

# **SURENANO SCIENCE LTD.**

(the ‘Company’ or the ‘Issuer’)

**Form 2A**

## **LISTING STATEMENT**

**December 17, 2021**

## **Notice to Reader**

This Listing Statement makes reference to, and contains a copy of the Company's Long Form Prospectus dated December 7, 2021 (the "Prospectus"). Certain sections of the Canadian Securities Exchange ("CSE") form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Company, as required by the CSE. Capitalized terms not otherwise defined herein have the meaning ascribed thereto in the Prospectus.

## TABLE OF CONCORDANCE

The following table lists the information required under the CSE Form 2A – Listing Statement, and provides the corresponding page numbers to the Company’s Prospectus to which the applicable information can be found. A copy of the Prospectus can be found under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)), and a copy is attached hereto as Schedule “A”.

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	<b>Information Required By Form 2A Listing Statement</b>	<b>Corresponding Item In Prospectus</b>	<b>Prospectus Page Number</b>
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March 31, 2021

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September 30, 2021

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**SCHEDULE “C” to this Listing Statement – Certificate of Issuer**

# **SCHEDULE A**

Long Form Prospectus of the Issuer

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

*The securities being qualified hereby have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), and may not be offered, sold or delivered, directly or indirectly, in the United States of America or to a U.S. Person (as defined in regulations promulgated under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act.*

## PROSPECTUS DATED DECEMBER 7, 2021

NEW ISSUE

December 7, 2021



## SureNano Science Ltd.

### 1,757,700 Shares issuable upon conversion of 1,757,700 previously issued Special Warrants

This prospectus (the “**Prospectus**”) is being filed with the securities commissions of British Columbia, Alberta, Ontario and the Northwest Territories for the purposes of (i) SureNano Science Ltd. (the “**Company**”) becoming a reporting issuer pursuant to applicable securities legislation in British Columbia, Alberta, Ontario and the Northwest Territories (the “**Provinces and Territories**”); and (ii) to qualify the distribution in the Provinces and Territories of 1,757,700 common shares (the “**Shares**”) of the Company issuable to the holders of 1,757,700 previously issued special warrants (the “**Special Warrants**”) of the Company, upon the automatic conversion thereof; each Special Warrant entitling the holder to receive, without additional payment, one Share. See “*Plan of Distribution*”.

No securities are being offered pursuant to this Prospectus. As no securities are being sold pursuant to this Prospectus, no proceeds will be realized by the Company, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general funds.

Each Special Warrant is automatically convertible into one Share without any further action or payment on the part of the Subscribers on the earlier of:

- i. The first (1<sup>st</sup>) business day following the day on which a receipt for a (final) prospectus has been issued to the Company by or on behalf of the securities regulatory authorities in a province of Canada or such other jurisdiction(s) as may be determined by the Company; or
- ii. The 240<sup>th</sup> day following the date of issuance of the Special Warrants.

The 1,757,700 Special Warrants were issued by the Company on May 19, 2021 at C\$0.25 per Special Warrant. The Special Warrants were sold to purchasers in the Provinces and Territories pursuant to available prospectus exemptions, in each case in accordance with all applicable laws.

The Shares and the Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Shares upon the conversion of the Special Warrants.

**No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigations in respect of the contents of this Prospectus.**

An investment in the Company's securities should be considered highly speculative, and involves a high degree of risk that should be considered by potential investors. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. There are certain risk factors associated with an investment in the Company's securities. The risk factors included in this Prospectus should be reviewed carefully and evaluated by prospective investors. See "*Risk Factors*" and "*Forward-Looking Statements*".

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

The Company is in the process of applying for a listing (the "**Listing**") of its Shares on the Canadian Securities Exchange (the "**CSE**"). Listing on the CSE will be subject to the Company fulfilling all of the listing requirements of the CSE including meeting all minimum listing requirements. The CSE has not conditionally approved the Company's listing application and there is no assurance that it will do so.

**There is currently no market through which any of the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of Company regulations. See "*Risk Factors*".**

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

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

Unless otherwise noted all currency amounts in this Prospectus are stated in Canadian dollars.

**SureNano Science Ltd.**  
350-1650 West 2nd Ave., Vancouver, B.C. V6J1H4  
Tel: (604) 428-5171

## **GENERAL MATTERS**

As used in this Prospectus, the terms “we”, “us”, “our”, and the “Company” mean SureNano Science Ltd., unless otherwise indicated.

An investor should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide investors with additional or different information. Any graphs, tables or other information demonstrating the historical performance of the Company, its industry, or of any other entity, thing or event contained in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated.

This Prospectus includes a summary description of certain material agreements of the Company. See “*Material Contracts*”. The summary description discloses attributes material to an investor but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

Unless otherwise indicated or the context otherwise requires, all dollar amounts contained in this Prospectus are in Canadian dollars.

Aggregated figures in graphs, charts and tables contained in this Prospectus may not add due to rounding.

Historical statistical data and/or historical returns are not necessarily indicative of future performance.

Unless otherwise indicated, the market and industry data contained in this Prospectus is based upon information from industry and other publications and the knowledge of management and experience of the Company in the markets in which it operates. While management of the Company believes that this data is reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third-party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

Words importing the singular number include the plural and *vice versa*, and words importing any gender or the neuter include both genders and the neuter.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “*Summary of Prospectus*”, “*Description of the Company’s Business*”, “*Use of Available Funds*”, “*Selected Financial Information and Management’s Discussion and Analysis*”, and “*Risk Factors*”.

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”, “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Statements containing forward-looking information are not historical facts. 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 strategy, and financial needs.

This forward-looking information includes, among other things, statements relating to: the completion and results of our business plan, the Listing of the Company on the CSE and matters related thereto; the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company; expectations regarding our ability to raise capital; our anticipated developments in operations of the Company; market position, ability to compete and the future financial or operating performance of the Company; the timing and amount of funding required to execute the Company's business plans; our capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the availability of labour; estimated budgets; requirements for additional capital goals; strategies; future growth; the adequacy of financial resources; our proposed use of available funds; and our expectations regarding revenues, expenses and anticipated cash needs.

Any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. 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. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot be sure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, prospective 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:

- there is no public market for the Company's Shares and there is no assurance the CSE will accept the Company's application for listing;
- the Company is a development stage company with a limited history of operations, sales and revenue. There is no guarantee that the Company will make adequate sales or revenue to continue its operations;
- the Company may need additional financing; and there is no assurance the Company will be able to raise such financing, on terms acceptable to it, or at all, and any issuance of new securities could be dilutive to holders of the Company's Shares;
- due to local, regional, national and global uncertainty associated with the COVID-19 pandemic, there may be circumstances which arise that prevent the Company from implementing or achieving its growth objectives;
- the Company faces competition from other companies where it will conduct business that may have a higher capitalization, more experienced management or may be more mature as a business; and,
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively.

The risks identified above are not intended to represent a complete list of the factors that could affect the Company. Additional risks are noted in this Prospectus under "*Risk Factors Regarding the Company.*" Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

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## GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Prospectus:

<b>Affiliate</b>	means a company that is affiliated with another company as described below. A company is an Affiliate of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same person. A company is “controlled” by a person if (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that person, and (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the Company. A person beneficially owns securities that are beneficially owned by (a) a company controlled by that person, or (b) an Affiliate of that person or an Affiliate of any company controlled by that person.
<b>BCBCA</b>	Means the British Columbia <i>Business Corporations Act</i> .
<b>Board</b>	means the board of directors of the Company.
<b>CDS</b>	means Clearing and Depository Services Inc.
<b>CEO</b>	means chief executive officer.
<b>CFO</b>	means chief financial officer.
<b>Canadian Licence</b>	means the Company’s exclusive licence to the SureNano Surfactant in Canada, as described under “Material Agreements” below.
<b>Colorado Licence</b>	means the Company’s exclusive licence to the SureNano Surfactant in Colorado, as described under “Material Agreements” below.
<b>Common Share, or Share</b>	means a common share without par value in the capital stock of the Company.
<b>Company, we, or us</b>	means SureNano Science Ltd..
<b>Effective Date</b>	means the date the Securities Commissions issue a final receipt for this Prospectus.
<b>Escrow Agent</b>	means the Transfer Agent.
<b>Escrow Agreement</b>	means the agreement dated effective November 25, 2021 among the Company, the Escrow Agent, and certain shareholders of the Company, prepared in accordance with NP 46-201, whereby the Escrowed Shares are held in escrow by the Escrow Agent.
<b>Escrowed Shares</b>	means those 7,300,100 previously issued Shares which are subject to the Escrow Agreement.
<b>Exchange or CSE</b>	means the Canadian Securities Exchange.
<b>IFRS</b>	means International Financial Reporting Standards as issued by the International Accounting Standards Board.
<b>Insider</b>	has the meaning ascribed to that term in the <i>Securities Act</i> (British Columbia), which includes the directors and senior officers of the Company or any subsidiaries of the Company and any person that has direct or indirect beneficial ownership of, or control or direction over, securities of the Company carrying more than 10% of the voting rights attached to the Company’s outstanding voting securities.
<b>Licence</b>	means both the Canadian Licence and the Colorado Licence.
<b>Licensed Producer</b>	means a Canadian Licensed Producer of cannabis pursuant to the Cannabis Act (S.C. 2018, c. 16)
<b>Licensing Agreement</b>	means the licensing agreement with the “Licensor” dated February 19, 2021 covering the territory of Canada.
<b>Licensing Agreement (Colorado)</b>	means the licensing agreement with the “Licensor” dated June 10, 2021 covering the territory of Colorado.
<b>Licensor</b>	means 1150641 B.C. Ltd.
<b>Listing Date</b>	means the date the Company’s Shares are first listed for trading on the Exchange.

<b>Named Executive Officers, or NEOs</b>	means (a) a CEO, (b) a CFO, (c) each of the three most highly compensated officers of the Company, including its subsidiaries, if any, or the three most highly compensated individuals acting in a similar capacity, other than the CEO or CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year, or (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, including its subsidiaries, if any, nor acting in a similar capacity at the end of that financial year.
	Charles MaLette (CEO) and James Bordian (CFO) are the Company’s NEOs as of the date of this Prospectus.
<b>NI 41-101</b>	means National Instrument 41-101, <i>General Prospectus Requirements</i> .
<b>NP 46-201</b>	means National Policy 46-201 <i>Escrow for Initial Public Offerings</i>
<b>NI 51-102</b>	means National Instrument 51-102 <i>Continuous Disclosure Obligations</i> .
<b>NI 52-110</b>	means National Instrument 52-110 <i>Audit Committees</i> .
<b>NI 58-101</b>	means National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> .
<b>NP 58-201</b>	means National Policy 58-201 <i>Corporate Governance Guidelines</i> .
<b>Options</b>	means the incentive stock options issued by the Company to its officers, directors and consultants under its Stock Option Plan, to purchase up to 2,000,000 Common Shares, at any time until June 16, 2024 at an exercise price of \$0.25 per Common Share. See “ <i>Options to Purchase Securities</i> ”.
<b>Prospectus</b>	means this Prospectus.
<b>Provinces and Territories</b>	means British Columbia, Alberta, Ontario and the Northwest Territories, the provinces and territories in which this Prospectus has been filed.
<b>Related Party</b>	has the meaning given to it in International Accounting Standard 24 (IAS 24).
<b>Securities Commissions</b>	means the securities regulatory authorities in each of the Provinces and Territories.
<b>Share</b>	means a common share in the capital of the Company.
<b>Special Warrants</b>	means securities issued as special warrants, each of which is convertible into one Share without any further action or payment on the part of the Subscribers on the earlier of: <ul style="list-style-type: none"> <li>i. The first (1<sup>st</sup>) business day following the day on which a receipt for a (final) prospectus has been issued to the Company by or on behalf of the securities regulatory authorities in a province of Canada or such other jurisdiction(s) as may be determined by the Company; or</li> <li>ii. The 240<sup>th</sup> day following the date of issuance of the Special Warrants.</li> </ul>
<b>Stock Option Plan</b>	means the Company’s 10% rolling stock option plan.
<b>SureNano Surfactant</b>	means the SureNano <sup>TM</sup> surfactant, which the company is licensed to sell and otherwise commercialize as the exclusive distributor in Canada and Colorado.
<b>Transfer Agent</b>	means Endeavour Trust, with an office at 777 Hornby St #702, Vancouver, BC V6Z 1S4.

### **CURRENCY AND EXCHANGE RATES**

All references in this Prospectus to “\$” are to Canadian dollars unless otherwise indicated.

### **TRADEMARKS AND TRADE NAMES**

We have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Third party trademarks, service marks, trade names or products used or displayed in this prospectus belong to the holders and are not intended to, and do not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but these references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

### **INTERPRETATION**

Words importing the singular number include the plural and vice versa, and words importing the masculine, feminine or neuter gender include the other genders.

## SUMMARY OF PROSPECTUS

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

### The Company

The Company, SureNano Science Ltd., was incorporated in British Columbia pursuant to the Business Corporations Act (British Columbia) on January 14, 2021. The Company's head office is located at 350-1650 West 2nd Ave., Vancouver, B.C. V6J1H4. The Company's registered office is located at Suite 2900 - 595 Burrard Street, Vancouver B.C., V7X 1J5. The Company's Shares do not currently trade on any stock exchange. As of the date of this Prospectus, the Company has 19,700,100 Shares and 1,757,700 Special Warrants issued and outstanding. The Company has no subsidiaries. See "Corporate Structure."

### Principal Business of the Company

The Company is a nanotechnology supply company with the exclusive licence to sell and otherwise commercialize the SureNano™ surfactant (the "**SureNano Surfactant**") in Canada and Colorado. The SureNano Surfactant is a ready-to-mix food grade compound that provides the base for high performance nanoemulsions to create homogeneous and stable products while maximizing bioavailability, clarity, and taste. The SureNano Surfactant can be used in all products requiring mixing oil and water, including prepared food and beverages, including cannabis, hemp and CBD, pet food, fertilizers, cosmetics and skincare.

SureNano intends to target cannabis companies for its upcoming marketing and sales efforts because many of those companies are currently developing drinks, food and topical products that might benefit from the use of the surfactant and may not yet have a regular surfactant supplier. While SureNano is focusing on Canadian Licensed Producers and Colorado licensed cannabis operators, it will also offer the SureNano Surfactant to the food and beverage, cosmetic and pet food industries. The SureNano Surfactant contains no cannabis or controlled substances. See "Description of the Company's Business" for details.

### Qualification of Underlying Securities

This Prospectus qualifies the distribution of 1,757,700 Shares issuable upon the automatic conversion of an equivalent number of previously issued Special Warrants. See "Plan of Distribution".

### Listing

The Company is in the process of applying for a listing of its Shares on the CSE. Any listing on the CSE will be subject to the Company satisfying certain conditions of the CSE; including the Company fulfilling all of the listing requirements of the CSE, meeting certain financial and other requirements, and receiving a receipt for this Prospectus from the Security Commissions. The Company cannot provide any assurances as to whether it will list on the CSE or the price at which its Shares will trade. See "Prior Sales - Trading Price and Volume".

### Prior Sales and Use of Proceeds

Since its incorporation on January 14, 2021 the Company has raised aggregate cash gross proceeds of (i) \$1,032,000.50 through the prior sale of 19,700,100 Shares and (ii) \$439,425 through the prior sale of 1,757,700 Special Warrants at \$0.25 per Special Warrant. These funds are being applied towards the costs of its incorporation, fund raising, engaging salespeople, a marketing campaign, research and development related to our product and general working capital. See "Prior Sales" and "Use of Available Funds - Proceeds".

### Directors and Officers

The officers and directors of the Company are:

Charles MaLette	President, Chief Executive Officer, Corporate Secretary and Director
James Bordian	Chief Financial Officer and Director
Mark Scott	Director
Peter Chapman	Director

See "Directors and Executive Officers" for details.

## Risk Factors

**An investment in the Company should be considered highly speculative due to the nature of our business. The Company has a limited operating history, nominal revenues and negative operating cash flows. See “Risk Factors” for more details.**

## Summary of Selected Financial Information

The following table summarizes selected audited financial data of the Company for the fiscal year ended March 31, 2021 and should be read in conjunction with the audited financial statements and the related notes thereto; together with management’s discussion and analysis, as included elsewhere in this Prospectus:

Item	Period Ended March 31, 2021
Revenues	\$36,000
Cost of goods sold	(\$1,342)
Total expenses	(\$116,245)
Net Loss before taxes	(\$81,587)
Current Assets	\$966,811
Total Assets	\$966,811
Current Liabilities	\$17,323
Non-Current Liabilities	Nil
Working Capital	\$949,488
Total Shareholders’ Equity	\$949,488

Number of Shares Outstanding at Period End	19,700,100 <sup>(1)</sup>
--------------------------------------------	---------------------------

<sup>(1)</sup>Does not include the 1,757,700 Shares issuable upon the automatic conversion of the equivalent number of previously issued Special Warrants

See the audited financial statements of the Company attached in Schedule “A” to this Prospectus and the corresponding Management’s Discussion and Analysis attached in Schedule “B” to this Prospectus for details.

The following table summarizes selected unaudited financial data of the Company for the six months ended September 30, 2021 and should be read in conjunction with the unaudited financial statements and the related notes thereto; together with management’s discussion and analysis, as included elsewhere in this Prospectus:

Item	Six Months Ended September 30, 2021
Revenues	\$18,000
Cost of goods sold	(\$1,487)
Total expenses	(\$763,804)
Net Loss before taxes	(\$747,291)
Current Assets	\$1,127,468
Total Assets	\$1,127,468
Current Liabilities	\$114,524
Non-Current Liabilities	Nil
Working Capital	\$1,012,944
Total Shareholders’ Equity	\$1,012,944
Number of Shares Outstanding at Period End	19,700,100 <sup>(1)</sup>

<sup>(1)</sup>Does not include the 1,757,700 Shares issuable upon the automatic conversion of the equivalent number of previously issued Special Warrants

See the unaudited financial statements of the Company attached in Schedule “C” to this Prospectus and the corresponding Management’s Discussion and Analysis attached in Schedule “D” to this Prospectus for details.

**Business Objectives and Milestones**

Our short-term business objectives are to (i) obtain a listing of our Shares on the Exchange, (ii) engage and maintain additional salespeople, (iii) conduct a marketing campaign, (iv) carry out research and development on our product, and (v) complete additional sales of our product. See “Business Objectives and Milestones” and “Use of Available Funds” for details.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

SureNano Science Ltd. was incorporated in British Columbia pursuant to the Business Corporations Act (British Columbia) on January 14, 2021 under its current name.

