

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form 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. This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and may not be offered or sold within the United States or to any U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of VSBLTY Groupe Technologies Corp., Suite 206, 595 Howe Street, Vancouver, British Columbia V6C 2T5 (Tel: (604) 484-7855) and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

June 9, 2021



VSBLTY GROUPE TECHNOLOGIES CORP.

●

● Units

Price: ● per Unit

This short form prospectus qualifies the distribution (the “Offering”) of ● units (the “Units”) of VSBLTY Groupe Technologies Corp. (the “Company” or “VSBLTY”) at a price of ● per Unit (the “Offering Price”) for total gross proceeds of ●. Each Unit is comprised of one common share in the capital of the Company (a “Unit Share”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a “Warrant Share”) at an exercise price of ●, until 4:00 p.m. (Vancouver time) on the date that is ● months from the Closing Date (as defined herein), subject to the terms of a warrant indenture (the “Warrant Indenture”) to be dated as of the Closing Date between the Company and Odyssey Trust Company, as warrant trustee.

The Offering is made on a commercially reasonable “best efforts” overnight marketed basis pursuant to the terms and conditions of an agency agreement (the “Agency Agreement”) dated June ●, 2021 between the Company and Echelon Wealth Partners Inc. (the “Agent”). The Offering Price was determined by negotiation between the Company and the Agent, in accordance with the applicable policies of the Canadian Securities Exchange (the “CSE”) and in the context of the market. See “Plan of Distribution”.

The common shares of VSBLTY (the “Common Shares”) are listed and posted for trading on the CSE under the symbol “VSBY”, on the Frankfurt Stock Exchange (the “FSE”) under the symbol “5VS” and are quoted on the OTC Pink Market in the United States (the “OTCPINK”) under the symbol “VSBGF”. On June 8, 2021, the last trading day prior to the date of

this short form prospectus, the closing price of the Common Shares on the CSE, FSE and OTC/PINK was \$0.57, €0.4255 and US\$0.4717, respectively. The Company intends to apply to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Any such listing will be subject to the Company fulfilling all the listing requirements of the CSE. **There is currently no market through which the Warrants offered hereby may be sold and purchasers of the Warrants may not be able to resell the Warrants purchased under this short form prospectus. 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”.**

	Price to the Public ⁽²⁾	Agent's Fee ⁽³⁾⁽⁵⁾	Net Proceeds to the Company ⁽¹⁾⁽⁴⁾
Per Unit	\$●	\$●	\$●
Total:	\$●	\$●	\$●

Notes:

- (1) Assumes no exercise of the Over-allotment Option (as defined herein).
- (2) The Offering Price was determined by negotiation between the Company and the Agent.
- (3) The Company has agreed to pay the Agent a cash fee equal to 7% of the gross proceeds of the Offering, including gross proceeds from the exercise of the Over-allotment Option (the “Agent’s Fee”).
- (4) After deducting the Agent’s Fee, but before deducting the expenses of the Offering estimated to be \$●, which will be paid from the proceeds of the Offering.
- (5) Pursuant to the Agency Agreement, the Agent will receive a number of Warrants (the “Agent’s Warrants”) equal to 7% of the number of Units issued under the Offering (including any Over-allotment Units (as defined herein) issued upon the Agent’s exercise of the Over-allotment Option). The Agent’s Warrants are exercisable into Common Shares (the “Agent’s Warrant Shares”) at a price of \$● per Agent’s Warrant Share, for a period of ● months from the Closing Date. This short form prospectus also qualifies the issuance of the Agent’s Warrants. The Agent will be issued ● Agent’s Warrants (● Agent’s Warrants if the Over-allotment Option is exercised in full for Over-allotment Units by the Agent). See “Description of the Securities Being Distributed”.

The Company has granted the Agent an over-allotment option (the “**Over-allotment Option**”), exercisable in whole or in part, at the discretion of the Agent, for a period of 30 days on and after the Closing Date when the Offering is achieved, to purchase up to an additional ● Units (the “**Over-allotment Units**”) for an aggregate principal amount of up to \$● on the same terms and conditions as the Offering. The Over-allotment Option is exercisable by the Agent to purchase either: (i) Over-allotment Units at the Offering Price; (ii) additional Unit Shares (“**Over-allotment Unit Shares**”) at a price of \$● per Over-allotment Unit Share; (iii) additional Warrants (“**Over-allotment Warrants**”) at a price of \$● per Over-allotment Warrant; or (iv) any combination of Over-allotment Units, Over-allotment Unit Shares or Over-allotment Warrants (collectively, the “**Over-allotment Securities**”), so long as the aggregate number of Over-allotment Securities does not exceed ● Over-allotment Unit Shares and ● Over-allotment Warrants. Each Over-allotment Unit will consist of one Unit Share and one Over-allotment Warrant, and each Over-allotment Warrant will be exercisable for one Warrant Share (an “**Over-allotment Warrant Share**”) at an exercise price of \$● for a period of ● months following the Closing Date. If the Over-allotment Option is exercised in full for Over-allotment Units, the total number of Units sold pursuant to the Offering will be ●, the “Price to the Public” will be \$●, the “Agent’s Fee” will be \$● and the “Net Proceeds to the Company”, before deducting the estimated expenses of the Offering, will be \$●. This short form prospectus also qualifies the grant of the Over-allotment Option and the distribution of the Over-allotment Securities to be issued and sold upon exercise of the Over-allotment Option. A purchaser who acquires securities forming part of the Agent’s over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases. See “Plan of Distribution”.

The following table sets out the number of Over-allotment Securities and Agent’s Warrants issuable by the Company in connection with the Offering:

Agent's Position	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Exercise Price or Average Acquisition Price
Over-allotment Option	Up to ● Over-allotment Units (or up to ● Over-allotment Unit Shares and/or up to ● Over-allotment Warrants)	Exercisable for 30 days from the Closing Date	\$● per Over-allotment Unit, \$● per Over-allotment Unit Share and \$● per Over-allotment Warrant
Agent's Warrants ⁽¹⁾	● Agent's Warrants	Exercisable up to ● months from the Closing Date	\$● per Agent's Warrant Share

Notes:

- (1) Pursuant to the Agency Agreement, the Agent will receive a number of Agent's Warrants equal to 7% of the number of Units issued under the Offering (including any Over-allotment Units issued upon the Agent's exercise of the Over-allotment Option). The Agent's Warrants are exercisable into Agent's Warrant Shares at a price of \$● per Agent's Warrant Share, for a period of ● months from the closing date of the Offering. This short form prospectus also qualifies the issuance of the Agent's Warrants. The Agent will be issued ● Agent's Warrants (● Agent's Warrants if the Over-allotment Option is exercised in full for Over-allotment Units by the Agent).

The Offering is being conducted on a commercially reasonable “best efforts” agency basis without underwriter liability by the Agent who conditionally offers the Units for sale, if, as and when issued by the Company and accepted by the Agent, in accordance with the terms and conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Company by McMillan LLP and on behalf of the Agent by Bennett Jones LLP. See “Plan of Distribution”.

The Offering is being made in British Columbia, Alberta, Saskatchewan and Ontario. The Units will be offered in each of such provinces through the Agent or its affiliates who are registered to offer the securities for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Units in the United States and such other jurisdictions outside of Canada and the United States as agreed between the Company and the Agent. See “Plan of Distribution”.

An investment in the Units is highly speculative and involves a high degree of risk, and should only be made by persons who can afford the total loss of their investment. Investors should carefully consider the risk factors described in this short form prospectus before purchasing the Units. Prospective investors are advised to consult their legal counsel and other professional advisors in order to assess income tax, legal and other aspects of the investment. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Information”.

Subject to applicable laws and in connection with this Offering, the Agent may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about June 29, 2021 or such later date as may be agreed upon by the Company and the Agent (the “Closing Date”). Notwithstanding the foregoing, if the Offering has not been completed within 90 days of the issuance of a receipt for the (final) prospectus or such other time as may be consented to by the Agent within that period, all subscription proceeds received will be returned to subscribers without interest thereon or deduction therefrom, unless the subscribers have otherwise instructed the Agent and subject also to regulatory approval. See “Plan of Distribution”.

Except for Unit Shares and Warrants issued to, or for the account or benefit of, persons within the United States or U.S. persons who are acquiring Units pursuant to the registration exemption in Rule 506(b) of Regulation D, which will be issued in each case in certificated form, no certificates evidencing the Unit Shares and Warrants will be issued. Instead, the Unit Shares and Warrants sold pursuant to the Offering will be issued in electronic form to the Canadian Depository for Securities (“CDS”) or nominees thereof and deposited with CDS on the closing of the Offering.

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Company and the Agent have not authorized anyone to provide prospective investors with information different from that contained or incorporated by reference in this short form prospectus. The Agent is offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this short form prospectus is accurate as of any date other than the date on the cover page of this short form prospectus.

Certain United States federal income tax considerations and certain Canadian federal income tax considerations are addressed under “Certain United States Federal Income Tax Considerations” and “Certain Canadian Federal Income Tax Considerations” in this short form prospectus. Prospective purchasers are advised to consult their own tax advisors regarding all tax considerations applicable to their particular circumstances in all relevant jurisdictions, including tax considerations arising in respect of the Company’s status as a United States corporation for United States federal income tax purposes in addition to its status as a Canadian resident for Canadian federal income tax purposes. See also “Risk Factors – United States Tax Classification of the Company”.

Prospective purchasers 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 the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units.

The registered office of VSBLTY is located at Suite 1500, 1055 West Georgia Street, PO Box 11117, Vancouver, British Columbia V6E 4N7. The head office of VSBLTY is located at Suite 206, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

A reference to VSBLTY or the Company also includes its subsidiary as the context requires. Unless the context otherwise requires, when used herein, all references to “Offering”, “Units”, “Unit Shares”, “Warrants” and “Warrant Shares” include the Over-allotment Units, Over-allotment Unit Shares, Over-allotment Warrants and Over-allotment Warrant Shares issuable or made issuable upon exercise of the Over-allotment Option, as applicable.

Some of the directors of the Company, namely Guy Lombardo and Thomas D. Hays, reside outside of Canada. Mr. Lombardo and Mr. Hays have appointed the following agent for service of process:

Name of Agent	Address of Agent
McMillan LLP	Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Unless otherwise noted, all currency amounts in this short form prospectus are stated in Canadian dollars.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated herein by reference herein contain forward-looking information and forward-looking statements (collectively, “**forward-looking statements**”) that relate to the Company’s current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict” or “likely”, or the negative or grammatical variations of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business, prospects and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company’s expectations regarding its revenue, operating losses, expenses and research and development operations;
- the Company’s anticipated cash needs and its needs for additional financing;
- the Company’s intention to grow its business and operations;
- expectations with respect to future production costs and capacity;
- expectations regarding the Company’s growth rates and growth plans and strategies;
- the Company’s competitive position and the regulatory environment in which the Company operates;
- the Company’s business objectives for the next twelve months and the anticipated use of proceeds from the Offering;
- the Company’s plans with respect to the payment of dividends;
- the Company’s ability to obtain additional funds through the sale of equity or debt instruments;
- the ability of the Company’s products to access markets;
- the Company’s ability to expand into international markets;
- the Company’s relationship with its distribution partners;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technologies companies specifically;
- the expected demand for the Company’s services;
- the Company’s future cash requirements;
- the Company’s expectations with respect to the overall value and revenue created by the Joint Venture (as defined herein); and
- the Company’s expectations as to the effect of the COVID-19 pandemic on its business and operations.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this short form prospectus, the Company has made various material assumptions, including but not limited to (i) the Company obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company’s ability to successfully execute its plans and intentions; (v) the availability of financing on

reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) the maintenance of the Company's current good relationships with its suppliers, service providers and other third parties; (x) financial results, future financial position and expected growth of cash flows; (xi) business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends; (xii) research and development; and (xiii) the effectiveness of the Company's products compared to its competitors' products. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- the Company is subject to changes in Canadian laws regulations and guidelines which could adversely affect the Company's future business and financial performance;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may be unable to obtain additional financing on acceptable terms or not at all;
- the effectiveness Company's technology and the Company's ability to bring its technology into commercial production cannot be assured;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;
- the Company is reliant on management. If the Company is unable to attract and retain key personnel, it may not be able to compete effectively;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company expects to sell additional equity securities or secure debt facilities to fund operations, for capital expansion, and for mergers and acquisitions, which would have the effect of diluting the ownership positions of the Company's current shareholders;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- the Company cannot assure you that a market will continue to develop or exist for the Common Shares and, if such market continues to develop, what the market price of the Common Shares will be;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company does not anticipate paying cash dividends;

- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares; and
- COVID-19 and its potential effects on the Company's third-party suppliers, service providers and distributors.

The above list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers. In evaluating the forward-looking statements of the Company, prospective purchasers should specifically consider various factors, including the risks outlined herein and those described in under "Risk Factors" and elsewhere in the "Annual Information Form" (as defined herein) and those described from time to time in our future reports and filings available under the Company's SEDAR profile at www.sedar.com.

Certain of the forward-looking statements and other information contained or incorporated by reference herein concerning the technology industry and the general expectations of the Company concerning the technology industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the technology industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this short form prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors". All of the forward-looking statements contained in or incorporated by reference in this short form prospectus are expressly qualified by the foregoing cautionary statements.

This short form prospectus and certain of the documents (or part thereof) incorporated by reference also contain future-oriented financial information and financial outlook information (collectively, "FOFI") regarding the Company's prospective revenue, operating losses, expenses and research and development operations, which are subject to the same assumptions, risk factors, limitations and qualifications as set forth above. FOFI contained in this short form prospectus or in any document (or part thereof) incorporated by reference was prepared using the same accounting principles that the Company expects to use in preparing its financial statements for the applicable periods covered by such FOFI. FOFI was made as of the date of this short form prospectus and is provided for the purpose of describing anticipated sources, amounts and timing of revenue generation, and is not an estimate of profitability or any other measure of financial performance. In particular, revenue estimates do not take into account the cost of such estimated revenue, including the cost of goods and the cost of sales. In addition, and for greater certainty, revenue estimates do not take into account the operating costs of the Company. VSBLTY disclaims any intention or obligation to update or revise any FOFI contained in this short form prospectus or in any document (or any part thereof) incorporated by reference, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. FOFI contained in this short form prospectus or in any document (or any part thereof) incorporated by reference should not be used for purposes other than for which it is disclosed herein. See "Risk Factors".

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

In evaluating whether or not to purchase Units pursuant to the Offering, a prospective investor should rely only on the information contained in, or incorporated by reference in, this short form prospectus and not on certain parts of this short form prospectus to the exclusion of others. No person has been authorized to give any information other than that contained in this short form prospectus, or to make any representations in connection with the Offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company or the Agent. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or any sale of the Units. The Company's business, financial condition, operating results and prospects of the Company may have changed since the date of this short form prospectus.

Information contained in this short form prospectus should not be construed as legal, tax or financial advice and readers are urged to consult with their own professional advisors in connection therewith.

MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of "marketing materials" (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Company's SEDAR profile at www.sedar.com after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference into this short form prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and Bennett Jones LLP, counsel to the Agent, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Tax Act"), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and subject to the provisions of any particular plan trust, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), registered education savings plan ("RESP"), registered retirement income fund ("RRIF"), deferred profit sharing plan ("DPSP"), registered disability savings plan ("RDSP") or tax-free savings account ("TFSA"), each as defined in the Tax Act, provided that:

- (i) in the case of the Unit Shares and Warrant Shares, either (A) the Unit Shares or Warrant Shares, as applicable, are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the Canadian National Stock Exchange operating as the CSE and the FSE), or (B) the Company is otherwise a "public corporation" (other than a "mortgage investment corporation") as defined in the Tax Act, and
- (ii) in the case of the Warrants, either the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the Canadian National Stock Exchange operating as the CSE and the FSE), or the Warrant Shares are a qualified investment as described in (i) above and the Company is not, and deals at arm's length with each person who is, an annuitant, a subscriber, a beneficiary, an employer under or a holder of such RRSP, RESP, RRIF, DPSP, RDSP or TFSA, as the case may be.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be qualified investments as described above, if the Unit Shares, Warrants or Warrant Shares are "prohibited investments" for a RRSP, RESP, RRIF, RDSP or TFSA, the annuitant, holder or subscriber thereof (as the case may be) will be subject to a penalty tax under the Tax Act. The Unit Shares, Warrants and Warrant Shares will generally not be a "prohibited investment" for these purposes unless the annuitant, holder or subscriber, as the case may be, (i) does not deal at arm's length with the Company for purposes of the Tax Act, or (ii) has a "significant interest", as defined in subsection 207.01(4) the Tax Act, in the Company. In addition, the Unit Shares and Warrant Shares will not be "prohibited investments" if they are "excluded property" (as defined in the Tax Act) for a trust governed by a RRSP, RESP, RRIF, RDSP or TFSA.

Prospective investors who intend to hold the Unit Shares, Warrants or Warrant Shares in their RRSP, RESP, RRIF, DPSP, RDSP or TFSA should consult their own tax advisors in regard to the application of the prohibited investment and other tax rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in the provinces of British Columbia, Alberta, Saskatchewan and Ontario, are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- the annual information form of the Company for the year ended December 31, 2020, dated May 31, 2021 (the “**Annual Information Form**”);
- the audited consolidated financial statements of the Company, for the years ended December 31, 2020 and 2019, together with the auditors’ report thereon and the notes thereto (the “**Annual Financial Statements**”);
- the management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2020 (the “**Annual MD&A**”);
- the condensed consolidated interim consolidated financial statements of the Company for the three months ended March 31, 2021 and 2020, and the notes thereto, except the notice provided under subparagraph 4.3(3)(a) of National Instrument 52-102 – *Continuous Disclosure Obligations* (the “**Interim Financial Statements**”);
- the management’s discussion and analysis of financial condition and results of operations for the three month period ended March 31, 2021 (the “**Interim MD&A**”);
- the management information circular of the Company dated June 15, 2020 distributed in connection with the Company’s annual general meeting of shareholders held on July 6, 2020; and
- the investor presentation dated June 9, 2021 and a template version of the term sheet relating to the Offering as filed on June 9, 2021 (the “**Marketing Materials**”).

Material change reports (other than confidential material change reports), annual information forms, management information circulars, business acquisition reports, annual financial statements, interim financial statements, the associated management’s discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and before completion or withdrawal of the Offering, will be deemed to be incorporated by reference into this short form prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this short form prospectus and the documents incorporated or deemed to be incorporated by reference herein.

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

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of VSBLTY Groupe Technologies Corp., Suite 206, 595 Howe Street, Vancouver, BC V6C 2T5, Telephone: (604) 484-7855.

THE COMPANY

Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) on August 1, 2018 under the name “1174237 B.C. Ltd.” On September 21, 2018, the Company changed its name to “VSBLTY Groupe Technologies Corp.” On December 12, 2018, the Company, VSBLTY, Inc., a company organized under the laws of Delaware, and VSBLTY Merger Co., a wholly-owned subsidiary of the Company organized under the laws of Delaware (“**U.S. Subco**”), entered into a Merger Agreement pursuant to which the Company acquired all of the issued and outstanding common shares of VSBLTY, Inc. (the “**Acquisition**”). The Acquisition closed on February 15, 2019 and VSBLTY, Inc. became a wholly-owned subsidiary of the Company.

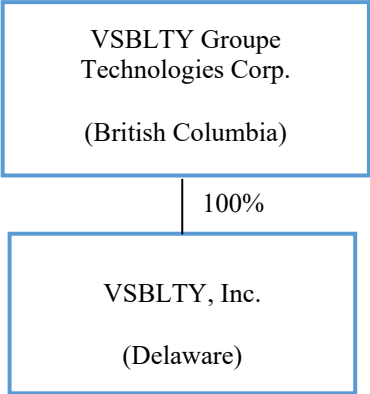
The Company’s head office is located at Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

The Company’s shares trade on the CSE under the symbol “VSBY”, the FSE under the symbol “5VS” and are quoted on the OTC PINK under the symbol “VSBGF”. The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Intercorporate Relationships

The Company has one wholly-owned subsidiary, VSBLTY, Inc., a corporation formed under the Delaware General Corporation Law (Title 8, Chapter 1) on December 12, 2018 in the State of Delaware under the name “VSBLTY, Inc.” Prior to entering into the Merger Agreement, VSBLTY, L.P., a limited partnership organized under the laws of Delaware, was converted into a C corporation, VSBLTY, Inc., under Delaware law which was accomplished through the formless conversion statute (DE conversion from unincorporated entity to DE Corp – DGCL 265), thereby converting all partnership units in VSBLTY, L.P. to common stock in VSBLTY, Inc. VSBLTY, L.P. was then merged into VSBLTY, Inc. by filing a certificate of merger and distributing the common stock held by VSBLTY L.P. proportionately to the other common stock holders of VSBLTY, Inc. so that ownership interests remained substantially intact after such distribution. On February 15, 2019, VSBLTY, Inc. merged with U.S. Subco, with VSBLTY, Inc. being the surviving entity.

Prior to the Acquisition, the Company did not carry on any active business or operations. The principal business of the Company had been to identify and evaluate businesses and assets with a view to completing a going public transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the CSE. After the completion of the Acquisition, the principal business of the Company became the business of VSBLTY, Inc. The organizational chart for the Company is as follows:



BUSINESS OF THE COMPANY

General

VSBLTY is a software company in the business of commercializing various technologies relating to digital display platforms by combining interactive touch-screens and data-capture cameras, with cloud- and edge-based facial analytics. The selection of edge or cloud-based analytics is driven by the connectivity available at the applicable deployment location. For example, cloud-based analytics are preferred for locations where accuracy is paramount, connectivity is certain and reporting must occur in real time. In comparison, edge-based analytics are preferred for locations where internet connectivity cannot be relied upon and audience analytics are not required to be reported in real time. VSBLTY employs its pro-active digital display (“**Pro-Active Digital Display**”) software as a service-based (“**SaaS**”) model for its subscription-based customers. Pro-Active Digital Display actively involves the consumer at the point of its purchase decision through its interactive touch-screen display, while capturing key performance indicators including data regarding (i) total brand impressions, engagements and interactions, (ii) unique and returning viewers, (iii) gender, and age of viewers, (iv) opt ins, (v) dwell time, and (vi) emotional engagement. VSBLTY derives periodic and ratably recurring revenue from its subscription-based product licenses, which are intended to have 12- to 36-month terms.

The Company has three primary software modules. They can be licensed separately or in conjunction with one another as an integrated suite of software. The three modules are:

1. VisionCaptor, an integrated software suite that provides content management capability to a customer. A customer will utilize digital assets (photos, video, multimedia content) to provide a customer experience for a digital display. VisionCaptor is software deployed partly on the edge and partly in the cloud but is consumed using a cloud licensing model. VisionCaptor is optimized to run on multiple form factors.
2. DataCaptor, a software module that leverages camera and sensor technology along with artificial intelligence (machine learning and machine vision) to provide real time analytics and audience measurement. Some of the key measurement components include gender, age range, sentiment, dwell time, engagement level, and proximity. DataCaptor has the unique ability to drive content based upon what the cameras are seeing. The DataCaptor software informs VisionCaptor on the demographic content of the audience and instructs the Content Management System (“**CMS**”) to play relevant content. An example would be content designed for a 25-year-old female as opposed to content designed for a 50-year-old male. The objective is to drive meaningful messaging demographically triggered by the machine vision. DataCaptor can be used in conjunction with the VisionCaptor CMS or, in some cases, it is used as the analytics and measurement component that interfaces into foreign CMS software platforms.
3. VECTOR, a facial detection software module that interfaces with a comprehensive database to detect persons of interest within the camera’s field of view. This can be used as a loyalty extension in retail (faces enrolled by identity) or, in a security context, looking for persons or objects of interest, at scale, in public areas or congested locations where public safety is a primary concern. Facial recognition and object recognition are the primary applications of this module.

These three independent modules give VSBLTY a differentiated suite of software services that allow venues, retailers, or digital out-of-home (“**DOOH**”) network providers to deploy sophisticated digital content solutions, coupled with in-depth measurement and analytics as well as a security solution.

As a participant in retail solutions, VSBLTY assists retailers in defining a digital growth and marketing strategy. VSBLTY brings solutions that help retailers take advantage of digital trends in retail and provides comprehensive expertise and consulting to educate its customers on how to take advantage of VSBLTY’s products. VSBLTY’s provision of product-education services to its customers helps position VSBLTY as a trusted resource. VSBLTY’s goal is to establish a brand that is trusted by retailers and brands alike to guide them through technological changes in retail.

The Company will focus its resources on leveraging this trust to generate revenue and continue to build its brand.

As described above, the core capabilities of the Company range from integrated and interactive display through to computer vision and facial recognition. Through an extensive partner network both domestically and internationally, the Company has discovered some of the pre-existing core technology can be applied in a meaningful way to address many of the concerns of organizations returning to work after the global COVID-19 pandemic. Some of the capabilities that are being leveraged in the market and by the Company’s partners include:

- Capacity management – Computer vision used to determine real time capacity (persons) in retail;
- Density management – Computer vision used to provide an alert or notification when physical distancing guidelines are not adhered to (retail and smart cities);
- Access control – Facial Recognition technology embedded into kiosk applications to help ensure safe and secure buildings and commercial locations;
- Thermal scanning (wellness perimeter) – Thermal scanning utilized to assess a person entering a facility to help identify people that have a high body temperature, which can be a symptom of COVID-19 or other illness (coupled with facial recognition this provides audit trail along with track and trace capability); and
- Object recognition (mask detection) – Mask detection technology (utilizing object recognition computer vision) to help ensure compliance in locations where masks are mandatory.

Market

The DOOH market refers to digital advertising that is targeted to consumers outside their homes. Management of VSBLTY believes that as advertisers continue to look for alternative markets they will continue to seek media and channels that can deliver the same kind of measurability that the Internet can offer. VSBLTY believes that DOOH is expected to grow to the extent that it can provide this measurability to major brands. It is the experience of the management of VSBLTY that brands will pay for impressions delivered that have attribution, accountability and addressability. To date, DOOH has not been able to deliver this to the same extent as the Internet. VSBLTY provides a platform and capability that is intended to deliver this measurability.

In the security category, VSBLTY has identified a similar issue. Management of VSBLTY believes that most camera and sensor systems are too reliant on a human dependency. The guiding philosophy of machine vision with machine learning is that computers and software can be leveraged to interpret live video. Dissecting, understanding and contextualizing live video is an important capability of VSBLTY’s technology. One of the goals of VSBLTY, and others pioneering the category, is to augment human operators interpreting video and flagging security operators to anomalous or extraordinary activity.

Since inception, VSBLTY has delivered software solutions that rely heavily upon cloud computing. However, there are many applications, particularly in DOOH and security, which may perform better and more reliably with edge processing. The consumption of algorithms in cloud computing is subject to licensing but VSBLTY believes that it has developed technology that runs with equal reliability on the edge. This model also consumes less third party licensed algorithms. This migration from cloud to edge will allow VSBLTY to provide solutions in both categories. VSBLTY will support both consumption models and will have different pricing models for each. The management of VSBLTY expects that edge-based solutions will have a measurable impact within the next 12 months as this market further defines itself. A report published on October 3, 2017 by industry analyst Gartner, Inc. titled “Top 10 Strategic Technology Trends for 2018” (the “**Gartner Report**”) identified the migration of cloud computing to the edge modality as an important trend in the technology industry. In addition, recent industry reports suggest that the retail digital display market and global security market are projected to reach approximately \$32B¹ and \$187B,² respectively, by 2024 (a combined total market size of approximately \$219B). Within this timeframe, such reports assume a compounded annual growth rate of 7.28% for the retail digital display market and 10% for the global security market.

Digital Out-of-Home Advertising

DOOH signage and information advertising has historically been associated with media such as back-lit poster boards and large-form billboards situated proximate to high-traffic thoroughfares and areas where people congregate, such as transit

¹ Source: Orbis Research, “*Global Digital Signage Market Report 2019*”, March 2019, <https://www.orbisresearch.com/reports/index/global-digital-signage-market-report-2019>.

² Source: Market Research Future, “*Global Commercial Security Market, By Product (Smart Locks, Security Cameras, Sensors), By Type (Intruder Alarms, Software, Access control, Surveillance systems), By End-users (Retail, Healthcare, Banking) – Forecast 2023*”, July 2020, <https://www.marketresearchfuture.com/reports/commercial-security-market-2861>.

hubs, airports, malls, sports stadiums and so on. The DOOH advertising industry is mature, is based upon well-understood revenue models, and has long-established market participants, but it can be difficult to reliably measure its effectiveness. The revenue model for DOOH advertising is dependent upon an estimation of the numbers of eyeballs that see, or are able to see, any particular DOOH advertising display on a daily basis. In attempting to measure this crucial eyeball-metric, advertisers use inferences to predict the likely number of eyeballs in question, based upon empirical data on situate-traffic flow. VSBLTY believes that the eyeball metric calculation is not sufficiently reliable. As this industry matures, more industry participants view measurement (accountability and objective, auditable results) to be the next important evolution of the category. The Gartner Report suggests that better decision making will be informed by applications with an artificial intelligence foundation.

VSBLTY's competitive advantage in the DOOH advertising media channel is its ability, through its proprietary technological algorithms, to exploit the new promotional, analytic, and bi-directional capabilities of digital capture, display and response. The advent and proliferation of lower cost, high-bright digital-screen technology can be leveraged through the Company's cloud and edge-based technology from the ability of rotating advertising images on a single physical platform.

Management of VSBLTY believes that VSBLTY's products address the historical eyeball metric limitation inherent in the DOOH advertising industry. With the forward-facing data-collection capability of its proprietary software, VSBLTY provides not only accurate eyeball metrics or impression counts, but also more in-depth data captured through facial analytics, such as gender, age ranges, engagement level, emotional reaction and dwell time.

Key to VSBLTY's business strategy is its participation in the process of new-product adoption in the digital-media messaging category. In 2014 and 2015, digital display innovation was introduced to the marketplace and it represented a breakthrough that VSBLTY identified as a means of leverage for entry into the grocery industry. There is demand for more promotional space at retail. Impressions delivered at retail have high value because of their influence upon consumers at the point of decision. In the opinion of management of VSBLTY, as digital solutions become less expensive, the opportunity to drive innovative retail campaigns that are delivered at comparatively low cost is a compelling proposition for a consumer-packaged goods brand.

Products and Services

In 2019 and 2020, VSBLTY worked diligently to establish a robust channel partner network. While the Company will continue to secure direct engagements with customers, the dominant approach will be through existing channels with specific expertise or customer relationships.

In foreign markets, VSBLTY appoints a regional partner or distributor and works directly with that entity in the development of that market. The form of delivery is through a cloud-enabled license, generally supported by a services contract that defines the scope of the engagement. In some cases, VSBLTY will perform all services articulated in the scope of work and in other cases VSBLTY will partner with other entities for the delivery of all services. Customers do not get an executable copy of the source code; rather, they participate under a subscription-type license that is governed by a commercial contract.

