

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

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

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States except in compliance with exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the securities will only be offered or sold within the United States pursuant to available exemptions from the registration requirements under the U.S. Securities Act and in compliance with applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States.

PRELIMINARY PROSPECTUS

New Issue

December 18, 2018

AX1 CAPITAL CORP.

15,432,656 Common Shares Issuable upon the Acquisition of Luxxfolio Network Inc.

This prospectus (the "**Prospectus**") qualifies the distribution of 15,432,656 common shares ("**AX1 Shares**") of AX1 Capital Corp. ("**AX1**" or the "**Company**"), issuable upon the acquisition of the outstanding common shares ("**LNI Shares**") of Luxxfolio Network Inc. ("**Luxxfolio**") or upon the conversion of special warrants of Luxxfolio ("**LNI Special Warrants**"). The AX1 Shares will be issued pursuant to the terms of a Securities Exchange Agreement dated August 24, 2018, as amended (the "**Securities Exchange Agreement**") among AX1, Luxxfolio and its security holders ("**LNI Security Holders**").

Pursuant to the Securities Exchange Agreement, AX1 will acquire 100% of the issued and outstanding LNI Shares and LNI Special Warrants (collectively the "**LNI Securities**") by exchanging one AX1 Share for each LNI Security (the "**Transaction**"). On completion of the Transaction, all LNI Security Holders will hold AX1 Shares, Luxxfolio will become a wholly-owned subsidiary of AX1, and the business of Luxxfolio will be the business of AX1. The Transaction is scheduled to complete with five business days following the Effective Date, as that term is defined herein.

No securities of AX1 are available for purchase pursuant to this Prospectus and no additional funds are to be received by AX1 from the distribution of AX1 Shares pursuant to the Transaction.

There is no market through which the securities of AX1 may be sold and purchasers may not be able to resell them. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

As at the date of this Prospectus, the Company 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, Aequitas NEO Exchange Inc., 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).

As at the date of this Prospectus, the Company has applied to list its common shares on the Canadian Securities Exchange ("CSE"). The CSE has not approved the listing of such common shares. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Company's common shares.

An investment in these securities is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment. See “RISK FACTORS”.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of these securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires any of these securities.

Prospective investors should rely only on the information contained in or incorporated by reference into this prospectus. The Company has not authorized anyone to provide you with different information. Readers should assume that the information appearing in this prospectus is accurate only as of its date, regardless of its time of delivery. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

	<i>Page</i>
FORWARD LOOKING INFORMATION	7
Market and Industry Data	8
GLOSSARY OF TERMS	8
CURRENCY.....	10
PROSPECTUS SUMMARY	12
CORPORATE STRUCTURE	15
Name and Incorporation of AX1	15
Name and Incorporation of Luxxfolio	15
Reverse Take-Over with Luxxfolio	15
Intercorporate Relationships	15
DESCRIPTION OF BUSINESS.....	16
General.....	16
Three Year History	20
USE OF AVAILABLE FUNDS.....	21
Proceeds	21
Funds Available	21
Use of Available Funds.....	21
Business Objectives and Milestones.....	21
General and Administrative Expenses	22
DIVIDEND POLICY.....	22
SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS.....	22
DESCRIPTION OF THE SECURITIES DISTRIBUTED.....	26
Authorized and Issued Share Capital	26
Common Shares	26
Special Warrants	26
CONSOLIDATED CAPITALIZATION.....	27
OPTIONS TO PURCHASE SECURITIES.....	27
Stock Option Plan	27
Eligible Optionees.....	28

Restrictions	28
PRIOR SALES.....	30
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER	31
Escrow under CSE Policies	31
PRINCIPAL SHAREHOLDERS	32
DIRECTORS AND EXECUTIVE OFFICERS	32
Name, Occupation and Security holdings.....	32
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	33
<i>Cease Trade Orders</i>	33
<i>Bankruptcies</i>	33
<i>Penalties or Sanctions</i>	34
Conflicts of Interest.....	34
Management.....	34
EXECUTIVE COMPENSATION.....	36
Compensation Discussion and Analysis	36
<i>Compensation, Philosophy and Objectives</i>	36
<i>Analysis of Elements</i>	36
<i>Long Term Compensation and Option-Based Awards</i>	36
Summary Compensation.....	37
<i>Director and Named Executive Officer Compensation</i>	37
<i>Employment, Consulting and Management Agreements</i>	38
<i>Intended Changes to Compensation</i>	38
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	39
AUDIT COMMITTEE AND CORPORATE GOVERNANCE	39
Audit Committee.....	39
<i>Composition of the Audit Committee</i>	39
<i>The Audit Committee's Charter</i>	39
<i>Relevant Education and Experience</i>	39
<i>Pre-Approval of Policies and Procedures</i>	40
<i>External Auditor Service Fees</i>	40
<i>Exemption</i>	40
Corporate Governance	40
<i>Board of Directors</i>	41
<i>Directorships</i>	41

<i>Orientation and Continuing Education</i>	41
<i>Ethical Business Conduct</i>	42
<i>Nomination of Directors</i>	42
<i>Other Board Committees</i>	42
<i>Assessments</i>	42
RISK FACTORS	42
Risk Factors Related to the AX1 Shares.....	43
There is currently no public trading market for the AX1 Shares.....	43
Volatility of Stock Price and Market Conditions.....	43
Risk Factors Associated with the Company’s business.....	43
Limited Operating History	43
No Profits to Date	43
Additional Requirements for Capital	43
Negative Operating Cash Flow	44
Market Acceptance	44
Global Financial Developments.....	44
Regulatory Risks	44
Dependence on Internet Infrastructure.....	44
Risk of Security Weaknesses in the Company’s Platform Software	44
Risk of False Authentication.....	44
Risks Associated with IBM Hyperledger blockchain.....	45
Risk of Theft and Hacking	45
Intellectual Property Rights	45
Competition.....	45
Dependence on Third Party Relationships.....	45
Key Personnel	45
Management of Growth	46
Litigation.....	46
Conflicts of interest.....	46
Currency Risk	46
No dividend history.....	46
PROMOTERS	47
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	47
Legal Proceedings	47

Regulatory Actions	47
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	47
AUDITORS, TRANSFER AGENTS AND REGISTRARS	48
INTEREST OF EXPERTS	48
OTHER MATERIAL FACTS	48
FINANCIAL STATEMENTS	48
SCHEDULE "A"	49
SCHEDULE "B"	61
SCHEDULE "C"	12
SCHEDULE "D"	0
CERTIFICATE OF THE COMPANY	7
CERTIFICATE OF THE PROMOTERS	Error! Bookmark not defined.

FORWARD LOOKING INFORMATION

This Prospectus contains certain “forward-looking statements” or “forward looking information” (collectively, “forward looking information”) within the meaning of Canadian securities laws. This forward looking information relates to future events or future performance and reflect management’s expectations regarding AX1’s and Luxxfolio’s growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target” or the negative of these terms or other comparable terminology.

Forward-looking information in this Prospectus includes, but is not limited to:

- Completion of the Transaction
- Raising capital, and the use of funds
- Business opportunities for Luxxfolio
- Future sales and cash flows of Luxxfolio

The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking information.

In addition, any forward-looking information represents the Company’s estimates only as of the date of this Prospectus and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking information in this Prospectus include: (a) execution of Luxxfolio’s existing business plans and growth strategy which may change due to changes in the market place, the views of management, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current research results and the interpretation thereof, since new information or new interpretation of existing information may result in changes in Luxxfolio’s expectations. Forward looking information is based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about:

- ability to obtain customer contracts and establish relationships;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to retain skilled management and staff;
- the ability to acquire a significant market position within a target markets;
- currency, exchange and interest rates;
- the availability of financing opportunities,
- economic conditions,
- the retention of management, and avoidance of conflicts of interest; and
- the progress and success of Luxxfolio’s product marketing.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company.

Readers should not place undue reliance on the Company’s forward-looking information, as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking information will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws. For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking information in this Prospectus, see “Risk Factors”.

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled “*Risk Factors*”.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. We believe that this industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that their information has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

GLOSSARY OF TERMS

“**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 issuer 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 issuer. 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.

“**ASC**” means the Alberta Securities Commission

“**Associate**” when used to indicate a relationship with a person or company, means (a) a partner, other than a limited partner, of that person, (b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity, (c) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or (d) a relative, including the spouse, of that person or a relative of that person’s spouse, if the relative has the same home as that person.

“**AX1 Share**” means a common share without par value in the capital of the Company.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**BCSC**” means the British Columbia Securities Commission.

“**Board**” means the board of directors of the Company.

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**CHP**” means Cypress Hills Partners Inc., a private merchant banking company that is owned and operated by Kelly Klatik, a director of the Company, and Dean Linden, the Company’s CEO.

“**Company**” or “**AX1**” means AX1 Capital Corp.

“**CSE**” means the Canadian Stock Exchange.

“**CSE Policies**” means the rules and policies of the CSE in effect as of the date hereof.

“**Effective Date**” means the date on which a final receipt for this Prospectus is issued pursuant to MI 11-102.

“**Escrow Agent**” and “**Transfer Agent**” means •.

“**Escrow Agreement**” means the escrow agreement among the Company, the Escrow Agent, and the holders of the Escrow Securities.

“**Escrow Securities**” means the AX1 Shares held by the directors, officers and insiders of the Company and Luxxfolio on the Listing Date that will be deposited in escrow pursuant to the Escrow Agreement.

“**Finder**” means those arm’s length Persons who introduced certain investors to Luxxfolio under the Financing.

“**Finders’ Warrants**” mean those share purchase warrants as previously issued by Luxxfolio to Finders, each entitling the holder thereof to acquire one LNI Share at \$0.20 per share for 24 months from the date of issue.

“**Financing**” means Luxxfolio’s financings which raised total gross proceeds of \$2,157,031 through the issuance of 15,432,655 LNI Special Warrants.

“**Insider**” has the meaning ascribed to that term in the *Securities Act* (British Columbia), which includes the directors and senior officers of the Company or any subsidiaries of the Company and any person that has direct or indirect beneficial ownership of, or control or direction over, securities of the Company carrying more than 10% of the voting rights attached to the Company’s outstanding voting securities.

“**Listing Date**” means the date on which the AX1 Shares are listed for trading on the CSE.

“**Luxxfolio**” means Luxxfolio Network Inc., which will be the Company’s wholly-owned subsidiary on the completion of the Transaction.

“**LNI Securities**” means collectively the outstanding LNI Shares and LNI Special Warrants.

“**LNI Security Holders**” means collectively the holders of LNI Shares, and LNI Special Warrants.

“**LNI Shares**” means common shares without par value in the capital of Luxxfolio.

“**LNI Special Warrants**” those securities issued by Luxxfolio pursuant to the Financing, as special warrants in the capital of Luxxfolio, each of which is convertible to LNI Shares in certain circumstances.

“**MI 11-102**” means Multilateral Instrument 11-102 *Passport System*.

“**NP 46-201**” means National Policy 46-201 *Escrow for Initial Public Offerings* as published by the Canadian Securities Administrators.

“**NI 51-102**” means National Instrument 51-102 *Continuous Disclosure Requirements*.

“**NI 52-110**” means National Instrument 52-110 *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

“**NI 58-201**” means National Policy 58-201 *Corporate Governance Guidelines*.

“**Optionee**” means the holder of an Option.

“**Options**” means incentive stock options granted to the Company’s directors, officers, employees and consultants in accordance with the Stock Option Plan and CSE Policies.

“**Person**” means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual, or an individual.

“**Prospectus**” means this prospectus and any appendices, schedules or attachments hereto.

“**RRIF**” means a registered retirement income fund.

“**RRSP**” means a registered retirement savings plan.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval (www.sedar.com).

“**Securities Exchange Agreement**” means the securities exchange agreement dated August 24, 2018, as amended, among Luxxfolio, the LNI Security Holders, and the Company in respect of the Transaction.

“**Stock Option Plan**” means the Company’s stock option plan providing for the grant of Options to the Company’s directors, officers, employees and consultants in accordance with the provisions of the Stock Option Plan and CSE Policies.

“**Subscription Funds**” means the total subscription funds of \$2,157,031 raised through the issuance of 15,432,655 LNI Special Warrants under the Financing.

“**Transaction**” means the acquisition by the Company of 100% of the issued and outstanding LNI Securities by exchanging one AX1 Share for each issued and outstanding LNI Security pursuant to the terms of the Securities Exchange Agreement.

CURRENCY

All sums of money to be paid or calculated pursuant to this Prospectus shall be paid or calculated in the currency of Canada unless otherwise expressly stated and the references to \$ are to Canadian dollars.

PROSPECTUS SUMMARY

The following is a summary of AX1, Luxxfolio and the principal features of the Transaction, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized terms are defined in the Glossary of Terms section of this prospectus.

AX1 Capital Corp.

The Company was incorporated pursuant to the BCBCA on October 10, 2017. AX1 is not a reporting issuer in any jurisdiction. AX1 has 193 shareholders, all of whom acquired AX1 Shares pursuant to available prospectus exemptions.

Luxxfolio

Luxxfolio was incorporated under the name “Blocklux Network Inc.” under the BCBCA on December 4, 2017. On August 31, 2018 it changed its name to Luxxfolio Network Inc. Luxxfolio is not a reporting issuer in any jurisdiction.

The Transaction

Pursuant to the Securities Exchange Agreement among AX1, Luxxfolio and the LNI Security Holders. Pursuant thereto, AX1 will issue one AX1 Share in consideration of each LNI Share and LNI Special Warrant outstanding; being an aggregate of 15,432,656 AX1 Shares to be exchanged for 10,370,001 LNI Shares and 5,062,655 LNI Special Warrants.

On completion of the Transaction, Luxxfolio will become the 100% wholly-owned subsidiary of the Company, the former LNI Security Holders will hold approximately 89.14% of the outstanding AX1 Shares, and the business of Luxxfolio will be the business of the Company.

On closing, the Company will change its name from “AX1 Capital Corp.” to “Luxxfolio Holdings Inc.”

Business of the Company

The business of the Company will be the business of Luxxfolio. Luxxfolio is a financial technology company that is developing a cloud-based blockchain platform to enable users to record and authenticate luxury assets and use them to qualify for personal financial products such as loans, credit cards and insurance products. See “*Description of Business*” for more information.

Principal Products

Luxxfolio’s principal product is its technology platform, SmartLuxx. See “*Description of Business*” for more information.

Listing

AX1 has applied to have all AX1 Shares listed on the CSE. Listing is subject to the Company fulfilling all of the requirements of the CSE. See page 1 of this Prospectus.

Use of Available Funds

As at November 30, 2018, the most recent month-end before the date of this Prospectus, Luxxfolio had an approximate consolidated working capital of \$750,000. Available funds are expected to be used toward (i) general and administrative costs for the next 12 months of \$369,500; (ii) product and business development costs of \$110,000; (iii) capital assets of \$50,000; and (iv) costs to complete the Transaction and CSE listing of \$100,000. See “*Available Funds*” and “*Use of Available Funds*”.

The Company will require funding from other sources to continue operations beyond the next year. Such additional funds would likely be raised through a private placement of securities. There is no assurance that such funding will be available.

Distribution

No securities are being offered for purchase under this Prospectus. This Prospectus is being filed for the purpose of qualifying the distribution of the AX1 Shares to be issued pursuant to the Transaction and the listing of the AX1 Shares on the CSE. Since no securities are being offered for sale pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

Directors and Executive Officers of the Company

Dean Linden – CEO

Kelly Klatik – Director

Dr. Michael J. Byron – Director

Anthony Wong - Director

See “*Directors and Executive Officers*” for more information.

Risk Factors

The Company’s business will be subject to certain risks, including but not restricted to risks related to: limited operating history and expected continued operating losses, inherent risks of the blockchain industry, regulatory risks, uninsurable risks, competitive risks, dependence on key management, additional funding requirements, conflicts of interest, dilution, volatility of publicly traded securities, discretion in the use of funds, influence of third party shareholders and no history of dividends. See “Risk Factors”.