The Company's head office is located at 350-1650 West 2nd Ave., Vancouver, B.C. V6J1H4. The Company's registered office is located at Suite 2900 – 595 Burrard Street, Vancouver, B.C. V7X 1J5.

The Company is not a reporting issuer in any jurisdiction, and its Shares are not listed or posted for trading on any stock exchange.

As of the date of this Prospectus, the Company has 19,700,100 Shares and 1,757,700 Special Warrants issued and outstanding.

The Company has no subsidiaries.

## DESCRIPTION OF THE COMPANY'S BUSINESS

### Overview and Product

The Company is a nanotechnology supply company with the exclusive licence to sell and otherwise commercialize the SureNano™ surfactant (the “**SureNano Surfactant**”) in Canada and Colorado. The SureNano Surfactant is a ready-to-mix food grade compound that provides the base for high performance nanoemulsions to create homogeneous and stable products while maximizing bioavailability, clarity, and taste. The SureNano Surfactant can be used in all products requiring mixing oil and water, including prepared food and beverages, including cannabis, hemp and CBD, pet food, fertilizers, cosmetics and skincare.

SureNano intends to target cannabis companies for its upcoming marketing and sales efforts because many of those companies are currently developing drinks, food and topical products that might benefit from the use of the surfactant and may not yet have a regular surfactant supplier. While SureNano is focusing on Canadian Licensed Producers and Colorado licensed cannabis operators, it will also offer the SureNano Surfactant to the food and beverage, cosmetic and pet food industries. The SureNano Surfactant contains no cannabis or controlled substances. The company does not require a research license from Health Canada for its current and proposed research and development program.

To date, equity financings have provided the Company's funds. SureNano has taken the following steps to develop our business:

- 1) entered into the Letter of Intent, dated January 27, 2021, to obtain distribution rights to SureNano Surfactant in Ontario;
- 2) arranged for the ongoing manufacture and delivery of the SureNano Surfactant through Caldic Canada Inc.;
- 3) entered into the Licensing Agreement, dated February 19, 2021, with the Licensor for the exclusive licence to do the following in the territory of Canada:
  - (a) to make, have made, use, offer to sell, sell, and import products containing or utilizing the Sure Nano Surfactant and its underlying technology and intellectual property; and,
  - (b) to grant or enter into licenses, sub-licenses or agreements with third parties with respect to the exploitation of the SureNano Surfactant;
- 3) paid \$150,000 to the Licensor in three License Payments for the territory of Canada;
- 4) obtained the account to supply SureNano Surfactant to a Canadian Licensed Producer, Emerald Health Therapeutics, Inc.;
- 5) completed private placement financings for \$1,032,000 in exchange for the issuance of 19,700,100 common shares;

6) received first order for SureNano Surfactant from a Canadian Licensed Producer for a total of \$36,000 of the product in March 2021. The Canadian Licensed Producer is not a related party to the Company;

7) The Licensor became a related party to the Company through the appointment of Mark Scott as director on April 23, 2021;

delivered first order of SureNano Surfactant to a Canadian Licensed Producer on March 22, 2021 and payment for same received on May 10, 2021;

8) completed private placement offering memorandum financing for \$439,425 in exchange for the issuance of 1,757,700 Special Warrants;

9) entered into Licensing Agreement (Colorado), dated June 10, 2021, with the Licensor for the exclusive licence to do the following in the territory of Colorado, USA:

(a) to make, have made, use, offer to sell, sell, and import products containing or utilizing the Sure Nano Surfactant and its underlying technology and intellectual property; and,

(b) to grant or enter into licenses, sub-licenses or agreements with third parties with respect to the exploitation of the SureNano Surfactant;

10) paid \$25,000 to the Licensor for the License Payment for the territory of Colorado. The Licensor is a related party to the Company;

11) on June 10, 2021, engaged two consultants for the research and development program through consulting agreements. Neither consultant is a related party to the Company;

12) received first order for SureNano Surfactant from a licensed cannabis operator in Colorado for a total of US \$6,000 of the product in June 2021. The licensed cannabis operator in Colorado is not a related party to the Company;

13) on June 9, 2021, new director Peter Chapman was appointed;

14) effective June 10, 2021, entered into a collaborative research agreement with the Licensor of the SureNano Surfactant to share costs related to research and development for SureNano Surfactant and resulting product testing and development. The Licensor is a related party to the Company;

15) on June 16, 2021, granted 2,000,000 stock options to directors, officers, employees and consultants. The stock options are exercisable at \$0.25 for a period of three years from the date of grant;

16) on July 21, 2021, Emerald announced that it had launched its Fuse™ Lifestyle Brand with fast-acting cannabis infused nanoemulsion shots. These shots are being produced using the SureNano Surfactant and they are Emerald's second nanoemulsion product. Emerald also produces its Nano Fast-Action Spray using the SureNano Surfactant.

17) effective September 1, 2021, entered into a Salesperson Agreement with a salesperson to engage him for salary of US \$80,000 per year plus commission of 10% on sales made by him and 5% on sales made by the Caldic sales team, in the event that he and the Company arrive at an agreement with Caldic for its sales team to undertake sales of the SureNano Surfactant as well. The salesperson is not a related party to the Company;

18) on September 1, 2021, made a verbal arrangement with Kurt Bordian for the part time office management and bookkeeping for a salary of \$2,500 per month for an indeterminate period Kurt Bordian is a related party to the Company as he is the son of the CFO of the Company, James Bordian; and,

19) received third order for SureNano Surfactant from a licensed cannabis operator in Colorado for a total of US \$9,000 of the product in September 2021;

To the date of this prospectus, the orders listed above are the only orders we have received. We do not expect these to be one-time orders but the customers have no obligation to make further orders. Please see "Business Objectives and Milestones."

For a record of prior share issuances and funds acquired from those sales, please see "Prior Sales."

### **Customers**

To date, the Company has two customers: Emerald Health Therapeutics, a Canadian Licensed Producer, and Pueblo West Organics LLC, a licensed cannabis operator in Colorado. The Company does not currently enter into supply agreements with its customers and there are no guarantees that these customers will be repeat customers. However, these customers are currently working with the SureNano Surfactant and producing and selling or developing products using the SureNano Surfactant.

### **Emerald Health Therapeutics, Inc. (“Emerald”)**

Emerald has launched its Fuse™ Lifestyle Brand with fast-acting cannabis infused nanoemulsion shots and a Nano Fast-Action Spray. These products are being produced using the SureNano Surfactant. The Fuse™ shots come in three flavours: apple, mango and frappe (coffee). The Fuse™ fast-acting cannabis-infused nanoemulsion shots are Emerald’s second nanoemulsion product in addition to its Nano Fast-Action Spray. Emerald produces both of these products using the SureNano Surfactant. The Fuse™ shot and the Nano Fast-Action Spray are sold online by Emerald, BC Cannabis Stores and others and in several retail locations across Canada.

Of its Fuse™ shot, Emerald says that the “Nanoemulsion tech means you’ll typically feel the effect in 10 to 20 minutes. The fact that they’re made with natural, plant-derived ingredients is another reason to feel good.”

While Emerald has no obligation to continue to use the SureNano Surfactant in the production of its nanoemulsion products, the Company is happy to see the success of these products using the SureNano Surfactant.

### **Pueblo West Organics LLC (“PWO”)**

PWO is a licensed cannabis operator in Colorado with medical and recreational cannabis products, sold in two retail stores and by wholesale. PWO has purchased six kilograms of SureNano Surfactant from the Company. PWO is currently training its employees on the use of its emulsifying machine. The Company expects that PWO will develop samples of products using the SureNano Surfactant and the nanoemulsion machine soon thereafter and take steps toward commercial production within the next six months.

PWO has no obligation to continue to use the SureNano Surfactant in the development of potential nanoemulsion products but its purchase and use of the SureNano Surfactant to date is an interesting development.

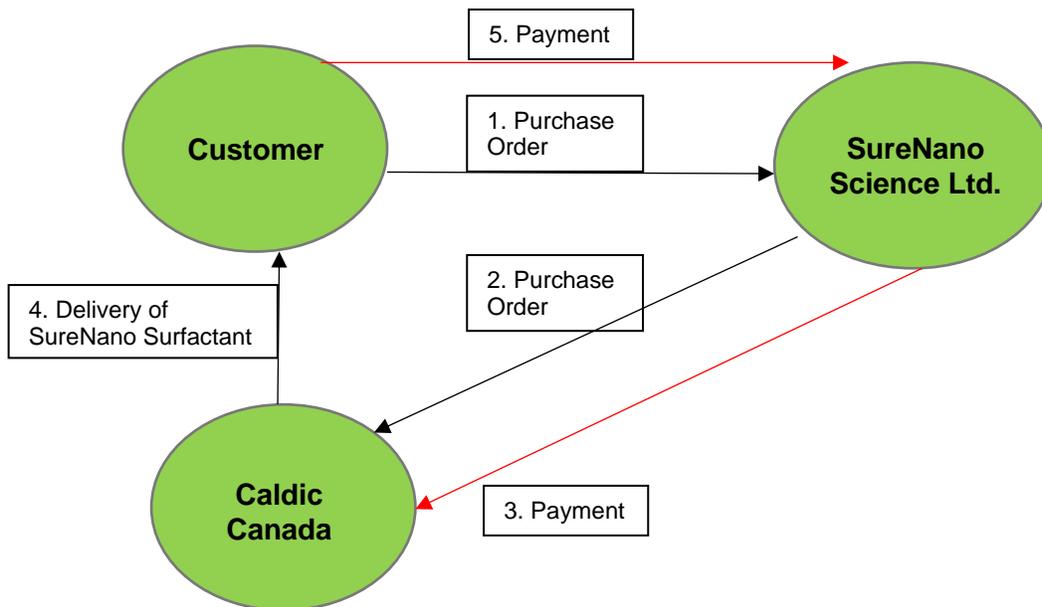
### **Operations**

SureNano operates out of Vancouver B.C. It currently operates through an administration office and uses one full-time salesperson. Caldic Canada Inc., in Mississauga Ontario, is the manufacturer and supplier of the SureNano Surfactant. Canada Inc. is not a related party to the Company.

A customer can make an order for SureNano Surfactant through a purchase order to a salesperson, head office or via email. SureNano will contact the customer to confirm the purchase order and will process the order and send it to Caldic. There are no complicated and expensive licensing agreements, unlike the business model adopted by many other companies with similar businesses in Canada and the U.S.

Once Caldic manufactures the SureNano Surfactant, it arranges delivery direct to the customer in Canada or the U.S. Payment for the SureNano Surfactant depends on the terms negotiated between the Company and the customer. Normal payment terms are that payment is due in 14 days following delivery.

The Company's process for the sale of SureNano Surfactant is illustrated in the diagram below, with the major steps numbered from 1 to 5 in order of occurrence:



- SureNano receives a purchase order;
- SureNano acknowledges the purchase order and submits an order with Caldic;
- Caldic confirms the order from SureNano including vendor and delivery instructions;
- Caldic makes the order over the following 10 days;
- Caldic submits a Sales Order invoice to SureNano with costs and estimated delivery;
- SureNano sends an electronic payment to Caldic before Caldic will ship the SureNano Surfactant;
- Caldic sends tracking information to SureNano once the SureNano Surfactant has shipped;
- SureNano issues an invoice to the customer once the SureNano Surfactant has been shipped by Caldic; and,
- Terms of payment by the customer to SureNano is between 14 to 30 days following delivery of the product.

SureNano Surfactant is manufactured by Caldic Canada. Caldic does the following:

- sources and supplies the ingredients (except 1)
- blends, tests and guarantees the product
- delivers SureNano Surfactant to the buyer

The Licensor sources the one ingredient of the SureNano Surfactant that is not supplied by Caldic. The Licensor orders the one ingredient and has it shipped directly to Caldic. It is the most expensive raw material in the ingredients and therefore the Licensor has agreed to buy and supply this ingredient. The Company is responsible for the cost of this one ingredient when the Licensor has ordered it. The Licensor is a related party to the Company. Mark Scott, a director of the Company since April 23, 2021, is a related party to the Company. Mr. Scott, a director of the company, is a director and Chief Operating Officer of the Licensor and owns 25% of the Licensor's fully diluted securities.

## **Research and Development**

The Company is conducting its research and development program as of the date of this prospectus through a collaboration agreement with the Licensor. The primary goal of the research and development program is to provide data to customers and potential customers about the SureNano Surfactant. This will help customers and potential customers plan for the use of the SureNano Surfactant in their own products. The research and development is being conducted on the Licensor's premises or in laboratories through its scientific consultants and chemists and paid for equally between the Company and the Licensor. The current research projects are to (1) provide data regarding the strength of the bond of the encapsulation of the lipid phase using the SureNano Surfactant, (2) provide data regarding the shelf life of oil-loaded beverages using SureNano Surfactant, and (3) provide data regarding the stability of the nanoemulsion made with SureNano Surfactant, including in cans. The tests being conducted have been requested by Licensed Producers with which SureNano is in discussions regarding potential product orders. The results of tests will be relevant to the development and production of all types of oil-infused beverages, including cannabis. The tests and the materials being tested do not contain any cannabis or any part of cannabis. Alternative oil-based ingredients are used. The company does not require a research license from Health Canada for its current and proposed research and development program.

In the future, the Company would also like to conduct research to (1) develop a powder version of the SureNano Surfactant, and (2) develop an organic version of the SureNano Surfactant, although no steps have yet been taken to start this research. The Company estimates that this additional research will be conducted more than twelve months following the effective date of this Prospectus.

Results of the shelf life tests are expected within approximately 100 days of the date of this Prospectus. The results of the can test study will be available periodically throughout the period of the can test study as milestones are met. Results may be used and made available to the Company's customers and potential customers.

The Company also expects to undertake and complete further stability studies over the course of the year following the date of this Prospectus.

## **Business Objectives and Milestones**

### **Short-Term Business Objectives and Milestones**

The Company's short-term business objectives are (i) engage salespeople, (ii) conduct a marketing campaign, (iii) carry out research and development on our product and (iv) increase sales of our product. Concurrently, we will seek to obtain a listing on the Exchange.

The following table discloses how we intend to meet our objectives for the next 12 months:

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our cost to complete (\$)</b>
<b>Maintain salespeople<sup>(1)</sup></b>	<b>12 months</b>	<b>140,000</b>
<b>Marketing Campaign to increase sales of our Product:</b>	<b>12 months</b>	<b>100,000</b>
Marketing materials regarding SureNano		
Branding agency engaged	4 months	15,000
booth design, marketing designs	5 months	15,000
Test results presentations		
Month 3 presentation	3 months	2,500
Month 6 presentation	6 months	2,500
Month 9 presentation	9 months	2,500
Month 12 presentation	12 months	2,500
Travel and trade shows		
First trade show	6 months	10,000
Second trade show	12 months	10,000
Initial paid advertisements in industry magazine, newspapers, and mail outs	4 months	10,000
Continuing paid advertisements in industry magazine, newspapers, and mail outs	12 months	10,000
Internet marketing awareness campaigns	6-12 months	20,000
Set up Instagram, Facebook, Twitter accounts	6 months	No additional cost
Research & Development		
<b>Complete shelf life/can and encapsulation bond test study</b>	<b>12 months</b>	<b>40,000</b>
complete set up and initial test point data from study	3 months	20,000

complete next test point data from study	6 months	10,000
complete next test point data from study	12 months	10,000
<b>Complete stability and encapsulation bond test study</b>	<b>12 months</b>	<b>30,000</b>
<b>Chemist fees<sup>(2)</sup></b>	<b>12 months</b>	<b>90,000</b>
<b>Supplies</b>		<b>40,000</b>

<sup>(1)</sup>A salesperson was engaged by the Company at no additional cost in September 2021.

<sup>(2)</sup> Completed in-house at no additional cost.

<sup>(3)</sup>The chemist is not a Related Party to the Company.

### **Long-Term Business Objectives**

Over the long term, the Company intends to increase sales of SureNano Surfactant in Canada and Colorado in terms of the number of customers and the volume purchased by customers. To accomplish this, the Company intends to engage salespeople to contact Licensed Producers, Colorado licensed cannabis operators, and manufacturers of food and beverages, cosmetics and pet food to discuss the benefits to them in using the SureNano Surfactant as well as educate as needed on the details of use of the SureNano Surfactant in their current and future products. This will take an estimated two years and require approximately \$500,000.

The Company also intends, if it determines that the terms are desirable, to exercise its right of first refusal from the License Agreement to obtain the exclusive rights to commercialize the SureNano Surfactant in Europe in the event that the Licensor determines to license or otherwise grant, sell or dispose of licenses and rights to the SureNano Surfactant in Europe. In order to do this, the Company will need to research the market size of each European country and determine which markets exist in Europe for the SureNano Surfactant and the potential demand for the SureNano Surfactant in those markets. In the event that the Licensor offers European rights, we expect to evaluate the terms offered and several industries in Europe to determine whether it is in the Company's best interests to exercise the right of first refusal for Europe.

We do not have an estimate at this time of the cost of evaluating and exercising those rights in Europe or which markets we may wish or be able to target in Europe. We expect the cost of exercising the European rights to be greater than the \$200,000 cost for the Canadian rights. We will need to have a separate sales team to be able to market SureNano Surfactant in Europe. In the event that the Licensor offers European rights, following price and other negotiations with the licensor, the Company estimates it would need approximately \$250,000 to be able to hire the sales team to undertake a sales campaign in Europe. Please see "Material Contracts" for more information about the License Agreement and the right of first refusal.