In the foreign markets, VSBLTY has pursued several strategic partnerships with distribution and agency representation. The objective is that each of these independent channels can, after training and adequate knowledge transfer, function as an extension of VSBLTY without a significant resource commitment from VSBLTY. As of the date hereof, the regions that have active, trained, and functional representation include:

- Mexico;
- EU;
- Africa; and
- Middle East.

Joint Venture with Modelo and Retailigent Media

On March 12, 2021, the Company entered into a binding term sheet (the "**Binding Agreement**") with Cervceria Modelo de Mexico, S. de R.L. de C.V. ("**Modelo**") and Retailigent Media to enter into a joint venture (the "**Joint Venture**") by the end

of Q2 2021 to install and manage an international in-store media network (the “**JV Media Network**”) of up to 50,000 Modelorama stores and independent neighborhood bodegas in Mexico and across Latin America by the end of 2024. Active deployment is already underway in Mexico, Colombia, Peru, and Ecuador with 5,000 locations expected to be installed by the end of 2021. In addition to being an international advertising network, the JV Media Network will provide real-time security for store owners, powered by artificial intelligence, as well as integration of store traffic and customer demographics with sales and critical operations-related data to help stores optimize their business. In connection with entering into the Binding Agreement, VSBLTY issued to Modelo 15,500,000 Common Share purchase warrants. Each warrant is exercisable to acquire one Common Share for a period of five (5) years from the date of issuance at an exercise price of CAD \$0.84 per share, subject to the following vesting conditions:

- 15% of the warrants vested immediately as a result of execution of the Binding Agreement;
- 15% of the warrants will vest upon execution of the definitive agreements for the Joint Venture;
- 20% of the warrants will vest upon the JV Media Network having been installed and operating in at least 1,500 locations;
- 20% of the warrants will vest upon the JV Media Network having been installed and operating in at least 5,000 locations;
- 15% of the warrants will vest upon the JV Media Network having been installed and operating in at least 20,000 locations; and
- 15% of the warrants will vest upon the JV Media Network having been installed and operating in at least 30,000 locations.

In addition, VSBLTY will issue to Modelo 5,000,000 additional warrants, with 2,500,000 warrants vesting upon the JV Media Network having been installed and operating in at least 1,500 locations and a further 2,500,000 warrants vesting upon the JV Media Network having been installed and operating in at least 5,000 locations. The additional warrants will have an exercise price equal to the closing price of VSBLTY’s common shares on the last trading day prior to reaching the 1,500 locations milestone and will be exercisable for a period of five years from the date of issuance.

The Joint Venture is expected to have a management team comprised of independent members and two individuals from the Retailigent management team and is expected to sell the JV Media Network to advertisers for in-store promotion and consumer engagement at the point of sale. Modelo, which has influence in the region and acts as a central buying entity for more than 50,000 store locations, will play a key role in monetizing the JV Media Network and will incorporate the advertising opportunities in trade promotions and marketing. As of May 15, 2021, there are approximately 150 store locations with the JV Media Network technology deployed in Ecuador, Peru, Colombia, and Mexico combined. Initial media contracts are being executed by the JV Media Network for pilot campaigns with major brands in Ecuador, Peru, Colombia, and Mexico. As a 33% participant in the Joint Venture, the Company will participate in the license revenue per store (which is paid directly to the Company as a license agreement), and also in the overall value and revenue created by the JV Media Network as a media asset. The overall value and revenue created by the JV Media Network is expected to be approximately \$450 per store per month, of which VSBLTY is expected to receive approximately \$150 per store per month (as a 33% participant in the Joint Venture). The license revenue per store is expected to be approximately \$10-\$15 per store per month, all of which will be paid directly to the Company (such amounts will not be shared by the other Joint Venture partners). The Company has also agreed to provide a bridge loan to Retailigent Media to secure capital equipment and to pay initial operating expenses so that the JV Media Network can begin to be constructed, up to a maximum of US\$1.7M. The loan is expected to be paid back from the proceeds of the Joint Venture.

On April 21, 2021, VSBLTY signed an agreement with Tech Mahindra Limited (“**Tech Mahindra**”) to provide procurement, logistical, installation and network support for the JV Media Network build out. Pursuant to the terms of the agreement, Tech Mahindra will install all of the Intel/VSBLTY video cameras, screens and hardware required to establish the JV Media Network in more than 50,000 Modelorama stores and neighborhood bodegas throughout Latin America. Working closely with Intel Corporation, Tech Mahindra has provided an Intel-certified bill of materials for each of the store locations which sets out all of the equipment necessary for the store activation. Tech Mahindra is now contracted with VSBLTY to begin this process. The project, which also includes Modelo, Intel Corporation and Retailigent Media, is expected to create the largest digital in-store media network in Latin America. When the Joint Venture is created, this contract is

expected to be assigned to the Joint Venture. In addition to the provision of services and equipment by Tech Mahindra, the parties have agreed to a contract for IAAS (Infrastructure as a Service), which provides that all of the capital equipment inclusive of the services provided to run and manage the JV Media Network are to be provided under a single per-location fee.

Although certain financial projections in this “Joint Venture with Modelo and Retailigent Media” section are based on reasonable expectations developed by the Company’s management, the assumptions and estimates underlying the financial projections are subject to significant business, economic, and competitive uncertainties and contingencies, including those listed under “Risk Factors”, many of which will be beyond the control of the Company. The assumptions used by the Company’s management to derive these financial projections include: (i) the Company’s ability to successfully develop its products; (ii) the Company’s pricing targets remaining in place; (iii) the Company’s ability to successfully deploy its products to its Joint Venture partners’ customers; (iv) the Company’s Joint Venture partners’ timely delivery of all ancillary components and services; (v) the Company’s ability to maintain performance and quality as projects advance and product volume increases, and (vi) the Company, Modelo and Retailigent Media entering into definitive agreements in respect to the Joint Venture. Accordingly, the financial projections are only estimates and are necessarily speculative in nature. It is expected that some – and perhaps all – of the assumptions in the financial projections will not be realized and that actual results will vary from the projections. Such variations may be material and may increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the financial projections. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Information”.

Channel Orientation

VSBLTY has established and will continue to develop and augment a comprehensive channel network. As a matter of strategic importance, the Company has targeted and secured several key channel partners. The goal of a channel partner network is to provide for the means of consumer engagement acceleration. With many well-trained channels, the Company can focus on the imperative of building world class software products, and less on the customer acquisition process. However, the Company has no intention of disengaging from building, addressing and fulfilling market demand. In this regard, the channel network functions as market accelerator and force multiplier.

Starting in 2019 and continuing into 2020 and 2021, the Company engaged several such channel partners on a SaaS basis:

Channel Partner	Description of Partnership
Sensormatic ⁽¹⁾	On August 15, 2019, the Company entered into an exclusive global reseller agreement with Sensormatic Solutions, the lead global retail solutions portfolio of Johnson Controls, Inc. (“ JCI ”). The nature of the contract with JCI is a strategic global reseller and original equipment manufacturer relationship for all of the software products developed by VSBLTY. Subsequent to the signing of the contract in September, both organizations have been investing resources to train both technical and salespeople with product, installation and support knowledge. Sensormatic Solutions has approximately 185,000 retail customers worldwide. From this list of customers, VSBLTY and Sensormatic Solutions have developed a specific (targeted) list of customers that, in the opinion of management, are likely to purchase VSBLTY’s products.
Energetika ⁽²⁾	In September 2019, the Company and Energetika Sustentable y Ecologica SA de CV (“ Energetika ”) entered into a definitive contract, pursuant to which the Company agreed to provide DataCaptor (video analytics, crowd measurement) and VECTOR (Facial Recognition and weapons detection) to Energetika to provide real time crowd analytics and audience measurement for Latin American communities. For several months the Company had been working with Mexico City based Energetika to design, test, and pilot an integrated “security kit” for residential, neighborhood and law enforcement applications in the various communities around and within Mexico City. The testing involved the development of a proprietary and patent-able innovation meant to address the unique architectural demands of a scaled security camera network. The contract, which expires August 30, 2022, is renewable for successive terms.
KLA Labs ⁽¹⁾	On February 13, 2020, the Company entered into a memorandum of understanding with KLA Laboratories, Inc. (“ KLA Labs ”), pursuant to which the parties agreed to partner in the KLArity Ecosystem Partners Platform, which was created to enable KLA Labs to help their customers navigate the landscape of emerging technologies and the integration of those solutions in their

Channel Partner	Description of Partnership
	respective environments and facilities. As a provider of digital systems for sporting and entertainment facilities, KLA Labs has existing stadium and venue relationships. A number of these facilities have expressed an interest in computer vision and ancillary capabilities for security.
UST Global ⁽¹⁾	On April 23, 2020, the Company entered into a global, multi-product strategic teaming agreement with UST Global Inc. (“ UST Global ”), pursuant to which the parties will collaborate to bring advanced digital display software solutions to retail clients. UST Global is an integrator with approximately 25,000 employees worldwide. In addition, UST Global has extensive long-term relationships with a number of large retail companies. VSBLTY’s products are distinct from the products offered by UST Global, and as such, management expects that UST Global’s customers will express interest in VSBLTY’s products.
Synect Media ⁽¹⁾	On July 8, 2020, the Company entered into a supply and licensing agreement with Synect, LLC (“ Synect Media ”). Synect Media is an integrated media company providing digital signage and information pedestal systems in approximately 2,200 locations within airports in the United States. The objective of the agreement is to add computer vision to all of the deployments that Synect Media currently has installed, as well as to provide additional capabilities for new installations.

Notes:

- (1) The Company categorizes these agreements as reseller agreements. Under a reseller agreement, the applicable partner is granted the right to sell VSBLTY’s products as part of the partner’s existing suite of products (e.g. VSBLTY’s software will be embedded within the partner’s existing products) or as a stand-alone product to the partner’s existing customers. Under these arrangements, consistent revenues will generally not begin until a few quarters after the applicable agreement is executed, as several months are required to sufficiently define the terms and scope of the collaboration, and to provide sufficient training to the reseller and its staff.
- (2) The Company categorizes this agreement as an integration/original equipment manufacturer agreement. Under an integration/original equipment manufacturer agreement, the applicable partner’s key customers are already identified and, in many cases, orders for the Company’s products from such customers are already secured (in full or in part). Accordingly, there is often an increased level of certainty connected with these arrangements. However, there is still a degree of uncertainty with respect to the pace of deployment, and any additional contracts that must be executed for new orders or customers.

In addition to those named above, the Company works with a number of other channel partners under reseller agreements where partners are granted rights to sell the Company’s products. The Company recently announced new deployments of its products under two such reseller agreements:

- On August 4, 2020, the Company announced that it has been retained, together with its Mexican channel partner, Retailigent Media, to provide advanced audience analytics and customer engagement technology to a Mexican chain of pet stores. This engagement, which would represent a new brand category for the Company, is currently at the pilot stage and initially being deployed in 10 stores.
- On August 10, 2020, the Company announced that, together with its South African channel partner, Onyx-Cognivas Pty., it will deploy multiple digital media solutions in a chain of fuel/convenience stores operating in South Africa. Under this deployment, which will have a term of five years unless earlier terminated, the Company’s VisionCaptor™ and DataCaptor™ software is expected to be installed in retail locations, each having three digital interactive placements as well as computer vision analytics.

Although the goal of the Company is to secure as many SaaS subscriptions as possible, there are many components to successfully securing and growing a customer subscription base in the markets and channels the Company serves. There are two broad categories in which the Company participates, which include: (i) the retail sector; and (ii) the security sector. Each of the retail and security sectors have slightly different deployment and revenue models, which are further described in the following paragraphs.

1. **Retail:** In the retail sector, the objective of VSBLTY, through the deployment of its software, is to generate greater visibility and promotion for consumer products in physical retail locations. This objective is addressed through the process of activation. For example, the Company’s VisionCaptor product is optimized to deliver a visual or interactive experience for consumers who are in aisle at retail locations. The objective of the digital activation is to engage the customer in a specific message that is customized to the promotion or to the consumer (e.g. specific to the consumer’s age and gender). The efficacy of the message is measured by counting persons, dwell time, engagement, interaction and lift (which refers to the amount of incremental product sold due to the activation). In

the experience of management of the Company, consumer packaged goods brands will pay for the opportunity to place messaging in retail locations because they expect that such positioning will enhance the branding of their product, will generate more product sales, and will provide consumer engagement metrics, unlike other retail solutions previously provided. Brands use this data to fine tune their messaging and to optimize target marketing and customer engagement. The activation itself (the visual display combined with measurement) provides an effective way of reaching consumers out of home with relevant brand messaging and, in the experience of management of the Company, results in a return on investment in the form of increased sales. This may increase the value of the shelf space because it becomes an advertising platform with instant and granular measurement data.

The Company generates retail revenue by creating a new interactive advertising medium that is both interactive and measurable. VSBLTY generates revenue not only by providing the professional services that surround the deployment of the technology, but also through the creative execution and the SaaS licenses, which are foundational to the actual platform. A typical deployment in retail will be funded either by the brand (e.g. a company that displays and sells their products within a retail store) or the retailer (e.g. a company that owns the retail location within which products are displayed and sold) and deployed in a selected number of stores. Each deployment for each store can constitute 1 to 4 “endpoints”. VSBLTY licenses its retail software on a “per end point per month” basis. A deployment that is executed across an entire retailer could be several thousand endpoints. As the Company generates more end points in retail locations (e.g. more smart digital shelves or displays) and the benefits of the Company’s products are further demonstrated, management expects that the market demand for the Company’s products will increase.

2. **Security:** VSBLTY’s security solution is based on the idea that too many cameras can overwhelm operators, leading to circumstances wherein the operators, charged with the responsibility of monitoring hundreds of video feeds, miss critical events or information. The camera networks tend to be used primarily to understand and decode what may have happened, as opposed to acting as a critical early warning system or a real time analytics augmentation to the operator. While the forensic value of a camera network is significant, the idea of conducting proactive analytics without operator intervention brings surveillance into a new category. VSBLTY’s software can monitor hundreds of thousands of camera feeds for meaningful data in the video stream, which includes data with respect to objects that should not be there, such as weapons or unauthorized persons in a restricted area.

Both the DataCaptor and VECTOR software modules process algorithms. This is the artificial intelligence process that determines, as an example, the age of a person, the gender of a person, the type of an object (e.g. a beverage) or the identity of a person. DataCaptor and VECTOR can run one or many algorithms simultaneously on edge processors (not cloud). In the security context, for instance, this means that the VECTOR software can query a local database and determine if a person in the field of view matches a biometric entry on the database. If the software determines a match, there will be a report with probability of a match (e.g. the person is matching to a database entry with, for example, an 87% probability).

VSBLTY generates revenue from the security market by selling both DataCaptor (Anonymous video analytics) and VECTOR (Facial Recognition). Each camera is licensed, as is each algorithm. The more algorithms that run on the processor, the more licenses are required. As the Company deploys camera networks with its security partners, VSBLTY will run analytics on a sub-set or on the entire camera population. The license revenue will be generated in that manner.

A typical security deployment would include a number of cameras deployed within a city or community and, depending upon the kind and number of algorithms deployed, each camera would be licensed per month. In a smart city deployment, the number of cameras running analytics in a camera network could number in the thousands.