Summary of Financial Information of AX1 and Luxxfolio

The following selected financial information has been derived from the audited financial statements of AX1 and Luxxfolio included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto, along with the Management Discussion and Analysis included in this Prospectus.

AX1	Period from October 10, 2017 to August 31, 2018
Total Revenues	\$ nil
Total Expenses	\$18,421
Net Income (Loss)	(\$18,421)
Net Income (Loss) per Share – basic and diluted	(\$0.02)
Total Assets (Cash)	\$60,177
Total Liabilities	\$11,098
Shareholders’ Equity	\$49,079

Luxxfolio	Period from December 4, 2017 to August 31, 2018
Total Revenues	\$ nil
Total Expenses	\$633,457
Write-down of Loan	\$466,805
Net Income (Loss)	(\$1,100,262)
Net Income (Loss) per Share – basic and diluted	(\$0.31)
Total Assets	\$1,174,654
Total Liabilities	\$901,535
Shareholders’ Equity	\$273,119

CORPORATE STRUCTURE

Name and Incorporation of AX1

The Company was incorporated pursuant to the BCBCA on October 10, 2017 under incorporation number BC1143646. The head office of the Company is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

AX1 is not a reporting issuer in any jurisdiction. Its common shares are not listed for trading on any stock exchange. AX1 was formed for the sole purpose of accumulating at least 150 shareholders, and to then look for a business transaction with another entity to facilitate that entity's ability to go public and seek a listing on a Canadian stock exchange.

On completion of the Transaction, the head office of the Company will be relocated to 1080 Mainland Street, Suite 212, Vancouver, British Columbia, V6B 2T4, and its registered and records office will be relocated to 29th Floor, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5. Upon completion of the Transaction, the Company will change its name to Luxxfolio Holdings Inc.

Name and Incorporation of Luxxfolio

Luxxfolio was incorporated under the name "Blockluxe Network Inc." under the BCBCA on December 4, 2017. On August 31, 2018 it changed its name to Luxxfolio Network Inc. Luxxfolio's head office is located at 1080 Mainland Street, Suite 212, Vancouver, British Columbia, V6B 2T4, and its registered and records office has the same address.

Reverse Take-Over with Luxxfolio

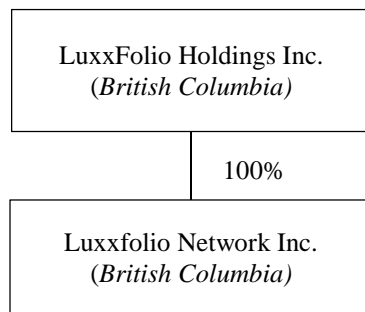
On August 24, 2018, the Company entered into the Securities Exchange Agreement with Luxxfolio and the LNI Security Holders.

The Transaction is scheduled to be completed within five business days following the Effective Date, and prior to the Listing Date. Once completed, all LNI Security Holders will have exchanged their LNI Securities for a total of 15,432,656 AX1 Shares on the basis of one AX1 Share for each LNI Security.

On completion of the Transaction, Luxxfolio will become a wholly owned subsidiary of AX1, the business of Luxxfolio will be the business of the Company, and the former LNI Security Holders will become owners of approximately 89.14% of the Company's issued and outstanding AX1 Shares.

Intercorporate Relationships

Before completion of the Transaction, the Company did not have any inter-corporate relationships. The following diagram summarizes the structure of the entities upon completion of the Transaction:



DESCRIPTION OF BUSINESS

AX1 currently has no active business. Following completion of the Transaction, AX1 will continue to be a holding company, with all active business operations being conducted by its wholly owned subsidiary – Luxxfolio. As such, the business disclosure below relates to the business of Luxxfolio, which upon completion of the Transaction will be the business of the Company.

General

Luxxfolio is a financial technology company offering a platform to enable a person to authenticate, secure, and capitalize its luxury goods (the “**Platform**” or “**SmartLuxx**”). The Platform aims to solve two challenges that Luxxfolio believes exists within the luxury goods market: the lack of secure and reliable places to authenticate and track the value of luxury investments; and the inability to easily capitalize one’s luxury goods as assets.

The Platform will provide following services:

Authenticate - in-person authentication of luxury goods.

Proof of authentication - Luxxfolio’s proprietary tamper-proof Verification Tag.

Secure authentication - Luxxfolio’s free iOS and Android mobile application (the App) records and stores the proof of authentication to a blockchain. Once done, the luxury good is known to be secured by SmartLuxx. The App will also permit users to record their ownership of luxury items that have not been secured by SmartLuxx. Non-SmartLuxxed items within the App are known as Catalogued. A user’s SmartLuxxed and Catalogued luxury items become the user’s Personal Luxxfolio.

Capitalize Personal Luxxfolio - within the App, a user will be able to share publicly or privately on social media channels any part of their Personal Luxxfolio and use it to apply for financial products such as insurance and credit. A user will be able to transfer ownership of any luxury item secured by SmartLuxx.

The Platform will have two types of registered users:

- Manufacturers, businesses that make luxury goods; and
- Consumers, persons who acquire luxury goods after they have been manufactured.

Each user will provide Luxxfolio with certain information upon registration, including proof of identity, to qualify to use the Platform. Users will pay a fee to have items secured by SmartLuxx. Providers of financial products to the Platform’s users will also pay a fee to Luxxfolio.

Principal Markets

Luxxfolio’s principal market for users of the Platform are manufacturers who wish to combat fraud and individual retail purchasers of luxury items who wish to organize, share, and leverage their luxury items as assets. Luxxfolio will initially focus on the users located in Canada and the U.S.

Distribution Methods

User adoption will increase through the use of digital and social media strategies, key influencer marketing, collaborations and promotions with key partners, manufacturers, and financial products agents. Key demographics the App and technology will appeal to, include generations X, Y (Millennials), Z and Baby Boomers.

Stage of Development

Luxxfolio’s Platform is presently not in the commercial production stage and no revenue has been generated.

Luxxfolio has contracted third-parties to develop and provide services for its Platform. It anticipates releasing the first iteration of the Platform by January 15, 2019.

In October 2018, Luxxfolio began beta testing its App and initiated its first use cases of the SmartLuxx technology. The beta testing was completed in December 2018. The App is now available for download by the public on the Apple App Store and the Google Play Store.

Luxxfolio plans to enable registered users of its App to apply for personal financial products, initially credit and insurance, by the end of July 2019. Luxxfolio has budgeted \$50,000 to implement this feature of its App.

By April 2019, Luxxfolio plans to implement a digital social media campaign. Luxxfolio has budgeted \$25,000 for such implementation.

Production and Services

As stated above, Luxxfolio will provide a Platform for manufacturers and consumers of luxury goods that provides a secure and reliable place to authenticate and register the value of their luxury investments and to easily capitalize them. The Platform consists of the following services:

1. Authenticate

Luxury goods that users want to have secured by SmartLuxx will be authenticated in person. Manufacturers will authenticate a luxury item when they produce it. A consumer will take their luxury good to a verified third-party authenticator approved by Luxxfolio.

Luxxfolio entered into an agreement with Entrupy Inc. dated June 20, 2018. Entrupy is the world's first and only on-demand authentication solution for certain luxury brands. It is an end-to-end physical authentication system that leverages mobile devices, portable hardware and a cloud-based object verification ecosystem. Entrupy uses microscopy portable hardware compatible with a mobile device to enable a user to easily capture a microscopic image of a large area of the luxury good. The image is then used to confirm the authenticity of the item using Entrupy's machine learning algorithm classification engine that employs a dataset of 3 million images across various objects and materials such as fabrics, leather, pills, electronics, toys, and shoes. Entrupy is based in New York, United States.

Under the agreement with Entrupy, the parties agree to help promote one another's services. As part of that, Luxxfolio will have access to Entrupy's public database of Entrupy Verified Businesses. Luxxfolio will be permitted to offer its services to such businesses with the goal of Entrupy Verified Businesses being Luxxfolio approved third-party authenticators.

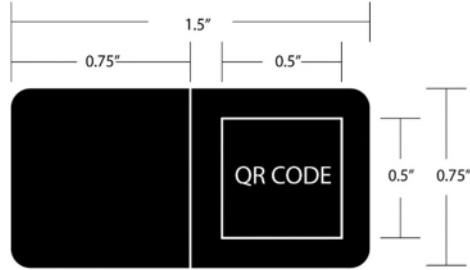
As of the date of this Prospectus, Luxxfolio does not have any approved third-party authenticators.

2. Proof of authentication

Once a luxury item is authenticated by the Platform's services, a Luxxfolio approved Verification Tag will be secured to the item. The initial Verification Tags will be solvent based acrylic, high peel strength, custom self-adhesive labels, 50 microns thick, die cut with rounded corners, 1.5 inches by 0.75 inches, tamper proof, and will have three distinctive viewing states to make it easy to identify as an authentic Verification Tag and difficult to counterfeit.

Each Verification Tag will have a view changing Luxxfolio logo and a unique static Quick Response Code (QR code). A QR Code is a barcode that is a machine-readable optical label that contains information about the item to which it is attached. Each QR code will be printed in high resolution and be associated with a unique randomly generated Data Code composed of an alphanumeric string of up to 125 characters.

On October 16, 2018, Luxxfolio placed an initial order for 5,000 Verification Tags from Nanotech Security Corp., a security company that specializes in sophisticated security, authentication, and brand identification using nanotechnology authentication such as nano-optics product integration. Nanotech is based in Vancouver, British Columbia, Canada. Below is the approved design layout for the initial order of Verification Tags.



Measurements



Normal State



Viewing Angle 1



Viewing Angle 2

3. Secure authentication

Once a Luxxfolio Verification Tag is secured to an authenticated luxury item and the required identifying information for the item is entered via the App, the QR code on the Verification Tag can be scanned using the App. A successful scan will associate the QR code's unique Data Code with the authenticated item and its identifying information. The associated information will then be recorded to Luxxfolio's private blockchain. The luxury item will then be known as having been secured by SmartLuxx and will be added to the user's Personal Luxxfolio as a SmartLuxxed item.

For luxury items not secured with a Luxxfolio Verification Tag, a user may add them to their Personal Luxxfolio via the App as a Catalogued item by providing certain descriptive identifying information about the luxury item such as a photo and proof of purchase. Catalogued pieces will not be recorded to Luxxfolio's blockchain.

Luxxfolio entered into a service agreement dated June 28, 2018 and subsequent statements of work dated June 28, 2018, July 24, 2018, and September 06, 2018 with Two Tall Totems Ltd. (the "TTT Agreements"). Two Tall Totems is a mobile software development and design company located in Vancouver, British Columbia Canada.

Under the TTT Agreements, Two Tall Totems developed the App, Luxxfolio's private blockchain, and the data collection, recording, and integration for both components. It is anticipated that Two Tall Totems will continue to work with Luxxfolio to further develop and improve the software to support the Platform. The blockchain is based on Hyperledger Sawtooth, an open source blockchain platform that is being used globally for enterprise systems in finance, banking, supply chains, and manufacturing.

The initial version of the App and connected blockchain has been released. The App is available for download by the public on the Apple App Store and the Google Play Store. The goal of the initial version is to have sufficient features to satisfy early customers and provide feedback for future development of the App and the Platform in general.

Capitalize Personal Luxxfolio

A user can choose to share pictures and text of the luxury items in their Personal Luxxfolio with friends, family, followers, and the public. The sharing will be through the App via messaging apps or certain social media channels. Users will also be able to apply for financial products such as insurance, credit, and loans through the App. The terms and success of an application for any such financial products will be determined based the information provided by the user in their application and the items in their Personal Luxxfolio. A user will be able to transfer ownership of their SmartLuxxed items through the App.

The financial products will be offered by third-party providers. Luxxfolio entered into a Financial Product Services Agreement dated ●, 2018 with CHP. CHP is a boutique alternative merchant banking firm based in Vancouver, British Columbia, Canada. Under the agreement, CHP will advise Luxxfolio and partner with third parties to provide the financial products such as insurance and credit services to users of the Platform. CHP and Luxxfolio will work together to integrate the approved financial product services and validation processes into the Platform. CHP is a private company that is owned and operated by Kelly Klatik, a director of Luxxfolio and the Company, and Dean Linden, a director and CEO of Luxxfolio and the Company's CEO.

Specialized Skill and Knowledge

Luxxfolio will require the services of management having specialized skills and knowledge to succeed and grow; particularly in the areas of the luxury goods (both manufacturers and consumers), consumer financial products, and technology. The following is a summary of the relevant experience of directors and officers of Luxxfolio and the Company:

Dean Linden, a director and CEO of Luxxfolio, and CEO of the Company, has had a professional career spanning over 20 years of experience including Director of Corporate Development of CRH Medical Inc. from 2005 to 2011; Senior Vice President, Business Development of Falco Resources Ltd. from 2013 to 2015; and Managing Partner and Director of CHP from 2015 to present.

Kelly Klatik, a director of Luxxfolio and the Company, MBA, ICD.D, has over 26 years, including Vice President of Equity Capital Markets for IPC Securities Corporation from 2002 to 2008 based in Toronto and Vancouver; Vice President, Investment Banking for M Partners Inc. from 2008 to 2012; President, CEO, and Director of Falco Resources Ltd. from 2010 to 2014; and Managing Partner and Director of CHP from 2015 to present.

Michael Byron, a director of the Company, has more than 30 years of experience including Vice President of Exploration for Lakeshore Gold from 2003 to 2006; President and CEO of Ginguero Exploration Inc. from 2006 to 2009; Vice President of Exploration and Director for Falco Resources Ltd. from 2010 to 2015; Chief Geologist and Director of Nighthawk Gold Corp. from 2010 to 2015; and President and Director of Nighthawk Gold Corp. from 2008 to 2010 and 2015 to present.

Anthony Wong, a director of the Company, obtained his Law degree in 1992 from the University of British Columbia. He was called to the British Columbia Bar in 1993 and practiced corporate finance law in both the private and public sectors. He specialized in junior public and private company financings, due diligence reviews, regulatory compliance, legislative and regulatory exemptions, policy, and investor and industry education. In 2009, Mr. Wong moved to Ottawa to work in communications, in particular, online video strategies for non-profit education based organizations.

Competitive Conditions

There are a number of other companies in the blockchain luxury goods authentication space such as Arianee, Athesca, Luxchain, Seal, and WISEKey. These companies focus almost exclusively on preventing counterfeit goods from being passed off as legitimate designer wares. While the ability to identify authentic from fake luxury goods is one of Luxxfolio's goals, it is not its sole objective. Luxxfolio will seek to allow luxury good owners to easily capitalize their luxury investments by offering them an array of financial products on terms that may not have been available to them before. In addition, the Platform will enable authentication of luxury items in the secondary market or post-manufacturing stage. The Company believes that this will make its platform more accessible to consumers with a variety of luxury items of various brands because authentication will not be dependent on the brand or manufacturers being a registered user of the Platform.

Components

Luxxfolio's business does not rely on raw materials. However, Luxxfolio does rely on third-parties to develop and provide services for its Platform such as the in-person authentication service, the Verification Tags, personal financial products, and the development and maintenance of the App and Luxxfolio's blockchain.

Intangible Properties

Luxxfolio is developing a strategic plan for its intellectual property. As part of that strategy, Luxxfolio is determining the budget and priorities for protecting its intellectual property and has retained legal counsel and other intellectual property specialists to assist with this. On December 12, 2018, Luxxfolio filed its initial Canadian trademark application for its business, and is researching the patentability of its Platform.

Economic Dependence

Luxxfolio's business is substantially dependent on registering active users for its Platform and having such users purchase personal financial products offered through the Platform.

Employees

Presently, Luxxfolio does not have any employees. It relies on third-party contractors to market and develop the Platform and to provide the authentication and financial product services within the Platform. Luxxfolio relies on its directors and officers to develop and execute Luxxfolio's strategic plan.