### Financing by Special Warrants

On May 19, 2021, the Company sold 1,757,700 Special Warrants on a prospectus-exempt basis at a price of \$0.25 each for gross proceeds of \$439,425. This Prospectus is being used to qualify the distribution of securities to be issued upon the automatic conversion of those Special Warrants. The following table describes the principal purposes for which the \$439,425 proceeds of the prospectus-exempt financing were used or are to be used:

	(\$)
Proceeds	<b>439,425</b>
Costs associated with the distribution of the 1,757,700 Special Warrants	32,350 <sup>(1)(2)</sup>
Colorado License Fee Payment	25,000 <sup>(2)</sup>
Proceeds remaining	<b>382,075</b>
Costs of this Prospectus and Listing on the CSE	150,000
Research and Development Program	232,075 <sup>(3)</sup>

- (1) Includes \$27,350 in Finder's Fees to arm's length finders, and \$5,000 for legal fees. This amount has already been spent.
- (2) This amount has already been spent.
- (3) \$85,000 of this amount has already been spent.
- (4) Total budget for the Research and Development program over the twelve months following the date of this Prospectus is \$250,000. We expect \$232,075 to be used from the \$439,425 gross proceeds of the May 19, 2021 Special Warrant prospectus-exempt financing toward Research and Development expenses as follows:

	(\$)
Chemist fees	90,000
Shelf Life / Can Study	40,000
Stability Study	30,000
Supplies	40,000
<b>Total</b>	<b>\$200,000</b>

## **Markets**

### **The Canadian Cannabis Market and Customers**

A 2019 Deloitte report entitled "Nurturing new growth - Canada gets ready for Cannabis 2.0" states that the annual Canadian market for cannabis edibles and alternative cannabis products is worth C\$2.7 billion. It states that the vast majority of this market will be cannabis extract-based products, including edibles, which it estimates is worth \$1.7 billion alone. It recognizes is significant opportunity elsewhere, including cannabis-infused beverages (C\$529 million), topicals (C \$174 million), concentrates (C\$140 million), tinctures (C \$116 million), and capsules (C \$114 million.) Deloitte's report states that this sizeable market potential will take some time to be realized.

The Company's SureNano Surfactant could be used in the production of any of the edible and alternative cannabis products cannabis products envisioned in the Deloitte report.

SureNano is currently focusing on the legal cannabis industry in Canada and Colorado because of market opportunities but it will also offer the SureNano Surfactant to food and beverage, cosmetic and pet food makers. There are currently more than 140 Licensed Producers and hundreds of Colorado licensed cannabis operators that are licensed to produce cannabis oils, edibles and beverages. Several Licensed Producers in Canada, for example, including Organigram, Aurora Cannabis Inc., Canopy Growth Corporation and others are already working with nanoemulsions.

Since October 17, 2020, cannabis oil is no longer a separate product class under *Schedule 4* of the *Cannabis Act*. Oil products have been reclassified either as cannabis extracts, edibles or topical products, depending on the intended use.

### **The Colorado Cannabis Market and Customers**

On February 9, 2021, the Denver Post published an article stating that cannabis sales in Colorado were US \$2.2 billion in 2020. <https://www.denverpost.com/2021/02/09/colorado-cannabis-2020-record-sales-year-2-billion/>. The Colorado cannabis market is dominated by purchases of dried flower. Roy Bingham, co-founder and executive chairman of Boulder data firm BDSA, expects concentrates and edibles to be the fastest growing segments of the market. (<https://www.denverpost.com/2020/12/29/colorado-marijuana-trends-2021/>.) These trends in cannabis edibles, drinks and vapes indicate a growing market for surfactant that will enable those manufacturing the products to use nanoemulsions in their products.

May 14, 2021, the Cannabis Business Times reported that cannabis edibles and ingestibles made up more than 30% of Colorado's market share in March 2020 and 26% in March 2021. <https://www.cannabisbusinesstimes.com/article/covid-19-cannabis-purchase-change/> The articles speculated that as Colorado reopens and tourists return to the state, that trend toward edibles and ingestibles could rise again.

Management believes Colorado presents a healthy market for cannabis edibles and ingestibles that could provide strong opportunities for the sale of the SureNano Surfactant.

The Company is not aware of any non-compliance by its customers, or businesses with which it engages, with any applicable licensing requirements or regulatory framework enacted by the State of Colorado.

### **The Global Surfactant Market across Product Types**

In a report dated Sep, 2020, (<https://www.fiormarkets.com/report/nanoemulsions-market-by-type-small-molecule-surfactant-protein-stabilized-emulsions-418831.html>) Fior Markets estimates that the global nanoemulsions market is expected to grow from USD 2.34 billion in 2019 to USD 5.59 billion by 2027.

The Fior Markets report states that some of notable companies are using surfactants to prepare their food, beverage and cosmetic products, including Keystone Foods, Frutarom Group, WILD Flavors and Specialty Ingredients, Nestle S.A., The Kraft Heinz Company, AQUANOVA AG, Jamba, Unilever Group, Shemen Industries Ltd and DuPont. The report also states that product advancements and launches by companies functioning in the market are anticipated to propel the requirement for nanoemulsion over the forecast period. Constant research and development activities are anticipated to create demand for nanoemulsions in the pharmaceutical industry as well.

In a March 2, 2020, article entitled "Global nanoemulsion market growth contributes to cannabis industry" (<https://www.healtheuropa.eu/global-nanoemulsion-market-growth-contributes-to-cannabis-industry/98147/>), Health Europa states that Transparency Market Research predicts that the global nanoemulsion market will grow. It further states that recent industry reports show that the recreational cannabis beverage industry is on the rise, and nanoemulsion-infused beverages are leading to the development of drinkable [cannabis products](#) that are both potent and fast acting.

While the Company is focusing on the legal Canadian and Colorado cannabis markets, it intends to offer its surfactant to all markets who use surfactant including food and beverages, cosmetics and pet food. The trend of an increase in the global nanoemulsion market, includes Canada and Colorado and the Company aims to participate in this projected growth. Several Licensed Producers and Colorado licensed cannabis operators are already producing products using nanoemulsions. Furthermore, in the event that the Licensor determines to license or otherwise grant, sell or dispose of licenses and rights to the SureNano Surfactant in Europe, the Company will be in a position to determine whether to exercise its right of first refusal of those rights during the term of the Licensing Agreement.

## **Marketing Plans and Strategies**

In Canada, SureNano has received an order for the SureNano Surfactant from a Licensed Producer. In the U.S., SureNano has received an order for the SureNano Surfactant from a Colorado licensed cannabis operator. The Company intends to Market the SureNano Surfactant to the more than 140 Licensed Producers, the hundreds of Colorado cannabis operators that are licensed to produce cannabis oils, edibles and beverages and other food and beverage, cosmetic and pet food manufacturers. This will require a large sales campaign but the Company believes that a substantial number of Licensed Producers, Colorado licensed cannabis operators and other manufacturers would benefit from using the SureNano Surfactant and will become regular customers after trying the product.

Following the Offering, SureNano intends to spend \$150,000 to engage, train and deploy salespeople to contact all Licensed Producers, many of the Colorado licensed cannabis operators and food and beverage, cosmetic and pet food manufacturers to sell the SureNano Surfactant. In the event of sales, the Company will pay the successful salespersons commissions at rates to be determined. The Company intends to maintain a minimum of two sales people at all times to manage the accounts and increase sales. As sales targets are met, the Company will increase the sales team and marketing materials to develop relationships with the Licensed Producers, Colorado licensed cannabis operators and food and beverage, cosmetic and pet food manufacturers and continue marketing SureNano Surfactant throughout Canada and Colorado.

### **Current and Prospective Competitors - Canada and Colorado**

There are many competitors in the market that have different formulas for their surfactants. Our competitors are the same worldwide as companies can ship surfactant from anywhere.

The surfactant industry is largely fragmented, meaning that there are many competitors and a lot of competition. However, it also means that there are not a few major companies dominating the market and possibly blocking entry to it. This possibly makes it less difficult for a smaller supplier of the product to capture some market share.

The major companies include Bayer AG, Dow (Chemicals), Stepan Co., Nouryon, BASF SE, Croda International, Huntsman International LLC, 3M, Arkema Group, Ashland, Clariant AG, Croda International, Elementis Specialties, Emery Oleochemicals, Evonik Industries AG, Galaxy Surfactants, Geo Specialty Chemicals, Godrej Industries, Henkel Corporation, Huntsman International LLC, Innospec, Kao Corporation, Lonza, Mitsui Chemicals Inc., Procter & Gamble, Reliance Industries Ltd., Sanyo Chemical Industries, Sasol, Sinopec Jinling Petrochemical Co. Ltd., Solvay, Virtosa, Sorse Technology, EmbarkNano, Industrial Sonomechanics, LLC, and Azuca, and many others.

All of the Company's current and prospective competitors offer surfactants for the creation of nanoemulsions in the cannabis, food and beverage, cosmetic and pet food industries. The Company believes that its surfactant is equal to or superior for many applications to those offered by its competitors. The Company is currently undertaking research and development program to establish the performance and quality of its surfactant. Please see "Research and Development".

In both Canada and Colorado, and Europe if the Company ever exercises its right of first refusal there, the Company has many competitors. However, we believe that the SureNano Surfactant is of high quality and has great results. The Company's brand is so far not well known, The Company's marketing plan is being undertaken to address that concern. The Company's reputation is still being formed, although we don't believe that it has a negative reputation. The Company is striving to grow its positive reputation through sales, marketing and performance over the years to come. The Company intends to do research and development at some point to see whether powder and organic versions of the SureNano Surfactant can be developed. We do not yet know if it will be possible to develop these products or, if possible, whether those products will be commercially viable.

### **Potential Customers – Non-Cannabis**

Surfactants are also becoming more popular in the preparation of food and beverage preparation for people and pets, cosmetics and other products. Companies using surfactant to produce food, beverages and cosmetics include Keystone Foods, Frutarom Group, WILD Flavors and Specialty Ingredients, Nestle S.A., The Kraft Heinz Company, AQUANOVA AG, Jamba, Unilever Group, Shemen Industries Ltd and DuPont. To gain a significant market share in the global nanoemulsions market, the key players are now focusing on adopting strategies such as product innovations, mergers & acquisitions, recent developments, joint ventures, collaborations, and partnerships.

- Strategic collaborations and alliances between market players are anticipated to generate high growth opportunities in the market. For instance, in January 2019, NutraFuels, Inc. and Pressure BioSciences, Inc. announced a collaboration on the advancement of nanoemulsion-based nutraceuticals, water-soluble, and other emulsion-based products, such as cosmetics.

The market for surfactants is by no means saturated as many manufacturers in the cannabis, food and beverage, cosmetic and pet food industries are just embarking on their development of nanoemulsions and searching for the best methods and ingredients for them to produce their nanoemulsions and products. The Company believes that its surfactant can be competitive and capture some of the market share.

### **Colorado Cannabis**

Colorado's medical cannabis program was introduced in November 2000, when 54% of voters approved "Amendment 20". Colorado became the first state in the nation to legalize adult-use cannabis when 55% of voters approved "Amendment 64" in November 2012. The first adult-use dispensaries opened in January 2014. The Colorado Marijuana Enforcement Division regulates Colorado's cannabis regulatory program. The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles and flower products are permitted.

The Company is not aware of any non-compliance by its customers, or businesses with which it engages, with any applicable licensing requirements or regulatory framework enacted by the State of Colorado.

### **DEVELOPMENT OF THE BUSINESS**

On February 19, 2021, the Company entered into a licensing agreement (the "Licensing Agreement") with 1150641 B.C. Ltd. (the "Licensor"), the owner of the SureNano Surfactant, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the SureNano Surfactant. The Company was also granted the first right of refusal over licenses and rights to the Product in Europe over the life of the Licensing Agreement. The Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to the Licensor prior to the expiration of the initial term.

In consideration for the exclusive license and rights, the Company agreed to pay the following:

- (a) \$50,000 within 3 business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on or before March 31, 2021 (paid);
- (c) \$50,000 on or before June 30, 2021 (paid); and
- (d) \$50,000 on or before September 30, 2021 (paid).

The Company also agreed to pay an on-going royalty to the Licensor, calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum. During the period ended March 31, 2021, the Company recognized royalty expenses of \$9,000, which have been paid to Licensor.

The Licensor shall have the right to terminate this Agreement, and the rights and licenses granted to SureNano Science forthwith and without notice, upon the happening of certain events, including failure to pay amounts owing under the Agreement or otherwise failing to comply with a material requirement of the Agreement (following a 30-day cure period after written notice of default) or in the event the Company becomes insolvent or other events specified in the agreement.

From January 14, 2021 to March 16, 2021, we raised a total of \$1,032,000.50 through private placement sale of 19,700,100 of our common shares. Please see "Prior Sales" below for more information.

On June 10, 2021, we entered into Licensing Agreement (Colorado) with the Licensor for the exclusive licence to do the following in the territory of Colorado, USA:

- (a) to make, have made, use, offer to sell, sell, and import products containing or utilizing the Sure Nano Surfactant and its underlying technology and intellectual property; and,
- (b) to grant or enter into licenses, sub-licenses or agreements with third parties with respect to the exploitation of the SureNano Surfactant;

In consideration for the exclusive license and rights, the Company paid \$25,000.

The Company also agreed to pay an on-going royalty to the Licensor, calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

The Licensor shall have the right to terminate this Agreement, and the rights and licenses granted to SureNano Science forthwith and without notice, upon the happening of certain events, including failure to pay amounts owing under the Agreement or otherwise failing to comply with a material requirement of the Agreement (following a 30-day cure period after written notice of default) or in the event the Company becomes insolvent or other events specified in the agreement.

Effective September 1, 2021, entered into a Salesperson Agreement with a salesperson to engage him for salary of US \$80,000 per year plus commission of 10% on sales made by him and 5% on sales made by the Caldic sales team, in the event that he and the Company arrive at an agreement with Caldic for its sales team to undertake sales of the SureNano Surfactant as well. The salesperson is not a related party to the Company.

On September 1, 2021, entered into a verbal arrangement with Kurt Bordian for the part time office management and bookkeeping for a salary of \$2,500 per month for an indeterminate period Kurt Bordian is a related party to the Company as he is the son of the CFO of the Company, James Bordian.

## **PRODUCTS**

The Company is the exclusive licensee in Canada and Colorado of the SureNano Surfactant. The SureNano Surfactant is used in the creation of nanoemulsions of oils extracted from biological materials. The nanoemulsions can then be used in food, cosmetics, pharmaceutical drugs or other applications. SureNano is focussing on the legal cannabis industry as its current target market as it sees a need in those industries for more sophisticated molecular agents to create better nanoemulsions from cannabis oil that, in turn, will result in better cannabis products. The SureNano Surfactant itself does not contain any cannabis or other controlled substance.

A Surfactant, or surface-active agent, is a compound that, with sufficient agitation, lowers the surface tension between two liquids or between a liquid and a solid. Surfactants are amphiphilic, meaning that they contain hydrophilic (water-loving) head groups and hydrophobic (water-hating, or oil-loving) tails. Surfactants absorb at the interface between oil and water, thereby decreasing the surface tension. Surfactants are used in the processing of hundreds of food and cosmetic products available for sale in Canada.

The SureNano Surfactant is 100% plant derived and contains only six ingredients. The ingredients are all natural and do not contain any synthetic compounds. The SureNano Surfactant is compliant with FDA and Health Canada requirements for use in food, beverages and cosmetics in Canada and the United States.

Nanoemulsions are increasingly common in the traditional food and beverage industries and are in hundreds of consumer products in North America today. Source: <https://www.intechopen.com/books/some-new-aspects-of-colloidal-systems-in-foods/nanoemulsions-in-food-industry>. The safety of nanoemulsions as a food ingredient and as a pharmaceutical drug delivery system is well established and accepted by both the U.S. FDA and Health Canada.

SureNano Surfactant is a stable molecular agent, meaning that our customers can rely on its dependability for their processing operations.

In addition to the attributes of the SureNano Surfactant listed above, use of the SureNano Surfactant in an oil-in-water emulsification increases the bioavailability of the components of the oil relative to a traditional emulsion. The first stage of the digestion of lipids (oils and fats) by the body is to isolate nano scale particles of the lipid in the small intestine and to surround them with a water friendly coating. It is this natural process that is mimicked in the production of a nanoemulsion using SureNano Surfactant. As a result, when a nanoemulsion is consumed, the first stage of digestion is not necessary, and the lipid nanoparticles can be readily absorbed as though the body made them, but more quickly, consistently and with more efficiency than when someone consumes a non-nanoemulsified lipid.

### **Employees and Consultants**

The Company has three employees and three consultants as of the date of this prospectus. The total cost of the three employees and three consultants is approximately \$334,000 per year. The CEO and CFO will be paid \$60,000 each, the other employee will be paid \$24,000, the accounting and administrator consultant, who is the son of the CFO, will be paid \$30,000, the sales person consultant will be paid a base fee of \$100,000, and the research and development technician consultant will be paid \$60,000. The Company intends to add additional consultants and employees as accounting, administrative, salespeople and research and development technicians as they are needed. These costs may vary depending on the engagement decisions made by the Board and CEO, demand for the product and marketing opportunities.

## **USE OF AVAILABLE FUNDS**

### **Proceeds**

The Company is not raising any funds in conjunction with this Prospectus, and no proceeds will be realized by the Company upon the conversion of the Special Warrants to Shares.

The Company has previously raised total cash proceeds of \$1,471,425.50 through the sale and distribution of its Shares and Special Warrants as follows:

- (i) \$1,032,000.50 through the sale of its 19,700,100 outstanding Shares; and,
- (ii) \$439,425 through the sale of 1,757,700 Special Warrants.

Those funds were made available to the Company following the closing of each stage of financing. The price at which the Shares and Special Warrants was determined by the Company. See "Prior Sales" for details of those distributions.

From incorporation on January 14, 2021 to October 31, 2021, the Company has used the funds received from the sale of its Shares and Special Warrants as follows:

Use of Funds	Funds Expended (\$)
Incorporation Costs	1,100
Costs associated with the distribution of the 19,700,100 Shares(1)	1,500
Costs associated with the distribution of the 1,757,700 Special Warrants(2)	32,350
License Fee Payments	225,000
Royalty Expenses to Licensor	13,500
Rent	12,000
Website design and build	1,025
Cost of goods sold	2,829
Legal fees not included in other items	70,987
Auditing fees	11,850
Consulting fees(3)	34,176
Management fees(4)	70,000
Regulatory filing fees	17,610
Research and Development Program(5)	44,784
Miscellaneous Expenses(6)	2,937
Working Capital as of October 31, 2021	929,777
<b>Total</b>	<b>\$1,471,425</b>

(1) Includes \$1,500 in legal fees

(2) Includes \$27,350 in Finder's Fees to arm's length finders, and \$5,000 for legal fees.

(3) Includes \$15,000 paid to the son of the CFO, and \$18,476 paid to the sales consultant.

(4) Comprised of \$35,000 paid to the CEO, and \$35,000 paid to the CFO.