In addition, VSBLTY has various core solutions that are relevant for organizations seeking to re-open post-pandemic and to increase workplace and guest safety. These solutions are grouped into four major categories:

1. **Capacity Management:** Computer Vision solutions can be used to determine the real-time occupancy of a specific location. This can be applied to retail locations and other venues that are subject to new post-pandemic capacity restrictions.

2. Density Management: Computer Vision solutions can be used to manage density in retail locations and other venues to alert on gatherings or groupings of people exceeding pre-set thresholds on density. This is a social distancing adherence application.
3. Thermal Camera for Temperature Sensing: This is a hardware and software solution to be provided by VSBLTY to kiosk manufacturers looking to conduct screenings on the basis of temperature.
4. Facial Recognition: This is a core VSBLTY capability that provides for identity assurance in workplaces or locations where identity confirmation (or authorization) is required. Identity assurance, validated by conducting a facial recognition match with a biometric database, helps to secure the premises and to limit the possibility of persons not required or authorized to be at a specific location. This can be further validated by cross-referencing to wellness (as achieved by thermal/tempo detection).

The Company has engaged a number of partners to assist in the development and deployment these solutions.

On April 14, 2020, the Company and Photon-X, Inc. (“**Photon-X**”) entered into a letter of intent to develop and advance camera applications to help screen people as they enter buildings for high body temperatures, which may be a symptom of COVID-19 or other illness. The two firms are collaborating to develop a multi-sensor camera capability specifically for security and smart buildings applications (e.g. a thermal capability (camera) with multiple additional sensors that pick up other biometric indicators such as heart rate, respiration and oxygen saturation). Photon-X object recognition and analytics combined with VSBLTY facial recognition is expected to provide an advanced screening tool for facilities to identify and validate that someone with a high temperature is about to enter a building. The product is currently in beta stage and discussions with initial potential customers are ongoing.

On May 11, 2020, the Company announced that it had entered into an agreement with a global cyber security product and building services company to co-market various post-pandemic solutions for smart building spaces. The parties will collaborate to provide an advanced camera technology that enhances security and enables temperature screenings before people enter office buildings. The global cyber security product and building services company has a number existing relationships with organizations that are currently experiencing work place safety issues as they bring their work force back to their physical office spaces. The parties are currently working on securing customers for this initiative.

As developed economies emerge from the COVID-19 pandemic, there is less emphasis on solutions that provide thermal capability. While VSBLTY has secured meaningful contracts with its thermal solutions, the focus of the Company remains on its core products and the application thereof in its key markets.

Production and Sales

VSBLTY has invested a considerable amount of effort to articulate its supply chain. As VSBLTY provides a software solution, there are hardware requirements that are typically satisfied by one of several hardware vendors (depending on the type of platform selected). The key vendors with whom VSBLTY has commercial ties are as follows:

- Peerless AV – VSBLTY utilizes kiosk hardware and outdoor high bright solutions from Peerless AV.
- Intel Corporation – All processor hardware is sourced from Intel Corporation and related entities. VSBLTY is a pioneer on Intel’s Edge architecture, OpenVINO™. The Intel® Network Builders Edge Ecosystem is a new initiative that gathers ecosystem partners with a focus on accelerating network edge solutions. Spanning across multiple verticals, the Intel Network Builders Edge Ecosystem highlights industry participants that are driving the development, deployment and adoption of edge-centric technologies. For VSBLTY, this proximity and collaboration with Intel provides not only a strategic advantage in the Intel OpenVINO ecosystem, but also a broader commercial advantage as the program offers its participants the ability to co-market and collaborate on product design and business development.
- In Store Screen – Digital header and shelf strip hardware is manufactured by In Store Screen and utilized by VSBLTY for intelligent aisle activations. In January 2020, In Store Screen entered into a commercial relationship with Lenovo Group Limited (“**Lenovo**”), one of the world’s largest manufacturers of computer platforms and ancillary technology.

- LG/MRI – LG/MRI is one of the world’s leading sources for outdoor, high bright screens as well as digital coolers and freezers.
- Seneca – Seneca, a division of Arrow Electronics Inc., is one of the world’s largest sourcing and distribution entities of technology and integrated systems. VSBLTY has had long standing ties with Seneca and in 2019 extended that relationship so that Seneca could install VSBLTY software and systems at factory for later enablement by Seneca customers. In 2020, Seneca launched the Maestro program, which was created by Seneca to make it easier for enterprise customers to buy hardware and have the software pre-loaded for easy deployment. This program involves the pre-loading of software on all media players shipped from Seneca facilities. Seneca has enrolled four companies in this program to date. VSBLTY is one of the four companies, while the other three are competitors to VSBLTY. VSBLTY’s VisionCaptor software as well as the DataCaptor software are available through the Maestro program. VSBLTY is the only company to have both a CMS and an audience measurement module (DataCaptor) available through this program.
- Lenovo – Lenovo is an internationally recognized computer and server company. VSBLTY has been working with Lenovo on commercial engagements for more than one year. Specifically, the Company has engaged with Lenovo’s retail and original equipment manufacturer vertical groups. Many of VSBLTY’s solutions rely upon platforms developed and sold by Lenovo.

Research and Development

VSBLTY has developed and released multiple versions of the three software modules developed by the Company. Because of competitive forces, customer requests, or the simple objective to maintain a leadership position in the industry, the Company continues to invest in research and development not only to manage the deployments in the field but also to enhance the product offerings.

An important architectural pivot began in 2018, as the Company began to investigate the strategic benefit of adopting an entirely new system architecture. Every deployment to that date leveraged computing and storage that was provided from a cloud instance. For the most part, this meant Microsoft AZURE cloud services. The key algorithms meant to determine age, gender, sentiment and, if required, to match a face to a name ran entirely in the cloud on large, expensive computing platforms. By contrast, the cameras and processors at the edge (“edge” deployed means that the actual computers and cameras are physically deployed at the point of collection) were very lightweight and only performed the role of collecting and transmitting the data to the cloud for real time analytics and storage (if applicable). While this architecture was considered standard, the idea of deploying more sophisticated computers at the edge and running the advanced algorithms locally was thoroughly researched by VSBLTY and, for the first time, implemented in the Spring of 2019. Not only did this architecture provide a fundamental strategic and competitive advantage, but it also lowered the cost of goods sold per end point per month. Having successfully adopted this architecture, VSBLTY has obtained cost, flexibility and performance advantages. VSBLTY still supports a cloud-based architecture as, in some instances, a cloud-based architecture is preferred. However, for the vast majority of deployments, the edge architecture is heavily favoured; not just because of the value advantage, but also because an edge deployed system does not have a 24/7 reliance upon internet connectivity in the way that a cloud deployed system does.

VSBLTY previously sub-contracted development of its software solutions to two primary sources. InterKnowlogy LLC (“**InterKnowlogy**”), a Carlsbad-based custom application developer, is an entity controlled by Tim Huckaby. Mr. Huckaby is a well-known technology leader and a founder of VSBLTY, L.P. InterKnowlogy has provided critical research and proof of concept development expertise to VSBLTY. Logic Studio, based in Quito, Ecuador is a contract development entity that has been engaged by VSBLTY for three years to build its production code.

Starting in July 2021, the Company began to transition to a hybrid development model. Key architectural and critical intellectual property positions are now occupied by senior development personnel under the direct employment of the Company. Each of these persons have executed intellectual property assignment and confidentiality agreements with the company. Non-critical development tasks remain primarily accomplished through outsource relationships with organizations such as Logic Studio and iTexico LLC with development staff in Monterrey, Mexico. The Company has terminated all active projects with InterKnowlogy as of October of 2020 and has pivoted resources to direct employees and new outsource relationships particularly in development operations, user interface, quality assurance, and other ancillary development domains such as Python and Golang.

The Company has also begun to build an internal capacity in data science with direct employees. As of the date of this preliminary short form prospectus, VSBLTY has 11 personnel directly engaged in development as employees and an additional 10 under contract. The speed with which the organization transitions to a wholly “insourced” model will depend on the available resources, growing revenues and availability of talent that is applicable to the needs of the Company.

In order to maintain its technological leadership and, as a result of the close working relationship with Intel Corporation at an engineering and design level, in Q1 2021, VSBLTY launched a comprehensive product strategy that includes significant enhancements on several product frontiers. The core products are now augmented by:

- V.Edge – A complete computing framework specifically tuned for Intel Open vino development toolkit optimized for Intel core, Intel Xeon and Intel Movidius Myriad X vision processing unit compute platforms. This innovative framework allows for rapid development, testing and deployment of inference logic utilizing computer vision. This new framework supports Windows and Linux and gives VSBLTY a technical advantage when deploying new algorithms in varied environments.
- V.Next – This is VSBLTY's new platform that allows for simple deployment planning, designing and monitoring for complex computer vision networks.
- V.Labs – This is the pioneering Active Learning Framework that provides for the rapid annotation and re-training to allow for benchmarking in real world environments. It is this framework that will allow for VSBLTY software to rapidly evolve autonomously as the algorithms get exposed to real world deployments.

Intellectual Property

VSBLTY has three unique proprietary software modules that function independently or together as a single integrated platform. From a competitive point of view, VSBLTY has noteworthy competitors for each of the modules independently, but no single competitor that is able to offer the breadth of capabilities that the modules *combined* can deliver.

A key to the uniqueness of the VisionCaptor module is the integrated sensor capability that determines the distance of a person from the display. This capability can be used to trigger different content based upon proximity to screen. This means that the software is “aware” of the location of persons in relation to the screen and can play bespoke content meant to engage or attract viewers. This “proximity trigger” capability, unique to VSBLTY, increases the advertising value of the platform because it not only can secure a higher impression value (meaning a demonstrable indication that a display has been viewed), but can be used to measure the view times or duration a particular piece of content has been viewed by a specific person.

In addition to the proximity triggers, VSBLTY has proprietary software that can trigger advertising content based upon the demographic of the viewer. For instance, if a male is in front of the screen, then content designed for a male audience can be delivered. Conversely, if a female is in front of the display, unique female-g geared advertising content can be played. All of this functionality can be delivered within the privacy compliance guidelines in place within the markets served.

A U.S. patent application has been filed on behalf VSBLTY to cover part of this innovation; Patent application US 15/731,334, which is related to driving content based upon a scene analysis. This patent application is currently in the process of being assigned to the Company.

In addition, VSBLTY has released multiple versions of software that constitute a comprehensive body of work and proprietary methods and capabilities. VSBLTY expects to file additional patent applications as it continues to develop its technology.

Marketing Plan and Strategy

The primary goal of VSBLTY’s marketing program is to continue to build awareness of VSBLTY as a market leader in Proactive Digital Display for retail and security among key constituents, including decision-makers at key retailers, consumer-packaged goods companies, stadiums, public transit hubs, and other public spaces. Targeting influential writers within the news media and the investor community, as well as individual investors, will be a key focus of the Company.

The key objective of VSBLTY is to develop meaningful deployments with national or international retailers, consumer-packaged goods or other significant partners that can, by association, establish VSBLTY as being a leader in this quickly emerging market.

VSBLTY's marketing team will deploy a tactical plan across various marketing channels both on-line and off-line. Business and technology print and digital media will continue to be targeted to generate news and information about key milestones as VSBLTY signs important and relevant service agreements in each market sector. Social media posts will support this news to provide greater reach among key constituents that follow or may become interested in following the Company's story.

Participation at select industry trade shows will also continue to be a major focus for generating leads and building VSBLTY's market position. VSBLTY intends to continue to leverage major strategic partners such as Intel Corporation to partner with at these shows to establish credibility, as well as realize the expense savings by being included within their footprint on the floor at international trade shows. This has been an effective tactic in the past, as VSBLTY has been invited to numerous trade shows by its strategic partners and significant manufacturing partners. In the short to medium term, the Company expects to make less use of industry trade show participation in light of restrictions on travel due to COVID-19.

VSBLTY also intends to develop an updated website to enable the Company to feature more case studies and provide more information to support the growing security segment of the business. Search engine optimization and paid search will become a more important aspect of VSBLTY's marketing plan as VSBLTY builds its use cases and closes larger scale contracts.

CONSOLIDATED CAPITALIZATION

Since March 31, 2021, the date of the Company's most recently filed interim financial statements, the Company issued:

- On April 5, 2021, 52,500 common shares pursuant to warrant exercises;
- On April 7, 2021, 8,333 common shares pursuant to warrant exercises;
- On April 8, 2021, 100,000 common shares (such common shares were issued upon the exercise of unsecured convertible debentures);
- On April 8, 2021, 100,000 common share purchase warrants (such warrants were issued upon the exercise of unsecured convertible debentures);
- On April 8, 2021, 83,500 restricted share units;
- On April 12, 2021, 52,500 common shares pursuant to warrant exercises;
- On April 14, 2021, 10,000 common shares pursuant to warrant exercises;
- On April 15, 2021, 32,500 common shares pursuant to warrant exercises;
- On April 21, 2021, 14,000 common shares pursuant to warrant exercises;
- On April 26, 2021, 6,697 common shares pursuant to warrant exercises;
- On April 28, 2021, 32,000 common shares pursuant to warrant exercises;
- On April 30, 2021, 328,000 common shares pursuant to warrant exercises;
- On May 14, 2021, 41,666 common shares pursuant to warrant exercises;
- On May 14, 2021, 300,000 common shares pursuant to warrant exercises;

- On May 18, 2021, 8,333 common shares (such common shares were issued upon the exercise of unsecured convertible debentures);
- On May 18, 2021, 4,166 common share purchase warrants (such warrants were issued upon the exercise of unsecured convertible debentures);
- On May 18, 2021, 340,000 common shares pursuant to warrant exercises;
- On May 25, 2021, 125,000 common shares pursuant to stock option exercises;
- On May 25, 2021, 587,499 common shares (such common shares were issued upon the exercise of unsecured convertible debentures);
- On May 25, 2021, 293,749 common share purchase warrants (such warrants were issued upon the exercise of unsecured convertible debentures);
- On June 2, 2021, 19,395 common shares (such common shares were issued upon the exercise of unsecured convertible debentures); and
- On June 2, 2021, 9,697 common share purchase warrants (such warrants were issued upon the exercise of unsecured convertible debentures).

Except as described above, there have been no other material changes in the Company's share capital on a consolidated basis since March 31, 2021. As at the date of this short form prospectus, the Company has 162,427,601 Common Shares issued and outstanding.

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering, since March 31, 2021, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the Annual Financial Statements and the Interim Financial Statements, and the respective related Annual MD&A and Interim MD&A, that are incorporated by reference in this short form prospectus.