Three Year History

Luxxfolio is a private company based in Vancouver, British Columbia. It was incorporated on December 4, 2017 as "Blockluxe Network Inc." and subsequently changed its name to Luxxfolio Network Inc. on August 31, 2018. Luxxfolio was formed to develop the Platform and capitalize on the need it perceived for a secure and reliable place for manufacturers and consumers to authenticate and register the value of their luxury investments with the ability to capitalize their luxury goods as assets.

Since its incorporation, Luxxfolio has raised an aggregate of \$2,157,031 through the sale of 15,432,655 LNI Special Warrants (of which 10,370,000 LNI Special Warrants have converted to LNI Shares, and of which 5,062,655 LNI Special Warrants remain outstanding).

Since its incorporation, Luxxfolio has undertaken the research and development of the Platform. The public release of the initial iteration of the Platform is scheduled for mid-January, 2019. This will be a minimum viable product release to satisfy the minimal requirements of early customers with the goal to collect user feedback for future product development. The Platform development to date has been paid for from proceeds from the Luxxfolio private placements.

USE OF AVAILABLE FUNDS

Proceeds

The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there will be no proceeds realized by the Company on the Effective Date, or thereafter, in connection with this Prospectus.

Funds Available

The consolidated *pro forma* balance sheet of the Company, which gives effect to the Transaction as if it had been completed as of August 31, 2018, is attached as Schedule “C”. The *pro forma* working capital position of the Company as at August 31, 2018, giving effect to the Transaction as if it had been completed on that date, was \$930,455.

The approximate consolidated working capital of AX1 and Luxxfolio as of November 30, 2018 is \$750,000. This amount takes into account the funding of the negative cash flow from operating activities for both the Company and Luxxfolio since August 31, 2018.

Use of Available Funds

Management anticipates applying the available funds in the following manner over the next 12 months:

Use of Funds	Funds to be Expended
General and administrative ¹	\$369,500
Development Costs ²	\$110,000
Capital assets	\$50,000
Payment of costs to complete the Transaction and CSE listing	\$100,000
Payment of finder’s fees to the Finders pursuant to the Financing	\$0.00
Common Share issuance costs	\$25,000
Unallocated working capital	\$95,500
Total	\$750,000

1. See “Use of Available Funds – General and Administrative Expenses” below.
2. See “Use of Available Funds – Business Objectives and Milestones” below.

The Company intends to spend the available funds as stated in this Prospectus. However, there may be situations where, due to change of circumstance, outlook, research results and or business judgment, a reallocation of funds may be necessary in order for the Company to achieve its overall business objectives. There can be no assurance that additional funding required by the Company will be available if required. However, it is anticipated that the available funds will be sufficient to satisfy the Company’s objectives over the next 12 months.

Business Objectives and Milestones

The principal milestones that must occur during the 12-month period following listing of the Common Shares on the CSE in order for the business objectives described above to be accomplished are as follows:

Business Objective	Milestones that must occur for Business Objective to be Accomplished	Anticipated Timing to achieve Business Objectives	Estimated Cost
Establish partnerships with financial product suppliers and integrate providers onto the Platform ¹	Sign Initial Term Sheet with provider	3 months after Listing Date	\$5,000
	Sign Final Agreement with provider	5 months after Listing Date	\$10,000

	Design solution in App and integrate third party provider	8 months after Listing Date	\$35,000
Increase user adoption for App ¹	Launch Digital/Social Media Campaign	3 months after Listing Date	\$25,000
Develop data analytics package for manufacturers and retailers ¹	A minimum of 5 manufacturers / retailers using the App	3 months after Listing Date	\$15,000
	Accumulate sufficient data points	6 months after Listing Date	\$5,000
	Develop a reporting solution for data analytics	8 months after Listing Date	\$15,000
Total			\$110,000

1. See "Use of Available Funds" above.

General and Administrative Expenses

The Company's working capital available to fund ongoing operations will be sufficient to fund Luxxfolio's business milestones and objectives and administrative costs for the next 12 months. Estimated general and administrative expenditures during this period are comprised of the following:

	\$
Executive and administrative salaries	\$78,000
Professional and consulting fees	\$150,000
Marketing, advertising and investor relations	\$55,000
General and administrative ¹	\$62,500
Administrative Services Consultant ²	\$24,000
Total:	\$369,500

1. General and administrative includes \$20,000 for travel, \$5,000 for general office and administrative costs, \$3,500 for equipment and supplies, \$24,000 for facility rental, and \$10,000 for D&O insurance.
2. Administrative and accounting services at \$2,000 per month payable to Cypress Hills Partners Inc.

DIVIDEND POLICY

Neither the Company nor Luxxfolio has declared any dividends or made any distributions since their respective dates of incorporation. The Board may declare dividends at its discretion but does not anticipate paying dividends in the near future. The Board expects to retain earnings to finance future growth of the Company and, when appropriate, retire debt.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of Luxxfolio's financial statements has been prepared by management in accordance with the requirements of National Instrument 51-102 as at the date of this Prospectus unless otherwise stated, and includes financial information from, and should be read in conjunction with, the financial statements of Luxxfolio for the period ended August 31, 2018, and the notes thereto, appearing elsewhere in this Prospectus, as well as the disclosure contained throughout this Prospectus.

The following MD&A is as of the date of this Prospectus unless otherwise stated.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the MD&A, is complete and reliable.

All the financial information in this MD&A and all dollar amounts in the tables, including comparatives, are expressed in Canadian dollars, unless otherwise noted.

This document contains forward-looking statements. Please refer to “*Note Regarding Forward-Looking Statements*” in the Prospectus.

Description of Business

The Company is a private company with plans to list on the CSE. Its sole business to date has been to accumulate at least 150 shareholders through the sale of AX1 Shares, and then look for a business opportunity or company seeking to go public.

Luxxfolio, which will be a wholly owned subsidiary and sole business of the Company after the closing the Transaction, is a development-stage financial technology company preparing to offer a platform to enable a person to authenticate, secure, and capitalize its luxury goods. To date, equity financings through the sale of LNI Special Warrants have provided the main source of financing.

The recovery of Luxxfolio’s investment in its technology will be dependent upon its ability to finalize the development and commercialization of its technology, generate revenues from operations, and its ability to raise sufficient capital to finance these operations until profitable. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

Overall Performance

Luxxfolio was incorporated on December 4, 2017. Its business is to develop and operate the Platform (as described herein), and to obtain a listing on the CSE. To those ends, it has (i) raised sufficient funds to fund its initial work on the Platform and to cover the costs of going public; (ii) engaged the necessary expertise, either in-house or through third party contracts, to develop the Platform; and (iii) initiated steps to gain a listing on the CSE, including entering into the Securities Exchange Agreement with AX1. As of the date of this Prospectus, Luxxfolio has raised an aggregate of \$2,157,031 through the sale of LNI Special Warrants.

Significant Acquisitions and Dispositions

Luxxfolio has not made any significant acquisitions since the date of its incorporation.

Selected Financial Information

The following table summarizes selected financial data from Luxxfolio’s financial statements for the period from incorporation to August 31, 2018, and should be read in conjunction with such statements and related notes, contained in this Prospectus:

Item	Period from Incorporation (December 4, 2017) to August 31, 2018
Revenues	\$nil
Expenses	\$633,457
Write-down of Loan	\$466,805
Net Loss	(\$1,100,262)
Current / Total Assets	\$1,174,654 ¹
Current Liabilities	\$901,535 ²
Working Capital	\$273,119

Item	Period from Incorporation (December 4, 2017) to August 31, 2018
Shareholders' Equity	\$273,119
Number of Shares Outstanding at Year End	9,320,001

1. Includes \$623,257 of funds held in trust pending completion of the Transaction.
2. Includes \$708,257 of subscription received, pertaining to funds received prior to the issuance of LNI Special Warrants.

Additional Disclosure for Venture Issuers Without Significant Revenue

As Luxxfolio has had no revenue from operations since incorporation, the following is a breakdown of the material costs incurred since Luxxfolio's incorporation on December 4, 2017 to August 31, 2018:

- (a) Advertising and Marketing Expenses - \$213,356 towards branding and marketing;
- (b) Research and Development Costs - \$178,019, being costs associated with development of the Platform;
- (c) Consulting Fees - \$80,797, being costs associated with corporate affairs, business planning and product innovation;
- (d) Travel and Conventions - \$62,070, being costs associated with investor marketing and conferences;
- (e) Management Fees - \$48,500, being fees paid to CHP for accounting and administrative functions, including the services of Dean Linden as CEO; and
- (f) Professional Fees - \$41,505, being fees paid to auditors and lawyers.

Results of Operations

During the period from December 4, 2017 (date of incorporation) to August 31, 2018, Luxxfolio incurred a net loss of \$1,100,262, due primarily to the general and administrative expenses noted above, but Luxxfolio also incurred a one-time expense of \$466,805 pertaining to the write-down of a loan held by Luxxfolio in a private company that defaulted on payment.

As a non-reporting issuer, Luxxfolio has not prepared any interim or quarterly financial statements since its inception.

Liquidity and Capital Resources

Luxxfolio manages its capital to maintain its ability to continue as a going concern, with a long-term view of providing returns to shareholders and benefits to other stakeholders. The capital structure of Luxxfolio consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

Luxxfolio will manage its capital structure and makes adjustments to it in light of economic conditions and financial needs. Luxxfolio, upon approval from its Board, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

Luxxfolio is not subject to any externally imposed capital requirements as at August 31, 2018.

Working Capital

As of August 31, 2018, Luxxfolio had positive working capital of \$273,119, including \$405,406 of available cash, \$623,257 of restricted cash, \$118,410 of prepaid expenses, \$193,278 of accounts payable, and \$708,257 of subscriptions received.

Cash

On August 31, 2018, Luxxfolio had available \$405,406 of cash and \$623,257 of restricted cash. Management of cash balances is conducted in-house based on internal investment guidelines. Cash is deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account. Excess funds may be

invested in conservative money market instruments that bear interest and carry a low degree of risk, such as treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the use in and the advancement of the Luxxfolio's business.

Cash Used in Operating Activities

Net cash used in operating activities during the period ended August 31, 2018 was \$(586,170). Cash was mostly spent on business development, management fees and professional fees.

Cash Used in Investing Activities

Total cash used in investing activities during the period ended August 31, 2018 was \$(466,805) related to the write-down of a loan held by Luxxfolio in a private company that went into default.

Cash Generated by Financing Activities

Total net cash generated by financing activities during the period ended August 31, 2018 was \$1,458,381, which consisted of funds obtained through the issuance of LNI Special Warrants (less restricted funds).

Requirement of Additional Equity Financing

Luxxfolio has relied solely on equity financings for all funds raised to date for its operations. Luxxfolio will need more funds to expand its business in the future. Until Luxxfolio starts generating profitable operations from operations, it is expected to continue to rely upon the issuance of securities to finance its operations.

Outstanding Share Data

Luxxfolio's authorized share capital consists of an unlimited number of LNI Shares without par value.

At August 31, 2018, there were (i) 9,320,001 LNI Shares and 5,457,655 LNI Special Warrants, which were issued for aggregate consideration of \$1,996,638; and 54,250 Finders' Warrants outstanding. As of the date of this Prospectus there were (i) 10,370,001 LNI Shares, (ii) 5,062,655 LNI Special Warrants, and (iii) 271,880 Finders' Warrants issued and outstanding.

Critical Accounting Estimates

Luxxfolio's significant accounting policies are presented in Note 3 of the audited financial statements for the period ended August 31, 2018. Note 2 provides that the preparation of its financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are set out in Note 2(d) of the financial statements, none of which are considered material by Luxxfolio.

Transactions with Related Parties

For the period from incorporation on December 4, 2017 to August 31, 2018, Luxxfolio have had no related party transactions except for payments made to CHP, as disclosed in this Prospectus (see "*Executive Compensation*").

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements pertaining to Luxxfolio.

Additional Disclosure for Venture Issuers without Significant Revenue

Luxxfolio has not had any revenues from its operations since its incorporation. The enclosed financial statements of Luxxfolio provide a breakdown of the material elements of its general and administrative costs incurred by the Company for the period ended August 31, 2018.

Additional Disclosure for Junior Issuers

Luxxfolio has had negative cash flow since its inception, and it expects to continue to have negative cash flow for the foreseeable future. Luxxfolio expects its currently available cash on hand will be sufficient to fund its operations for at least 12 months following the closing of the Transaction. During that 12 month period, Luxxfolio estimates its total operating costs required to achieve our stated business objectives will be \$654,500. See “*Use of Available Funds*” above. Luxxfolio does not anticipate incurring any material capital expenditures during that 12 month period.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The Company’s authorized share capital consists of an unlimited number of AX1 Shares of which 1,881,001 AX1 Shares are issued and outstanding at the date of this Prospectus. There are no options, warrants or other securities convertible to AX1 Shares outstanding.

Luxxfolio’s authorized share capital consists of an unlimited number of LNI Shares of which 10,370,001 LNI Shares are issued and outstanding at the date of this Prospectus. There are also 5,062,655 LNI Special Warrants and 271,880 Finders’ Warrants issued and outstanding, which are convertible or exercisable into LNI Shares. See “*Consolidated Capitalization*”.

Common Shares

All of the AX1 Shares rank equally as to voting rights, participation in a distribution of the assets of AX1 on the liquidation, dissolution or winding-up of AX1 and the entitlement to dividends. The holders of the AX1 Shares are entitled to receive notice of all meetings of shareholders and to attend and vote such AX1 Shares at the meetings. Each AX1 Share carries with it the right to one vote. The AX1 Shares do not have pre-emptive rights and are not subject to redemption. Holders of the AX1 Shares are entitled to receive such dividends as may be declared by the Board out of funds legally available therefore. In the event of dissolution or winding up of the affairs of AX1, holders of the AX1 Shares are entitled to share rateably in all assets of the Company remaining after payment of all amounts due to creditors.

Special Warrants

Luxxfolio has raised an aggregate of \$2,157,031 through the distribution of 15,432,656 LNI Special Warrants pursuant to the Financing. Each Special Warrant entitles the holders thereof to automatically receive, without payment of any additional consideration and subject to adjustment in certain circumstances, one LNI Share for each Special Warrant held, upon the earlier of (i) four months following the issuance of the LNI Special Warrant, and (ii) upon Luxxfolio becoming a reporting issuer in any jurisdiction. To date 10,370,000 of the LNI Special Warrants have converted to LNI Shares. There remain 5,062,655 LNI Special Warrants outstanding, as they were sold less than four months prior to the date of this Prospectus.

Pursuant to the Securities Exchange Agreement, on completion of the Transaction, AX1 will issue AX1 Shares in exchange for LNI Special Warrants.

Each holder of a LNI Special Warrant has a contractual right of rescission of the prospectus-exempt transaction under which the LNI Special Warrant has initially acquired. The contractual right of rescission provides that if a holder of a LNI Special Warrant who receives a AX1 Share on conversion of the LNI Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because this Prospectus or an amendment to this Prospectus containing a misrepresentation:

- (a) the holder is entitled to rescission of both the holder's conversion of its LNI Special Warrants and the private placement transaction under which the LNI Special Warrants were initially acquired,
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to Luxxfolio on the acquisition of the LNI Special Warrant, and
- (c) if the holder is a permitted assignee of the interest of the original LNI Special Warrant subscriber, the holder is entitled to exercise the rights or rescission and refund as if the holder was the original subscriber.

Finder's Warrants

Each Finder's Warrant entitles the holder to acquire one LNI Share at \$0.20 for 24 months from the date of issue.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of AX1 as at the dates below. The table should be read in conjunction with and is qualified in its entirety by the Company's audited financial statements for the year ended August 31, 2018.

Description	Amount Authorized or to be Authorized	Outstanding as at August 31, 2018	Outstanding as at the date of this Prospectus	Outstanding upon Completion of the Transaction
Common Shares	Unlimited	1,881,001	1,881,001	17,313,657 ¹
Warrants	n/a	nil	nil	nil
Options	10% of outstanding	nil	nil	nil

1. Includes 15,432,656 AX1 Shares to be issued pursuant to the Transaction.
2. Options will be granted under the Stock Option Plan following closing of the Transaction.