(5) Comprised of \$27,000 in chemist fees and \$17,784 in supplies

(6) Includes bank charges of \$1,097, and income tax expense of \$1,840.

The following table shows our anticipated use of the funds available (\$929,777 as of October 31, 2021) over the twelve months following the date of this Prospectus:

Use of Funds	Funds to be Expended (\$)
Remaining costs of this Prospectus and Listing on the CSE	50,000
Engage salespeople(1)	Nil
Maintain salespeople (salaries, commissions, expenses, perquisites, benefits)(2)	140,000
Research and Development Program(3)	200,000
General and Administrative expenses(4)	400,000
Professional fees – legal	40,000
Professional fees – accounting and auditing	20,000
Canadian License Payment #4	0
Rent(5)	30,000
Travel	10,000
Filing Fees – Securities Commissions and the Exchange	15,000
Unallocated Working Capital	24,777
<b>Total</b>	<b>929,777</b>

(1) Will be done in-house at no additional cost.

(2) The use of funds to maintain salespeople for the 12 months following the date of this Prospectus are expected to be as follows: (\$)

	(\$)
Salaries	100,000
Commissions	28,000
Expenses	12,000
Perquisites	-
Benefits	-
<b>Total</b>	<b>140,000</b>

(3) Our projected minimum Research and Development expenses for the 12 months following the date of this Prospectus are: (\$)

	(\$)
Chemist fees	90,000
Shelf Life / Can Study	40,000
Stability Study	30,000
Supplies	40,000
<b>Total</b>	<b>\$200,000</b>

(4) Our projected General and Administrative expenses for the 12 months following the date of this Prospectus are:

	(\$)
Management Fees*	120,000

Wages	24,000
Professional and consulting fees**	60,000
Marketing campaign***	100,000
Rent and general office expenses	56,000
Public company costs, not including transfer agent	28,000
Transfer Agent	12,000
<b>Total</b>	<b>\$400,000</b>

\*Management Fees are to be comprised of the following:

Charles MaLette (Related Party) – CEO, President, Secretary and director, annual fees of \$60,000; and  
James Bordian (Related Party) – CFO and director, annual fees of \$60,000.

\*\*Consulting Fees of \$30,000 annually are to be paid to Kurt Bordian, the son of James Bordian. The remaining \$30,000 is reserved for auditor and legal professional fees.

\*\*\*Will consist of: marketing materials regarding SureNano Surfactant - \$30,000; test results presentations - \$10,000; travel and trade shows - \$20,000; paid advertisements in industry magazine, newspapers, and mail outs - \$20,000; and internet marketing awareness campaigns - \$20,000.

(5) Office Rent – Payable to Core Process Solutions Inc., \$3,000 per month. Core Process Solutions Inc. is an Affiliate of the Issuer, with Charles MaLette as a director, CEO and controlling shareholder.

Other than as forming part of the general and administrative expenses and rent, none of the funds are being allocated, directly or indirectly, to related parties.

The Company has a limited operating history and may sustain losses in the future. Since the Company's inception, it has had negative operating cash flow and may continue to have negative operating cash flow into the future. Available funds will be used to fund the Company's negative cash flow from operating activities. See "*Risk Factors*".

### General and Administrative Expenses

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

<b>Expense</b>	<b>Amount (\$)</b>
Management Fees	120,000
Wages	24,000
Professional and consulting fees	60,000
Marketing campaign	100,000
Rent and general office expenses	56,000
Public company costs, not including transfer agent	40,000
Transfer Agent	12,000
<b>Total:</b>	<b>\$400,000</b>

**COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

**DIVIDENDS or DISTRIBUTIONS**

There are no restrictions in the Company's constating documents on the ability to pay dividends. The BCBCA, however, does prohibit the Company from declaring dividends where, after giving effect to the distribution of the dividend, the Company would not be able to pay its debts as they become due in the usual course of business, or the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not paid any dividends on our Shares, and we anticipate retaining earnings to fund growth, and so do not expect to declare or pay any dividends on our Shares in the foreseeable future. Payment of any dividends will be dependent upon the Company's future earnings, its financial condition, and other factors that the Board determines are relevant.

**MANAGEMENT'S DISCUSSION and ANALYSIS**

The Company's MD&A provides an analysis of the Company's audited financial results for the period from incorporation on January 14, 2021 to March 31, 2021, and should be read in conjunction with the Company's audited financial statements and the notes thereto, respectively. The Company's MD&A is attached to this Prospectus as Appendix "B".

Certain information included in the Company's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" for further detail.

### Additional Disclosure for IPO Venture Issuer

The Company had negative cash flow from operations for the period from incorporation on January 14, 2021 to March 31, 2021, and expects to have sufficient funds available to fund operations for a period of 12 months.

The Company has not yet had significant revenue. The following table discloses a breakdown of the material components of items listed for the period from incorporation on January 14, 2021 to March 31, 2021:

Expensed research and development costs – \$Nil
There has been no expensed research and development costs
Intangible assets arising from development – \$Nil
There are no intangible assets arising from development
General and administrative expenses – \$506
Interest and bank charges \$462
Foreign exchange loss \$44
Any material costs, whether expensed or recognized as assets, not referred to above –
Accounting and legal \$6,739
Income tax expense \$925
License fees \$100,000
Royalty fees \$9,000

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

### SureNano Science Ltd.

#### Description of Business

The principal business of the Company is the sale and distribution of the SureNano Surfactant in Canada and Colorado, which is a ready-to-mix food grade compound that provides the base for high performance nanoemulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste.

The Company has an exclusive license to distribute the SureNano Surfactant within Canada and Colorado. The Company's head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia. The Company has the SureNano Surfactant produced to order by its manufacturer, Caldic Canada Inc., and shipped directly to the customer.

The Company has only been operating its business since February 18, 2021, the three sales of SureNano Surfactant that it has made so far to date total only approximately \$54,000. While sales have been nominal to date, the product is commercially produced and available for purchase. Please see “Short-Term Business Objectives” and “Use of Available Funds” for details about the Company’s planned marketing campaign and engagement of salespeople.

The sources of the raw materials for the SureNano Surfactant are plentiful.

Our Canadian Licence and Colorado Licence both remain in force for ten years. SureNano Science, in its sole discretion and option, may renew the Licences for an additional ten years each upon written notice to the Licensor prior to the expiration of the Term. Our business is substantially dependent on the Canadian Licence and the Colorado Licence. Management believes it is equally dependent on each of the agreements.

Management believes that our ability to use and commercialize the SureNano Surfactant intellectual property will be important for our business in the long term. If we are successful in making the brand known in the industry, our exclusive right to use that brand will enhance our competitive advantage.

Our business is not very vulnerable to seasons or cycles. We expect that demand will remain relatively constant throughout the year.

### Selected Financial Information

The following table summarizes selected audited financial data of the Company for the period from incorporation (January 14, 2021) to March 31, 2021 and should be read in conjunction with the financial statements and the related notes thereto; together with management’s discussion and analysis, as included elsewhere in this Prospectus :

Item	Period Ended March 31, 2021 (\$)
Revenues	36,000
Cost of goods sold	1,342
Total expenses	116,245
Net Loss before taxes	81,587
Total assets	966,811
Total liabilities	17,323
Non-Current Liabilities	Nil
Working Capital	949,488
Total Shareholders’ Equity	949,488
Number of Shares Outstanding at Period End	19,700,100

The following table summarizes selected unaudited financial data of the Company for the six months ended September 30, 2021 and should be read in conjunction with the unaudited financial statements and the related notes thereto; together with management’s discussion and analysis, as included elsewhere in this Prospectus:

Item	Six Months Ended September 30, 2021
Revenues	\$18,000
Cost of goods sold	(\$1,487)
Total expenses	(\$763,804)
Net Loss before taxes	(\$747,291)
Current Assets	\$1,127,468
Total Assets	\$1,127,468
Current Liabilities	\$114,524
Non-Current Liabilities	Nil

Working Capital	\$1,012,944
Total Shareholders' Equity	\$1,012,944
Number of Shares Outstanding at Period End	19,700,100 <sup>(1)</sup>

<sup>(1)</sup>Does not include the 1,757,700 Shares issuable upon the automatic conversion of the equivalent number of previously issued Special Warrants

## DESCRIPTION OF THE SECURITIES DISTRIBUTED

### Authorized and Issued Share Capital

The Company's authorized share capital consists of an unlimited number of Shares, of which 19,700,100 Shares are issued and outstanding. There are also 1,757,700 Special Warrants outstanding as of the date of this Prospectus. The Company has also reserved 2,000,000 Common Shares for issuance upon the exercise of 2,000,000 Options granted to certain directors, officers and consultants.

Except as stated above, there are no other outstanding options or other securities convertible to Common Shares.

### Common Shares

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

### Special Warrants

As at the date of this Prospectus, the Company has 1,757,700 Special Warrants issued and outstanding. Each Special Warrant will automatically convert into one Share without any further action or payment on the part of the holder upon the earlier of (A) the first business day following the date on which the Company obtains a receipt for a (final) prospectus as issued by or on behalf of the securities regulatory authorities in a province of Canada or such other jurisdiction(s) as may be determined by the Company, or (B) the 240<sup>th</sup> day following the date of issuance of the Special Warrants. The Special Warrants were issued on May 19, 2021.

Original purchasers of Special Warrants have a contractual right of rescission against the Company in respect of the conversion of the Special Warrants.

The contractual right of rescission will entitle such original purchasers to receive the amount paid on original purchase of the Special Warrants in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that the right of rescission is exercised within 180 days of the date of this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In certain provinces, original purchasers will also have a statutory right of action for damages in connection with a misrepresentation in this Prospectus. Damages will be limited to the amount paid for the Special Warrants. 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.

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

- (a) the holder is entitled to rescission of both the holder's conversion of its Special Warrants and the private placement transaction under which the Special Warrants were initially acquired,

- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid on the acquisition of the Special Warrant, and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights or rescission and refund as if the holder was the original subscriber.

### Stock Options

A total of 2,000,000 Options are issued and outstanding. Each Option entitles the holder thereof, to acquire one Common Share. See “*Options to Purchase Securities*”.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of the Company and describes the material change in and the effect of the material change on, the share and loan capital of the issuer since the date of the issuer’s financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance and automatic conversion of the Special Warrants. The table should be read in conjunction with and is qualified in its entirety by the Company’s audited financial statements for the period ended March 31, 2021.

Description	Amount Authorized or to be Authorized	Outstanding as at March 31, 2021	Outstanding as at the date of this Prospectus	Outstanding following Completion of the Prospectus
Common Shares	Unlimited	19,700,100	19,700,100	21,457,800
Special Warrants	Unlimited	Nil	1,757,700	nil
Options	10% of outstanding common shares	nil	2,000,000	2,000,000

## OPTIONS TO PURCHASE SECURITIES

As at the date of this Prospectus, there are 2,000,000 Options outstanding. The Options are held by the Company’s officers, directors and consultants, exercisable at \$0.25 per Share for three years (until June 16, 2024). The Options vested immediately when granted.

Group	Options Outstanding as at March 31, 2021	Outstanding as at the date of this Prospectus	Outstanding following Completion of the Prospectus
Director and Officers (2) and Directors (2)	Nil	1,500,000	1,500,000
Consultants (2)	Nil	500,000	500,000

### Summary of Stock Option Plan

The Board has adopted the Stock Option Plan, as a means to provide incentive to eligible directors, officers, employees and consultants. The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Shares. The Stock Option Plan is administered by the Board and Options are granted at the discretion of the Board to eligible optionees.

### Eligible optionees

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

### Restrictions

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

- (a) The Company must not grant Options to any one optionee in any 12-month period that exceeds 5% of the outstanding Shares, unless the Company has obtained disinterested shareholders' approval.
- (b) The aggregate number of Options granted to persons providing investor relations activities in any 12 month period must not exceed 2% of the outstanding Shares calculated at the date of the grant.
- (c) The aggregate number of Shares reserved for issuance under Options granted to Insiders must not exceed 10% of the outstanding Shares unless the Company has obtained disinterested shareholder approval.
- (d) The minimum exercise price will be the greater of the closing price of the Shares on the CSE as of (i) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.
- (e) The terms of an option may not be amended once issued.
- (f) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.
- (g) All Options granted under the Stock Option Plan expire on a date not later than 10 years after the issuance of such Options. However, should the expiry date for an Option fall within a trading blackout period (generally meaning circumstances where material information is not yet public), then within nine business days following the expiration of such blackout period.
- (h) Options will expire after a fixed period of time following the date the optionee ceases to be employed by or provide services to the Company, (unless expiring earlier based on the remaining term thereof) but only to the extent that such Option was vested at the date the optionee ceased to be so employed by or to provide services to the Company.
- (i) If an optionee is dismissed from employment or service for cause, such optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right of exercise.
- (j) If an optionee dies, any vested Options held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such Options.
- (k) Vesting of Options shall be at the discretion of the Board, and will generally be subject to the optionee remaining as a director, or employed by or continuing to provide services to the Company, and may, at the discretion of the Board, be subject to achieving certain milestones as set by the Board from time to time or receiving a satisfactory performance review by the Company during the vesting period.
- (l) In the event of a take-over bid being made to the shareholders generally, immediately upon receipt of the notice of the take-over bid, the Company shall notify each optionee of the full particulars of the take-over bid, and all outstanding Options may become exercisable, notwithstanding the vesting terms contained in the Stock Option Plan, subject to regulatory approval.
- (m) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all Shares reserved under the Stock Option Plan in respect of Options which have not yet been granted.

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

- (a) amend the Stock Option Plan to correct typographical, grammatical or clerical errors;

- (b) make such amendments to the Stock Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (c) make such amendments to the Stock Option Plan as may otherwise be permitted by regulatory authorities;
- (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (e) amend the Stock Option Plan to reduce the benefits that may be granted to optionees.

## PRIOR SALES

The following tables lists the securities issued by the Company since the date of its incorporation:

SHARES				
Date (mm/dd/yyyy)	Number and type of Securities	Price per Shares (\$)	Consideration	Reason for Issuance
01/14/2021	5,000,100 Common Shares	\$0.005	\$25,000.50	Private Placement
02/05/2021	11,600,000 Common Shares	\$0.02	\$232,000	Private Placement
03/16/2021	3,100,000 Common Shares	\$0.25	\$775,000	Private Placement
05/19/2021	1,757,700 Special Warrants	\$0.25	\$439,425	Private Placement
06/14/2021	2,000,000 Options	\$0.25 (Exercise Price)	Nil	Incentive Stock Options

### Trading Price and Volume

The Company's Shares are not currently listed and do not trade on any stock exchange. The Company is in the process of applying to have its Shares listed on the CSE; it is anticipated that such listing will be subject to the Company satisfying all listing conditions of the CSE.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

### ESCROWED SECURITIES

#### Escrow under CSE Policies

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

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

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

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

Name and Municipality of Residence	Number of Shares to be held in Escrow	Percentage of Shares held in Escrow <sup>(1)</sup>
<b>Charles MaLette</b> <i>Vancouver, B.C.</i>	7,300,100 <sup>(2)</sup>	34%

(1) Based on 21,457,800 Shares being outstanding on the Listing Date.

(2) Of this amount, 800,000 Shares are held by Mr. MaLette's spouse, Ronaye MaLette. Mr. MaLette disclaims ownership and control of Mrs. MaLette's Shares.

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

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

The Escrow Securities may be transferred within escrow to: (a) subject to approval of the Board, an individual who is an existing or newly appointed director or senior officer of the Company or of a material operating subsidiary of Company; (b) subject to the approval of the Board, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities; (c) subject to the approval of the Board, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of Company or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of Escrow Securities, the holder's Escrow Securities may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of Escrow Securities, all Escrow Securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a RRSP, RRIF or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

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

### **Securities Subject to Resale Restrictions**

Other than as mentioned above under "Escrowed Securities", no securities of the Company will be subject to resale restrictions following the automatic conversion of the Special Warrants pursuant to the Company being issued a receipt for a final prospectus.

## PRINCIPAL SHAREHOLDERS

To the knowledge of the Company, our directors and officers, following conversion of the outstanding Special Warrants, no person will beneficially own, directly or indirectly, or have control or direction over, Shares carrying more than 10% of the votes attached to all outstanding Shares, except:

Name,	Number & Percentage of Shares Owned or Controlled <sup>(1)(3)</sup>
<b>Charles MaLette</b>	7,300,100 <sup>(2)</sup> /34%

- (1) Based on 21,457,800 Shares being outstanding on the Listing Date.
- (2) Of this amount, 800,000 Shares are held by Mr. MaLette's spouse, Ronaye MaLette. Mr. MaLette disclaims ownership and control of Mrs. MaLette's Shares.
- (3) Mr. Maletter also holds 500,000 common stock purchase options exercisable until June 16, 2024 at an exercise price of \$0.25 each. On a fully diluted basis, Mr. MaLette owns and controls 7,800,100 Shares, which is 35.5%.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security holdings

The following table sets out the name, province and country of residence, position or offices held with the Company, date appointed, number and percentage of voting securities in the Company that each of its directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as at the date of this Prospectus. This table also includes the principal occupation, business or employment of such persons over the last five years:

Name, Position and Province and Country of Residence	Date of Appointment to Office	Principal Occupation for Past Five Years	Number & Percentage of Shares Owned or Controlled <sup>(2)</sup>
<b>Charles MaLette<sup>(1)</sup></b> Chief Executive Officer. Corporate Secretary and director <i>British Columbia, Canada</i>	Jan 14, 2021	Chief Executive Officer, President and director of Stevens Gold Nevada Inc. (CSE:SG) since Jun 20, 2019; Investment advisor with Canaccord Genuity Corp, 1983-2018; President and Corporate Secretary of Core Process Solutions Inc., a private B.C. company since Dec 9, 2019.	7,300,100 <sup>(3)</sup> / 34%
<b>James Bordian</b> CFO and director <i>British Columbia, Canada</i>	Apr 23, 2021	President and director of Stevens Gold Nevada Inc. (CSE:SG) June 8, 2018 to June 20, 2019; CFO and director of Stevens Gold Nevada Inc. (CSE:SG) since June 20, 2019; director of Core Process Solutions Inc. since June 11, 2018; CFO of Core Process Solutions Inc. since June 13, 2018; President of Core Process Solutions Inc. from June 11, 2018 to March 1, 2019, Vice President of s Vancouver-based private management consulting firm offering financial accounting services. He is a retired Chartered Accountant and Certified Internal Auditor with more than 40 years' experience.	nil / 0.00%
<b>Mark Scott<sup>(1)</sup></b> director, <i>British Columbia, Canada</i>	Apr 23, 2021	Chief Operating Officer of 1150641 BC Ltd. since March 19, 2019, and President and director since June 30, 2019; and President and owner of New Space Technologies since 2010.	nil / 0.00%
		Practicing law for the past 40 years. Practicing with	

<b>Peter Chapman</b> <sup>(1)</sup> director, <i>British Columbia, Canada</i>	Jun 9, 2021	Chen & Leung from 2004 to March 2021 and through Chapman and Company Law Corp from March 2021 to the present; President of Chapman and Company Law Corp from 1991 (incorporation) to the present	nil / 0.00%
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1. Audit Committee Member
2. Percentages based on 21,457,800 Shares outstanding following the conversion of the Special Warrants.
3. Of this amount, 800,000 Shares are held by Mr. MaLette's spouse, Ronaye MaLette. Mr. MaLette disclaims ownership and control of Mrs. MaLette's Shares.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of the office for the officers expires according to the terms of their contract with the Company, or otherwise at the discretion of the Company's directors.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as stated below, none of our directors or executive officers are, as at the date of this Prospectus, or have been within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

Charles MaLette and James Bordian are directors of Core Process Solutions Inc., formerly Critical CO2 Separations Inc., ("Core Solutions") since June 11, 2018, July 11, 2018 and February 5, 2019 respectively. On February 11, 2019 Core Solutions was issued a Cease Trade Order by the British Columbia Securities Commission ("BCSC"). Core Solutions had provided investors with an offering memorandum dated November 8, 2018 (the "2018 OM") and subsequently relied on the offering memorandum exemption in section 2.9 of National Instrument 45-106 *Prospectus and Registration Exemptions* to distribute securities. In the Cease Trade Order dated February 11, 2019, the BCSC stated that the 2018 OM was not completed in accordance with the regulations. The offering memorandum was amended pursuant, reoffered to investors and refiled. The Cease Trade Order was revoked on May 13, 2019.

