny Ciampi  
Promoter

**DATE: February 28, 2019**

**CERTIFICATE OF THE AGENT**

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

**LEEDE JONES GABLE INC.**

Per: *Richard H. Carter*  
Richard H. Carter  
Senior VP General Counsel and  
Corporate Secretary