The following table sets forth the share and loan capital of Luxxfolio as at the dates below. The table should be read in conjunction with and is qualified in its entirety by Luxxfolio's audited financial statements for the year ended August 31, 2018.

Description	Amount Authorized or to be Authorized	Outstanding as at August 31, 2018	Outstanding as at the date of this Prospectus
Common Shares	Unlimited	9,320,001	10,370,001
Special Warrants	n/a	5,457,655	5,062,655
Finders' Warrants	n/a	54,250	271,880
Options	n/a	nil	nil

OPTIONS TO PURCHASE SECURITIES

As at the date of this Prospectus the Company has not granted any Options to directors, executive officers, employees or consultants of the Company.

Stock Option Plan

The AX1 Board has adopted the Stock Option Plan. The Stock Option Plan was established to provide incentive to eligible directors, officers and employees and consultants. The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of AX1 Shares.

The Stock Option Plan is administered by the Board and Options are granted at the discretion of the Board to eligible Optionees.

Eligible Optionees

To be eligible to receive a grant of Options under the Stock Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant, or an employee of a company providing management or other services to the Company or a subsidiary at the time the Option is granted.

Restrictions

The Stock Option Plan is a 10% rolling plan and the total number of AX1 Shares issuable upon exercise of Options under the Stock Option Plan cannot exceed 10% of the Company's issued and outstanding AX1 Shares on the date on which an Option is granted, less AX1 Shares reserved for issuance on exercise of Options then outstanding under the Stock Option Plan. The following is a summary of the material terms of the Stock Option Plan:

- (a) The Company must not grant an Option to a director, employee, consultant, or consultant company (the "Service Provider") in any 12-month period that exceeds 5% of the outstanding AX1 Shares, unless the Company has obtained approval by a majority of the votes cast by all shareholders of the Company at a shareholders' meeting excluding votes attached to AX1 Shares beneficially owned by Insiders of the Company and their Associates ("Disinterested Security Holder Approval").
- (b) The aggregate number of Options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 1% of the outstanding AX1 Shares calculated at the date of the grant.
- (c) The Company must not grant Options to a Consultant in any 12 month period that exceeds 1% of the outstanding AX1 Shares calculated at the date of the grant of the Options.
- (d) The aggregate number of AX1 Shares reserved for issuance under Options granted to Insiders must not exceed 10% of the outstanding AX1 Shares (if the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Common Shares) unless the Company has obtained Disinterested Security Holder Approval to do so.
- (e) The number of AX1 Shares issued to Insiders upon exercise of Options in any 12 month period must not exceed 10% of the outstanding AX1 Shares (if the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding AX1 Shares) unless the Company has obtained Disinterested Security Holder Approval to do so.
- (f) The issuance to any one Optionee within a 12 month period of a number of AX1 Shares must not exceed 5% of outstanding AX1 Shares unless the Company has obtained Disinterested Security Holder Approval to do so.
- (g) The exercise price of an Option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Security Holder Approval to do so.
- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.
- (i) all Options granted under the Stock Option Plan expire on a date not later than 10 years after the issuance of such Options. However, should the expiry date for an Option fall within a trading Blackout Period (as defined in the Stock Option Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), then within nine business days following the expiration of a Blackout Period;
- (j) Options will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the

Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;

- (k) if an Optionee dies, any vested Options held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (l) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (m) vesting of Options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its Affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its Affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Company or its Affiliates during the vesting period;
- (n) in the event of a take-over bid being made to the shareholders generally, immediately upon receipt of the notice of the take-over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take-over bid, and all outstanding Options may, notwithstanding the vesting terms contained in the Stock Option Plan or any vesting requirements subject to regulatory approval; and
- (o) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all AX1 Shares reserved under the Stock Option Plan in respect of Options which have not yet been granted.

Under the Stock Option Plan, the Board may do the following, without obtaining shareholder approval:

- (a) amend the Stock Option Plan to correct typographical, grammatical or clerical errors;
- (b) change the vesting provisions of an Option granted under the Stock Option Plan, if applicable;
- (c) change the termination provision of an Option granted under the Stock Option Plan if it does not entail an extension beyond the original expiry date of such Option;
- (d) make such amendments to the Stock Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (e) make such amendments as may otherwise be permitted by regulatory authorities;
- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) amend the Stock Option Plan to reduce the benefits that may be granted to Service Providers.

PRIOR SALES

The only securities outstanding in the capital of AX1 are AX1 Shares. The following table summarizes the issuance of AX1 Shares since its incorporation:

Date (mm/dd/yyyy)	Price per AX1 Share (\$)	Number of AX1 Shares	Reason for Issuance
10/10/2017	0.01	1	Incorporator's Share
02/12/2018	0.05	1,056,000	Private Placement
05/02/2018	0.05	500,000	Private Placement
08/03/2018	0.10	325,000	Private Placement
Total		1,881,001	

The following table summarizes the issuance of LNI Special Warrants since incorporation, all of which were issued pursuant to the Financing:

Date (mm/dd/yyyy)	Price per Security (\$)	Number of LNI Special Warrants	Proceeds
01/02/2018	\$0.05	5,350,000 ¹	\$267,500
01/10/2018	\$0.10	1,165,000 ¹	\$116,500
01/12/2018	\$0.15	227,500 ¹	\$35,000
03/01/2018	\$0.20	2,477,500 ¹	\$495,500
03/28/2018	\$0.20	100,000 ¹	\$20,000
05/31/2018	\$0.20	925,000 ¹	\$185,000
07/31/2018	\$0.20	375,000 ¹	\$75,000
08/10/2018	\$0.20	250,000 ²	\$50,000
08/13/2018	\$0.20	620,250 ²	\$124,050
08/28/2018	\$0.20	2,600,000 ²	\$520,000
08/31/2018	\$0.20	687,405 ²	\$137,481
10/31/2018	\$0.20	550,000 ²	\$110,000
11/7/2018	\$0.20	105,000 ²	\$21,000
Totals		15,432,655	\$2,157,031

1. 10,370,000 of these LNI Special Warrants have converted to LNI Shares.
2. These LNI Special Warrants will automatically convert to LNI Shares on that date being four months following the date of issue of the applicable LNI Special Warrants.

Upon completion of the Transaction, the Company will issue one AX1 Share in exchange for each LNI Share and LNI Special Warrant outstanding. In addition, the Company will issue replacement warrants for the Finders' Warrants.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrow under CSE Policies

In accordance with the CSE Policies and NP 46-201, all AX1 Shares held by “principals” as of the Listing Date are subject to escrow restrictions. The “principals” of AX1 will include its directors, officers, promoters, and any persons that beneficially own, either directly or indirectly, or exercise voting control or direction over at least 10% of the total AX1 Shares. Under s.3.6 of NP 46-201, a “principal” that holds AX1 Shares that carry less than 1% of the voting rights attached to all outstanding AX1 Shares after the Transaction is exempt from the escrow requirements. Anthony Wong, a director of the Company, is a “principal” who will be exempt from the escrow provisions in that after the Transaction, he will own 50,000 AX1 Shares which will represent 0.29% of the voting rights attached to the outstanding AX1 Shares.

The CSE Policies require that the Escrow Securities be governed by the form of escrow agreement prescribed under NP 46-201. Under that policy, AX1 will be an “Emerging Issuer”. Pursuant to the Escrow Agreement, among the Company, the Escrow Agent, and the principals, the Escrow Securities will be released as to 10% on the Listing Date, with an additional 15% every six months thereafter, over 36 months.

The Escrow Securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE.

The following sets forth the principals who will be subject to the Escrow Agreement on the Listing Date.

Name and Municipality of Residence	Number of AX1 Shares to be held in Escrow	Percentage of Outstanding AX1 Shares held in Escrow^{1,2}
Dean Linden	1,145,790 ¹	6.62%
Kelly Klatik	1,149,791 ¹	6.64%
Dr. Michael Byron	200,000	1.16%
TOTAL	2,493,581	14.40%

1. Mr. Linden and Mr. Klatik jointly control 2,291,581 LNI Shares which are registered in the name of CHP. Mr. Linden controls 49.9% and Mr. Klatik controls 50.1% of the voting shares of CHP.
2. Based on 17,313,657 AX1 Shares being outstanding upon completion of the Transaction.

If at any time the Company meets the definition of an “Established Issuer”, as set out in NP 46-201, the Escrow Securities will be eligible for accelerated release on the basis of 25% on the Listing Date and 25% every six months thereafter over 18 months. This accelerated release formula will apply retroactively to the Listing Date.

Under the terms of the Escrow Agreement, Escrow Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrow Securities may (a) pledge, mortgage or charge the Escrow Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The Escrow Securities may be transferred within escrow to: (a) subject to approval of the Board, an individual who is an existing or newly appointed director or senior officer of Issuer or of a material operating subsidiary of Issuer; (b) subject to the approval of the Board, a person that before the proposed transfer holds more than 20% of the voting rights attached to Issuer’s outstanding securities; (c) subject to the approval of the Board, a person that after the proposed transfer will hold more than 10% of the voting rights attached to Issuer’s outstanding securities and that has the right to elect or appoint one or more directors or senior officers of Issuer or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of Escrow Securities, the holder’s Escrow Securities may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the

death of a holder of Escrow Securities, all Escrow Securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a RRSP, RRIF or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrow Securities pursuant to a share exchange, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrow Securities subject to a share exchange will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a Related Person of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

Securities Subject to Resale Restrictions

Other than the securities subject to the Escrow Agreement listed above, there are no other securities which are or will be subject to resale restrictions.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Company's and Luxxfolio's directors and executive officers, the only persons who will beneficially own or exercise, directly or indirectly, control or direction over, AX1 Shares carrying more than 10% of the votes attached to all outstanding AX1 Shares are as follows:

Name	Type of Ownership	Number of Common Shares presently owned	Percentage of Common Shares outstanding ²
Dean Linden	Indirect	1,145,790 ¹	13.24%
Kelly Klatik	Indirect	1,149,791 ¹	13.25%
Robert Sim	Direct/Indirect	1,927,005 ³	11.13%

1. Mr. Linden and Mr. Klatik jointly control 2,291,581 Common Shares which are registered in the name of CHP. Mr. Linden controls 49.9% and Mr. Klatik controls 50.1% of the voting shares of CHP.
2. Assumes 17,313,657 issued and outstanding AX1 Shares upon completion of the Transaction.
- (3) Mr. Sim will directly own 127,005 AX1 Shares, he is a Trustee of the Sim Family Trust that will own 1,500,000 AX1 Shares, and he will control 300,000 AX1 Shares that that will be owned by Brownell Lake Holding Inc.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security holdings

The following table sets out information regarding each of the persons who are directors, executive officers and promoters of the Company, including their names, municipality of residence, the position and office to be held; the period of time already served in such position; their principal occupation for the preceding five years; and the number and percentage of AX1 Shares to be beneficially owned, directly or indirectly, or over which control or direction is to be exercised:

Name, Position with AX1 and Province and Country of Residence	Date of Appointment to Office	Principal Occupation for Past Five Years	Number & Percentage of AX1 Shares Owned or Controlled²
Dean Linden CEO, CFO <i>Washington, USA</i>	Dec. 4, 2018	2015-Present: Cypress Hills Partners Inc., Co-Founder & Managing Partner. 2013-2015: Falco Resources Ltd., Sr VP, Business Development	1,145,790 ³ (6.62%)
Kelly Klatik¹ Director <i>B.C., Canada</i>	Dec. 3, 2018	2015-Present: Cypress Hill Partners Inc., Managing Partner and Director 2010-2014: Falco Resources Ltd., President, CEO and Director	1,149,791 ³ (6.64%)
Dr. Michael J. Byron¹ Director <i>Ontario, Canada</i>	Dec. 3, 2018	2015-Present: Nighthawk Gold Corp, President, CEO, Chief Geologist and Director 2012-2015: Falco Resources Ltd, Vice-President of Exploration and Director	200,000 (1.16%)
Anthony Wong¹ Director <i>Ontario, Canada</i>	Dec. 4, 2018	January 2018- Present – Corporate affairs consultant 2011-Present – Online video and marketing consultant.	50,000 (0.29%)
TOTAL			2,545,581 (14.69%)

1. Audit Committee Member
2. All of these AX1 Shares, except those held by Anthony Wong, are subject to escrow under the Escrow Agreement. Percentages assume 17,313,657 AX1 Shares outstanding upon closing of the Transaction.
3. Mr. Linden and Mr. Klatik jointly control 2,291,581 Common Shares which are registered in the name of CHP. Mr. Linden controls 49.9% and Mr. Klatik controls 50.1% of the voting shares of CHP.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of the office of the officers expires at the discretion of the Company's directors.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the best of the Company's knowledge, none of the directors or executive officers of the Company is, or within the 10 years before the date of this Prospectus has been, a director or executive officer of any company that:

- (a) was subject to a cease trade order or similar order or an order that denied the corporation access to any statutory exemptions for a period of more than 30 consecutive days (an "Order"), which was issued while the proposed director or executive officer was acting in the capacity as director, CEO or CFO; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Bankruptcies

To the best of the Company's knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in

that capacity, or within a year of that person ceasing to act in that capacity, 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; or

- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the best of the Company's knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company, has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than as disclosed in this Prospectus, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Management

A description of the principal occupation for the past five years and summary of the experience of the directors and officers of the Company is as follows:

Dean Linden (Age 50) – Chief Executive Officer

Mr. Linden's professional career spans over 20 years of experience and includes Director of Corporate Development of CRH Medical Inc. from 2005 to 2011, Senior Vice President, Business Development of Falco Resources Ltd. from 2013 to 2015, Managing Partner and Director of Cypress Hills Partners Inc. from 2015 to present.

It is expected that initially, Mr. Linden will devote approximately 80% of his time to the Company. Time actually spent may vary according to the Company's needs. Mr. Linden is not a party to any employment, non-competition or confidentiality agreement with the Company.

Other Reporting Issuer Experience:

Falco Resources Ltd. (TSX-V), 2014 - 2015

Kelly Klatik (Age 51) Director

Mr. Klatik has a B.Comm (1992) degree from the University of Saskatchewan in Saskatoon, a Master of Business Administration (2005) degree from Royal Roads University in Victoria, B.C., and a ICD.D Designation (2014) from Rotman School of Business in Toronto, Ontario.

His professional career spans 26 years and includes being Vice-President of Equity Capital Markets for IPC Securities Corporation from 2002 to 2008 based in Toronto and Vancouver; Vice President, Investment Banking for M Partners Inc. from 2008 to 2012; President, CEO, and Director of Falco Resources Ltd. from 2010 to 2014; and Managing Partner and Director of Cypress Hills Partners Inc. from 2015 to present.

It is expected that initially, Mr. Klatik will devote approximately 15% of his time to the Company's affairs. Time actually spent may vary according to the Company's needs from time to time. Mr. Klatik is not a party to any employment, non-competition or confidentiality agreement with the Company.

Other Reporting Issuer Experience:

Druk Capital Partners Inc. (TSX-V), March 2010 - September 2012

Falco Resources Ltd. (TSX-V), September 2012 - May 2014

Dr. Michael J. Byron (Age 59) Director

Dr. Byron has a Ph.D (Geology) (1999) from Carleton University in Ottawa, Ontario. He has a M.Sc (Geology) (1990) from Laurentian University in Sudbury, Ontario, and a B.Sc (Geology) (1983) degree from Geneseo State University in Geneseo, New York. He has been an active member of the Association of Professional Geoscientists of Ontario since 2003.

Dr. Byron has more than 30 years of experience in the mining industry, including being Vice President of Exploration for Lakeshore Gold from 2003 to 2006; President and CEO of Ginguro Exploration Inc. from 2006 to 2009; Vice President of Exploration and Director for Falco Resources Ltd. from 2010 to 2015; Chief Geologist and Director of Nighthawk Gold Corp. from 2010 to 2015; and President and Director of Nighthawk Gold Corp. from 2008 to 2010 and 2015 to present.