None of our directors, executive officers or any shareholder holding a sufficient number of our securities to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

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

### **Conflicts of Interest**

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

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

### **Management**

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

#### **CHARLES MALETTE - *Chief Executive Officer and Corporate Secretary and director***

Charles MaLette (age 75) was an Investment Advisor for more than 35 years with Canaccord Genuity Corp. He retired from Canaccord Genuity Corp. on December 31, 2018. He has many years investing in public companies in various industries, and analyzing and reviewing hundreds of public companies financial statements. Through his experience as an Investment Advisor, Mr. MaLette is financially literate. Mr. MaLette, is the Chief Executive Officer, President and a Director of Stevens Gold Nevada Inc., a public company listed on the Canadian Securities Exchange under the symbol "SG." Mr. MaLette will lead the Issuer in its day-to-day operations in marketing and promoting its equipment and services. Mr. MaLette graduated from the University of Calgary in 1970 with a degree in Economics. After receiving a teaching degree from the University of British Columbia in 1972 he taught high school for 9 years in Vancouver, B.C. Mr. MaLette joined Canaccord Genuity Corp. in 1983 as an Investment Advisor and resigned on December 31, 2018, to become the CEO and director of Core Process Solutions Inc. Mr. MaLette is also a director and secretary of the B.C. Thoroughbred Owners and Breeders Association.

Mr. MaLette is an employee of the Company and dedicates approximately 30% of his time to the affairs of the Company. Mr. MaLette is not currently subject to any employment agreement or other written non-competition agreement with the Company.

#### **JAMES BORDIAN, *CFO***

James Bordian (age 78) is a retired Chartered Accountant and Certified Internal Auditor with over 40 years' of experience. During his career, Mr. Bordian has held senior management positions with US Plywood, Dillingham Corporation, Air Canada, and BC Hydro. Presently he is Vice President of a Vancouver-based private management-consulting firm offering financial accounting services. James Bordian has also held the following past positions: Director and Chairman of Audit and Finance Committee for Royal Aloha Vacation Club; Director and Treasurer of Grand Lakefront Resort Club Canada; and President of Institute of Internal Auditors – Vancouver Chapter. Mr. Bordian has extensive experience in income tax planning, budgeting, financial statement presentations and business evaluations. Mr. Bordian is financially literate. Mr. Bordian, is the Chief Financial Officer and a Director of Stevens Gold Nevada Inc., a public company listed on the Canadian Securities Exchange under the symbol "SG."

Mr. Bordian is an employee of the Company and dedicates approximately 30% of his time to the affairs of the Company. Mr. Bordian is not currently subject to any employment agreement or other written non-competition agreement with the Company.

#### **MARK SCOTT - *Director***

Mr. Scott (age 50) is a co-founder and president of 1150641 BC Ltd. With a background in technology and computer science, he began investigating technologies within the cannabis industry in 2016.

Mr. Scott identified water-solubility as being a key to the emerging consumable product sector of the industry. After researching the technologies that purported to resolve the inherent challenges, he selected nanoemulsions as the safest and most viable approach. For the last 5 years he has immersed himself in learning key aspects of physical chemistry and the biological mechanisms at work in the digestion of oils in the human body. Mr. Scott is not an employee of the Company, and, in his capacity as a director, will dedicate approximately 10% of his time to the affairs of the Company. Mr. Scott is not currently subject to any engagement agreement or other written non-competition agreement with the Company.

### **PETER CHAPMAN - *Director***

Mr. Chapman (age 68) obtained a Bachelor of Science Degree (Geology) and a Bachelor of Laws degree from the University of British Columbia. He has practiced law in Vancouver, British Columbia for over 40 years and has experience in a wide variety of legal areas including litigation and corporate law and commercial law. His primary area of practice for the past 30 years has been Canadian immigration and citizenship law and he has frequently travelled to Asia relation to that practice. He practiced law with Chen & Leung from 2005 to March 2021. Since March 2021, Mr. Chapman opened his own law practice as sole owner of Chapman and Co Law Corp.

Mr. Chapman is not an employee of the Company, and, in his capacity as a director, will dedicate approximately 10% of his time to the affairs of the Company. Mr. Chapman is not currently subject to any engagement agreement or other written non-competition agreement with the Company.

## **EXECUTIVE COMPENSATION**

### **Compensation, Philosophy and Objectives**

The Company does not have a formal compensation program. The Board will meet to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy is to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate sufficient to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is in the early stage of development and does not have a history of earnings. To date, management has agreed to provide services for minimal cash compensation and Options; and the Company has not sought or confirmed benchmarks for compensation paid by companies in the same industry. It is anticipated that management compensation will be reviewed every six months by the Board.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable. A "Named Executive Officer" ("NEO") includes: (i) the Company's CEO; (ii) the Company's CFO; (iii) the most highly compensated executive officer, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year. The Company currently has two NEOs, being Charles MaLette - CEO, and James Bordian - CFO.

### **Analysis of Elements**

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

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

## **Long Term Compensation and Option-Based Awards**

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

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

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

- (a) parties who are entitled to participate in the Stock Option Plan;
- (b) the exercise price for each Option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the CSE from the market price on the date of grant;
- (c) the date on which each Option is granted;
- (d) the vesting period, if any, for each Option;
- (e) the other material terms and conditions of each Option grant; and
- (f) any re-pricing or amendment to an Option grant.

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

### **Summary Compensation**

#### ***Director and Named Executive Officer Compensation***

Since the date of the Company's incorporation (January 14, 2021) to March 31, 2021, the Company did not pay any compensation, of any nature, to any of its past or current NEO's or directors. From April 1, 2021, the Company has paid \$5,000 per month to each of its CEO and CFO.

The Company does have written agreements in place with its NEOs or directors. The Company has agreed to pay Charles MaLette, in his role as CEO and Corporate Secretary, the annual sum of \$60,000, payable monthly in arrears, starting April 1, 2021. The Company has agreed to pay James Bordian, in his role as CFO, the annual sum of \$60,000, payable monthly in arrears, starting April 1, 2021. The NEOs and directors may also be compensated through the grant of stock options.

The following table summarizes the compensation excluding compensation securities expected to be paid to the Company's NEO's and directors (excluding any compensation securities) for the 12 months following the date the Company's Listing Date on the CSE:

<b>Name and position</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Charles MaLette</b> CEO, Corporate Secretary and director	\$60,000	nil	nil	nil	nil	\$60,000
<b>James Bordian</b> CFO and director	\$60,000	nil	nil	nil	nil	\$60,000
<b>Mark Scott</b> director	nil	nil	nil	nil	nil	nil
<b>Peter Chapman</b> director	nil	nil	nil	nil	nil	nil

#### **Stock Option Plan and other Incentive Plans**

On June 16, 2021, the Company adopted its Stock Option Plan in order to provide effective incentives to directors, officers and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The Company has no equity incentive plans other than the Option Plan.

The size of Option grants is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be important to its long-term success.

The Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed 10% of the number of Common Shares of the Company issued and outstanding from time to time.

The Option Plan will be administered by the Board or a committee of the Board, either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the Board may from time to time designate.

The exercise price of any Options granted under the Option Plan shall be determined by the Board, but may not have an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. The term of any Options granted under the Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death, the term of any Options granted under the Option Plan may not exceed ten years. Options granted under the Option Plan are not to be transferable or assignable. Subject to certain exceptions, in the event that a director or officer ceases to hold office, options granted to such director or officer under the Option Plan will expire one year after such director or officer ceases to hold office. Subject to certain exceptions, in the event that an employee, or consultant ceases to act in that capacity in relation to the Company, Options granted to such employee, consultant or management company employee under the Option Plan will expire one year after such individual or entity ceases to act in that capacity in relation to the Company. The number of Common Shares reserved for issuance under the Option Plan may not exceed 5% of the issued Shares of the Company to any one person in any 12-month period (calculated as of the date the Option is granted).

## **Employment, Consulting and Management Agreements**

The Company does not have any contracts, agreements, plans or arrangements in place that provide for compensation to NEOs or directors, or that provide for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement of any NEOs or directors or a change in a NEO's responsibilities or a change of control of the Company.

## **Oversight and Description of Director and NEO Compensation**

At its present stage of development, the Company does not have any formal objectives, criteria and analysis for determining the compensation of its Named Executive Officers and primarily relies on the discussions and determinations of the Board. The Company has not considered the implications of the risks associated with the Company's compensation policies and practices. The NEOs receive cash compensation of \$60,000 *per* year and Options. On June 16, 2021 the Company granted each NEO 300,000 Options, exercisable at \$0.25 for a period of three years.

As of the date of this Prospectus, the Board has not established any benchmark or performance goals to be achieved or met by Named Executive Officers; however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

The Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. The Board intends to compensate directors primarily through the grant of Options and reimbursement of expenses incurred by such persons acting as directors of the Company. On June 16, 2021 the Company granted each director 200,000 Options, exercisable at \$0.25 for a period of three years.

## **Defined Benefit Plans**

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans, defined benefit or actuarial plans, and none are proposed at this time.

## **Pension Disclosure**

The Company does not have (i) any form of pension plan that provides for payments or benefits to NEOs or directors at, following, or in connection with retirement, or (ii) any form of deferred compensation plan.

## **Intended Changes to Compensation**

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

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

## AUDIT COMMITTEE AND CORPORATE GOVERNANCE

### Audit Committee

#### *Composition of the Audit Committee*

The members of the Company's Audit Committee are Charles MaLette, Peter Chapman and Mark Scott.

A member of the Audit Committee is considered to be "independent" if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment; and generally, includes any member of management or significant shareholder. Mr. Scott and Mr. Chapman are considered to be independent, whereas Mr. MaLette is not independent by virtue his work with the Company as an officer.

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

One of the independent members will be appointed to chair each audit committee meeting on an *ad hoc* or rotating basis.

#### *The Audit Committee's Charter*

The Audit Committee must operate pursuant to the provisions of a written charter, which sets out its duties and responsibilities. The following is a summary of such charter:

#### **1. Mandate**

The audit committee will assist the Board in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Company's business, operations and risks.

#### **2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors. A majority of the members of the audit committee are not to be officers, employees or control persons of the Company. When that is possible, the Company intends to do that.

#### **3. Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

#### **4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

##### *4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

- review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- review and recommend to the Board the compensation to be paid to the external auditors; and
- review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- review and approve the interim financial statements prior to their release to the public; and
- review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Information*

- where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

### *Delegation of Authority*

The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

### *De-Minimis Non-Audit Services*

The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

- (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

### *Pre-Approval Policies and Procedures*

The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

- (i) the pre-approval policies and procedures are detailed as to the particular service;
- (ii) the audit committee is informed of each non-audit service; and
- (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

#### *4.5 Other Responsibilities*

The audit committee shall:

- establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- review the policies and procedures in effect for considering officers' expenses and perquisites;
- perform other oversight functions as requested by the Board; and
- review and update this Charter and receive approval of changes to this Charter from the Board.

#### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

## **5. Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- engage independent counsel and other advisors as it determines necessary to carry out its duties;
- set and pay the compensation for any advisors employed by the audit committee; and
- communicate directly with the internal and external auditors.

### *Relevant Education and Experience*

Peter Chapman – Mr. Chapman is an independent director of the Audit Committee.

Mr. Chapman is a practicing lawyer in British Columbia. With more than 40 years' experience as a lawyer, Mr. Chapman has learned to read financial statements through working for corporate clients on many matters. Mr. Chapman is financially literate.

*Mark Scott* – Mr. Scott is an independent director of the Audit Committee.

Mr. Scott has used his background in technology and computer science in his own business since 2006. As the sole owner and director of New Space Technologies Ltd, he was responsible for all financial dealings of the company. New Space was a long term supplier to Microsoft Gaming Studios, the University of British Columbia, and BC Place/Pavco among other companies and private individuals. It was an international award winning electronic control systems company that had as many as 15 employees on staff concurrently plus contractors and averaged between \$1.5 - 2 million dollars a year in revenue. Through his experience with New Space, he has learned to read financial statements and wrote his own SR&ED tax credit claims for several of his 12 years in operation. He was the primary contact for his accounting firm, Cinnamon Jang Willoughby. Mr. Scott is financially literate.

*Charles MaLette* – Mr. MaLette is not an independent director as he is an executive officer of the Company, holding the positions of Chief Executive Officer and Corporate Secretary.

Mr. MaLette was an Investment Advisor for more than 35 years with Canaccord Genuity Corp. He has many years investing in public companies in various industries, and analyzing and reviewing hundreds of public companies financial statements. Through his experience as an Investment Advisor, Mr. MaLette has become financially literate.

### ***External Auditor Service Fees***

Fees incurred for audit and non-audit services to the Company in the fiscal period ended March 31, 2021 are:

<b>Nature of Services</b>	<b>Fees Billed</b>
Audit Fees <sup>1</sup>	\$7,000
Audit-Related Fees <sup>2</sup>	\$Nil
Tax Fees <sup>3</sup>	\$Nil
All Other Fees <sup>4</sup>	\$ Nil
<b>Total</b>	<b>\$7,000</b>

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

### ***Exemption***

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

## **Corporate Governance**

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

The Board currently consists of Charles MaLette, James Bordian, Mark Scott and Peter Chapman. Mark Scott and Peter Chapman are considered independent within the meaning ascribed in NI 52-110, whereas Charles MaLette and James Bordian are not considered independent by virtue of them being officers of the Company.

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

### ***Board of Directors***

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

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

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

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

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

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

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

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

***Directorships***

The following directors of the Company are also directors or officers of the following publicly listed companies:

Charles MaLatte is currently a director and officer of Stevens Gold Nevada Inc., which is listed on the Canadian Securities Exchange and a director and officer of Rebel Capital 2.0 Corp., which is listed on the TSX Venture Exchange.

James Bordian is currently a director and officer of Stevens Gold Nevada Inc., which is listed on the Canadian Securities Exchange.

Mark Scott – None

Peter Chapman - None

***Orientation and Continuing Education***

When new directors are appointed, they will receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. The Board briefs all new directors with respect to the Board's policies and other relevant corporate and business information. New Board members are also provided with access to all of the Company's publicly filed documents, the Company's records, and the Company's management and professional advisors, including the Company's auditor and legal counsel.

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

***Ethical Business Conduct***

The Board has not adopted a written code of business conduct and ethics for its directors, officers and employees. A director with a material interest in a transaction or agreement considered by the Company is required to declare and fully disclose his interest, refrain from participating in any discussion of such matters and abstain from voting on any resolutions respecting such matters. The Board also believes that the skill and knowledge of Board members and advice from counsel ensure that non-conflicted directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Directors and officers are required to disclose dealings in the industry in which the Company operates.

***Nomination of Directors***

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

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

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

***Other Board Committees***

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

***Assessments***

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

## PLAN OF DISTRIBUTION

The Company previously completed a private placement of 1,757,700 Special Warrants sold at \$0.25 per Special Warrant. The price for the Special Warrants was determined by the Company based on market conditions and its capital structure. The Special Warrants were distributed pursuant to available prospectus and registration exemptions.

Each Special Warrant entitles the holder to automatically receive, without payment of additional consideration and without further action on the part of the holder, and subject to adjustment, one Share on the earlier of:

- i. The first (1<sup>st</sup>) business day following the day on which a receipt for a (final) prospectus has been issued to the Company by or on behalf of the securities regulatory authorities in a province of Canada or such other jurisdiction(s) as may be determined by the Company; or
- ii. The 240<sup>th</sup> day following the date of issuance of the Special Warrants.

The Company will not receive any additional proceeds with respect to the Shares distributed on conversion of the Special Warrants.

The number of Shares issuable on conversion of the Special Warrants will be adjusted upon the occurrence of certain events, including any capital reorganization, reclassification, subdivision or consolidation of the capital stock of the Company, or any merger, amalgamation or other corporate combination of the Company with one or more other entities, or of any other events in which new securities of any nature are delivered in exchange for the issued Shares.

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

The Company is in the process of applying to list its Common Shares on the CSE. It is anticipated that the listing of its Shares on the CSE will be subject to the Company satisfying all of the listing conditions of the CSE.