	As at March 31, 2021 before giving effect to the Offering	As at March 31, 2021 after giving effect to the Offering (assuming no exercise of the Over-allotment Option)	As at March 31, 2021 after giving effect to the Offering (assuming full exercise of the Over-allotment Option)
Common Shares ⁽¹⁾	\$19,903,010 (160,007,742)	\$● (● shares)	\$● (● shares)
Common Share Purchase Warrants	60,324,694	● ⁽²⁾	● ⁽²⁾
Stock Options	8,680,000	8,680,000	8,680,000
Restricted Share Units	50,000	50,000	50,000
Convertible Debentures	\$3,071,623 ⁽⁴⁾	\$3,071,623 ⁽⁴⁾	\$3,071,623 ⁽⁴⁾

Notes:

- (1) The Company is authorized to issue an unlimited number of Common Shares, of which 162,427,601 Common Shares are issued and outstanding as fully paid and non-assessable shares as at the date of this short form prospectus.
- (2) This amount includes Agent's Warrants issuable pursuant to this Offering. The Agent will be issued ● Agent's Warrants (● Agent's Warrants if the Over-allotment Option is exercised in full for Over-allotment Units by the Agent).
- (3) Consisting of: (i) \$492,840 CAD principal amount 10% unsecured convertible debentures, which may be converted, in whole or in part, at any time before the applicable maturity date, into units of the Company at \$0.30 per unit, if converted at any time before one year from the applicable closing date, or otherwise convertible at \$0.60 per unit if converted after one year from the applicable closing date but before the applicable maturity date. Each unit issued upon conversion consists of one Common Share and one share purchase warrant. Each warrant will be exercisable into one Common Share at a price of \$0.60 per share for a period of 24 months from the applicable closing date, subject to certain acceleration rights of the Company; (ii)

\$1,833,283 CAD principal amount 10% unsecured convertible debentures, which may be converted, in whole or in part, at any time before the applicable maturity date, into units of the Company at \$0.35 per unit if converted at any time before one year from the applicable closing date, or otherwise convertible at \$0.60 per unit if converted after one year from the applicable closing date but before the applicable maturity date. Each unit issued upon conversion consists of one Common Share and one-half of a share purchase warrant. Each whole warrant will be exercisable into one Common Share at a price of \$0.60 per share for a period of 24 months from the applicable closing date, subject to certain acceleration rights of the Company; and (iii) \$745,500 principal amount 10% unsecured convertible debentures, which may be converted, in whole or in part, at any time before the applicable maturity date, into units of the Company at \$0.45 per unit if converted at any time before one year from the applicable closing date, or otherwise convertible at \$0.60 per unit if converted after one year from the applicable closing date but before the applicable maturity date. Each unit issued upon conversion consists of one Common Share and one-half of a share purchase warrant. Each whole warrant will be exercisable into one Common Share at a price of \$0.60 per share for a period of 24 months from the applicable closing date, subject to certain acceleration rights of the Company.

USE OF PROCEEDS

Assuming no exercise of the Over-allotment Option (in full or in part), the estimated net proceeds to be received by the Company from the Offering will be \$●, after deducting the Agent's Fee of \$● and the estimated expenses of the Offering of \$●. If the Over-allotment Option is exercised in full, the estimated net proceeds to be received by the Company from the Offering will be \$●, after deducting the Agent's Fee of \$● and the estimated expenses of the Offering of \$●.

The Company currently intends to use the net proceeds from the Offering together with its existing cash as detailed in the table hereunder which is based on an estimate prepared by management of the Company.

Use of Available Funds	Allocation of Net Proceeds ⁽¹⁾
● ⁽²⁾	\$●
● ⁽³⁾	\$●
● ⁽⁴⁾	\$●
● ⁽⁵⁾	\$●
●	\$●
● ⁽⁶⁾	\$●
Unallocated General Working Capital	\$●
Total	\$●

Notes:

- (1) Exclusive of the exercise of the Over-allotment Option. The Company intends to use the proceeds from the Over-allotment Option, if any, towards unallocated working capital.
- (2) ●.
- (3) ●.
- (4) ●.
- (5) ●.
- (6) ●.

During the three months ended March 31, 2021, the Company had gross profits of US\$51,331 and an operating loss of US\$3,259,120. The Company expects to continue to have negative cash flow from operating activities and net losses in future periods unless and until higher levels of commercial sales are achieved for the Company's products. A portion of the proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods.

The Company's cash on hand, combined with the net proceeds from the Offering is expected to be sufficient to cover all non-discretionary expenses for the Company's operations for the period ending June 30, 2022 (being the period in which the proceeds of the Offering are expected to be used). Assuming the completion of the Offering and no other funds available to the Company from revenue or other sources, the Company would reduce expenditures on sales & marketing and research & development, and accordingly would expect to have reduced activity levels in these areas.

The summary of anticipated use of available funds provided above does not take into account revenue which the Company expects to generate in the 12 months following completion of the Offering from recent contracts and new lines of business. The Company expects this revenue to contribute additional funding towards operating activities and to reduce operating losses. Anticipated revenues are expected to be sufficient to fund non-discretionary expenditures, including funds necessary

to pursue the additional business objectives described below under the heading “Business Objectives and Milestones”. This expectation is based on the assumption that the Company’s operating non-development cash burn remains at current levels and there are minimal additional unplanned or unforeseen expenses that are incurred during this period, and does not account for proceeds from additional exercises of convertible securities, if any. However, this is forward-looking information. Actual results may vary from the forward-looking information and risk factors could cause actual results to differ materially from the forward-looking information. See “Forward-Looking Information” and “Risk Factors”.

In the event that operating cash flows are not sufficient to cover the Company’s expenses, or in the event that the Company requires additional funds to meet its objectives and capitalize on new business opportunities, the Company will be required to either issue additional Common Shares or incur indebtedness. There is no assurance that additional funding required by the Company would be available if required, and if available, such financing may be highly dilutive to shareholders of the Company. See “Risk Factors”.

Unallocated funds are intended to be used for contingency purposes. Unallocated funds will be deposited in the Company’s bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company’s requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

Business Objectives and Milestones

The Company intends to use available funds to pursue the following business objectives

Business Objective	Significant Events	Expected Timing	Expected Costs
●	●	●	\$● ⁽¹⁾
●	●	●	\$● ⁽²⁾
●	●	●	\$● ⁽³⁾
Total			\$●

Notes:

- (1) ●.
- (2) ●.
- (3) ●.

Although the Company intends to expend available funds as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent or necessary, and may vary materially from that set forth above. In the event that the Company incurs negative operating cash flows which are greater than anticipated the Company may need to deploy a portion of its working capital to seek additional sources of funding. See “Risk Factors”.

Certain COVID-19 related risks could result in delays or additional costs for the Company to achieve its business objectives. The extent to which COVID-19 may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their impact at this time. Impacts of the COVID-19 pandemic on the Company’s business could include a negative impact on levels of investment in deployments of VSBLTY’s technology; prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; impacts on the Company’s customers’ and partners’ production volume levels, including as a result of prolonged unscheduled facility shutdowns; and government regulation that may adversely impact the Company’s business. In addition, the roll-out of the JV Media Network’s international in-store media network may be delayed in some Latin American jurisdictions where access to stores continues to be limited as a result of COVID-19, which may cause the JV Media Network to initially focus on other jurisdictions with greater access. See “Risk Factors”.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement the Company has appointed the Agent to act as its agent to conduct the Offering on a commercially reasonable “best efforts” agency basis, of ● Units at the Offering Price per Unit for gross proceeds of \$●. The

Agent has agreed to assist with the Offering on an agency basis and is not obligated to purchase any of the Units for its own accounts. The Offering Price was determined by negotiation between the Company and the Agent.

Each Unit is comprised of one Unit Share and one Warrant. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$● until 4:00 p.m. (Vancouver Time) on the date that is ● months from the Closing Date, after which time the Warrants will be void and of no value. This short form prospectus qualifies the distribution of the Unit Shares and the Warrants included in the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. See "Description of the Securities Being Distributed".

The Company has granted the Agent the Over-allotment Option, exercisable in whole or in part, at the sole discretion of the Agent, not later than 30 days after the Closing Date when the Offering is achieved, to purchase up to ● Over-allotment Units for the aggregate principal amount of \$● on the same terms and conditions as the Offering. The Over-allotment Option may be exercised by the Agent to purchase either (i) Over-allotment Units at the Offering Price; (ii) Over-allotment Unit Shares at a price of \$● per Over-allotment Unit Share; (iii) Over-allotment Warrants at a price of \$● per Over-allotment Warrant; or (iv) any combination of Over-allotment Securities, so long as the aggregate number of Over-allotment Securities does not exceed ● Over-allotment Unit Shares and ● Over-allotment Warrants. This short form prospectus also qualifies the grant of the Over-allotment Option and the distribution of the Over-allotment Securities. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases.

Pursuant to the Agency Agreement, the Agent will receive an Agent's Fee equal to 7% of the gross proceeds of the Offering.

Assuming no exercise of the Over-allotment Option (in full or in part), the Agent's Fee will be \$●, and the net proceeds to the Company, before deducting the estimated expenses of \$● in connection with the Offering, will be \$●. If the Over-allotment Option is exercised in full, the total Agent's Fee will be \$●, and the net proceeds to the Company, before deducting the estimated expenses of \$● in connection with the Offering, will be \$●.

The Company also has agreed to issue Agent's Warrants, which will entitle the Agent to purchase Agent's Warrant Shares equal to 7% of the number of Units issued under the Offering (including any Over-allotment Units issued upon the Agent's exercise of the Over-allotment Option). The Agent's Warrants will have an exercise price of \$● and will expire on a date that is ● months from the issuance date of such Agent's Warrants. The Agent will be issued ● Agent's Warrants (● Agent's Warrants if the Over-allotment Option is exercised in full for Over-allotment Units by the Agent).

The Company has also agreed to reimburse the Agent for its reasonable out-of-pocket fees and expenses, including the fees and expenses of its legal counsel whether or not the Offering is completed.

Subject to applicable laws and in connection with this Offering, the Agent may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time.

If the Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the Offering will cease. The Agent, pending closing of the Offering, will hold in trust all subscription funds received pursuant to the provisions of the Agency Agreement. If the Offering is not completed, the subscription proceeds received by the Agent in connection with the Offering will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

The Units will be offered in the provinces of British Columbia, Alberta, Saskatchewan and Ontario through the Agent or its affiliates who are registered to offer the Units in such provinces and such other registered dealers as may be designated by the Agent.

The Units, Unit Shares and Warrants comprising the Units (and the Warrant Shares issuable upon exercise of the Warrants), the Over-allotment Securities (and the Over-allotment Warrant Shares issuable upon exercise of the Over-allotment

Warrants), and the Agent's Warrants (and the Agent's Warrant Shares issuable upon exercise thereof), have not been and will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act) or any person in the United States. The Agent has agreed that it will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Units at any time within the United States.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. No certificates evidencing the Unit Shares and Warrants will be issued. Instead, the Unit Shares and Warrants sold pursuant to the Offering will be issued in electronic form to CDS or its nominees thereof and deposited with CDS on the closing of the Offering. The Closing Date is expected to be on or about June 29, 2021, or such other date as may be agreed upon by the Company and the Agent.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the securities within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

The Common Shares are listed and posted for trading on the CSE under the symbol "VSBY", on the FSE under the symbol "5VS" and are quoted on the OTC PINK under the symbol "VSBGF". The last reported sale price of the Common Shares on the CSE, FSE and OTC PINK was \$0.57, €0.4255 and US\$0.4717. The Company intends to apply to the CSE to list the Unit Shares, Over-allotment Unit Shares, Warrant Shares, Over-allotment Warrant Shares, the Agent's Warrant Shares, the Warrants and the Over-allotment Warrants. Listing of such securities is be subject to the Company fulfilling all of the listing requirements of the CSE.

The Company has agreed to indemnify the Agent and its affiliates and their directors, officers, agents, shareholders and employees against certain expenses and liabilities or will contribute to payments that the Agent may be required to make in respect thereof.

In connection with the Offering, the Agent may, subject to applicable laws, effect transactions intended to stabilize or maintain the market price for the Common Shares at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at the date of this short form prospectus, 162,427,601 Common Shares of the Company are issued and outstanding.

The holders of Common Shares are entitled to notice of, to attend, and to vote at all meetings of the Company's shareholders. The Common Shares are entitled to receive dividends if, as and when declared by the directors, and rank *pari passu* with one another in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Common Shares carry no pre-emptive rights, conversion or exchange rights, retraction, sinking fund or purchase fund provisions. There are no provisions requiring the holders of the Common Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of the Common Shares by the Company except as otherwise set out herein and to the extent that any such repurchase or redemption would render the Company insolvent pursuant to the *Business Corporations Act* (British Columbia).

Warrants

The following is a summary of the material attributes and characteristics of the Warrants. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Warrant Indenture, which will be

filed with the applicable Canadian securities regulatory authorities and available on SEDAR at www.sedar.com as of the Closing Date.

General

Each Warrant will be transferable and will entitle the holder thereof to acquire one Warrant Share at an exercise price of \$● prior to 4:00 p.m. (Vancouver time) for a period of ● months following the date of issuance of such Warrants, subject to adjustment in certain customary events, after which time the Warrants will expire.

The Warrants will be issued under and governed by the Warrant Indenture to be entered into on the Closing Date between the Company and Odyssey Trust Company, as warrant agent. The Company will appoint the principal transfer office of Odyssey Trust Company in Vancouver, British Columbia or Calgary, Alberta, or such other place as may be designated in accordance with the Warrant Indenture, as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, the Company may, subject to applicable law, purchase by private contract or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of any Warrants or options outstanding as of the date of the Warrant Indenture);
- (b) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares;
- (c) the consolidation, reduction or combination of the Common Shares into a lesser number of Common Shares;
- (d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "Current Market Price" ("Current Market Price" will be defined in the Warrant Indenture as the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty consecutive trading days ending five days prior to such date on the CSE) for the Common Shares on such record date; and
- (e) the distribution to all or substantially all of the holders of the Common Shares of (i) securities of any class, whether of the Company or any other entity (other than Common Shares), (ii) rights, options or warrants to subscribe for or to purchase Common Shares, or other securities convertible into or exchangeable for Common Shares (other than a "Rights Offering", as will be defined in the Warrant Indenture), (iii) evidence of indebtedness, or (iv) any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (a) reclassifications of the Common Shares;
- (b) consolidations, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or
- (c) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Odyssey Trust Company and to the holders of the Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants. The notice shall be given in each case not less than 14 days prior to any such applicable record date. If notice has been given and the adjustment is not then determinable, the Company shall promptly, after the adjustment is determinable, file with Odyssey Trust Company a computation of the adjustment and give notice to the holders of the Warrants of such adjustment computation.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants and no compensation will be paid in lieu of fractional Warrant Shares. Holders of Warrants will not have any right or interest whatsoever as a shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of the Company's shareholders or any other proceedings of the Company, or the right to dividends and other allocations.

The Warrant Indenture will provide that, from time to time, the Company and Odyssey Trust Company may amend or supplement the Warrant Indenture for certain purposes, without the consent of the holders of the Warrants, including curing defects or inconsistencies that do not prejudice the rights of any holder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the holders of Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing of at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of the holders of Warrants present in person or by proxy shall form a quorum and passed by the affirmative vote of the holders of Warrants representing not less than 66 2/3% of the aggregate number of Warrant Shares that may be acquired on exercise of the Warrants at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 75% of the aggregate number of the then outstanding Warrants.

The Warrants and the Warrant Shares issuable upon the exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Warrants will not be exercisable by, or on behalf of, a person in the United States or a U.S. person (as that term is defined in Regulation S under the U.S. Securities Act), nor will any certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws is available and the Company has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Company; provided, however, that a holder who is a Qualified Institutional Buyer or a U.S. Accredited Investor at the time of exercise of the Warrants will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Units.

Agent's Warrants

The Company has agreed to issue to the Agent such number of Agent's Warrants as is equal to 7% of the number of Units issued under the Offering (including any Over-allotment Units issued upon the exercise of the Over-allotment Option), the distribution of which are qualified by this short form prospectus. Each Agent's Warrant will entitle the Agent to purchase one Agent's Warrant Share at an exercise price of \$● and will expire on a date that is ● months from the Closing Date. The Agent's Warrant Shares are Common Shares.

The Agent's Warrants may be exercised by the Agent to purchase Agent's Warrant Shares on or before the expiration date by delivering (i) notice of exercise, appropriately completed and duly signed, and (ii) payment of the exercise price for the number of Agent's Warrant Shares with respect to which the Agent's Warrant is being exercised. The Agent's Warrants may be exercised in whole or in part, but only for full Agent's Warrant Shares.