It is expected that initially, Mr. Byron will devote approximately 10% of his time to the Company's affairs. Time actually spent will vary according to our needs from time to time. Mr. Byron is not a party to any employment, non-competition or confidentiality agreement with us.

Other Reporting Issuer Experience:

X-Terra Resources Inc. (TSX-V), June 2015 - present

Anaconda Mining Inc. (TSX), February 2012 - present

Carrie Arran Resources Inc. (TSX-V), August 2011 - November 2015

Falco Resources Ltd. (TSX-V), September 2010 - May 2015

Stronghold Metals Inc. (TSX-V), August 2010 - January 2011

Magna Terra Minerals Inc. (TSX-V), February 2010 - present

Nighthawk Gold Corp. (TSX), September 2008 - present

Brazilian Diamonds Limited (TSX-V), June 2007 - December 2010

Ginguro Exploration Inc. (TSX-V), June 2006 - March 2009

Anthony Wong (Age 52) Director

Mr. Wong obtained his Law degree in 1992 from the University of British Columbia. He was called to the British Columbia Bar in 1993 and practiced corporate finance law in both the private and public sector. He specialized in junior public and private company financings, due diligence reviews, regulatory compliance, legislative and regulatory exemptions, policy, and investor and industry education. In 2009, Mr. Wong moved to Ottawa to work in communications, in particular, online video strategies for nonprofit education based organizations.

It is expected that initially, Mr. Wong will devote approximately 15% of his time to the Company's affairs. Time actually spent may vary according to the Company's needs from time to time. Mr. Wong is not a party to any employment, non-competition or confidentiality agreement with the Company.

Mr. Wong has not been an officer or director of any other reporting issuer.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board will meet to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other blockchain technology companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a technology development company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers ("NEOs"), as hereinafter defined, is fair and reasonable. A "Named Executive Officer" ("NEO") includes: (i) the Company's CEO; (ii) the Company's CFO; (iii) the most highly compensated executive officer, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year. The Board relies on the experience of its members as officers and directors with other junior companies in assessing compensation levels.

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of Options to be a significant component of executive compensation as it allows the Company to reward each NEOs efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Option grants, including vesting provisions and exercise prices, are governed by the terms of the Stock Option Plan.

Long Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than its Stock Option Plan. The Company's directors, officers, employees and certain consultants are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Common Shares.

Options are granted by the Board. In monitoring or adjusting the Option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Option grants and the objectives set for the NEOs and the Board. The scale of Options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of Options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) parties who are entitled to participate in the Stock Option Plan;
- (b) the exercise price for each Option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the CSE from the market price on the date of grant;
- (c) the date on which each Option is granted;

- (d) the vesting period, if any, for each Option;
- (e) the other material terms and conditions of each Option grant; and
- (f) any re-pricing or amendment to an Option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Board reviews and approves grants of Options on an annual basis and periodically during a financial year.

Summary Compensation

Director and Named Executive Officer Compensation

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for each of AX1 and Luxxfolio as of their respective financial years ended August 31, 2018.

AX1

During the fiscal year ended August 31, 2018 no compensation of any nature was paid by AX1 to any of its past or present NEOs or directors.

Luxxfolio

During the fiscal year ended August 31, 2018, Luxxfolio had one NEO, namely, Dean Linden, its sole officer and director. The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by Luxxfolio to its NEO:

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Dean Linden <i>CEO, President</i>	2018	nil	nil	nil	nil	105,000 ¹	105,000

1. All amounts paid to CHP. Consists of \$48,500 paid for research costs, \$6,000 for office rental fees, \$2,000 for office expenses, and \$48,500 for accounting and administration.

During the fiscal year ended August 31, 2018, Luxxfolio did not have any stock option plan or similar plan for the issuance of compensation securities; and no options or compensation securities were granted or issued to, or exercised by, the NEO and director.

AX1 – Projected Compensation

The following table sets forth all direct and indirect compensation expected to be paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by AX1 in the 12 months following closing of the Transaction to each NEO and director of the Company, in any capacity, excluding all compensation securities:

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Dean Linden <i>CEO</i>	2019	•	nil	nil	nil	•	•

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Kelly Klatik <i>Director</i>	2019	•	nil	nil	nil	•	•
Dr. Michael Byron <i>Director</i>	2019	nil	nil	nil	nil	nil	nil
Anthony Wong <i>Director</i>	2019	•	nil	nil	nil	•	•

The following table sets forth all compensation securities expected to be granted or issued to each NEO and director of AX1 in the 12 months following closing of the Transaction, for services provided or to be provided, directly or indirectly, to the Company:

Name and position	Type of compensation security	Number of compensation securities, and percentage of class (#)	Issue, conversion or exercise price (\$)	Expiry Date
Dean Linden <i>CEO</i>	Stock Options	150,000	Market	5 years from date of issue
Kelly Klatik <i>Director</i>	Stock Options	150,000	Market	5 years from date of issue
Dr. Michael Byron <i>Director</i>	Stock Options	150,000	Market	5 years from date of issue
Anthony Wong <i>Director</i>	Stock Options	125,000	Market	5 years from date of issue

Employment, Consulting and Management Agreements

- [NTD: to be completed]

Pension Disclosure

Neither AX1 nor Luxxfolio has (i) any form of pension plan that provides for payments or benefits to NEOs at, following, or in connection with retirement, or (ii) any form of deferred compensation plan; and it is not expected that AX1 will have any such plans following closing of the Transaction.

Intended Changes to Compensation

The Company intends to review its compensation practices and may enter into consulting or employment arrangements with its executive officers.

Compensation for the executives of the Company will be reviewed initially every six months. At each review period, the Board will review executive compensation to ensure compensation packages remain reflective of the current roles and responsibilities, and competitive enough to ensure leading candidates to the executive team can be attracted and retained.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time since the date of the Company's incorporation to the date of this Prospectus, was any director, executive officer or employee of the Company nor any Associate thereof, or any former director, executive officer or employee of the Company indebted to the Company or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

At no time since the date of incorporation of Luxxfolio to the date of this Prospectus, was any director, executive officer or employee of Luxxfolio nor any Associate thereof, or any former director, executive officer or employee of Luxxfolio indebted to Luxxfolio or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Luxxfolio.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

Composition of the Audit Committee

Since the date of the incorporation of AX1 to the date of this Prospectus, AX1 has not had an audit committee. Following closing of the Transaction, the members of AX1's Audit Committee will be Kelly Klatik, Dr. Michael J. Byron, and Anthony Wong (chair).

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. None of the members of the committee will be executive officers of the Company. Mr. Klatik will hold a significant number of AX1 Shares on closing, and so may be considered as not independent. Each of Dr. Byron and Mr. Wong will be independent members of the Audit Committee.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company. All members are considered to be financially literate.

The Audit Committee's Charter

A copy of AX1's Audit Committee charter that will be adopted on closing of the Transaction is attached hereto as Schedule "D".

Relevant Education and Experience

Kelly Klatik

Mr. Klatik has experience reading and understanding financial statements as a senior officer with publicly listed companies Druk Capital Inc. and Falco Resources Inc., as a staff accountant at KPMG, and as a B. Comm graduate of University of Saskatchewan in 1992 with a specialization in Accounting. See "*Directors and Executive Officers*" for a further description of Mr. Klatik's relevant education and experience.

Dr. Michael Byron

Mr. Byron has experience reading and understanding financial statements as a senior officer with publicly listed companies Falco Resources Inc. and Nighthawk Gold Inc. In addition, he has sat on the audit committee of the following public TSX-V companies: Anaconda Mining Inc. and for Brazilian Diamond Corp. See "*Directors and Executive Officers*" for a further description of Mr. Byron's relevant education and experience.

Anthony Wong

Mr. Wong has experience reading and understanding financial statements as he has acted as legal counsel or an adviser to a variety of reporting and non-reporting issuers in connection with both public and private financings. He has also assisted a variety of registered dealers with their due diligence reviews of potential corporate financings. See “*Directors and Executive Officers*” for a further description of Mr. Wong’s relevant education and experience.

Pre-Approval of Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee will consider whether the provisions of services other than audit services is compatible with maintaining the auditor’s independence and will adopt a policy governing the provision of these services. This policy will require pre-approval by the Audit Committee of all audit and non-audit services provided by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

Fees billed for audit and non-audit services to AX1 in the fiscal year ended August 31, 2018 are:

Nature of Services	Fees Billed (\$)
Audit Fees ¹	10,000
Audit-Related Fees ²	5,000
Tax Fees ³	2,000
All Other Fees ⁴	0
Total	17,000

1. “Audit Fees” include fees necessary to perform the annual audit of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. “Audit-Related Fees” include services that are traditionally performed by the auditor, including employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All Other Fees” include all other non-audit services.

Exemption

The Company will be relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110. This exemption exempts a “venture issuer” from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of that instrument, as would otherwise be required by NI 52-110.

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, which are in the interest of its shareholders and contribute to effective and efficient decision making.

NI 58-201 *Corporate Governance Guidelines* (“NI 58-201”) establishes corporate governance guidelines which apply to all public companies. The Company will review its own corporate governance practices in light of these guidelines. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations. NI 58-101 mandates disclosure of corporate governance practices in Form 58-101F2, which disclosure is set out below.

Board of Directors

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. In this regard, the Board acts in accordance with (i) the BCBCA; (ii) the Company’s articles of incorporation; and (iii) other applicable laws and Issuer policies.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

The Board is actively involved in the Company’s strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board’s approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company’s business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company’s internal control and management information systems. The Board also monitors the Company’s compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with the Company’s external auditor.

The Board is responsible for choosing the CEO, CFO and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management’s responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company’s major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Company’s communication policy that covers the accurate and timely communication of all important information. It is reviewed annually.

The Board, through its Audit Committee, examines the effectiveness of the Company’s internal control processes and management information systems. The Board consults with the external auditor and management of the Company to ensure the integrity of these systems.

The Board is responsible for determining whether or not each director is an independent director.

Directorships

Mr. Byron is currently a director the following publicly listed companies:

- X-Terra Resources Inc. (TSX-V), since June 2015
- Anaconda Mining Inc. (TSX), since February 2012
- Magna Terra Minerals Inc. (TSX-V), since February 2010
- Nighthawk Gold Corp. (TSX), since September 2008

Orientation and Continuing Education

When new directors are appointed, they will receive an orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

The Board briefs all new directors with respect to the Board’s policies and other relevant corporate and business information. New Board members are also provided with access to all of the Company’s publicly filed documents,

the Company's records, and the Company's management and professional advisors, including the Company's auditor and legal counsel.

The Board also ensures that each director is up-to-date with current information regarding the Company's business, the role the director is expected to fulfill, and basic procedures and operations of the Board. Board members are encouraged to communicate with management and the Company's auditor.

Ethical Business Conduct

The Company has not, as of the date of this Prospectus, adopted a code of ethical business conduct, but is expected to do so upon closing of the Transaction.

Regarding potential conflicts of interest, under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and to disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, including if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an Affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an Affiliate of the Company. If the director abstains from voting after disclosure of his interest, the remaining directors may approve the contract or transaction if considered reasonable and fair to the Company at the time it was entered into, and such contract or transaction will not be considered invalid and the director will not be accountable to the Company for any profit realized from the contract or transaction.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees will generally have some expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Other Board Committees

The Board is not expected to have any committees other than the Audit Committee.

Assessments

The Board does not anticipate establishing any formal means of assessing the performance of each individual director.

RISK FACTORS

An investment in the securities of the Company should be considered highly speculative due to the nature of Luxxfolio's business and the present stage of its development. An investment in the securities of the Company should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations.

The following are certain factors relating to the Company's business after the completion of the Transaction, which prospective investors should carefully consider before deciding whether to invest in the securities of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this Prospectus. These risks and uncertainties are not the only ones the Company will face. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

RISK FACTORS RELATED TO THE AX1 SHARES

There is currently no public trading market for the AX1 Shares

Currently there is no public market for the AX1 Shares, and there can be no assurance that an active market for the AX1 Shares will develop or be sustained. The Company has made application to the CSE to list the AX1 Shares for trading upon closing of the Transaction. There is no assurance the CSE will approve such listing; and should such listing be denied, there will be no public market through which AX1 Shares may be traded.

Volatility of Stock Price and Market Conditions

If listed on the CSE, the market price of the AX1 Shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the AX1 Shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the AX1 Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

RISK FACTORS ASSOCIATED WITH THE COMPANY'S BUSINESS

Limited Operating History

Both the Company and Luxxfolio were recently formed and neither has any operating history or history of revenues or cash flow. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the product authentication, financial technology, and blockchain markets. There is no certainty that the Company will attain its business objectives or operate profitably.

No Profits to Date

Neither the Company nor Luxxfolio has earned any revenues or made any profits since its incorporation. It is expected that the Company will not be profitable for the foreseeable future. The Company's future profitability depends upon Luxxfolio's success in developing and managing its Platform and to the extent to which the Platform is able to generate significant revenues.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to successfully develop its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors, and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Negative Operating Cash Flow

Neither the Company nor Luxxfolio generate operating revenue and both have negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flow in the foreseeable future. Continued losses may have the following consequences:

- (a) increasing the Company's vulnerability to general adverse economic and industry conditions;
- (b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- (c) limiting the Company's flexibility in planning for, or reacting to, changes in its business and industry.

Market Acceptance

If the Luxxfolio's Platform does not gain market acceptance, its operating results will be negatively affected. If the markets for the Platform and services fail to develop, develop more slowly than expected, or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market the Platform; (ii) continue to develop and improve the Platform; or (ii) complete software products and services currently under development. If the Company's Platform is not accepted by customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, a general economic slowdown may reduce the purchase of luxury goods. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Regulatory agencies could shut down or restrict the use of systems similar to the Platform or blockchain based technologies. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the authorities such as the securities regulators.

Dependence on Internet Infrastructure

The success as a developer of blockchain platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products to provide reliable access to the internet and the Company's services. There is no assurance that such access will always be available or grow to meet increased demand.

Risk of Security Weaknesses in the Company's Platform Software

Luxxfolio's network software consists of open source software that is itself based on open source software. There is a risk that the developers of the Platform, or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of the Platform interfering with the use of or causing the loss of data.

Risk of False Authentication

Luxxfolio's authentication service is dependent on third parties to carry out the actual authentication of individual items. Although Luxxfolio has processes in place to identify false authentications, there is no guarantee that a false authentication will not be detected before it is recorded to the Platform as a valid authentication. If this happens, it

could result in a loss of customer and market trust in the Platform and thus a decline in user adoption of the Platform that could materially affect the Company's ability to attain its business objectives.

Risks Associated with IBM Hyperledger blockchain

The secured recording and storage of SmartLuxxed luxury items in the Platform is based upon IBM's Hyperledger blockchain. As such, any malfunction, unintended function or unexpected functioning of the IBM's Hyperledger may cause the Platform to malfunction or function in an unexpected or unintended manner.

Risk of Theft and Hacking

Hackers or other groups or organizations may attempt to interfere with the Platform or the availability of it any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks.

Intellectual Property Rights

Although the Company is not aware of violating commercial and other proprietary rights of third parties, there can be no assurance that its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no issues in this respect have arisen to date, any such claims and disputes arising may result in liability for substantial damages which in turn could harm the Company's business, results of operations and financial condition.

Competition

Luxxfolio is still an early stage company. The market for blockchain technology for authenticating and recording the provenance of goods and providing financial products may become highly competitive before Luxxfolio can attain sufficient market share. There is no assurance that Luxxfolio will successfully differentiate its products from that of its competitors, or that the marketplace will consider the Platform superior to competing products.

Dependence on Third Party Relationships

The Company is highly dependent on a number of third-party relationships to conduct its business and implement expansion plans, and it cannot be assured that all of these partnerships will turn out to be as advantageous as currently anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed or that any strategic agreement will be specifically enforceable by the Company.