## RISK FACTORS

**An investment in the securities offered hereunder should be considered highly speculative due to the nature of our business and the present stage of development. The acquisition of any of the securities of the Company involves a high degree of risk and should be undertaken only by knowledgeable and sophisticated 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 securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective investors should consult with their professional advisors to assess an investment in the Issuer.**

**In evaluating us and our business, investors should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with our operations.**

### Investment Risks

#### **Limited Operating History**

The Company has a limited history of operations, nominal revenue and negative operating cash flows, no useful financial history, and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

### **Market Price of Securities**

There is no public market for the Company's securities. Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Companies in the agricultural sector, including the Company, may also experience extreme volatility in their trading prices due to operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market or industry conditions or economic trends, the COVID-19 pandemic, or a variety of other factors. These broad market fluctuations may adversely affect the trading price of the Company's Shares.

### **Future Sales or Issuances of Securities**

The Company may issue additional Shares or offer other securities in offerings to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and offerings of securities will have on the market price. With any additional sale or issuance of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

### **Return of Funds**

Each holder of a Special Warrant has a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that a holder of a Special Warrant who receives a Share on conversion of the Special Warrant will be entitled to rescind the original subscription agreement and be returned its subscription proceeds, if there is any misrepresentation contained in this Prospectus. As a result, the Company may have fewer shareholders and less available cash on hand. Should too many persons elect to rescind their investment, the Company may not have a sufficient number of public shareholders for purposes of qualifying to list on the CSE.

### **Industry Risks**

**There is no certainty that the Company will continue as a going concern. If the Company does not, shareholders could lose their investment.**

The financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, as at March 31, 2021, the Company had negative cash flows and an accumulated deficit of \$82,512. The Company anticipates that it will incur increased expenses without realizing sufficient revenues to offset those expenses and therefore expects to incur significant losses for the foreseeable future. The Company's ability to continue as a going concern is dependent on future profitable operations, management's ability to manage costs and receiving continued support from the Company's shareholders and creditors, as well as obtaining additional financing, and acquiring and developing a profitable business and generating future revenues. No assurance can be given that the Company will successfully be able to do so. Importantly, the inclusion in the Company's financial statements of a going concern note may negatively impact the Company's ability to raise future financing and achieve future revenue. The stated risk relating to the Company's ability to continue as a going concern will be removed from the financial statements only when, in the opinion of the auditor, the Company's revenues have reached a level that is able to sustain its business operations. The Company's financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary if the Company become unable to continue as a going concern.

Even if the Company acquires or develops such a business, if the Company is unable to obtain additional financing from outside sources and eventually generate enough revenues to become self-sustaining, the Company may be forced to sell a portion or all of its assets, or curtail or discontinue its operations. If any of these happens, you could lose all or part of your investment.

The Company expects to incur losses unless and until the Company's business becomes profitable. There is no assurance that the Company's business will become profitable within a reasonable period of time or at all. If the Company fails to generate sufficient revenues to operate profitably, or if the Company is unable to fund its continuing losses, you could lose all or part of your investment.

**Success of Quality Control Systems**

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and non-adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

**High Risk, Speculative Nature of Investment**

An investment in the Common Shares carries a high degree of risk and should be considered speculative by purchasers. We have no history of earnings, have limited cash reserves, a limited business history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the "start-up" phase of our business. Our operations are not sufficiently established such that we can mitigate the risks associated with our planned activities.

**Dilution of Shareholdings**

Purchasers of the Special Warrants offered hereby will experience an immediate dilution in the net tangible book value of the Special Warrants from the Offering Price of this Offering.

**No Established Market**

There is currently no market through which our securities may be sold and purchasers may not be able to resell our securities. There is no assurance that the Company will ever list or that a market will ever develop.

**Uncertainty of Use of Available Funds**

Although we have set out our intended use of available funds, these are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. See "*Forward-Looking Statements*" for more details.

**Prospect of Dividends**

We do not anticipate that any dividends will be paid on our common shares in the foreseeable future. As such, investors may not realize a return on their investment.

**Public Health Crisis**

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as COVID-19. As at the date of this Prospectus, the global reactions to the spread of COVID-19 which led to, among other things, significant restrictions on travel, quarantines, temporary business closures and a general reduction in consumer activity. The risks to the Company of such public health crises also include risks to employee and contractor health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. The Company has taken what it believes to be appropriate safety precautions at to safeguard the health of its employees and contractors, including remote work plans. Widespread uncertainty, government restrictions on personal mobility and the other impacts of the COVID-19 crisis on the Company, together with the potential of individuals to contract COVID-19 and/or be subject to quarantine may have an impact on the ability of the Company to function. Although certain administrative functions and sales can be conducted remotely, other functions, such as, the manufacture and delivery of the SureNano Surfactant cannot be conducted remotely and may be adversely impacted by any resulting decrease in the availability of individuals to do the jobs.

Such public health crises can also result in disruptions and volatility in financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact cannabis product prices, interest rates, credit ratings, credit risk and inflation. These factors could negatively impact the Company's customers and potential customers and negatively impact their desire and ability to purchase our products.

In addition, the Company's business may be impacted by supply chain disruptions caused by the COVID-19 crisis, including the delivery of essential ingredients for the Company's products or the delivery of the Company's products to customers.

All of these potential results of the COVID-19 crisis could have a negative impact on the Company's potential to earn revenue. While these effects are expected to be temporary, the duration of the disruptions to business and the related financial impact cannot be estimated with any degree of certainty at this time. Although a number of jurisdictions reduced restrictions on businesses during summer of 2020 due to recent resurgences in cases many jurisdictions have re-imposed restrictions of varying degrees. There can be no certainty as to the effectiveness of such restrictions or as to their length. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 could have a material adverse effect on the timing and cost of the business objectives and milestones and the Company's business, results of operations and financial condition.

### **Competition**

The Company faces competition from other companies, some of which have longer operating histories and greater financial resources, and manufacturing and marketing experience than the Company. The Company's current and prospective competitors offer surfactants for the creation of nanoemulsions in the cannabis, food and beverage, cosmetic and pet food industries. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and financial performance of the Company.

Because of the early stage of the cannabis industry, for example, the Company expects to face additional competition from new entrants. If the number of users of legal cannabis edibles, topicals and extracts, including cannabis beverages, in Canada increases, the Company expects that competition will become more intense, as more competitors enter the market and target the cannabis industry. To remain competitive, the Company may require additional investment in research and development, marketing, sales and customer support. Failure to maintain or adequately support such efforts in the future on a competitive basis could materially and adversely affect the business, financial condition and financial performance of the Company.

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to competition in the surfactant industry, the Company's ability to continually produce a desirable and effective product, the successful implementation of the Company's customer-acquisition plan and the continued growth in the aggregate number of customers using nanoemulsions and selecting the Company's SureNano Surfactant as part of its process.

The success of the Company's product offering depends on a number of factors, including the Company's ability to: (a) accurately anticipate customer needs; (b) successfully commercialize its product; (c) price its product competitively; (d) manufacture and deliver its product in sufficient volumes and in a timely manner; and (e) differentiate its product from those of competitors. In the event that the Company is not successful in these endeavours, it will fail to obtain market share, which will have a material adverse effect on the Company's revenue, financial condition and financial performance.

### **Issuer Risks**

#### **Short Operating History, Nominal Revenues and No History of Profits**

We have a limited history of operations, only a nominal history of revenue and no history of cash flow or profitability. We have no source of operating cash flow other than the nominal purchases of our products to date and no assurance that additional funding will be available for expenses when required. There is no guarantee that we will operate our business successfully and obtain enough customers to justify our ongoing expenses. If we do not generate substantial revenue, we may be unable to sustain our operations, in which case we will become insolvent and investors will lose their investment.

**We have a short operating history and limited historical financial statement information, which makes it difficult to evaluate our business and future prospects.**

Our business has a short operating history and limited historical financial statement information, which makes it difficult to evaluate our business and future prospects. We have been in existence since January 14, 2021. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by companies in the early stages of development, including those related to:

- market acceptance of our current and future products;
- limited sales to date;
- our ability to compete with other companies that are currently in, or may in the future enter, the market for our products;
- our ability to successfully expand our business, especially internationally;
- our ability to control costs, including our marketing and sales expenses;
- the amount and timing of operating expenses, particularly sales and marketing expenses, related to the expansion of our business and increase in sales;
- foreign currency exchange rate fluctuations; and,
- general economic and political conditions in our domestic and international markets.

Our short operating history and limited historical financial statement information does not provide you with as much data to evaluate the strengths and weaknesses of the Company as would a company with a longer history and financial track record.

Our future is based on an unproven business plan with no historical facts to support projections and assumptions. There can be no assurance that the Company will ever achieve profitability. Our lack of a significant and relevant operating and financial history makes it difficult to predict future operating results.

Because we have a limited operating and financial history, you may not be able to evaluate our future prospects accurately. If we are not able to successfully meet our business challenges and objectives our prospects, business, financial condition and results of operations would be materially adversely affected. Investing in the Company is very risky. You could lose your entire investment.

**A small number of customers account all of our revenues to date and the loss of one or more of these customers could adversely affect our financial condition and results of operations.**

We derive a significant portion of our revenues from a few customers. From incorporation to September 30, 2021, two customers accounted for all of our revenue. Our financial condition and results of operations could be materially adversely affected if either of these customers interrupt or curtail their activities, fail to pay for the products they have received, stop ordering from us and we are unable to enter into contracts with new customers on comparable terms. The loss of either of our significant customers could adversely affect our financial condition and results of operations.

**We have a history of losses, we expect to continue to incur losses and we may not achieve or sustain profitability in the future.**

We have incurred significant losses since our inception on January 14, 2021. We experienced a net loss before taxes of \$81,587 from incorporation on January 14, 2021 and our year end on March 31, 2021. These losses were due to the investments we made to acquire or licences. Key elements of our growth strategy include acquiring new customers and continuing to innovate and build our brand. As a result, we expect our operating expenses to increase in the future due to expected increased sales and marketing expenses, operations costs, research and development costs and general and administrative costs and, therefore, our operating losses will continue or even increase at least through 2022 or longer. In addition, as a public company we will incur significant legal, accounting and other expenses that we did not incur as a private company. Furthermore, to the extent that we are successful in increasing our customer base, we will also incur increased expenses because costs associated with generating and supporting customer agreements are generally incurred up front, while revenue is generally recognized ratably over the term of the agreement. You should not rely upon our recent revenue growth as indicative of our future performance. We cannot assure you that we will reach profitability in the future or at any specific time in the future or that, if and when we do become profitable, we will sustain profitability. If we are ultimately unable to generate sufficient revenue to meet our financial targets, become profitable and have sustainable positive cash flows, investors could lose their investment.

**We are dependent on outside manufacturing and suppliers.**

Difficulties encountered by Caldic Canada, the manufacturer of our surfactant, or the suppliers of the ingredients of our surfactant to Caldic Canada could result in product defects, delayed or reduced product shipments, cost overruns or our inability to fill orders on a timely basis. If any of these things happen, it would have an adverse impact on our business. Even short-term inability of Caldic Canada to manufacture and supply the quality of SureNano Surfactant that we require could have a material adverse effect on our operations and business.

**The actual market for our SureNano Surfactant could be significantly smaller than our estimates and if customer demand for our services does not meet expectations, our ability to generate revenue and meet our financial targets could be adversely affected.**

While we expect strong growth in the markets for our products, it is possible that the growth in some or all of these markets may not meet our expectations, or materialize at all. The methodology on which our estimate of our total potential market opportunity is based includes several key assumptions based on our industry knowledge and customer experience. If any of these assumptions proves to be inaccurate, then the actual market for our SureNano Surfactant could be significantly smaller than our estimates of our total potential market opportunity and our ability to increase revenue and meet our financial targets could be adversely affected.

**All of our revenue comes from a single product, the SureNano Surfactant.**

We are currently dependent on revenue from a single product, the SureNano Surfactant. Our business will not be successful if customers do not buy our product, if there is an increase in competition in the market for surfactants or we are unable to provide sufficient investment to support the SureNano Surfactant as needed to increase our competitive position.

**Our operating results may fluctuate from quarter to quarter, which could make them difficult to predict.**

Our quarterly operating results are tied to the ordering patterns of our customers. These are subject to great fluctuation. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. Our operating results depend on numerous factors, many of which are outside of our control. In addition to the other risks described in this “Risk Factors” section, the following risks could cause our operating results to fluctuate:

- our ability to retain existing customers and attract new customers;
- the timing and amount of costs of new and existing marketing and advertising efforts; and,
- the timing and amount of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure.

**If we are unable to retain our existing customers, our revenue and results of operations will be adversely affected.**

We sell our products pursuant to purchase orders. Our customers have no obligation to repeat their orders. We may not be able to accurately predict future trends in repeat customers. Customer purchases may decline or fluctuate because of several factors, including customer satisfaction with our product, the cost of our product and the cost of similar products offered by our competitors. Whether or not our existing customers repeat their orders, we need to increase the rate at which we add new customers in order to maintain and grow our revenues. This will require us to incur significantly higher advertising and marketing expenses and may not be successful. If our customers do not repeat their orders in sufficient frequency and we do not succeed in adding new customers, our revenue will grow more slowly than expected or decline, and our business will not succeed.

### **Negative Cash Flow**

We have a history of negative cash flow and losses, and we do not expect that to change in the short term. We have had negative operating cash flow since our date of incorporation, and we will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that we will ever attain positive cash flow or profitability.

### **Management Experience**

Our success is currently largely dependent on the performance of our directors and officers. The business of supplying surfactants for nanoemulsion to the cannabis industry is a new business and it has yet to be seen whether our management will operate well in it. While our management has some related experience, there are many unknowns. Our management may lack the management or technical expertise required to make this business a success. The experience of these individuals is a factor that will contribute to our potential success and growth. We will initially be relying on our board members, as well as independent consultants, for certain aspects of our business. The amount of time and expertise expended on our affairs by each of our management team and our directors will vary according to our needs. We do not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any member of management, our board, or any key consultant, could have a material adverse effect on our future. Investors who are not prepared to rely on our management team should not invest in our securities.

### **Supply Risk**

Delays in the delivery of ingredients to the manufacturer or of the product to customers could have a material, negative impact on the Company's operations. The Company currently relies on one manufacturer to source most ingredients and manufacture and deliver the SureNano Surfactant to its customers. The Company also currently relies on one supplier for the ingredient that it sources and sends to the manufacturer. There are many other manufacturers and suppliers that the Company could engage to source ingredients and produce and deliver the SureNano Surfactant but changing manufacturers or suppliers could cause significant delays and expense. There could be delays to the production and delivery of product to customers, which could lose customers and have a negative impact on the Company's financial position.

### **Cannabis remains illegal under U.S. federal law Cannabis is illegal under federal law.**

Although the Corporation's cannabis-related activities are permitted by state law in Colorado, these activities remain illegal under U.S. federal law. Cannabis remains a Schedule 1 controlled substance under the federal, and the penalties for violating the U.S. *Controlled Substances Act* ("CSA") are very serious and, depending on the quantity of cannabis involved, may include criminal penalties of up to twenty (20) years in prison and/or a fine of up to US\$2 million. In addition, the federal government can seize and seek the civil forfeiture of the real or personal property used to facilitate the sale of cannabis as well as the money or other proceeds received in connection with such sale. The United States Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for use on private property but relied on state and local law enforcement to address marijuana activity. In the event the department of justice reverses stated policy and begins strict enforcement of the CSA in states that have laws legalizing medical marijuana and recreational marijuana in small amounts, there may be a direct and adverse impact to the Company and its revenue and profits from Colorado licensed cannabis operators.

### **Risk of civil asset forfeiture**

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

### **Our stock price may be volatile.**

The market price of our common stock will likely fluctuate significantly in response to the following or other factors, some of which are beyond our control:

- delays in the manufacture or delivery of our product to customers;
- inability to sell sufficient volume of our product;
- inability to raise additional capital, if necessary, to complete our business plan;
- announcements by us of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- future sales of our common stock;
- stock market price and volume fluctuations attributable to inconsistent trading volume levels of our stock;
- Commencement of or involvement in litigation; and
- Our inability to complete our business plan.

## **PROMOTERS**

Mr. Charles MaLette is the promoter of the Company, as that term is defined in the *Securities Act* (British Columbia). Information about Mr. MaLette is disclosed elsewhere in this Prospectus in connection with his role as an officer of the Company. See “*Directors and Executive Officers*” and “*Executive Compensation*” for details.

Mr. MaLette holds 7,300,100 Shares and 500,000 Options. He may receive additional Options under the Company’s Stock Option Plan. See “*Options to Purchase Securities*”; “*Directors and Executive Officers*”; and “*Interest of Management and Others in Material Transactions*” for disclosure regarding our promoter.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

There are no legal proceedings outstanding, threatened or pending, as of the date hereof, by or against the Company or any of the Subsidiaries or to which any is a party or to which its business or any of its assets is subject, nor to the Company’s knowledge are any such legal proceedings contemplated which could become material to a purchaser of our securities.

### **Regulatory Actions**

There have not been any penalties or sanctions imposed against the Company or any of the Subsidiaries by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company or any of the Subsidiaries, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Mark Scott became a director of and related party to the Company on April 23, 2021. Mr. Scott owns 25% of the Licensor's fully diluted securities and is a director and Chief Operating Officer of the Licensor. The Licensor is also a related party to the Company.

On February 19, 2021, the Company entered into a Licensing Agreement with the Licensor for the rights to the SureNano Surfactant in Canada. Please see "Material Contracts" below for the details regarding that agreement. The cost of that Licence is \$200,000, paid in four equal installments. \$150,000 has been paid by the Company to the Licensor as of the date of this Prospectus. The Company also must pay the Licensor a royalty of 25% of its net sales of the SureNano Surfactant in Canada. This agreement was entered into prior to Mark Scott becoming a director of the Company and Mark Scott and the Licensor became related parties to the Company.

On June 10, 2021, the Company entered into a Licensing Agreement with the Licensor for the rights to the SureNano Surfactant in Colorado. Please see "Material Contracts" below for the details regarding that agreement. The cost of that Licence is \$50,000, which has been paid. The Company also must pay the Licensor a royalty of 25% of its net sales of the SureNano Surfactant in Colorado. This agreement was entered into after Mark Scott became a director of the Company and Mark Scott and the Licensor became related parties to the Company. Mark Scott, the Company's director, controls the Licensor.

For purposes of this Prospectus, "informed person" means:

- (a) any director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Company's outstanding Shares; and
- (c) any associate or affiliate of any of the foregoing persons.

Other than as described in this Prospectus, no informed person has had any material interest, direct or indirect, in any material transaction with the Company since its incorporation that has materially affected or is reasonably expected to materially affect the Company.