The Agent's Warrant Shares will be, when issued and paid for in accordance with the Agent's Warrants, duly authorized, validly issued and fully paid and non-assessable. The Company will authorize and reserve at least that number of Common Shares equal to the number of Agent's Warrant Shares issuable upon exercise of all outstanding Agent's Warrants.

The exercise price and the number of Agent's Warrant Shares issuable upon the exercise of each Agent's Warrant are subject to adjustment upon the happening of certain events, such as a distribution on the Common Shares, or a subdivision, consolidation or reclassification of the Common Shares. In addition, upon any fundamental transaction, such as a merger, arrangement, consolidation, sale of all or substantially all of the Company's assets, share exchange or business combination, the Agent's Warrants will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Common Shares to which the holder of a Common Share would have been entitled immediately on such event.

The Agent's Warrants are non-transferable, and will not be listed or quoted on any securities exchange. The holders of the Agent's Warrants do not have the rights or privileges of holders of Common Shares and any voting rights until they exercise their Agent's Warrants and receive Agent's Warrant Shares.

PRIOR SALES

During the 12 months preceding the date of this short form prospectus, there were no issuances of Common Shares of the Company or securities that are convertible into Common Shares of the Company except as set out in the following table.

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
June 2, 2021	Warrants	9,697 ⁽¹⁾	\$0.60
June 2, 2021	Common Shares	19,395 ⁽¹⁾	\$0.60
May 25, 2021	Warrants	293,749 ⁽¹⁾	\$0.60
May 25, 2021	Common Shares	587,499 ⁽¹⁾	\$0.60
May 25, 2021	Common Shares	125,000 ⁽⁶⁾	\$0.17
May 18, 2021	Warrants	4,166 ⁽¹⁾	\$0.60
May 18, 2021	Common Shares	8,333 ⁽¹⁾	\$0.60
May 18, 2021	Common Shares	340,000 ⁽⁷⁾	\$0.17
May 14, 2021	Common Shares	300,000 ⁽⁷⁾	\$0.17
May 14, 2021	Common Shares	41,666 ⁽⁷⁾	\$0.60
April 30, 2021	Common Shares	328,000 ⁽⁷⁾	\$0.17
April 28, 2021	Common Shares	32,000 ⁽⁷⁾	\$0.17
April 26, 2021	Common Shares	1,885 ⁽⁷⁾	\$0.35
April 26, 2021	Common Shares	4,812 ⁽⁷⁾	\$0.12
April 21, 2021	Common Shares	14,000 ⁽⁷⁾	\$0.17
April 15, 2021	Common Shares	32,500 ⁽⁷⁾	\$0.17
April 14, 2021	Common Shares	10,000 ⁽⁷⁾	\$0.17
April 12, 2021	Common Shares	52,500 ⁽⁷⁾	\$0.17
April 8, 2021	RSUs	83,500	\$0.72
April 8, 2021	Warrants	100,000 ⁽¹⁾	\$0.60
April 8, 2021	Common Shares	100,000 ⁽¹⁾	\$0.60
April 7, 2021	Common Shares	8,333 ⁽⁷⁾	\$0.60
April 5, 2021	Common Shares	52,500 ⁽⁷⁾	\$0.17

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
March 31, 2021	Common Shares	31,500 ⁽⁷⁾	\$0.17
March 30, 2021	Common Shares	87,251 ⁽⁷⁾	\$0.17
March 29, 2021	Common Shares	70,800 ⁽⁷⁾	\$0.17
March 26, 2021	Common Shares	75,000 ⁽⁷⁾	\$0.17
March 25, 2021	Common Shares	55,000 ⁽⁷⁾	\$0.17
March 24, 2021	Common Shares	176,449 ⁽⁷⁾	\$0.17
March 23, 2021	Common Shares	70,000 ⁽⁷⁾	\$0.12
March 19, 2021	Common Shares	54,500 ⁽⁷⁾	\$0.17
March 18, 2021	Warrants	15,500,000 ⁽¹⁾	\$0.84
March 18, 2021	Common Shares	105,500 ⁽⁷⁾	\$0.17
March 17, 2021	Common Shares	300,030 ⁽⁷⁾	\$0.17
March 17, 2021	Common Shares	25,725 ⁽⁷⁾	\$0.12
March 16, 2021	Common Shares	585,000 ⁽⁷⁾	\$0.17
March 15, 2021	Common Shares	47,200 ⁽⁷⁾	\$0.17
March 12, 2021	Common Shares	86,500 ⁽⁷⁾	\$0.17
March 11, 2021	Common Shares	57,000 ⁽⁷⁾	\$0.17
March 8, 2021	RSUs	50,000	\$0.73
March 8, 2021	Options	150,000	\$0.73
March 5, 2021	Common Shares	57,000 ⁽⁷⁾	\$0.17
March 4, 2021	Common Shares	106,500 ⁽⁷⁾	\$0.17
March 3, 2021	Warrants	8,333 ⁽¹⁾	\$0.60
March 3, 2021	Common Shares	16,666 ⁽¹⁾	\$0.60
March 3, 2021	Common Shares	71,500 ⁽⁷⁾	\$0.17
March 2, 2021	Common Shares	64,000 ⁽⁷⁾	\$0.17
February 26, 2021	Common Shares	354,000 ⁽⁷⁾	\$0.17
February 25, 2021	Common Shares	54,156 ⁽⁷⁾	\$0.60
February 24, 2021	Common Shares	27,000 ⁽⁷⁾	\$0.17
February 24, 2021	Common Shares	288,923 ⁽⁷⁾	\$0.35
February 24, 2021	Warrants	33,333 ⁽¹⁾	\$0.60
February 24, 2021	Common Shares	66,666 ⁽¹⁾	\$0.60
February 23, 2021	Common Shares	80,000 ⁽⁶⁾	\$0.30
February 22, 2021	Warrants	16,666 ⁽¹⁾	\$0.60
February 22, 2021	Common Shares	33,333 ⁽¹⁾	\$0.60
February 19, 2021	Warrants	461,633 ⁽¹⁾	\$0.60
February 19, 2021	Common Shares	947,061 ⁽¹⁾	\$0.60

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
February 18, 2021	Common Shares	116,665 ⁽⁷⁾	\$0.60
February 18, 2021	Common Shares	300,000 ⁽⁷⁾	\$0.17
February 17, 2021	Common Shares	448,539 ⁽⁷⁾	\$0.17
February 16, 2021	Common Shares	46,784 ⁽⁷⁾	\$0.17
February 12, 2021	Common Shares	60,000 ⁽⁷⁾	\$0.17
February 12, 2021	Warrants	12,500 ⁽¹⁾	\$0.60
February 12, 2021	Common Shares	25,000 ⁽¹⁾	\$0.60
February 12, 2021	Common Shares	125,000 ⁽⁷⁾	\$0.60
February 11, 2021	Warrants	20,833 ⁽¹⁾	\$0.60
February 11, 2021	Common Shares	124,999 ⁽¹⁾	\$0.60
February 11, 2021	Common Shares	299,500 ⁽⁷⁾	\$0.17
February 11, 2021	Common Shares	58,333 ⁽⁷⁾	\$0.60
February 11, 2021	Common Shares	107,818 ⁽⁷⁾	\$0.12
February 10, 2021	Common Shares	272,260 ⁽⁷⁾	\$0.17
February 9, 2021	Common Shares	56,285 ⁽⁷⁾	\$0.17
February 8, 2021	Common Shares	91,160 ⁽⁷⁾	\$0.17
February 5, 2021	Common Shares	278,500 ⁽⁷⁾	\$0.17
February 5, 2021	Common Shares	120,000 ⁽⁶⁾	\$0.30
February 4, 2021	Common Shares	83,332 ⁽⁷⁾	\$0.60
February 4, 2021	Common Shares	126,000 ⁽⁷⁾	\$0.17
February 3, 2021	Common Shares	146,500 ⁽⁷⁾	\$0.17
February 1, 2021	Common Shares	10,500 ⁽⁷⁾	\$0.17
January 29, 2021	Common Shares	41,775 ⁽⁷⁾	\$0.12
January 28, 2021	Common Shares	29,696 ⁽⁷⁾	\$0.17
January 28, 2021	Common Shares	20,000 ⁽⁷⁾	\$0.12
January 27, 2021	Common Shares	45,000 ⁽⁷⁾	\$0.17
January 26, 2021	Common Shares	36,500 ⁽⁷⁾	\$0.17
January 26, 2021	Warrants	62,943 ⁽¹⁾	\$0.60
January 26, 2021	Common Shares	125,887 ⁽¹⁾	\$0.60
January 26, 2021	Common Shares	62,943 ⁽⁷⁾	\$0.60
January 25, 2021	Common Shares	231,000 ⁽⁷⁾	\$0.17
January 22, 2021	Common Shares	32,854 ⁽⁷⁾	\$0.17
January 21, 2021	Warrants	124,998 ⁽¹⁾	\$0.60
January 21, 2021	Common Shares	166,666 ⁽¹⁾	\$0.60
January 21, 2021	Common Shares	4,709	\$0.60

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
January 21, 2021	Common Shares	148,950 ⁽⁷⁾	\$0.17
January 20, 2021	Common Shares	49,000 ⁽⁷⁾	\$0.17
January 19, 2021	Common Shares	85,500 ⁽⁷⁾	\$0.17
January 18, 2021	Common Shares	281,000 ⁽⁷⁾	\$0.17
January 15, 2021	Common Shares	372,060 ⁽⁷⁾	\$0.17
January 15, 2021	Common Shares	107,142 ⁽⁷⁾	\$0.60
January 14, 2021	Common Shares	24,690 ⁽⁷⁾	\$0.17
January 13, 2021	Common Shares	98,000 ⁽⁷⁾	\$0.17
January 12, 2021	Common Shares	75,200 ⁽⁷⁾	\$0.17
January 12, 2021	Warrants	318,814 ⁽¹⁾	\$0.60
January 12, 2021	Common Shares	493,814 ⁽¹⁾	\$0.60
January 12, 2021	Common Shares	1,482,142 ⁽⁷⁾	\$0.60
January 11, 2021	Warrants	112,500 ⁽¹⁾	\$0.60
January 11, 2021	Common Shares	225,000 ⁽¹⁾	\$0.60
January 11, 2021	Common Shares	518,720 ⁽⁷⁾	\$0.17
January 11, 2021	Common Shares	200,000 ⁽⁷⁾	\$0.12
January 11, 2021	Common Shares	9,085 ⁽⁷⁾	\$0.35
January 8, 2021	Warrants	58,333 ⁽¹⁾	\$0.60
January 8, 2021	Common Shares	116,666 ⁽¹⁾	\$0.60
January 8, 2021	Common Shares	974,500 ⁽⁷⁾	\$0.17
January 8, 2021	Common Shares	84,000 ⁽⁷⁾	\$0.30
January 8, 2021	Common Shares	249,997 ⁽⁷⁾	\$0.60
January 7, 2021	Warrants	63,000 ⁽¹⁾	\$0.60
January 7, 2021	Common Shares	126,000 ⁽¹⁾	\$0.60
January 7, 2021	Common Shares	214,690 ⁽⁷⁾	\$0.17
January 7, 2021	Common Shares	4,375 ⁽⁷⁾	\$0.12
January 6, 2021	Common Shares	26,250 ⁽⁷⁾	\$0.12
January 5, 2021	Warrants	2,500,000 ⁽¹⁾	\$0.60
January 5, 2021	Common Shares	2,500,000 ⁽¹⁾	\$0.60
January 5, 2021	Common Shares	438,960 ⁽⁷⁾	\$0.17
January 4, 2021	Common Shares	122,280 ⁽⁷⁾	\$0.17
January 4, 2021	Warrants	87,499 ⁽¹⁾	\$0.60
January 4, 2021	Common Shares	108,332 ⁽¹⁾	\$0.60
January 4, 2021	Common Shares	2,000 ⁽⁷⁾	\$0.30
January 4, 2021	Common Shares	591 ⁽⁷⁾	\$0.35

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
December 31, 2020	Common Shares	229,500 ⁽⁷⁾	\$0.17
December 29, 2020	Common Shares	75,000 ⁽⁷⁾	\$0.17
December 23, 2020	Common Shares	124,500 ⁽⁷⁾	\$0.17
December 23, 2020	Warrants	333,333 ⁽¹⁾	\$0.60
December 23, 2020	Common Shares	333,333 ⁽¹⁾	\$0.60
December 23, 2020	Common Shares	1,432,708 ⁽⁷⁾	\$0.17
December 22, 2020	Common Shares	513,000 ⁽⁷⁾	\$0.17
December 22, 2020	Common Shares	4,812 ⁽⁷⁾	\$0.12
December 22, 2020	Common Shares	8,644 ⁽⁷⁾	\$0.35
December 21, 2020	Common Shares	128,571 ⁽⁷⁾	\$0.35
December 18, 2020	Common Shares	476,500 ⁽⁷⁾	\$0.17
December 18, 2020	Common Shares	39,979 ⁽⁷⁾	\$0.35
December 18, 2020	Warrants	609,997 ⁽¹⁾	\$0.60
December 18, 2020	Common Shares	633,330 ⁽¹⁾	\$0.60
December 17, 2020	Warrants	64,999 ⁽¹⁾	\$0.60
December 17, 2020	Common Shares	83,333 ⁽¹⁾	\$0.60
December 15, 2020	Common Shares	12,000 ⁽⁷⁾	\$0.30
December 14, 2020	Common Shares	775,000 ⁽⁷⁾	\$0.17
December 11, 2020	Common Shares	300,000 ⁽⁷⁾	\$0.17
December 9, 2020	Common Shares	330,500 ⁽⁷⁾	\$0.17
December 9, 2020	Common Shares	4,714 ⁽⁷⁾	\$0.35
December 9, 2020	Common Shares	215,400 ⁽⁷⁾	\$0.12
December 8, 2020	Common Shares	1,290,000 ⁽⁷⁾	\$0.17
December 7, 2020	Common Shares	200,000 ⁽⁷⁾	\$0.17
December 7, 2020	Common Shares	250,000 ⁽⁷⁾	\$0.12
December 4, 2020	Common Shares	310,000 ⁽⁷⁾	\$0.17
December 4, 2020	Common Shares	384,756 ⁽⁷⁾	\$0.12
November 27, 2020	Common Shares	35,000 ⁽⁷⁾	\$0.12
November 24, 2020	Options	300,000	\$0.25
November 2, 2020	Common Shares	5,775 ⁽⁷⁾	\$0.12
October 28, 2020	Common Shares	1,000 ⁽⁷⁾	\$0.17
October 9, 2020	Options	700,000	\$0.17
October 8, 2020	Warrants	85,714 ⁽¹⁾	\$0.60
October 8, 2020	Common Shares	171,428 ⁽¹⁾	\$0.60
October 6, 2020	Options	2,850,000	\$0.17

Date of Issuance	Security	Number of Securities	Issue or Exercise Price Per Security (\$)
September 22, 2020	Agents' Warrants	389,133 ⁽²⁾	\$0.17
September 22, 2020	Warrants	5,559,045 ⁽²⁾	\$0.12
September 22, 2020	Common Shares	5,559,045 ⁽²⁾	\$0.12
August 28, 2020	Warrants	93,878 ⁽¹⁾	\$0.60
August 28, 2020	Common Shares	187,756 ⁽¹⁾	\$0.60
August 28, 2020	Warrants	9,561,396 ⁽³⁾	\$0.17
August 28, 2020	Common Shares	9,561,396 ⁽³⁾	\$0.12
August 28, 2020	Agents' Warrants	2,594,221 ⁽⁴⁾	\$0.12
August 28, 2020	Warrants	37,060,300 ⁽⁴⁾	\$0.17
August 28, 2020	Common Shares	37,060,300 ⁽⁴⁾	\$0.12
August 21, 2020	Warrants	47,314 ⁽¹⁾	\$0.60
August 21, 2021	Common Shares	94,628 ⁽¹⁾	\$0.60
June 19, 2020	Common Shares	1,000,002 ⁽⁵⁾	\$0.30

Notes:

- (1) Issued upon exercise of unsecured convertible debentures.
- (2) Issued on September 22, 2020, pursuant to the agents' exercise of the over-allotment option under the 2020 Unit Offering to purchase an additional 5,559,045 units at a price of \$0.12 per unit for gross proceeds of approximately \$667,085. As additional compensation pursuant to the closing of the over-allotment option, the Company paid to the agents a cash fee of approximately \$10,216 and issued to the agents 389,133 agents' warrants.
- (3) Issued pursuant to the concurrent financing, which closed on August 28, 2020. The Company closed its concurrent U.S. non-brokered private placement of units, pursuant to which the Company issued 9,561,396 units for gross proceeds of approximately \$1,147,367. No fees or compensation were payable to the agents in connection with the concurrent private placement.
- (4) Issued pursuant to the 2020 Unit Offering, which closed on August 22, 2020. The Company issued 37,060,300 units at a price of \$0.12 per unit for aggregate gross proceeds of \$4,447,236. Each unit is comprised of one Common Share and one unit warrant. Each unit warrant is exercisable to acquire one Common Share at an exercise price of \$0.17 per Common Share until August 28, 2023. The 2020 Unit Offering was conducted on a commercially reasonable "best efforts" basis by the agents. As compensation, the Company paid to the agents a cash fee of approximately \$311,306 and issued to the agents an aggregate of 2,594,221 agents' warrants. Each agents' warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.12 per Common Share until August 28, 2023.
- (5) Issued to certain directors, officers and consultants of the Company for the achievement of certain performance milestones.
- (6) Issued upon exercise of stock options.
- (7) Issued upon exercise of warrants.

TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the trading symbol "VSBY", on the FSE under the symbol "5VS" and are quoted on the OTC/PINK under the symbol "VSBGF". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated. On June 8, 2021, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the CSE was \$0.57.

Month	CSE Price Range (\$)		Volume
	High	Low	
June 1 – 8, 2021	\$0.70	\$0.47	2,598,355
May 2021	\$0.62	\$0.435	6,544,693
April 2021	0.76	0.60	6,189,121
March 2021	0.95	0.61	16,782,113
February 2021	0.89	0.61	18,351,790

January 2021	0.95	0.63	28,578,353
December 2020	0.72	0.275	36,217,603
November 2020	0.27	0.135	12,323,846
October 2020	0.23	0.125	13,472,452
September 2020	0.15	0.105	14,878,246
August 2020	0.17	0.10	12,990,466
July 2020	0.20	0.14	3,292,242
June 2020	0.24	0.155	3,661,232
May 2020	0.285	0.20	6,426,194

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or results of operations of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this short form prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Annual Information Form, which is incorporated by reference in this short form prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information", before deciding to purchase the Units. Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this short form prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

A positive return on an investment in the Units is not guaranteed

There is no guarantee that an investment in the Units will earn any positive return in the short-term or long-term. A purchase of Units under the Offering 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. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

The Company has discretion in the use of net proceeds

The Company intends to use the net proceeds from this Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion concerning the use of the net proceeds from the Offering, as well as the timing of its expenditures in ways that it deems most efficient, and there can be no assurance as to how the funds will be allocated, especially if the Company determines to revise its business plan and growth strategy. The application of the proceeds to various items may not necessarily enhance the value of the Units. The failure to apply the net proceeds as set forth under "Use of Proceeds" and other financings could adversely affect the Company's business and, consequently, could adversely affect the price of the Units on the open market.

Until utilized, the net proceeds of the Offering will be held in cash balances in the Company's bank account or invested at the discretion of the board of directors. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds

are uncertain. If the net proceeds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

Negative Cash Flow from Operations

During the three months ended March 31, 2021, the Company had negative cash flow from operating activities. The Company anticipates it will have negative cash flow from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering are expected to be used to fund such negative cash flow from operating activities.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved, see "Risk Factors – Negative Cash Flow from Operations" above.

Risk Factors Related to Dilution

While the net proceeds of the Offering are expected to enhance the Company's liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, the Offering may dilute the interests of holders of Common Shares. The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

Market Price of Common Shares

The trading prices of CSE-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Common Shares is also likely to be significantly affected by changes from time to time in the Company's operating results, financial condition, liquidity and other internal factors.

No Current Market for Warrants

The Warrants constitute a new issue of securities of the Company. There is currently no market through which the Warrants may be sold and purchasers of Units may not be able to resell the Warrants purchased under this short form prospectus. There can be no assurance that an active trading market for the Warrants will develop or, if developed, that any such market will be sustained. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. Even if a market develops for the Warrants, it is not possible to predict the price at which the Warrants will trade in the market or whether such market will be liquid or illiquid. To the extent Warrants are exercised, the number of Warrants outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants. A decrease in the liquidity of the Warrants may cause, in turn, an increase in the volatility associated with the price of the Warrants. If any market trading of the Warrants becomes illiquid, an investor may have to exercise such Warrants to realize value.

Holder of Warrants Have no Rights as a Shareholder

Until a holder of Warrants acquires Warrant Shares upon the due exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon due exercise of such Warrants, such holder will be entitled to exercise the rights of a holder of Common Shares only as to matters for which the record date occurs after the exercise date.

Revenue Projections May Prove Inaccurate

Due to the time it takes customers to develop an understanding of VSBLTY's technology, the selling process is slowed down and the selling cycle is lengthened. Over time, management of VSBLTY believes that the pace of deployment will increase and sales cycles will shorten as retailers develop an understanding of the technology. However, this creates uncertainty for the management of the business and with respect to accurate sales forecasts or revenue projections. Although financial projections presented in this short form prospectus are based on reasonable expectations developed by the Company's management, the assumptions and estimates underlying the financial projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Company. Accordingly, the financial projections are only estimates and are necessarily speculative in nature. It is expected that some – and perhaps all – of the assumptions in the financial projections will not be realized and that actual results will vary from the projections. Such variations may be material and may increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the financial projections, which constitute forward-looking statements and FOPI. By their nature forward-looking statements and FOPI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and/or FOPI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "Cautionary Statement Regarding Forward-Looking Information", "Business of the Company – Joint Venture with Modelo and Retailer Media", "Business of the Company – Channel Orientation", "Business of the Company – Production and Sales", "Use of Proceeds" and "Use of Proceeds – Business Objectives and Milestones".

COVID-19 Pandemic

The continuing outbreak of the COVID-19 pandemic and government actions to address it may have a material adverse effect on VSBLTY's business, financial conditions and results of operation, all of which could be rapid and unexpected. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impacts on economic activity in affected countries or regions that could reduce demand for applications of VSBLTY's technology. COVID-19 may further prevent or cause delays in delivering the Company's technology and services, whether by direct impacts to its operations or impacts to the operations of its suppliers, customers or financial markets. VSBLTY's strategic partnerships may similarly be affected.

The COVID-19 pandemic continues to evolve rapidly and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration. The COVID-19 pandemic could: negatively impact levels of investment in deployments of VSBLTY's technology; lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; impact VSBLTY's customers' and partners' production volume levels, including as a result of prolonged unscheduled facility shutdowns; and result in government regulation that may adversely impact the Company's business. COVID-19 may also represent a serious threat to the Company maintaining a skilled workforce and could be a healthcare challenge for the Company, its customers, suppliers and partners. There can be no assurance that VSBLTY's personnel will not be impacted by COVID-19 and ultimately the

Company may see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks also exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy generally, and thus demand for products with potential applications for VSBLTY's technology may decline. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that VSBLTY will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the capital available to the Company.

In addition, the roll-out of the JV Media Network's international in-store media network may be delayed in some Latin American jurisdictions where access to stores continues to be limited as a result of COVID-19, which may cause the JV Media Network to initially focus on other jurisdictions with greater access

United States Tax Classification of the Company

Although the Company is a Canadian corporation, the Company is also classified as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is subject to United States federal income tax on its worldwide income. However, for Canadian federal income tax purposes, the Company is expected, regardless of any application of section 7874 of the U.S. Tax Code, to continue to be treated as a Canadian resident corporation (as defined in the Tax Act). As a result, the Company will be subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Company will pay any dividends on the common shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available. Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld. Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the Unit Shares and Warrant Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate, generation-skipping transfer tax, and other relevant tax rules generally apply to a non-U.S. shareholder of such shares.

For more detailed information regarding Canadian federal income tax matters see "Certain Canadian Federal Income Tax Considerations".

EACH PROSPECTIVE INVESTOR SHOULD SEEK TAX ADVICE, BASED ON SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR IN EACH RELEVANT JURISDICTION PRIOR TO INVESTING IN THE UNITS.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Polaris Tax Counsel, U.S. tax counsel to the Company, the following is a summary of the principal U.S. federal income tax considerations that may be generally applicable.

PROSPECTIVE HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR INDIVIDUAL SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNITS ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Scope of this Disclosure

Authorities

This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof, all of which are subject to change, possibly on a retroactive basis. The Company has not sought any ruling from the Internal Revenue Service (“IRS”) with respect to the statements made and the conclusions reached in the following summary. Accordingly, there can be no assurance that the IRS will not challenge the statements made and conclusions reached in this summary or that a U.S. court will not sustain any such challenge by the IRS.

Treatment of the Company as a U.S. Domestic Corporation for U.S. Federal Income Tax Purposes

Although the Company is and will continue to be a Canadian corporation, the Company has received U.S. tax advice that as a result of the Acquisition it is classified as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company (as defined in the Tax Act). As a result, the Company will be subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations. Foreign tax credits may not be available and so double taxation may arise. This is discussed further in “Risk Factors - United States Tax Classification of the Company”.

U.S. Holders

For purposes of this summary, a “**U.S. Holder**” is an owner of the Units that is:

- (a) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes;
- (b) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia;
- (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income; or
- (d) a trust if (a) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (b) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Shareholder

For purposes of this discussion, a “**Non-U.S. Shareholder**” is any beneficial owner of the Units, other than:

- (a) an individual citizen or resident of the United States;
- (b) a corporation, or other entity taxable as a corporation, that is created or organized in or under the laws of the United States or any political subdivision thereof;
- (c) an estate, the income of which is subject to United States federal income tax regardless of its source; or
- (d) a trust subject to the primary supervision of a United States court and the control of one or more United States persons or that has elected to be treated as a United States person under applicable Treasury Regulations.

U.S. Federal Income Tax consequences to U.S Holders

This summary does not address the U.S. federal income tax considerations to U.S. Holders that are subject to special provisions under the Code, including U.S. Holders:

- (a) that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts;
- (b) that are financial institutions, insurance companies, real estate investment trusts, or regulated investment

- companies or that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method;
- (c) that have a “functional currency” other than the U.S. dollar;
 - (d) that own Units as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position;
 - (e) that acquired Units in connection with the exercise of employee stock options or otherwise as compensation for services;
 - (f) that hold Units other than as a capital asset within the meaning of Section 1221 of the Code; or
 - (g) that own or have owned, directly, indirectly, or by attribution, 5% or more, by voting power or value, of the outstanding Units.

U.S. Holders that are subject to special tax provisions, including U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences of owning Units.

This summary does not address the state, local, U.S. federal alternative minimum tax, estate and gift, or non-U.S. tax consequences to U.S. Holders of the Units. Each U.S. Holder should consult its own tax advisors regarding the state, local, U.S. federal alternative minimum tax, estate and gift, and non-U.S. tax consequences.

If an entity that is classified as a partnership (or “pass-through” entity) for U.S. federal income tax purposes holds Units, the U.S. federal income tax consequences to such partnership (or “pass-through” entity) and the partners of such partnership (or owners of such “pass-through” entity) of participating in, and owning the Units generally will depend on the activities of the partnership (or “pass-through” entity) and the status of such partners (or owners). Partners of entities that are classified as partnerships (and owners of “pass-through” entities) for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences.

Warrants

A holder of a Warrant recognizes no income on the receipt of Common Shares in exchange for the Warrant exercise. The U.S. Holder’s cost basis in the warrant is added to the exercise price to determine his basis in the Common Shares received upon exercise. Any gain or loss attributable to the sale or exchange of, or loss attributable to failure to exercise a Warrant is considered gain or loss which has the same character as from the sale or exchange of the Warrant Share to which the Warrant relates in the hands of the U.S. Holder (or would have in the hands of the U.S. Holder if acquired by such U.S. Holder.)

Dividends

Dividends received by U.S. Holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. No foreign tax credit will be available for tax paid to Canada on any such dividend.

Dispositions of the Units

A U.S. Holder will recognize a gain or loss on the sale or other taxable disposition of the Units in an amount equal to the difference, if any, between: (a) the amount of cash plus the fair market value of any property received; and (b) such U.S. Holder’s tax basis in the Units sold or otherwise disposed of. Any such gain or loss generally will be a capital gain or loss, which will be a long-term capital gain or loss if the Units are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Foreign Tax Credit

Ordinarily, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the ownership or disposition of Units may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. Complex limitations apply to the foreign tax credit, including the general limitation that the credit

cannot exceed the proportionate Unit of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source".

The ordinary rules will, however, be inapplicable to a U.S. Holder than owns the Units. Because the Company is treated as a U.S. domestic corporation for U.S. domestic tax purposes, dividends paid by it to U.S. holders will be classified as "U.S. source" for U.S. federal tax purposes and thus no foreign tax credit will be available for Canadian tax paid on those dividends. Similarly, no foreign tax credit is available for any Canadian tax paid on the disposition of Units. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisors regarding the foreign tax credit rules.

Foreign Currency

The amount of any distribution or proceeds paid in Canadian dollars to a U.S. Holder in connection with the ownership of the Units, or on the sale, exchange or other taxable disposition of the Units, generally will be equal to the U.S. dollar value of such Canadian dollars based on the exchange rate applicable on the date of receipt (regardless of whether such Canadian dollars are converted into U.S. dollars at that time). A U.S. Holder that receives Canadian dollars and converts such Canadian dollars into U.S. dollars at a conversion rate other than the rate in effect on the date of receipt may have a foreign currency exchange gain or loss, which generally would be treated as U.S. source ordinary income or loss for foreign tax credit purposes.

Different rules apply to U.S. Holders who use the accrual method. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Additional Tax on Passive Income

Certain U.S. Holders that are individuals, estates, or trusts (other than trusts that are exempt from tax) will be subject to a 3.8% tax on all or a portion of their "net investment income," which includes dividends on the Units and net gains from the disposition of the Units.

Treasury Regulations provide that, subject to the election described in the following paragraph, solely for purposes of this additional tax, distributions of previously taxed income will be treated as dividends and included in net investment income subject to the additional 3.8% tax.