Key Personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified marketing, sales and operational personnel to form part of its technical and customer services team. The Company may not be able to enlist, train, retain, motivate and manage the required personnel. Competition for these types of personnel is intense. Failure to attract and retain personnel, particularly marketing, sales and operational personnel as well as consultants, could make it difficult for the Company to manage its business and meet its objectives.

Failure to manage growth successfully may adversely impact the Company's operating results. The growth of the Company's operations may place a strain on managerial, financial and human resources. The Company's ability to manage future growth will depend in large part upon a number of factors, including the ability to rapidly:

- (a) hire and train development, sales and marketing staff to create an expanding presence in the evolving marketplace for the Company's products;
- (b) attract and retain qualified technical personnel in order to administer technical support required for customers located in Canada and elsewhere;
- (c) develop customer support capacity as sales increase, so that customer support can be provided without diverting resources from product sales efforts; and

- (d) expand internal management and financial controls significantly, so that control can be maintained over operations as the number of personnel and size of the Company increases.

Inability to achieve any of these objectives could harm the business and operating results of the Company.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate and manage its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Conflicts of interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency Risk

To the extent that the Company expands its business internationally, the Company will be exposed to foreign currency fluctuations in that certain operations may be located outside of Canada such that certain expenditures and obligations may be denominated in foreign currencies, however the Company will carry on most of its operations in Canadian dollars. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

No dividend history

No dividends have been paid by the Company or Luxxfolio to date. The Company anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's financial condition and current and anticipated cash needs.

PROMOTERS

Each of Dean Linden and Kelly Klatik may be considered to be the promoters (as that term is defined in the *Securities Act* (British Columbia)) of Luxxfolio, and the Company upon closing of the Transaction. Information about each of them is disclosed elsewhere in this Prospectus in connection with their roles as officers and directors of the Company. See “*Directors and Officers*” and “*Executive Compensation*” for details.

Upon closing of the Transaction, CHP will hold 2,291,581 AX1 Shares, which will be jointly and indirectly controlled by Mr. Linden and Mr. Klatik. In addition, Mr. Klatik controls 4,000 AX1 Shares. Each promoter will be entitled to receive stock options under the Company’s Stock Option Plan. See “*Options and Other Rights to Purchase Securities*”; “*Directors and Executive Officers – Management of the Company; Cease Trade Orders, Bankruptcies, Penalties or Sanctions*”; and “*Interest of Management and Others in Material Transactions*” for disclosure regarding the promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no pending legal proceedings to which either Luxxfolio or the Company is or was a party to, or that any of their respective property is or was the subject of, since their dates of incorporation.

Regulatory Actions

No penalties or sanctions have been imposed against either Luxxfolio or the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since their dates of incorporation. No other penalties or sanctions have been imposed by a court or regulatory body against either Luxxfolio or the Company necessary for this Prospectus to contain full, true and plain disclosure of all material facts. Neither Luxxfolio nor the Company has entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since their dates of incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, neither the directors, officers and principal shareholders of the Company, nor any Associate or Affiliate of the foregoing, have had any material interest, direct or indirect, in any transactions in which the Company has participated prior to the date of this Prospectus, or will have any material interest in any proposed transaction, which has materially affected or will material affect the Company.

Each of the proposed directors and officers of the Company hold LNI Shares and will receive AX1 Shares pursuant to the Transactions as follows.

Name	Type of Ownership	Number of AX1 Shares to be owned(2)	Percentage of AX1 Shares outstanding(2)(3)
Dean Linden	Indirect	1,145,790 ¹	6.62%
Kelly Klatik	Indirect	1,149,791 ¹	6.64%
Dr. Michael J. Byron	Direct	200,000	1.16%
Anthony Wong	Direct	50,000	0.29%

1. Mr. Linden and Mr. Klatik jointly control 2,291,581 LNI Shares which are registered in the name of CHP. Mr. Linden controls 49.9% and Mr. Klatik controls 50.1% of the voting shares of CHP.
2. Mr. Klatik controls 4,000 AX1 Shares which will represent 0.02% of the issued and outstanding AX1 Shares upon the closing of the Transaction.
3. Assumes 17,313,657 AX1 Shares outstanding on closing of the Transaction. A total of 2,543,581 AX1 Shares will be held by the Company’s directors and officers and principal shareholders represent approximately 14.69% of the AX1 Shares to be issued and outstanding.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Smythe LLP is the auditor of both the Company and Luxxfolio. Smythe LLP was appointed the Company's auditor on March 3, 2018.

The Company's registrar and transfer agent is ●, with an office at ●

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company or Luxxfolio since their respective dates of incorporation which are currently in effect and considered to be currently material:

1. Securities Exchange Agreement dated August 24, 2018 among the Company, Luxxfolio and the LNI Security Holders.
2. Retention Agreement regarding the deposit in escrow and release conditions of certain Subscription Funds paid by subscribers under the Financing. See "*Corporate Structure – Financing*".
3. Escrow Agreement among the Company, the Escrow Agent, and the holders of the Escrow Securities. See "*Escrowed Securities*".
4. Transfer Agent Agreement between the Company and the Transfer Agent dated ●, whereby the Company appointed the Transfer Agent as its transfer agent and registrar.

Copies of all material contracts and reports referred to in this Prospectus may be inspected at the registered office of the Company located at 1080 Mainland St., Suite 212, Vancouver, British Columbia V6B 2T4 during normal business hours, as well as under the Company's SEDAR profile at www.sedar.com.

INTEREST OF EXPERTS

No Person whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this Prospectus or as having prepared or certified a report or valuation described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or Luxxfolio or any of their respective Associates or Affiliates.

Smythe LLP is the auditor of both Luxxfolio and the Company and is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. Smythe LLP will continue to be the auditor of the Company following completion of the Transaction.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Company or Luxxfolio that are not otherwise disclosed in this Prospectus, or are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Company and Luxxfolio.

FINANCIAL STATEMENTS

Attached to and forming a part of this Prospectus are the following financial statements:

- Audited financial statements of AX1 for the 326-day period from incorporation on October 10, 2017 to August 31, 2018.
- Audited financial statements of Luxxfolio for the 271-day period from incorporation on December 4, 2017 to August 31, 2018.
- *Pro forma* financial statements for the Company giving effect to the Transaction as at August 31, 2018.

SCHEDULE “A”

AX1 CAPITAL CORPORATION

**Financial Statements
August 31, 2018
(Expressed in Canadian Dollars)**

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF AX1 CAPITAL CORPORATION

We have audited the accompanying financial statements of AX1 Capital Corporation, which comprise the statement of financial position as at August 31, 2018, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on October 10, 2017 to August 31, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AX1 Capital Corporation as at August 31, 2018, and its financial performance and its cash flows for the period from incorporation on October 10, 2017 to August 31, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants

Vancouver, British Columbia
December 11, 2018

AX1 CAPITAL CORPORATION
Statement of Financial Position
August 31, 2018
(Expressed in Canadian Dollars)

	2018
Assets	
Current	
Cash	\$ 60,177
Liabilities and Shareholders' Equity	
Liabilities	
Current	
Accounts payable	\$ 11,098
Shareholders' Equity	
Common Shares (note 4)	\$ 67,500
Deficit	(18,421)
	49,079
Total Liabilities and Shareholders' Equity	\$ 60,177

Approved by on behalf of the Board:

Hugh Rogers, Director

AX1 CAPITAL CORPORATION
Statement of Comprehensive Loss
326-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	2018
Operating Expenses	
General and administrative	\$ 18,421
Net Loss and Comprehensive Loss for Period	\$ (18,421)
Basic and Diluted Loss per Share	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	861,350

AX1 CAPITAL CORPORATION
Statement of Changes in Equity
326-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Common Shares	Deficit	Total Shareholders' Equity
		\$	\$	\$
Shares issued on incorporation, October 10, 2017	1			
Shares issued for cash	1, 881,000	109,834	-	67,186
Subscriptions receivable		(42,334)		
Net loss for period	-	-	(18,107)	(18,107)
Balance, August 31, 2018	1,881,001	67,500	(18,107)	49,079

AX1 CAPITAL CORPORATION
Statement of Cash Flows
326-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	2018
Operating Activities	
Net Loss for Period	\$ (18,421)
Changes in non-cash working capital	
Accounts payable	11,098
Cash Used in Operations	\$ (7,323)
Financing Activity	
Proceeds from the issuance of common shares	67,500
Inflow of Cash	60,177
Cash, Beginning of Period	-
Cash, End of Period	\$ 60,177

AX1 CAPITAL CORPORATION
Notes to the Financial Statements
326-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

AX1 Capital Corporation (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017. The Company's registered office address is 212 – 1080 Mainland Street, Vancouver, British Columbia and its principal place of business is Vancouver, British Columbia.

On August 24, 2018, the Company entered into an arrangement agreement with Luxxfolio Network Inc. ("Luxxfolio"), a private company incorporated under the *Business Corporations Act* (British Columbia), with respect to a proposed acquisition. The transaction will be structured by way of a reverse takeover whereby the Company will issue shares to the Luxxfolio security holders in exchange for securities of Luxxfolio. In consideration for all of the issued and outstanding securities of Luxxfolio, the Company shall issue to Luxxfolio security holders one common share of the Company for each common share or special warrant of Luxxfolio held by them. The Company will become the sole shareholder of Luxxfolio. Management intends to file a prospectus with various securities regulators in Canada to qualify the shares to be issued to the Luxxfolio security holders, and to concurrently make application to list the common shares of the Company on the Canadian Securities Exchange. The transaction is considered a reverse takeover by Luxxfolio since the legal acquiree is the accounting acquirer, as the former shareholders of Luxxfolio obtain a controlling interest of the resulting entity after the completion of the transaction.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$18,421 for the 326-day period ended August 31, 2018. As at August 31, 2018, the Company had an accumulated deficit of \$18,421. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing, realize revenue sources and realize positive cash flows from operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors raise significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments that would be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (Continued)

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the financial statements

These financial statements were authorized for issue by the Audit Committee and Board of Directors on November 19, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of comprehensive loss. The Company classifies cash as fair value through profit and loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured as amortized cost.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The carrying value of cash approximates its fair value due to the short-term maturity of these instruments.

(b) Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(c) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

4. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the 326-day period ended August 31, 2018:

- the Company issued 1 common share for \$0.01 on incorporation of the Company;
- the Company issued 1,556,001 common shares at \$0.05 per share for total proceeds of \$77,800; and
- the Company issued 325,000 common shares at \$0.10 per share for total proceeds of \$32,500.

As at August 31, 2018, \$42,334 of share subscriptions were receivable.

5. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at August 31, 2018, the Company has cash of \$60,177 available to settle accounts payable of \$11,098. Accounts payable are in the normal course of business and are due within 90 days of the period end.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

6. CAPITAL MANAGEMENT

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

6. CAPITAL MANAGEMENT (continued)

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

SCHEDULE “B”

LUXXFOLIO NETWORK INC.

**Financial Statements
August 31, 2018
(Expressed in Canadian Dollars)**

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LUXXFOLIO NETWORK INC.

Report on the Financial Statements

We have audited the accompanying financial statements of Luxxfolio Network Inc., which comprise the statement of financial position as at August 31, 2018 and the statements of operations and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the initial 271-day period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Luxxfolio Network Inc. as at August 31, 2018, and its financial performance and its cash flows for the initial 271-day period then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants

Vancouver, British Columbia

December 11, 2018

LUXXFOLIO NETWORK INC.
Statement of Financial Position
August 31, 2018
(Expressed in Canadian Dollars)

	2018
Assets	
Current	
Cash	\$ 405,406
Funds held in trust (note 5)	623,257
Prepaid expenses	118,410
GST receivable	27,581
	\$ 1,174,654
Liabilities	
Current	
Accounts payable and accrued liabilities (note 4)	\$ 193,278
Subscriptions received (note 5)	708,257
	901,535
Shareholders' Equity	
Share Capital (note 5)	1,367,639
Reserve (note 5)	5,742
Deficit	(1,100,262)
	273,119
	\$ 1,174,654

Approved on behalf of the Board:

.....
Dean Linden, Director

.....
Kelly Klatik, Director

LUXXFOLIO NETWORK INC.
Statement of Operations and Comprehensive Loss
For the 271-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	2018
Expenses	
Advertising and marketing (note 4)	213,356
Research and development (note 4)	178,019
Consulting	80,797
Travel and conventions	62,070
Management fees (note 4)	48,500
Professional fees	41,505
Rent (note 4)	6,000
Office and administration (note 4)	3,210
	633,457
Loss Before Other Item	(633,457)
Other Item	
Write-down of loan advance (note 7)	(466,805)
Net Loss and Comprehensive Loss for the Period	\$ (1,100,262)
Basic and Diluted Loss per Share	\$ (0.31)
Weighted Average Number of Common Shares Outstanding	3,537,915

LUXXFOLIO NETWORK INC.
Statement of Changes in Shareholders' Equity
For the 271-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital Amount	Special Warrant Number	Special Warrant Amount	Reserve	Deficit	Total
Balance, December 4, 2017	1	\$ 0	0	\$ 0	0	\$ 0	0
Special warrants issued, net of issuance costs	0	0	11,622,905	1,367,639	5,742	0	1,373,381
Shares issued	9,320,000	923,650	(9,320,000)	(923,650)		0	0
Net Loss	0	,0	0	0	0	(1,100,262)	(1,100,262)
Balance, August 31, 2018	9,320,001	\$ 923,650	2,302,905	\$ 443,989	\$ 5,742	\$ (1,100,262)	\$ 273,119

LUXXFOLIO NETWORK INC.
Statements of Cash Flows
For the 271-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

	2018
Operating Activities	
Net loss for the period	(1,100,262)
Item not involving cash	
Write-down of note receivable	466,805
Changes in non-cash working capital	
GST receivable	\$ (27,581)
Prepaid expenses	(118,410)
Accounts payable and accrued liabilities	193,278
Cash Used in Operating Activities	(586,170)
Investing Activity	
Loan advance	(466,805)
Financing Activities	
Shares issued for cash	1,373,381
Funds held in trust	(623,257)
Subscriptions received	708,257
	1,458,381
Inflow of Cash	405,406
Cash, End of Period	\$ 405,406

LUXXFOLIO NETWORK INC.
Notes to the Financial Statements
271-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Luxxfolio Network Inc. ("Luxxfolio" or the "Company") was incorporated on December 4, 2017 under the *Business Corporations Act*. The Company changed its name from Blockluxe Network Inc. The head office and records are located at 212 - 1080 Mainland Street, Vancouver, British Columbia, V6B 2T4.

The principal business of the Company is to verify, insure and protect luxury goods through a blockchain-enabled authentication platform.

On August 24, 2018, the Company entered into an arrangement agreement with AX1 Capital Corp. (AX1), a private company incorporated under the *Business Corporations Act* (British Columbia), with respect to a proposed acquisition. The transaction will be structured by way of a reverse takeover whereby AX1 will issue shares to the Luxxfolio security holders in exchange for securities of Luxxfolio. In consideration for all of the issued and outstanding securities of Luxxfolio, AX1 shall issue to Luxxfolio security holders one common share of AX1 for each common share or special warrant of Luxxfolio held by them. AX1 will become the sole shareholder of the Company. AX1 will file a prospectus with applicable securities regulators to qualify the AX1 shares issued to the Luxxfolio security holders, and concurrently will make application to list the common shares of AX1 on the Canadian Securities Exchange. The transaction is considered a reverse takeover since the legal acquiree (Luxxfolio) is the accounting acquirer, as the former shareholders of the Company will obtain a controlling interest of the resulting entity after the completion of the transaction.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$1,100,262 for the 271-day period ended August 31, 2018. As at August 31, 2018, the Company had an accumulated deficit of \$1,100,262. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing, realize revenue sources and realize positive cash flows from operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors raise significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments that would be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PRESENTATION (Continued)

(b) Approval of the financial statements

These financial statements were approved and authorized for issue by the Board of Directors on December 11, 2018.

(c) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The accounting policies set out in note 3 have been applied consistently in all material respects.