## AUDITORS, TRANSFER AGENTS AND REGISTRARS

Harbourside CPA LLP, of Suite 1140 –1185 West Georgia St., Vancouver, B.C. V6E 4E6, is the auditor of the Company.

The Company's registrar and transfer agent is Endeavour Trust, with an office at 777 Hornby St #702, Vancouver, BC V6Z 1S4.

## MATERIAL CONTRACTS

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

- (a) **Register and Transfer Agent Agreement** between the Company and Endeavour Trust Corporation dated June 15, 2021 whereby Endeavour Trust will act as the register and transfer agent of the Company's Shares.
- (b) **Escrow Agreement** among the Company, the Escrow Agent and certain shareholders of the Company dated November 25, 2021. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".
- (c) **Stock Option Plan** dated June 14, 2021.
- (d) **Licensing Agreement** with 1150641 B.C. Ltd. (the "Licensor"), dated February 19, 2021  
This agreement gives us the exclusive licence and rights in Canada, with no reservation of the continued right to use by the Licensor in Canada, to:

- (a) have made, use, offer to sell, sell, and import products containing or utilizing SureNano Surfactant and their underlying technology and intellectual property; and,
- (b) grant or enter into licenses, sub-licenses or agreements with third parties with respect to the exploitation of the SureNano Surfactant.

(the “**Canadian Licence**”)

In this agreement, the Licensor also grants to the Company the first right of refusal over licenses and rights to the SureNano Surfactant in Europe over the life of this agreement, including the renewal. In the event that the Licensor determines to license or otherwise grant, sell or dispose of licenses and rights to the SureNano Surfactant in Europe, the Licensor will notify the Company and give it 30 calendar days to give notice to the Licensor of its wish to acquire such rights and, in the event such notice is given to the Licensor, a further 60 calendar days to agree and conclude the terms of the acquisition of such rights with the Licensor. In the event that the notice described above is not sent by the Company within the 30-day period or the terms of the acquisition of the rights are not agreed to between the Parties within the further 60-day period, the Licensor will be free to offer the rights in question to third parties.

The cost of the Canadian Licence is \$200,000, paid in four equal installments:

- (a) \$50,000 within 3 business days of signing this Agreement (paid);
- (b) \$50,000 on March 31, 2021 (paid);
- (c) \$50,000 on June 30, 2021 (paid); and,
- (d) \$50,000 on September 30, 2021 (paid).

The Company must pay the Licensor a royalty of 25% of net sales.

- (e) **Licensing Agreement** with 1150641 B.C. Ltd. (the “Licensor”), dated June 10, 2021.  
This agreement gives us the exclusive licence and rights in the start of Colorado, with no reservation of the continued right to use by the Licensor in Colorado, to:
  - (a) have made, use, offer to sell, sell, and import products containing or utilizing SureNano Surfactant and their underlying technology and intellectual property; and,
  - (b) grant or enter into licenses, sub-licenses or agreements with third parties with respect to the exploitation of the SureNano Surfactant.

(the “**Colorado Licence**”)

The cost of the Colorado Licence is \$25,000.

The Company must pay the Licensor a royalty of 25% of net sales.

(f) **Collaborative Research Agreement**, dated effective June 10, 2021, entered into collaborative research agreement with the Licensor of the SureNano Surfactant to share costs related to research and development for SureNano Surfactant and resulting product testing and development.

(g) **Consulting Agreement**, dated effective June 2021, engaged a consultant for the research and development program. This consultant has agreed to make himself available for research tasks that SureNano may want to have completed outside of the Collaborative Research Agreement in accordance with all applicable laws and the terms of this Agreement. The consulting agreement provides that the chemist will make himself available for such research tasks and will receive 300,000 common stock purchase options exercisable at a price of \$0.25 for a period of three (3) years in exchange for his availability and completion of the work. Either party may terminate the consulting agreement with thirty days’ written notice. The common stock purchase options will terminate immediately upon the cessation of services by the consultant to the company

The Company and the Consultant acknowledge and agree that this Consulting Agreement will require the Consultant to spend a significant amount of time and attention research and development tasks for the Company outside of those done pursuant to the Collaboration Agreement.

The term of this Agreement and engagement of the Consultant shall commence on the Effective Date and continue for an indefinite period.

**(h) Consulting Agreement**, dated effective September 1, 2021, a Salesperson Agreement with a salesperson to engage him for salary of US \$80,000 per year plus commission of 10% on sales made by him and 5% on sales made by the Caldic sales team, in the event that he and the Company arrive at an agreement with Caldic for its sales team to undertake sales of the SureNano Surfactant as well. The salesperson is not a related party to the Company.

Copies of all material contracts and reports referred to in this Prospectus may be inspected at the registered office of the Company located at Suite 2900 – 595 Burrard Street, Vancouver, B.C. V7X 1J5 during normal business hours, as well as under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **INTEREST OF EXPERTS**

The auditors’ report attached to our audited financial statements for the period ended March 31, 2021 was prepared by our auditors, Harbourside CPA LLP. Our auditors have advised us that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

No other person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in any of our Shares or assets. As at the date hereof, and except as disclosed above, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Company or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or a promoter of the Company or of an associate or affiliate of the Company.

### **OTHER MATERIAL FACTS**

There are no further facts or particulars in respect of the securities being qualified pursuant to this Prospectus that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

### **FINANCIAL STATEMENTS**

The Company’s audited financial statements for the period ended March 31, 2021 are included herein as Schedule A.

The Company’s unaudited consolidated financial statements for the six months ended September 30, 2021 are included herein as Schedule C.

## **SCHEDULE “A”**

Audited financial statements for the period ended March 31, 2021

# **SURENANO SCIENCE LTD.**

Financial statements

For the period from incorporation on January 14, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders of SureNano Science Ltd.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of SureNano Science Ltd. (the "Company"), which comprise the statement of financial position as at March 31, 2021 and the statement of operation and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation on January 14, 2021 to March 31, 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the period from incorporation on January 14, 2021 to March 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about SureNano Science Ltd.'s ability to continue as a going concern.

#### Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's discussion and analysis report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's discussion and analysis report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mickey Goldstein.

*"Harbourside CPA, LLP"*

**SURENANO SCIENCE LTD.**Statement of financial position  
(Expressed in Canadian dollars)

	March 31, 2021 \$
<b>ASSETS</b>	
Current assets	
Cash	929,011
Accounts receivable	37,800
<b>Total assets</b>	<b>966,811</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
Current liabilities	
Accounts payable and accrued liabilities	17,323
<b>Total liabilities</b>	<b>17,323</b>
Shareholders' equity	
Share capital	1,032,000
Deficit	(82,512)
<b>Total shareholders' equity</b>	<b>949,488</b>
<b>Total liabilities and shareholders' equity</b>	<b>966,811</b>

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 19, 2021:

/s/ "Charles MaLette"

Charles MaLette, Director

(The accompanying notes are an integral part of these financial statements)

**SURENANO SCIENCE LTD.**Statement of operations and comprehensive loss  
(Expressed in Canadian dollars)

	For the period from incorporation on January 14, 2021 to March 31, 2021 \$
Revenue	36,000
Cost of goods sold	(1,342)
Gross profit	34,658
Expenses	
License fee (Note 3)	100,000
Office and miscellaneous	506
Professional fees	6,739
Royalties (Note 3)	9,000
Total expenses	116,245
Net loss before taxes	(81,587)
Income tax expense	(925)
Net loss and comprehensive loss for the period	(82,512)
Loss per share, basic and diluted	(0.01)
Weighted average shares outstanding	13,854,000

(The accompanying notes are an integral part of these financial statements)

**SURENANO SCIENCE LTD.**Statement of changes in equity  
(Expressed in Canadian dollars)

	Share capital		Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$		
Balance, January 14, 2021 (date of incorporation)	–	–	–	–
Common shares issued for cash	19,700,100	1,032,000	–	1,032,000
Net loss for the period	–	–	(82,512)	(82,512)
Balance, March 31, 2021	19,700,100	1,032,000	(82,512)	949,488,949,488

(The accompanying notes are an integral part of these financial statements)

**SURENANO SCIENCE LTD.**

Statement of cash flows

(Expressed in Canadian dollars)

	For the period from incorporation on January 14, 2021, to March 31, 2021 \$
Operating activities	
Net loss for the period	(82,512)
Changes in non-cash operating working capital:	
Accounts receivable	(37,800)
Accounts payable and accrued liabilities	17,323
Net cash used in operating activities	17,323
Financing activities	
Proceeds from issuance of common shares	1,032,000
Net cash provided by financing activities	1,032,000
Change in cash	929,011
Cash, beginning of period	–
Cash, end of period	929,011

(The accompanying notes are an integral part of these financial statements)

# **SURENANO SCIENCE LTD.**

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

## **1. Nature of Operations and Continuance of Business**

SureNano Science Ltd. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on January 14, 2021. The principal business of the Company is the sale and distribution of the SureNano™ surfactant, which is a ready-to-mix food grade compound that provides the base for high performance nano-emulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste. The Company has an exclusive license to distribute the SureNano™ surfactant within Canada (Note 3). The Company’s head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at March 31, 2021, the Company has negative cash flow from operations, and has an accumulated deficit of \$82,512. The Company expects to incur further losses in the development of its business. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These factors indicate the existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

## **2. Significant Accounting Policies**

### **(a) Statement of Compliance and Basis of Presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

### **(b) Use of Estimates and Judgments**

The preparation of these financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recovery of accounts receivable, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

## SURENANO SCIENCE LTD.

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### 2. Significant Accounting Policies (continued)

#### (b) Use of Estimates and Judgments (continued)

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

#### (c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents. As at March 31, 2021, the Company has no cash equivalents.

#### (d) Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

The Company follows the requirements of IFRS 9, *Financial Instruments* ("IFRS 9"). IFRS 9 utilizes a model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

##### (i) Classification and subsequent measurement

###### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or at fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## SURENANO SCIENCE LTD.

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### 2. Significant Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### (i) Classification and subsequent measurement (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets: Subsequent measurement and gains and losses*

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of operations and comprehensive loss.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of operations and comprehensive loss. Any gain or loss on derecognition is recognized in the statement of operations and comprehensive loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of operations and comprehensive loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of operations and comprehensive loss.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of operations and comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the statement of operations and comprehensive loss.

##### *Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of operations and comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of operations and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of operations and comprehensive loss.

## SURENANO SCIENCE LTD.

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### 2. Significant Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### (ii) Derecognition

###### *Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

###### *Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of operations and comprehensive loss.

##### (iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### (iv) Impairment

###### *Financial assets and contract assets*

The Company recognizes loss allowances for expected credit losses ("ECL") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances on amounts receivable at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

## **SURENANO SCIENCE LTD.**

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### **2. Significant Accounting Policies** (continued)

#### (d) Financial Instruments (continued)

##### (iv) Impairment (continued)

###### *Financial assets and contract assets (continued)*

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

###### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

###### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

###### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

###### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## **SURENANO SCIENCE LTD.**

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### **2. Significant Accounting Policies** (continued)

#### (d) Financial Instruments (continued)

##### (iv) Impairment (continued)

###### *Financial assets at amortized cost*

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss.

###### *Impairment of Financial Assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### (e) Inventory

Inventory is stated at the lower of cost or net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value. Inventory consists of extraction SureNano™ surfactant for resale. At March 31, 2021, the Company had no inventory.

## SURENANO SCIENCE LTD.

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### 2. Significant Accounting Policies (continued)

#### (f) Revenue

The Company generates revenue from the sale of SureNano™ surfactant. The time between invoicing and when payment is due is not significant and none of the Company's contracts contain a significant financing component.

The Company follows IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

For product sales, revenue is recognized immediately upon providing the customer with the product. Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discounts and sales and other related taxes.

#### (g) Foreign Currency Translation

The Company's functional currency and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

#### (h) Income Taxes

##### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## **SURENANO SCIENCE LTD.**

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### **2. Significant Accounting Policies (continued)**

#### (i) Loss Per Share

Basic loss per common share is computed by dividing their respective net loss by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted loss per share by application of the treasury stock method. At March 31, 2021, there were no dilutive securities.

#### (j) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

#### (k) Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **3. Licensing Agreement**

On February 19, 2021, the Company entered into a licensing agreement (the "Licensing Agreement") with 1150641 B.C. Ltd. ("1150641"), whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the SureNano™ surfactant (the "Product"), which is owned by 1150641. The Company was also granted the first right of refusal over licenses and rights to the Product in Europe over the life of the Licensing Agreement. The Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the exclusive license and rights, the Company agreed to pay the following:

- (a) \$50,000 within 3 business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on March 31, 2021 (paid);
- (c) \$50,000 on June 30, 2021; and
- (d) \$50,000 on September 30, 2021.

The Company also agreed to pay an on-going royalty calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum. During the period ended March 31, 2021, the Company recognized royalty expense of \$9,000.

### **4. Share Capital**

Authorized: Unlimited number of common shares without par value.

- (a) On January 14, 2021, the Company issued 5,000,100 common shares at \$0.005 per share for gross proceeds of \$25,000.
- (b) On February 5, 2021, the Company issued 11,600,000 common shares at \$0.02 per share for gross proceeds of \$232,000.
- (c) On March 16, 2021, the Company issued 3,100,000 common shares at \$0.25 per share for gross proceeds of \$775,000.

## **SURENANO SCIENCE LTD.**

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### **5. Capital Management**

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company is not subject to externally imposed capital requirements.

### **6. Fair Value Measurements and Risk Management**

#### **(a) Fair Values**

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

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

The Company has recorded its cash at fair value using level 1 inputs. The fair values of the Company's other financial instruments, which include accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **(b) Credit Risk**

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including accounts receivable. Accounts receivable consists of trade receivables from customers. The carrying amount of these financial assets represents the maximum credit exposure.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

#### **(d) Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

## SURENANO SCIENCE LTD.

Notes to the consolidated financial statements

For the period from incorporation on January 14, 2021, to March 31, 2021

(Expressed in Canadian Dollars)

### 6. Fair Value Measurements and Risk Management (continued)

#### (d) Market Risk (continued)

##### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

##### (ii) Foreign Exchange Rate Risk and Interest Rate Risk

The Company is not currently exposed to foreign exchange rate risk or interest rate risk.

##### (iii) Price Risk

The Company is not exposed to significant price risk.

### 7. Related Party Disclosure

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

During the period ended March 31, 2021 the Company did not incur any transactions with key management personnel.

### 8. Income Taxes

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the period ended March 31, 2021:

	2021 \$
Canadian statutory income tax rate	11%
Income tax recovery at statutory rate	(8,975)
Tax effect of:	
Change in unrecognized deferred income tax assets	9,900
Income tax provision	925

The significant components of deferred income tax assets and liabilities are as follows:

	2021 \$
Deferred income tax assets:	
Licence fees	9,900
Unrecognized deferred income tax assets	(9,900)
Net deferred income tax asset	—

Tax attributes are subject to review and potential adjustment by tax authorities.

## **SCHEDULE “B”**

Management Discussion and Analysis for the period ended March 31, 2021

**SureNano Science Ltd.**

**Management's Discussion and Analysis**

**Period Ended March 31, 2021**

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## **SureNano Science Ltd.**

### Management's Discussion and Analysis

Period Ended March 31, 2021

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*The following is management's discussion and analysis ("MD&A") of SureNano Science Ltd. ("SureNano" or the "Company"), prepared as of April 19, 2021. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of SureNano as of March 31, 2021 and for the period then ended. This MD&A should be read together with the audited financial statements for the period ended March 31, 2021 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.*

*To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition involve risks and uncertainties. Where in any forward-looking information, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.*

*Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.*

*The Company's audited financial statements for the period ended March 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee.*

## **Overview**

SureNano was incorporated under the *Business Corporations Act* in British Columbia on January 14, 2021. The principal business of the Company is the sale and distribution of the SureNano™ surfactant, which is a ready-to-mix food grade compound that provides the base for high performance nano-emulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste.

The Company has an exclusive license to distribute the SureNano™ surfactant within Canada. The Company's head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia.

## **Covid-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## **Corporate Developments**

- In March 2021, the Company closed a private placement issuing 3,100,000 common shares at \$0.25 per share for gross proceeds of \$775,000. See *Private Placements* below.

## **SureNano Science Ltd.**

### Management's Discussion and Analysis

Period Ended March 31, 2021

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- In February 2021, the Company entered into a licensing agreement (the "Licensing Agreement") with 1150641 BC Ltd. (the "Licensor"), a BC company, in which the Company acquired the exclusive license and right to distribute the SureNano™ surfactant. See *Licensing Agreement* below.
- In February 2021, the Company closed a private placement issuing 11,600,000 common shares at \$0.02 per share for gross proceeds of \$232,000. See *Private Placements* below.
- In January 2021, the Company entered into a letter of intent with the Licensor, whereby the Company acquired certain rights and licenses to distribute the SureNano™ surfactant.
- In January 2021, the Company issued 5,000,100 common shares at \$0.005 per share for gross proceeds of \$25,000.

### **Licensing Agreement**

In February 2021, the Company entered into the Licensing Agreement with the Licensor and was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the SureNano™ surfactant, which is owned by the Licensor. The Company had previously signed a letter of intent in January 2021 with the Licensor to acquire certain rights and licenses.

The Licensing Agreement is for an initial term of 10 years with an option to renew for an additional 10 years upon the Company providing written notice to the Licensor.

In consideration for the exclusive license and rights, the Company has agreed to pay the following:

- (a) \$50,000 within three business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on March 31, 2021 (paid);
- (c) \$50,000 on June 30, 2021; and
- (d) \$50,000 on September 30, 2021.

The Company also agreed to pay an on-going royalty calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum. During the period ended March 31, 2021, the Company recognized royalty expense of \$9,000.

## **Financial**

### ***Selected Annual Information***

The following provides a summary of the Company's financial position and results of operations:

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	Period from incorporation on January 14, 2021 to March 31, 2021 \$
Loss for the period	(85,512)
Basic loss per share	(0.01)
Total assets	966,811
Total liabilities	17,323
Working capital	949,488
Weighted average number of shares	13,854,000

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### ***Summary of Quarterly Results***

The Company was formed in January 2021 and does not have a long history of preparing quarterly financial statements. The following table provides a summary of selected quarterly information:

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Period ended:	Revenues \$	Net loss \$	Net loss per share \$
March 31, 2021	36,000	(82,512)	(0.01)

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Variations in the results of operations relate to:

- March 31, 2021 – The Company incurred a license fee expense as set out in the Licensing Agreement and other professional expenses related to the Company's incorporation and financings in the period.