U.S. Federal Income Tax Considerations for Non-U.S. Shareholders

The following summary does not address aspects of U.S. federal income taxation that may be relevant to a Non-U.S. Shareholder subject to special treatment under U.S. federal income tax laws, including, but not limited to, any of the following:

- (i) dealers in securities;
- (ii) banks and other financial institutions;
- (iii) insurance companies;
- (iv) tax-exempt organizations plans or accounts;
- (v) persons holding their Units as part of a "hedge," "straddle" or other risk reduction transaction; and
- (vi) controlled foreign corporations or passive foreign investment companies, as those terms are defined in the Code.

Any such Non-U.S. Shareholder should consult its own tax advisor with respect to an investment in the Units.

This summary also does not address the tax consequences resulting to a holder of the Units that is an entity treated as a pass-through entity for U.S. federal income tax purposes or any investors or equity holders in such entities. The tax treatment of an investor in such an entity will generally depend upon the status of the investor and the activities of the partnership or other pass-through entity. We urge any Non-U.S. Shareholder of the Units that is a partnership or other pass-through entity for U.S. federal income tax purposes and partners, investors, members and other equity holders in such entities to consult their tax advisors about the tax consequences relating to the acquisition, ownership and disposition of the Units.

The following discussion is a general summary of the material U.S. federal income tax consequences of the ownership and disposition of the Units applicable to Non-U.S. Shareholders. This summary does not consider specific facts and circumstances that may be relevant to a particular Non-U.S. Shareholder's tax position and does not consider U.S. state and local or non-U.S. tax consequences and also does not consider U.S. federal estate and gift tax considerations. Because the Unit Shares and Warrant Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate, generation-skipping transfer tax, and other relevant tax rules generally apply to a Non-U.S. Shareholder of such shares.

Warrants

A Non-U.S. Shareholder of a Warrant recognizes no income on the receipt of Common Shares in exchange for the Warrant exercise. The Non-U.S. Shareholder's cost basis in the Warrant is added to the exercise price to determine his basis in the Common Shares received upon exercise. Any gain or loss attributable to the sale or exchange of, or loss attributable to failure to exercise a Warrant is considered gain or loss which has the same character as from the sale or exchange of the Warrant Share to which the Warrant relates in the hands of the Non-U.S. Shareholder (or would have in the hands of the Non-U.S. Shareholder if acquired by such Non-U.S. Shareholder.)

Dividends

If the Company makes distributions of cash or property, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from current or accumulated earnings and profits of the Company (as determined under U.S. federal income tax principles). Dividends distributed by the Company to Non-U.S. Shareholders will be subject to withholding of United States federal income tax at the rate of 30%, or such lower rate as may be provided in an applicable treaty.

In order to obtain a reduced rate of U.S. federal withholding under an applicable income tax treaty, a Non-U.S. Shareholder will be required to provide a properly executed IRS Form W-8BEN or W-8-BEN-E as applicable, certifying its entitlement to benefits under the treaty. A Non-U.S. Shareholder of Common Shares that is eligible for a reduced rate of U.S. federal withholding under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. A Non-U.S. Shareholder should consult its own tax advisor regarding its possible entitlement to benefits under an income tax treaty.

Dispositions of Units

A Non-U.S. Shareholder generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale or other disposition of the Units unless: (a) the gain is effectively connected with the conduct of a U.S. trade or business, as discussed above; or (b) the Company is or has been a United States Real Property Holding Company ("USRPHC") at any time during the shorter of the five-year period ending on the date of disposition and the Non-U.S. Shareholder's holding period for the Units.

In general, a corporation is a USRPHC if the fair market value of its "U.S. real property interests," as defined in the Code and applicable United States Treasury regulations, equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business.

The Company currently has no U.S. real property assets and should not be classified as a USRPHC. Should the Company be classified as a USRPHC and if a Non-U.S. Shareholder were not eligible to utilize the exception for securities regularly traded on an established securities market, gain from the sale or exchange of the Units by a Non-U.S. Unitholder would be subject to U.S. income taxation and the Non-U.S. Shareholder would be required to file a U.S. federal income tax return. In addition, the purchaser of the Units would be required to withhold from the purchase price an amount equal to 15% of the purchase price and remit such amount to the IRS.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary, as of the date hereof, of certain material Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering and who, at all relevant times, and for purposes of the Tax Act, (i) holds the Unit Shares and Warrants, and any Warrant Shares received on the exercise of Warrants, as capital property, (ii) deals at arm's length with the Company and the Agent and (iii) is not affiliated

with either the Company or the Agent (a “**Holder**”). For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. Generally, the Common Shares and Warrants will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the facts set out in this short form prospectus, the assumptions set out herein, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (“**Tax Proposals**”) before the date of this short form prospectus, counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof, and the current provisions of the *Canada – United States Tax Convention* (1980), as amended (the “**U.S. Treaty**”). No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account other federal, provincial, state, local or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

The Company is a Canadian corporation for purposes of the Tax Act. As referenced under “Certain U.S. Federal Income Tax Considerations” and under “Risk Factors – United States Tax Classification of the Company”, the Company is also classified as a U.S. domestic corporation for United States federal income tax purposes, with related consequences and potential consequences to the Company and its shareholders. Accordingly, all prospective investors, including Holders as defined above, should review the discussion under “Certain U.S. Federal Income Tax Considerations” and under “Risk Factors – United States Tax Classification of the Company”, and consult with their own tax advisors in this regard before making an investment in the Units. For purposes of the discussion of Canadian federal income tax considerations below, it has been assumed that the Company is and will be classified as a U.S. domestic corporation for United States federal income tax purposes at all relevant times. Neither counsel for the Company nor the Agent expresses any opinion in this regard or with respect to any other assumptions made for purposes of this summary, and no tax ruling has been requested or obtained in this regard.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax or other consequences to any particular Holder or prospective Holder are made. The income and other tax consequences of acquiring, holding or disposing of securities will depend on the Holder’s particular status and circumstances, including the country, province or territory in which the Holder resides or carries on business. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units. Prospective investors in the Units (including Holders as defined above) should consult their own tax advisors with respect to an investment in the Units having regard to their particular circumstances.

Canadian Currency

For the purposes of the Tax Act, subject to certain exceptions (including where a taxpayer has made an election to compute its “Canadian tax results” in a currency other than Canadian currency), where an amount that is relevant in computing a taxpayer’s “Canadian tax results” is expressed in a currency other than Canadian dollars, the amount must be converted to Canadian dollars using the exchange rate quoted by the Bank of Canada for the day on which the amount arose (or another rate of exchange that is acceptable to the Minister of National Revenue (Canada)). In particular, all amounts relating to the acquisition, holding or disposition of Common Shares and Warrants (including dividends, adjusted cost base and proceeds of disposition) must be converted into Canadian dollars on such basis and the amount of dividends to be included in the income of, and the amount of capital gains or capital losses realized by, a Holder may be affected by fluctuation in the Canadian/U.S. dollar/Euro exchange.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Warrant to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$● of the Offering Price for a Unit as consideration for the issue of each Unit Share and \$● of the Offering Price for a Unit for the issue of each one-half of one Warrant (\$● for each whole Warrant).

Although the Company believes that its allocation is reasonable, it is not binding on the Canada Revenue Agency or the Holder. Counsel to each of the Company and the Agent express no opinion with respect to the foregoing allocation. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost of the Unit Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid by the Holder for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

This portion of the summary applies to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada (a "**Resident Holder**"). Resident Holders whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. This election does not apply to the Warrants. Resident Holders should consult their own tax advisors with respect to whether the election is available and advisable in their particular circumstances.

This summary is not applicable to: (a) a Resident Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (b) a Resident Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (c) a Resident Holder that is a "specified financial institution" as defined in the Tax Act, (d) a Resident Holder that has made an election under section 261 of the Tax Act to determine its Canadian tax results in a foreign currency, (e) a Resident Holder that is a partnership, (f) a Resident Holder that is exempt from tax under Part I of the Tax Act, or (g) a Resident Holder that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement" under the Tax Act with respect to the Common Shares or Warrants. This summary does not address the possible application of the "foreign affiliate dumping" rules that may be applicable to a Resident Holder that is a corporation resident in Canada (for the purposes of the Tax Act) and is, or becomes, or does not deal at arm's length with a corporation resident in Canada that is, or that becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation, individual, trust or a group of any combination of non-resident individuals, trusts, and/or corporations who do not deal with each other at arm's length for purposes of the rules in section 212.3 of the Tax Act. All Resident Holders, including any Resident Holder to which this summary does not apply, should consult their own tax advisor with respect to the tax consequences of the Offering.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under "*Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Dividends on Common Shares

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on the Common Shares will be included in computing the Resident Holder's income and, except in the case of certain trusts, will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Company, any such dividend may be treated as an "eligible dividend" for the purposes of the Tax Act and a Resident Holder who is an individual (other than certain trusts) will be entitled to an enhanced dividend tax credit in respect of such dividend. There may be limitations on the Company's ability to designate dividends and deemed dividends as eligible dividends, and the Company has made no commitments in this regard.

Dividends received or deemed to be received on the Common Shares by a Resident Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but

such dividends will generally be deductible in computing the corporation's taxable income, subject to all restrictions under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a tax (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

As described under "Certain U.S. Federal Income Tax Considerations", a Resident Holder is subject to United States withholding tax on dividends received on the Common Shares. A foreign tax credit under the Tax Act in respect of tax (including withholding tax) paid to a foreign country is, in general terms, limited to the Canadian tax otherwise payable in respect of income from sources in that foreign country, and is subject to the other requirements of the Tax Act. Dividends received on the Common Shares by a Resident Holder are not expected to be treated as income from a source in the United States for these purposes, such that a foreign tax credit under the Tax Act is unlikely to be available. Resident Holders should consult their own tax advisors regarding the availability of a foreign tax credit, or deduction, under the Tax Act in respect of any United States withholding tax applicable to dividends on the Common Shares in their particular circumstances. See also "Certain U.S. Federal Income Tax Considerations" and "Risk Factors – United States Tax Classification of the Company".

Dispositions of Common Shares and Warrants

Upon a disposition or deemed disposition of a Common Share (other than to the Company) or Warrant (other than on an exercise of the Warrants), a capital gain (or loss) will generally be realized by a Resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of such security to the Resident Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a Common Share or Warrant to a Resident Holder will be determined in accordance with the Tax Act by averaging the cost to the Resident Holder of a Common Share or Warrant, as applicable, with the adjusted cost base of all other Common Shares or Warrants, as applicable, held by the Resident Holder as capital property. Such capital gain (or capital loss) will be subject to the treatment described below under "*Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a "**taxable capital gain**") must be included in a Resident Holder's income. One-half of a capital loss (an "**allowable capital loss**") will generally be deductible by a Resident Holder against taxable capital gains realized in that year, and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year (against taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act.

If the Resident Holder is a corporation, any such capital loss realized on the sale of Common Shares (or on a share for which the Common Share has been substituted) may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received or deemed to have been received on such shares. Analogous rules may apply to a partnership or certain trusts of which a corporation is a member or beneficiary that owns Common Shares, or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules apply should consult their own tax advisors.

Taxable capital gains realized by a Resident Holder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the Resident Holder's circumstances. Resident Holders should consult with their own tax advisors with respect to the minimum tax provisions. A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax (refundable in certain circumstances) on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of Common Shares or Warrants.

As described under “Risk Factors – United States Tax Classification of the Company”, the Common Shares will be treated as shares of a U.S. domestic corporation for relevant U.S. Tax Code purposes. If a Resident Holder may be subject to United States tax on a gain realized in respect of a disposition of Common Shares or Warrants, such gain is not expected to be treated as income from a source in the United States for purposes of the foreign tax credit under the Tax Act, and such foreign tax credit is not expected to be available. Resident Holders should consult their own tax advisors in this regard (and with respect to the application of the U.S. Tax Code) based on their particular circumstances. See also “Risk Factors – United States Tax Classification of the Company” and “Certain United States Federal Income Tax Considerations”.

Non-Resident Holders

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not, and is not deemed to be, resident in Canada, and does not use or hold, and is not deemed to use or hold, the Common Shares or Warrants in the course of carrying on a business in Canada (a “**Non-Resident Holder**”).

Dividends on Common Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Common Shares, if any, will be subject to Canadian withholding tax. The Tax Act imposes withholding tax at a rate of 25% on the gross amount of the dividend, although such rate may be reduced by virtue of an applicable tax treaty. For example, under the U.S. Treaty, where dividends on the Common Shares are paid to a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to all of the benefits of, the U.S. Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%. The Company will be required to withhold the applicable withholding tax from any dividend and remit it to the Canadian government for the Non-Resident Holder’s account. Non-Resident Holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to any applicable income tax convention should consult with their own tax advisors with respect to taking all appropriate steps in this regard. Non-Resident Holders should also review “Certain U.S. Federal Income Tax Considerations” and “Risk Factors – United States Tax Classification of the Company”.

Dispositions of Common Shares and Warrants

A Non-Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant will not be subject to income tax under the Tax Act unless the Common Share or Warrant is, or is deemed to be, “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

Generally, provided that the Common Shares are, at the time of disposition, listed on a “designated stock exchange” (which currently includes the Canadian National Stock Exchange operating as the CSE), the Common Shares and Warrants will not constitute taxable Canadian property of a Non-Resident Holder unless, at any time during the 60-month period immediately preceding the disposition the following two conditions are met: (i) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the share was derived, directly or indirectly, from one or any combination of: (a) real or immovable property situated in Canada, (b) Canadian resource property (as defined in the Tax Act), (c) timber resource property (as defined in the Tax Act) or (d) options in respect of, or interests in any of, the foregoing property, whether or not such property exists. Notwithstanding the foregoing, the Common Shares or Warrants may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act. Non-Resident Holders for whom the Common Shares or Warrants are, or may be, taxable Canadian property should consult their own tax advisors.

In the event that a Common Share or Warrant constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention, the income tax consequences discussed above for Resident Holders under “Dispositions of Common Shares and Warrants” will generally apply to the Non-Resident Holder. Non-Resident Holders should consult their own tax advisors in this regard, and with respect to related Canadian tax compliance obligations.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by McMillan LLP, on behalf of the Company and by Bennett Jones LLP, on behalf of the Agent.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this short form prospectus either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- Dale Matheson Carr-Hilton LaBonte LLP, the Company's independent auditors, has prepared an independent audit report dated April 30, 2021 in respect of the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019;
- McMillan LLP, as the Company's counsel with respect to certain legal matters;
- Polaris Tax Counsel, as the Company's U.S. tax counsel with respect to certain U.S. tax matters; and
- Bennett Jones LLP, as the Agent's counsel with respect to certain legal matters.

Interests of Experts

As at the date hereof, the partners and associates of McMillan LLP, as a group, the partners and associates of Polaris Tax Counsel, as a group, and the partners and associates of Bennett Jones LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

Dale Matheson Carr-Hilton LaBonte LLP has confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia.

AUDITORS

The current auditor of the Company is Dale Matheson Carr-Hilton LaBonte LLP, with offices at 1140 West Pender St., Suite 1500, Vancouver, BC V6E 4G1. The independent auditor of the Company, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, has informed the Company that it is independent with respect to the Company in accordance with applicable Canadian auditing standards.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares of the Company is Odyssey Trust Company at its Vancouver office located at Suite 323, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

CERTIFICATE OF THE COMPANY

Dated June 9, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario.

“Jay Hutton”
Jay Hutton
Chief Executive Officer, President and Director

“Heather Sim”
Heather Sim
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Alnesh Mohan”
Alnesh Mohan
Director

“Guy Lombardo”
Guy Lombardo
Director

CERTIFICATE OF THE AGENT

Dated: June 9, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario.

ECHELON WEALTH PARTNERS INC.

“Christine Young”

Christine Young
Managing Director, Head of Origination