(d) Use of estimates and judgements

The preparation of these financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of judgments include:

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax loss carry-forwards or other tax assets. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its research and development and working capital requirements.
- (iii) The application of the Company's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Assumptions may change if new information becomes available.
- (iv) Recoverability of the carrying value of the note receivable requires management judgment to determine whether repayment is likely. If there is a change in management's assumptions or economic conditions, the recoverability of the note receivable may change materially.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the following significant accounting policies.

(a) Foreign currency transactions

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
- (ii) Non-monetary assets and liabilities, at the rate of exchange prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange prevailing at the time of the transaction.

Gains and losses arising from the translation of foreign currency are included in net income for the year.

(b) Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: FVTPL, held-to-maturity, available-for-sale or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL comprise derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term, or any financial assets designated upon initial recognition to be classified at FVTPL. Financial assets classified as FVTPL are stated at fair value with any change in fair value recognized in profit or loss. Cash and funds held in trust are included in this category of financial assets.

Financial assets classified as held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognized on their trade-date at fair value, and subsequently are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company does not have any financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are non-derivative financial assets

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

that are not included in the above categories. They are carried at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized directly in other comprehensive income, within shareholders' equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss. The Company does not have any financial assets classified as available-for-sale.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity dates. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any provision for impairment losses. Provisions for impairment losses on receivables are based on a review of all outstanding amounts at year-end, taking into consideration whether they are past due or whether other objective evidence has been received that a specific counterparty will default. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of

the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The Company's note receivable is included in this category of financial assets.

All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

(ii) Financial liabilities

Other financial liabilities are non-derivatives and are initially recognized at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include accounts payable and accrued liabilities and subscriptions received.

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(iii) Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities, other than financial assets and financial liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception.

(c) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of comprehensive income (loss). Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply

when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(d) Future changes in accounting policies

Annual Improvements to IFRS Standards 2015–2017 Cycle

The following standards have been revised to incorporate amendments:

- IFRS 3 Business Combinations – The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in that business.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Future changes in accounting policies (Continued)

- IFRS 11 Joint Arrangements – The amendments clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests in that business.
- IAS 12 Income Taxes – The amendments clarify that an entity recognizes income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognized the originating transaction or event that generated the distributable profits giving rise to the dividend.
- IAS 23 Borrowing Costs – The amendments clarify that an entity treats as general borrowings any borrowings made specifically to obtain a qualifying asset that remain outstanding when the asset is ready for its intended use or sale.

The new standard is effective for the Company's annual period beginning on or after January 1, 2019.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either:

"amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities:*
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Future changes in accounting policies (Continued)

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The new standard is effective for the Company's annual period beginning on or after January 1, 2018.

4. RELATED PARTY TRANSACTIONS

During the 271-day period ended August 31, 2018, the Company was charged management fees of \$48,500, research costs of \$48,500, rental fees of \$6,000 and \$2,000 relating to office expenses, by a company controlled by a director and an officer of the Company.

Included in accounts payable and accrued liabilities as at August 31, 2018 is \$5,000 relating to advertising and marketing services, \$12,900 relating to management fees and \$2,000 relating to office expenses.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers and are included in the amounts described above.

All related party transactions are in the normal course of operations and have been recorded at the fair values on the date they occur.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, without par value.

(b) Shares Issued

During the 271-day period ended August 31, 2018, the Company issued 9,320,001 shares as follows:

- On December 4, 2017, the Company issued 1 common share at \$0.01.
- On May 2, 2018, the Company issued 5,350,000 shares at \$0.05 per share as per automatic conversion of non-escrowed special warrants issued on January 2, 2018 for total proceeds of \$267,500.

5. SHARE CAPITAL (continued)

- On May 10, 2018, the Company issued 1,165,000 shares at \$0.10 per share as per automatic conversion of non-escrowed special warrants issued on January 10, 2018 for total proceeds of \$116,500.
- On May 12, 2018, the Company issued 227,500 shares at \$0.15385 per share as per automatic conversion of non-escrowed special warrants issued on January 12, 2018 for total proceeds of \$35,000.
- On July 1, 2018, the Company issued 2,477,500 shares at \$0.20 per share as per automatic conversion of non-escrowed special warrants issued on March 1, 2018 for total proceeds of \$495,500.
- On July 28, 2018, the Company issued 100,000 shares at \$0.20 per share as per automatic conversion of non-escrowed special warrants issued on March 28, 2018 for total proceeds of \$20,000.

(c) Special Warrants

- During the 271-day period ended August 31, 2018, the Company issued 3,209,000 escrowed special warrants pursuant to a subscription agreement for proceeds of \$598,274, net of issuance costs of \$43,526, funds held in trust that will be released to the Company upon conversion of these escrowed special warrants. Each escrowed special warrant entitles the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder one common share five days following satisfaction of the Company obtaining a receipt to a final prospectus which qualifies the distribution of the common shares upon conversion of the Special Warrants, and the conditional listing of the Company's shares on the Canadian Securities Exchange ("CSE") (the "Conversion Date").

In accordance with the terms of the special warrant agreement, if the Conversion Date does not occur on or before January 31, 2019, then the special warrants will be cancelled, and the subscribers will be entitled to receive, without interest, a refund of the subscription proceeds. Given the short term to maturity, management determined that the fair value of the liability component amounted to \$658,257 and the fair value of the equity component was assessed to be \$nil using the residual value method.

- During the 271-day period ended August 31, 2018, the Company issued 11,568,655 non-escrowed special warrants pursuant to a subscription agreement for proceeds of \$1,373,381, net of issuance costs of \$10,850. Each non-escrowed special warrant entitles the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder one common share on the earlier of (i) five days following satisfaction of the Company obtaining a receipt to a final prospectus which qualifies the distribution of the common shares upon conversion of the Special Warrants, and the conditional listing of the Company's shares on the Canadian

5. SHARE CAPITAL (continued)

(c) Special Warrants (continued)

Securities Exchange (“CSE”); or (ii) four months following the date its Closing Date.

During the 271-day period ended August 31, 2018 9,320,000 non-escrowed special warrants automatically converted into common shares after four months in the capital of the Company (note 5(b)).

(d) Finders’ fee warrants

During the 271-day period ended August 31, 2018, the Company issued 54,250 finders’ fee warrants. Each finders’ fee warrant may be exercised into one common share at a price of \$0.20 per share expiring in two years following the date of issuance. The Company recognized share issue costs of \$5,742 for 54,250 finders’ fee warrants issued in conjunction with special warrants issued during that year.

The fair value of finders’ fee warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018
Risk-free interest rate	1.82%
Expected dividend yield	0.00%
Expected stock price volatility	100.00%
Expected life in years	2.00

Finder's warrant transactions and the number of finders' warrants outstanding are summarized as follows:

	2018	
	Number of Finders' Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	-
Issued	54,250	\$ 0.20
Outstanding, end of year	54,250	\$ 0.20

5. SHARE CAPITAL (continued)

(d) Finders' fee warrants (continued)

The following finders' warrants were outstanding at August 31, 2018:

Grant Date	Exercise Price	Number of Finders' Warrants
March 1, 2018	\$ 0.20	29,750
March 28, 2018	\$ 0.20	7,000
July 31, 2018	\$ 0.20	17,500
	\$ 0.20	54,250

6. FINANCIAL INSTRUMENT

(a) Fair value

The Company provides information about 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, funds held in trust, GST receivable accounts payable and accrued liabilities, and subscriptions receivable are short term in nature, and therefore the carrying values approximate fair values.

(b) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of its cash and funds held in trust by placing its cash balances at a major Canadian financial institution and in a major law firm's trust account.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash flows to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities and subscriptions received. Accounts payable and accrued liabilities are due within 90 days. Subscriptions received are potentially repayable January 31, 2019.

7. NOTE RECEIVABLE

During the 271-day period ended August 31, 2018, the Company advanced a loan to an unrelated party. The loan bears no interest, is unsecured and due in 2021. Management determined there was risk of recoverability of this loan and the loan was written-down during the period.

	Total
Balance, December 4, 2017	\$ 0
Investment in note receivable	466,805
Write-down of note receivable	(466,805)
Balance, August 31, 2018	\$ 0

8. INCOME TAXES

A reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	2018
Loss before income taxes	\$ (1,100,262)
Income tax at statutory rate	27%
Expected income tax recovery	(297,071)
Items not deductible for tax purposes	123,858
Unutilized losses	173,213
Income tax recovery	\$ 0

As at August 31, 2018, the Company had non-capital losses of approximately \$641,000 and capital losses of \$467,000 available for carry-forward to reduce future years' taxable income and taxable capital gains. The non-capital losses expire in 2038.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at August 31, 2018, the Company considers capital to consist of all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares, or dispose of assets or adjust the amount of cash on hand.

At this stage of the Company's development, in order to maximize ongoing operational development efforts, the Company does not pay dividends. There were no changes to the Company's capital management approach during the 271-day period ended August 31, 2018.

10. SEGMENT INFORMATION

The Company operates within one business segment in British Columbia, Canada, being a blockchain-enabled authentication platform.

11. SUBSEQUENT EVENTS

(a) Special Warrants Issued

On October 31, 2018, the Company issued 425,000 non-escrowed special warrants pursuant to a subscription agreement for gross proceeds of \$85,000. The gross proceeds were received on August 31, 2018.

On October 31, 2018, the Company issued 125,000 escrowed special warrants pursuant to a subscription agreement for gross proceeds of \$25,000 funds held in trust that will be released to the Company upon conversion of these escrowed special warrants. The gross proceeds were received on July 24, 2018.

On November 7, 2018, the Company issued 105,000 non-escrowed special warrants pursuant to a subscription agreement for gross proceeds of \$21,000.

(b) Special Warrants Conversion

On September 30, 2018, 925,000 non-escrowed special warrants were converted to 925,000 common shares of the Company.

On November 30, 2018, 125,000 non-escrowed special warrants were converted to 125,000 common shares of the Company.

(c) Finders' Warrants Issued

During the 271-day period ended August 31, 2018, the Company allocated 217,630 finders' warrants which will be issued immediately following the Conversion Date. Each finders' fee warrant may be exercised into one common share at a price of \$0.20 per share expiring in two years following the date of issuance.

**SCHEDULE “C”
PRO-FORMA FINANCIAL STATEMENTS**

**AX1 CAPITAL CORP.
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

AX1 CAPITAL CORPORATION
Pro Forma Consolidated Statement of Financial Position
August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Luxxfolio Network Inc	AX1 Capital Corp	Pro Forma Adjustments	Notes	Adjusted Pro Forma Amounts
ASSETS					
Current Assets					
Cash	\$ 405,406	\$ 60,177	\$ 523,257	4(b),(c)	\$ 988,840
Funds held in trust	\$ 623,257		\$ (623,257)	4(c)	\$ -
Trade and other receivables	27,581		-		27,581
Short term investments	-	-	-		-
Inventory	-		-		-
Prepaid expenses	118,410		-		118,410
Total Current Assets	1,174,654	60,177	(100,000)		1,134,831
Total Assets	\$ 1,174,654	\$ 60,177	\$ (100,000)		\$ 1,134,831
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 193,278	\$ 11,098	\$ -		\$ 204,376
Subscriptions received	\$ 708,257		\$ (708,257)	4(c)	\$ -
					-
Total Current Liabilities	901,535	11,098	(708,257)		204,376
Shareholders' Equity					
Share capital	1,373,381	67,500	1,157,987.50	4(c)	2,457,838
			(67,500)		
			376,200	4(a)	
			(449,731)	4(c)	
			(28,333)		
Reserve			28,333		28,333
Deficit	(1,100,262)	(18,421)	(427,121)	4(a),(b)	(1,527,383)
			18,421		
Total Shareholders' Equity	273,119	49,079	608,257		958,788
Total Liabilities and Shareholders' Equity	\$ 1,174,654	\$ 60,177	\$ (100,000)		\$ 1,163,164

AX1 CAPITAL CORPORATION
Pro Forma Consolidated Statement of Comprehensive Loss
271-Day Period Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Luxxfolio Network Inc	AX1 Capital Corp	Pro Forma Adjustments	Notes	Adjusted Pro Forma Amounts
Expenses					
Advertising and marketing	\$ 213,356	\$ -			\$ 213,356
Research and development	\$ 178,019	\$ -			\$ 178,019
Consulting	\$ 80,797	\$ -			\$ 80,797
Travel and conventions	\$ 62,070	\$ -			\$ 62,070
Management fees	\$ 48,500	\$ -			\$ 48,500
Professional fees	\$ 41,505	\$ -			\$ 41,505
Rent	\$ 6,000	\$ -			\$ 6,000
Office and administration	\$ 3,210	\$ 18,421	\$ (18,421)		\$ 3,210
Total Current Assets	633,457	18,421	(18,421)		633,457
Loss Before Other Items	633,457	18,421	(18,421)	-	633,457
Other Items					
Write-down of loan advance	(466,805)	-	-		(466,805)
Listing cost	-	-	(427,121)	4(a),(b)	\$ (427,121)
	(466,805)	-	(427,121)	-	(893,926)
Net Loss and Comprehensive Loss for the Period	\$ 1,100,262	\$ 18,421	\$ 408,700	\$ -	\$ 1,527,383
Basic and Diluted Loss Per Share	\$ (0.31)	\$ (0.02)			\$ (0.09)

AX1 CAPITAL CORPORATION
August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position and statement of comprehensive loss of AX1 Capital Corporation. ("AX1" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of AX1 and financial statements of Luxxfolio Network Inc. ("Luxxfolio") to show the effect of the proposed transaction ("Transaction") as per Note 3. The unaudited pro-forma consolidated financial statements has been prepared for inclusion in the prospectus of AX1 (the "Prospectus").

The unaudited pro forma consolidated financial statements as at August 31, 2018 and for the period then ended has been compiled from and includes:

- the audited financial statements of AX1 as at August 31, 2018 and for the period then ended;
- the audited financial statements of Luxxfolio as at August 31, 2018 and for the period then ended; and
- additional information set out in Notes 3 and 4.

The unaudited pro forma consolidated financial statements of the Company should be read in conjunction with the audited financial statements of AX1 for the 326-day period ended August 31, 2018 and the audited financial statements of Luxxfolio for the 271-day period ended August 31, 2018, included in the Prospectus.

The pro forma consolidated statement of financial position assumes the Transaction occurred on August 31, 2018 and the pro forma consolidated statement of comprehensive loss assumes the Transaction occurred on August 31, 2018, and is not necessarily indicative of the financial position and financial performance that would have been achieved if the proposed Transactions had been completed on the dates indicated and does not purport to project the financial position of the consolidated entities for any future period. In the opinion of the management of AX1 and Luxxfolio, the unaudited pro forma consolidated financial statements included all adjustments necessary for a fair presentation of the proposed Transaction described in note 3. Unless otherwise noted, the unaudited pro forma consolidated financial statements and accompanying notes are presented in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited pro forma consolidated statement of financial position are those set out in Luxxfolio's audited financial statements as at August 31, 2018. In preparing the unaudited pro-forma consolidated financial statements, a review was undertaken to identify accounting policy differences between AX1 and Luxxfolio where the impact was potentially material. The significant accounting policies of AX1 conform in all material respects to those of Luxxfolio.

3. TRANSACTION

On April 5, 2018, the Company and Luxxfolio entered into an agreement whereby the Company will acquire 100% of the issued and outstanding securities of Luxxfolio by exchanging one common share of AX1 (“AX1 Share”) for every one Luxxfolio common share (“Luxxfolio Share”) or one special warrant of Luxxfolio (“Luxxfolio Special Warrant”) held by Luxxfolio Security Holders (the “Transaction”). On completion of the Transaction, all Luxxfolio Shares and Luxxfolio Special Warrants will be exchanged for AX1 Shares and Luxxfolio will become a 100% wholly-owned subsidiary of the Company and the business of Luxxfolio will be the business of the Company. Concurrent with the Transaction, the Company will (i) file a prospectus to qualify the AX1 Shares being issued pursuant to the Transaction, and (ii) file to become a listed entity on the Canadian Securities Exchange.

The Transaction is recorded in accordance with guidance provided in IFRS 2 Share Based Payments and IFRS 3 Business Combinations. As AX1 did not qualify as a business according to the definition in IFRS 3, this Transaction does not constitute a business combination; rather it is treated as an issuance of shares by Luxxfolio for the net assets of AX1. Also see Note 4.

The combination between AX1 and Luxxfolio is subject to, amongst other things, regulatory approval, and board approval of the Company and Luxxfolio.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated statement of financial position includes the following pro forma assumptions and adjustments as if they had occurred at August 31, 2018:

- (a) Since the securities consideration to be allocated to the former security holders of Luxxfolio on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the securities, the value in excess of the net identifiable assets or obligations of AX1 acquired on closing is to be expensed in the consolidated statement of operations and comprehensive income as a listing fee.

The assets acquired and liabilities assumed are at their fair values which are the same as their carrying amounts. The net assets of AX1 at fair value on August 31, 2018 are as follows:

Luxxfolio's Identifiable Net Assets	\$
Cash and cash equivalents	60,177
Accounts payable and accrued liabilities	(11,098)
Identifiable net assets	49,079
Transaction Costs	
Deemed share issue (1,881,001 @ \$0.20 per share)	376,200
	376,200
Estimated cash costs of the acquisition	100,000
Total listing expenses	100,000
Listing expense, net of identifiable net assets	427,121

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (Continued)

The share-based compensation in the amount of \$427,121 included in the listing expense is comprised of \$376,200 representing the fair value of the existing shares prior to the Transaction per share.

- (b) In addition, the Company estimated the transaction costs other than finder's fee to be approximately \$100,000.
- (c) All of AX1's equity will be reversed at the date of the Transaction.

5. PRO FORMA SHARE CAPITAL (INCLUDING ADDITIONAL PAID-IN CAPITAL)

	Number of Common Shares	Amount
		\$
Balance, AX1, August 31, 2018	1,881,001	67,500
Adjustment of AX1 share capital upon RTO		(67,500)
Fair value of Luxxfolio share capital	9,320,001	923,650
Shares issued to Luxxfolio		376,200
Common shares issued upon conversion of special warrants	5,457,655	1,157,988
Pro forma balance, August 31, 2018	16,658,657	2,457,838
Dillued common share at August 31, 2018		Common shares
Pro forma common shares on completion of proposed transactions		16,658,657
Luxxfolio finders warrants		271,880
Fully diluted common shares at August 31, 2018		16,930,537

6. PRO FORMA STATUTORY INCOME TAX RATE

The pro forma effective statutory income tax rate of the combined companies will be 27%. AX1 and Luxxfolio both were incorporated under the *Business Corporations Act* of British Columbia

SCHEDULE "D"
**CHARTER OF THE AUDIT COMMITTEE
OF AX1 CAPITAL CORP. ("CHARTER")**

1. MEMBERSHIP.

1.1 The audit committee (the "**Committee**") of the board of directors (the "**Board**") of AX1 Capital Corp. (the "**Company**") shall consist of three or more directors. Each member of the Committee shall be independent in accordance with all applicable corporate and securities laws and stock exchange listing standards and policies of the Canadian Securities Exchange.

1.2 Each member of the Committee must be financially literate, as this term is defined under National Instrument 52-110 - Audit Committees (the "**Instrument**").

1.3 No member of the Committee may serve simultaneously on the audit committee or any other board committee of more than two other public companies, unless the Board determines that simultaneous service will not materially adversely affect the Committee from acting independently or from fulfilling its mandate in accordance with applicable law.

1.4 The Board shall appoint members to the Committee. The members of the Committee shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the member's earlier death, resignation, disqualification or removal. The Board may remove any member from the Committee at any time with or without cause. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all the Committee's powers so long as a quorum exists.

1.5 New Committee members shall be provided with an orientation program to educate them on the Company, their roles and responsibilities on the Committee and the Company's financial reporting and accounting practices. Committee members shall also receive training, as necessary, to increase their understanding of financial, accounting, auditing and industry issues applicable to the Company.

1.6 The Board shall appoint the chair of the Committee (the "**Chair**") from the Committee members. Subject to Section 1.4, the Board shall determine the Chair's term of office.

1.7 A quorum for decisions of the Committee shall be two members.

2. COMMITTEE MEETINGS.

2.1 The Committee shall meet at least quarterly at such times and places as determined by the Committee. The Committee is governed by the same rules regarding meetings (including the procedure used to call meetings, and conducting meetings electronically, in person or by telephone), notice of meetings and waiver of notice by committee members, written resolutions in lieu of a meeting and voting at meetings that apply to the Board.

2.2 The Chair shall seek input from Committee members, the Company's management, the Auditor and Board members when setting each Committee meeting's agenda.

2.3 Any written material to be provided to Committee members for a meeting must be distributed in advance of the meeting to give Committee members time to review and understand the information.

2.4 The chair of the Board (the "**Board Chair**"), the chief executive officer of the Company ("**CEO**") and chief financial officer of the Company ("**CFO**") and any other member of senior management may, if invited by the Chair, attend, give presentations relating to their responsibilities and otherwise participate at Committee meetings. Other Board members may also, if invited by the Chair, attend and participate at Committee meetings.

2.5 The Committee may appoint a Committee member or any other attendee to be the secretary of a meeting. The Chair shall circulate minutes of all Committee meetings to the Company's Board members and its Auditor. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

2.6 The Committee may meet for a private session, excluding management or other third parties, following each Committee meeting or as otherwise determined by the Committee.

3. PURPOSE, ROLE AND AUTHORITY.

3.1 The purpose of the Committee is to oversee the Company's accounting and financial reporting processes and the preparation and auditing of the Company's financial statements.

3.2 The Committee is authorized by the Board to investigate any matter set out in this Charter or otherwise delegated to the Committee by the Board.

4. DUTIES AND RESPONSIBILITIES.

The Committee has the duties and responsibilities set out in Sections 5 to 14 of this Charter, as may be amended, supplemented or restated from time to time.

5. EXTERNAL AUDITOR - APPOINTMENT AND REMOVAL.

The Committee shall:

5.1 Consider and recommend to the Board, to put forward for shareholder approval at the annual meeting, an Auditor that will be appointed or reappointed to prepare or issue an auditor's report and perform audit, review, attest or other services for the Company in compliance with the Instrument and, if necessary, recommend to the Board the Auditor's removal.

5.2 Recommend to the Board the Auditor's compensation and otherwise setting the terms of the Auditor's engagement (including reviewing and negotiating the Auditor's engagement letter).

5.3 Review and monitor the independence of the Auditor.

5.4 At least once per fiscal year, review the qualifications and performance of the Auditor and the Auditor's lead partners and consider and decide if the Company should adopt or maintain a policy of rotating the accounting firm serving as the Company's Auditor.

6. AUDITOR OVERSIGHT - AUDIT SERVICES.

The Committee shall:

6.1 Require the Auditor to report directly to the Committee.

6.2 Discuss with the Auditor: (a) before an audit commences, the nature and scope of the audit, the Auditor's responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, the processes used by the Auditor to identify risks and reporting such risks to the Committee; and (b) any other matters relevant to the audit, including the coordination of services and processes, where more than one audit firm is involved.

6.3 Review and discuss with the Auditor all critical accounting policies and practices to be used in the audit, all alternative treatments of financial information within generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting, as amended from time to time ("**GAAP**") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the Auditor.

6.4 Review any major issues regarding accounting principles, including GAAP, and financial statement presentation with the Auditor and Company's management, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

6.5 Review and discuss with the Auditor and management any problems or difficulties encountered during the audit, including restrictions on the scope of activities or access to information, and any significant disagreements between the Auditor and management in relation to financial reporting. The Committee may meet with the Auditor and management (together or separately) to discuss and resolve such disagreements.

6.6 Review all material communications between management and the Auditor, including reviewing the Auditor's management letter and management's response.

6.7 Create (if required), review and approve the Company's policies respecting the Company's hiring of any (former or current) Auditor's past or present employees or past or present partners that participated in any capacity in any Company audit.

6.8 Oversee any other matters relating to the Auditor and the performance of audit services on the Company's behalf.

7. AUDITOR OVERSIGHT - NON-AUDIT SERVICES.

The Committee shall:

7.1 Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries in accordance with the Instrument.

7.2 Notwithstanding section 7.1, delegate the pre-approval of non-audit services to a member or certain members of the Committee. These member or members shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

7.3 Develop, implement and review pre-approval policies and procedures (collectively, "**Pre-Approval Policies**") in relation to engaging the Auditor for non-audit services for the Company and its subsidiaries. These policies and procedures must include (a) pre-approval policies and procedures for particular services; (b) a written notification process informing the Committee of each instance when the Auditor is engaged by the Company for a pre-approved service contained in the Pre-Approval Policies; and (c) a prohibition against any of the Committee's responsibilities in relation to pre-approving non-audit services being delegated to management. If a non-audit service to be performed by the Auditor is not listed in the Pre-Approval Policies, then the Committee must pre-approve that non-audit service pursuant to Section 7.1 or Section 7.2.

8. INTERNAL CONTROLS.

The Committee shall:

8.1 Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors (the "**Internal Auditors**") have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no Internal Auditors, consider, on an annual basis, whether the Company requires Internal Auditors and make related recommendations to the Board.

8.2 Oversee an effective system of internal controls and procedures for the Company relating to the financial reporting process and disclosure of the financial results ("**Internal Controls**").

8.3 Review with management and the Internal Auditors (with each privately or together) the adequacy and effectiveness of the Company's Internal Controls, including any significant deficiencies or material weaknesses in the design or operation of the Internal Controls and determine if any special steps must be adopted by the Auditor during its audit in light of any such deficiencies or weaknesses.

8.4 Review management's roles, responsibilities and performance in relation to the Internal Controls.

8.5 Review, discuss and investigate: (a) any alleged fraud involving the Company's management or employees in relation to the Internal Controls, including management's response to any allegations of fraud; (b) implement corrective and disciplinary action in cases of proven fraud; and (c) determine if any special steps must be adopted by the Auditor during its audit in light of any proven fraud or any allegations of fraud.

8.6 Establish and monitor the procedures for: (a) the receipt, retention and treatment of complaints that the Company receives relating to its Internal Controls; (b) the anonymous submission of employees' concerns relating to questionable accounting or audit matters engaged in by the Company; and (c) the independent investigation of the matters set out in Section 8.6(a) and Section 8.6(b), including appropriate follow up actions.

8.7 Review and discuss with the CEO and CFO, or those officers who perform the duties similar to a CEO or CFO, the steps taken to complete the required certifications of the annual and interim filings with applicable securities commissions.

9. FINANCIAL STATEMENTS.

The Committee shall:

9.1 Review and discuss with the Auditor and management the Company's annual audited financial statements and the accompanying Auditor's report and management discussion and analysis ("MD&A"). The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on: (a) significant accounting policies, including any changes made to them and the effect this may have on the Company; (b) significant estimates and assumptions; (c) significant adjustments resulting from the an audit; (d) the going concern assumption; (e) compliance with accounting standards; (f) investigations and litigation undertaken by regulatory authorities; (g) the impact of unusual transactions; and (h) off-balance sheet and contingent asset and liabilities, and related disclosures.

9.2 Assess (a) the quality of the accounting principles applied to the financial statements; (b) the clarity of disclosure in the financial statements; and (c) whether the audited annual financial statements present fairly, in all material respects, in accordance with GAAP, the Company's financial condition, operational results and cash flows.

9.3 Upon satisfactory completion of its review, recommend the annual audited financial statements, Auditor's report and annual MD&A for Board approval.

9.4 Review the interim financial statements and related MD&A with the Auditor and management, and if satisfied that the interim financial statements meet the criteria set out in subsection 9.2 to recommend to the Board that it approve the interim financial statements and accompanying MD&A.

10. DISCLOSURE OF OTHER FINANCIAL INFORMATION.

The Committee shall:

10.1 Review and discuss with management the design, implementation and maintenance of effective procedures relating to the Committee's prior review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements ("**Disclosure Procedures**"); ensure that the Disclosure Procedures put in place are followed by the Company's management and employees; and periodically assess the adequacy of the Disclosure Procedures.

10.2 Review the Company's profit and loss press releases and other related press releases before they are released to the public, including the Company's annual information form, earnings press releases and any other public disclosure documents required by applicable securities commissions; and review the nature of any financial information and ratings information provided to agencies and analysts in accordance with the Company's disclosure policy.

10.3 Monitor and review the Company's policy on confidentiality and disclosure on a yearly basis.

11. RISK MANAGEMENT.

The Committee shall:

11.1 Review and discuss with management and the Internal Auditors (each privately or together) policies and guidelines to govern the processes by which management assesses and manages the Company's

risks, including the Company's major financial risk exposures and fraud, and the steps management has taken to monitor and control such exposures.

11.2 Review the periodic reports delivered to the Committee by the Internal Auditors; and oversee the processes by which major Company risks are reviewed by either the Committee, another Board committee or the full Board.

12. LEGAL COMPLIANCE.

The Committee shall: review with legal counsel any legal matters, including inquiries received from regulators and governmental agencies, that may have a significant effect on the Company's financial statements, cash flows or operations; and review and oversee any policies, procedures and programs designed by the Company to promote legal compliance.

13. RELATED PARTY TRANSACTIONS.

The Committee shall all proposed related party transactions, other than those reviewed by a special committee of disinterested directors in accordance with Canadian corporate or securities laws.

14. OTHER DUTIES AND RESPONSIBILITIES.

The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

15. MEETINGS WITH THE AUDITOR.

Notwithstanding anything set out in this Charter to the contrary, the Committee may meet privately with the Auditor or Internal Auditors as frequently as the Committee deems appropriate[, but not less than quarterly,] for the Committee to fulfil its responsibilities and to discuss any concerns of the Committee or Auditor in relation to the matters covered by the Committee's Charter, including the effectiveness of the Company's financial recording procedures and systems and management's cooperation and responsiveness to matters arising from the audit and non-audit services performed by the Auditor.

16. MEETINGS WITH MANAGEMENT.

The Committee may meet privately with management and the Company's Internal Auditors (together or separately) as frequently as the Committee deems appropriate for the Committee to fulfil its responsibilities to discuss any concerns of the Committee, management or the Internal Auditors.

17. OUTSIDE ADVISORS.

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Company.

18. REPORTING.

The Committee shall report to the Board on all matters set out in this Charter and other matters assigned to the Committee by the Board, including: (a) the Auditor's independence; (b) the Auditor's performance and the Committee's recommendation to reappoint or terminate the Auditor; (c) the Internal Auditors'

performance; (d) the adequacy of the Internal Controls; (e) the Committee's review of the Company's annual and interim financial statements, and any GAAP reconciliation, including any issues respecting the quality and integrity of financial statements, along with the MD&A; (f) the Company's compliance with legal and regulatory matters and such matters affect the financial statements; and (g) the Company's risk management programs and any risks identified in accordance with this program.

19. CHARTER REVIEW.

The Committee shall review this Charter and recommend any proposed changes to the Board for approval.

20. PERFORMANCE EVALUATION.

The Committee shall conduct an annual evaluation of the performance of its duties and responsibilities under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

21. NO RIGHTS CREATED.

This Charter is a broad policy statement and is intended to be part of Committee's flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company.

CERTIFICATE OF THE COMPANY

Dated: December 18, 2018.

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, Alberta, Nova Scotia and Ontario.

“Dean Linden”

DEAN LINDEN
Chief Executive Officer

“Dean Linden”

DEAN LINDEN
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Kelly Klatik”

KELLY KLATIK
Director

“Michael J. Byron”

MICHAEL J. BYRON
Director

CERTIFICATE OF THE PROMOTERS

Dated: December 18, 2018.

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, Alberta, Nova Scotia and Ontario.

“Kelly Klatik”

KELLY KLATIK

“Dean Linden”

DEAN LINDEN