### ***Results of Operations***

For the period ended March 31, 2021, the Company incurred a loss of \$82,512.

The expenses and related costs that reflect significant changes in the Company's operations during the period ended March 31, 2021 include the following:

- License fee represents consideration paid to the Licensor pursuant to the Licensing Agreement for the exclusive licenses and rights for the SureNano™ surfactant.
- Professional fees include audit and legal fees in the normal course of business operations.

**SureNano Science Ltd.**

Management's Discussion and Analysis

Period Ended March 31, 2021

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- Royalties relate to the ongoing royalty payable to the Licensor pursuant to the terms of the Licensing Agreement. In the period ended March 31, 2021, the Company recognized royalty expense of \$9,000.

**Results for the Period ended March 31, 2021**

The loss for the period ended March 31, 2021 was \$82,512. The loss included license fees and royalties to be paid in connection with the Licensing Agreement and also professional fees associated with the Company's incorporation and financings.

**Liquidity and Capital Resources**

At March 31, 2021, the Company had cash of \$929,011 and working capital of \$949,488. For the period ended March 31, 2021, the Company had negative cash flows from operations.

Some factors affecting the Company's liquidity include:

- The Company has ongoing royalty expenses pursuant to its Licensing Agreement relating to the SureNano™ surfactant. The on-going royalty is calculated as 25% of net sales, payable within 30 days of the end of each fiscal quarter.
- Obtaining financing is subject to a number of factors that may make the timing, amount, terms or conditions of additional financing unavailable to the Company.

**Related Party Transactions**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

During the period ended March 31, 2021 the Company did not incur any transactions with key management personnel.

**Fair Value Measurements and Risks****(a) Fair Values**

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

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

The Company has recorded its cash at fair value using level 1 inputs. The fair values of the Company's other financial instruments, which include accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**(b) Credit Risk**

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including

**SureNano Science Ltd.**

## Management's Discussion and Analysis

Period Ended March 31, 2021

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accounts receivable. Accounts receivable consists of trade receivables from customers. The carrying amount of these financial assets represents the maximum credit exposure.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

**(d) Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

**(i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

**(ii) Foreign Exchange Rate Risk and Interest Rate Risk**

The Company is not currently exposed to foreign exchange rate risk or interest rate risk.

**(iii) Price Risk**

The Company is not exposed to significant price risk.

**Share Capital**

The Company had 19,700,100 common shares issued and outstanding at March 31, 2021.

***Share Issuances***

In January 2021, the Company issued 5,000,100 common shares at \$0.005 per share for gross proceeds of \$25,000.

***Private Placements***

In February 2021, the Company issued 11,600,000 common shares at \$0.02 per share for gross proceeds of \$232,000.

In March 2021, the Company issued 3,100,000 common shares at \$0.25 per share for gross proceeds of \$775,000.

***Outstanding Share Information***

The Company has one class of authorized capital, being an unlimited number of common shares without par value. As at the date of this MD&A, the Company has the following issued and outstanding:

- 19,700,100 common shares.

## **SCHEDULE “C”**

Unaudited consolidated financial statements for the six months ended September 30, 2021

**SURENANO SCIENCE LTD.**

Condensed Interim Financial Statements

Six Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

**SURENANO SCIENCE LTD.**

Condensed interim statements of financial position  
(Expressed in Canadian dollars)  
(unaudited)

	September 30, 2021 \$	March 31, 2021 \$
<b>ASSETS</b>		
Current assets		
Cash	1,114,205	929,011
Accounts receivable	13,263	37,800
<b>Total assets</b>	<b>1,127,468</b>	<b>966,811</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	114,524	17,323
<b>Total liabilities</b>	<b>114,524</b>	<b>17,323</b>
Shareholders' equity		
Share capital	1,032,000	1,032,000
Special warrants (Note 5)	407,845	—
Share-based equity reserves (Note 6)	403,817	—
Deficit	(830,718)	(82,512)
<b>Total shareholders' equity</b>	<b>1,012,944</b>	<b>949,488</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,127,468</b>	<b>966,811</b>

Nature of operations and continuance of business (Note 1)  
Commitment (Note 7)

Approved and authorized for issuance on behalf of the Board of Directors on October 26, 2021:

/s/ "Charles MaLette"

Charles MaLette, Director

/s/ "Mark Scott"

Mark Scott, Director

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

**SURENANO SCIENCE LTD.**

Condensed interim statements of operations and comprehensive loss  
(Expressed in Canadian dollars)  
(unaudited)

	Three months ended September 30, 2021 \$	Six months ended September 30, 2021 \$	For the period from incorporation on January 14, 2021 to March 31, 2021 \$
Revenue	9,000	18,000	36,000
Cost of goods sold	(1,172)	(1,487)	(1,342)
Gross profit	7,828	16,513	34,658
Expenses			
Consulting fees (Note 4)	8,826	24,176	–
License fee (Note 3 and 4)	50,000	125,000	100,000
Management fees (Note 4)	30,000	60,000	–
Office and miscellaneous	13,953	26,829	506
Professional fees	39,991	78,698	6,739
Research and development (Note 7)	14,670	40,784	–
Royalties (Notes 3 and 4)	2,250	4,500	9,000
Share-based compensation (Notes 4 and 6)	–	403,817	–
Total expenses	159,690	763,804	116,245
Net loss before taxes	(151,862)	(747,291)	(81,587)
Income tax expense	–	(915)	(925)
Net loss and comprehensive loss for the period	(151,862)	(748,206)	(82,512)
Loss per share, basic and diluted	(0.01)	(0.04)	(0.01)
Weighted average shares outstanding	19,700,100	19,700,100	13,854,000

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

**SURENANO SCIENCE LTD.**

Condensed interim statement of changes in equity  
(Expressed in Canadian dollars)  
(unaudited)

	Share capital		Special warrants	Share-based equity reserves	Deficit	Total shareholders' equity
	Number of shares	Amount \$				
Balance, January 14, 2021 (date of incorporation)	–	–	–	–	–	–
Common shares issued for cash	19,700,100	1,032,000	–	–	–	1,032,000
Net loss for the period	–	–	–	–	(82,512)	(82,512)
Balance, March 31, 2021	19,700,100	1,032,000	–	–	(82,512)	949,488,949
Special warrants issued for cash	–	–	439,425	–	–	439,425
Special warrants issuance costs	–	–	(31,580)	–	–	(31,580)
Share-based compensation	–	–	–	403,817	–	403,817
Net loss for the period	–	–	–	–	(748,206)	(748,206)
Balance, September 30, 2021	19,700,100	1,032,000	407,845	403,817	(830,718)	1,012,944

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

**SURENANO SCIENCE LTD.**

Condensed interim statements of cash flows  
(Expressed in Canadian dollars)  
(unaudited)

	Six months ended September 30, 2021 \$	For the period from incorporation on January 14, 2021, to March 31, 2021 \$
Operating activities		
Net loss for the period	(748,206)	(82,512)
Items not involving cash:		
Share-based compensation	403,817	–
Changes in non-cash operating working capital:		
Accounts receivable	24,537	(37,800)
Accounts payable and accrued liabilities	97,201	17,323
Net cash used in operating activities	(222,651)	17,323
Financing activities		
Proceeds from issuance of common shares	–	1,032,000
Proceeds from subscriptions of special warrants	439,425	–
Special warrants issuance costs	(31,580)	–
Net cash provided by financing activities	407,845	1,032,000
Change in cash	185,194	929,011
Cash, beginning of period	929,011	–
Cash, end of period	1,114,205	929,011

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

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements

Six months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### **1. Nature of Operations and Continuance of Business**

SureNano Science Ltd. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on January 14, 2021. The principal business of the Company is the sale and distribution of the SureNano™ surfactant, which is a ready-to-mix food grade compound that provides the base for high performance nano-emulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste. The Company has exclusive licenses to distribute the SureNano™ surfactant within Canada and the State of Colorado, USA (Note 3). The Company’s head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at September 30, 2021, the Company has negative cash flow from operations, and has an accumulated deficit of \$830,718. The Company expects to incur further losses in the development of its business. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These factors indicate the existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

### **2. Significant Accounting Policies**

#### **(a) Statement of Compliance and Basis of Presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

The accounting policies used in these condensed interim consolidated financial statements are the same as those used in the Company’s audited financial statements as at, and for the period ended March 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with those statements.

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements

Six months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### **2. Significant Accounting Policies** (continued)

#### (b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recovery of accounts receivable, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

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

#### (c) Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements

Six months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### **3. Licensing Agreements**

- (a) On February 19, 2021, the Company entered into a licensing agreement (the “Licensing Agreement”) with 1150641 B.C. Ltd. (“1150641”), a company controlled by an individual who was appointed as a Director of the Company subsequent to entering into the Licensing Agreement, (and thereby becoming a related party in April 2021), whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the SureNano™ surfactant (the “Product”), which is owned by 1150641. The Company was also granted the first right of refusal over licenses and rights to the Product in Europe over the life of the Licensing Agreement. The Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the exclusive license and rights, the Company agreed to pay the following:

- (a) \$50,000 within 3 business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on March 31, 2021 (paid);
- (c) \$50,000 on June 30, 2021 (paid); and
- (d) \$50,000 on September 30, 2021 (paid).

The Company also agreed to pay an on-going royalty calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

- (b) On June 10, 2021, the Company entered into a Licensing Agreement (the “Colorado Licensing Agreement”) with 1150641, a related party company controlled by a Director of the Company, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within the state of Colorado, USA, with respect to the Product, which is owned by 1150641. The Colorado Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the rights and licenses, the Company paid \$25,000 and agreed to pay an on-going royalty calculated as 25% of net sales, which is payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

During the six months ended September 30, 2021, the Company recognized royalty expense of \$4,500 (period from incorporation on January 14, 2021, to March 31, 2021 – \$9,000) pursuant to the above licensing agreements.

## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements

Six months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

- (a) During the six months ended September 30, 2021, the Company incurred management fees of \$30,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to the Chief Executive Officer (“CEO”) of the Company. As at September 30, 2021, the Company owed the CEO of the Company \$30,000 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- (b) During the six months ended September 30, 2021, the Company incurred management fees of \$30,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to the Chief Financial Officer (“CFO”) of the Company. As at September 30, 2021, the Company owed the CFO of the Company \$30,000 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- (c) During the six months ended September 30, 2021, the Company incurred royalties of \$4,500 (period from incorporation on January 14, 2021, to March 31, 2021 – \$9,000) and license fees of \$125,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$100,000) to 1150641, a related party company controlled by a Director of the Company. As at September 30, 2021, the Company owed 1150641, a related party company controlled by a Director of the Company \$16,920 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- (d) During the six months ended September 30, 2021, the Company incurred consulting fees of \$15,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to a company controlled by the son of the CFO of the Company.
- (e) During the six months ended September 30, 2021, the Company incurred share-based compensation of \$302,863 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to officers and directors of the Company.
- (f) The Company entered into licensing agreements as per Note 3, with 1150641, a related party company that is controlled by a director of the Company.

### 5. Special Warrants

On May 19, 2021, the Company completed a private placement of 1,757,700 non-transferable special warrants at \$0.25 per special warrant for gross proceeds of \$439,425. Each special warrant entitles subscribers to acquire, without payment of any consideration in addition to that already paid, one common share of the Company. Each special warrant will automatically convert into common shares on the earlier of the first business day following the day on which a receipt for a final prospectus has been issued to the Company, or the 240th day following the issuance of the special warrants (January 14, 2022). In connection with the private placement, the Company paid a finder's fee of \$27,350 and incurred other issuance costs of \$4,230.

The following table summarizes information about special warrants outstanding at September 30, 2021:

Special warrants outstanding	Automatic conversion date
<u>1,757,700</u>	Earlier of receipt of a final prospectus of the Company, or January 14, 2022
<u>1,757,700</u>	

## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
Six months ended September 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

### 6. Stock Options

On June 16, 2021, the Board of Directors of the Company adopted the Company's Stock Option Plan (the "Plan"). The Plan is administered by the Board of Directors. Stock options granted under the Plan have a maximum term of 10 years, and vest at the discretion of the Board of Directors. The aggregate number of shares of the Company's common stock available for issuance under the Plan is 10% of the Company's issued and outstanding shares on the date on which a stock option is granted.

The following table summarizes information about the stock options at September 30, 2021, and the changes for the period then ended:

	Number of stock options	Weighted average exercise price \$
Outstanding, March 31, 2021	–	–
Granted	2,000,000	0.25
Outstanding and exercisable, September 30, 2021	2,000,000	0.25

Additional information regarding stock options outstanding and exercisable as at September 30, 2021, is as follows:

Range of exercise prices \$	Number of stock options	Weighted average remaining contractual life (years)	Expiry date
0.25	2,000,000	2.71	June 16, 2024

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended September 30, 2021, the Company recognized share-based compensation expense of \$403,817 (incorporation on January 14, 2021, to March 31, 2021 - \$nil) in share-based equity reserves, of which \$302,863 (incorporation on January 14, 2021, to March 31, 2021 - \$nil) pertains to directors and officers of the Company. The weighted average fair value of options granted during the six months ended September 30, 2021, was \$0.20 (incorporation on January 14, 2021, to March 31, 2021 - \$nil) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	September 30, 2021	March 31, 2021
Risk-free interest rate	0.54%	–
Expected life (in years)	3	–
Expected volatility	150%	–

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements  
Six months ended September 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

### **7. Commitment**

On June 10, 2021, the Company entered into a Collaborative Research Agreement with 1150641, a company controlled by a Director of the Company, whereby the Company and 1150641 will participate in a collaborative research project regarding the use of surfactants in cannabis oil and the products resulting therefrom and does not include the development of new surfactant formulae. Pursuant to the agreement, the Company agreed to pay and contribute half of the amounts required to pay for invoices of consultants in carrying out the research project to a maximum of \$100,000 during every six months of the term of the agreement. In addition, the Company was also responsible for covering half of the \$34,464 already paid by 1150641. As at September 30, 2021, the Company owed the company controlled by a Director of the Company \$16,920 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The term of the agreement is 1 year, unless extended by mutual agreement or terminated with 90 days prior written notice by either party.

### **8. Capital Management**

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's capital management during the period.

### **9. Fair Value Measurements and Risk Management**

#### **(a) Fair Values**

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

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

The Company has recorded its cash at fair value using level 1 inputs. The fair values of the Company's other financial instruments, which include accounts receivable, and accounts payable approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **(b) Credit Risk**

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including accounts receivable. Accounts receivable consists of trade receivables from customers. Of the Company's trade receivables outstanding at September 30, 2021, 100% (March 31, 2021 – 100%) is held with 1 customer of the Company. The carrying amount of these financial assets represents the maximum credit exposure.

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements

Six months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### **9. Fair Value Measurements and Risk Management (continued)**

#### (c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

#### (d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

##### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

##### (ii) Foreign Exchange Rate Risk and Interest Rate Risk

The Company is not currently exposed to foreign exchange rate risk or interest rate risk.

##### (iii) Price Risk

The Company is not exposed to significant price risk.

#### (e) Economic Dependence Risk

Economic dependence risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company. During the six months ended September 30, 2021, the Company recorded sales from 1 (period from incorporation on January 14, 2021, to March 31, 2021 – 1) customer of the Company representing 100% (period from incorporation on January 14, 2021, to March 31, 2021 – 100%) of total revenue.

## **SCHEDULE “D”**

Management Discussion and Analysis for the period ended September 30, 2021

**SureNano Science Ltd.**

**Management's Discussion and Analysis**

**Six Months Ended September 30, 2021**

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**SureNano Science Ltd.**

Management's Discussion and Analysis

Six Months Ended September 30, 2021

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*The following is management's discussion and analysis ("MD&A") of SureNano Science Ltd. ("SureNano" or the "Company"), prepared as of October 26, 2021. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of SureNano as of September 30, 2021 and for the period then ended. This MD&A should be read together with the unaudited condensed interim financial statements for the six months ended September 30, 2021 and the audited financial statements for the period ended March 31, 2021 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "seeks", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might", "likely" or "will" be taken, occur or be achieved.*

*To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition involve risks and uncertainties. Where in any forward-looking information, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.*

*Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.*

*The Company's unaudited condensed interim financial statements for the six months ended September 30, 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.*

**Business Overview**

SureNano was incorporated under the *Business Corporations Act* in British Columbia on January 14, 2021. The principal business of the Company is the sale and distribution of the SureNano™ surfactant, which is a ready-to-mix food grade compound that provides the base for high performance nano-emulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste. The Company has exclusive licenses to distribute the SureNano™ surfactant within Canada and the State of Colorado.

The Company's head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia.

**Covid-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## SureNano Science Ltd.

Management's Discussion and Analysis

Six Months Ended September 30, 2021

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### Business Developments

- In June 2021, the Company filed a non-offering long-form preliminary prospectus with the British Columbia Securities Commission, Alberta Securities Commission, Ontario Securities Commission and Northwest Territories Securities Commission for the purposes of 1) qualifying the issuance of common shares upon conversion of special warrants of the Company; 2) becoming a reporting issuer in British Columbia, Alberta, Ontario and the Northwest Territories; and 3) seeking a listing on the Canadian Securities Exchange ("CSE"). Listing on the CSE will be subject to the Company fulfilling all of the listing requirements of the CSE, including meeting all minimum listing requirements. The CSE has not conditionally approved the Company's listing application and there is no assurance that it will do so.
- In June 2021, the Company entered into a licensing agreement with 1150641 BC Ltd. ("1150641"), whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within the state of Colorado, USA, with respect to the SureNano™ surfactant (the "Product"). See *Licensing Agreements* below.
- In June 2021, the Company entered into a collaborative research agreement with 1150641 to participate in a research project related to the Product and resulting product testing development. See *Research Agreement* below.
- In June 2021, the Company granted 2,000,000 share options at \$0.25 per share. See *Share Capital* below.
- In June 2021, Peter Chapman was appointed to the board of directors of the Company.
- In May 2021, the Company closed a private placement of 1,757,7000 special warrants at \$0.25 per special warrant for gross proceeds of \$439,425. See *Warrants* below.
- In April 2021, James Bordian and Mark Scott were appointed to the board of directors of the Company.

### Licensing Agreements

#### ***Fiscal 2021***

In February 2021, the Company entered into a licensing agreement (the "Licensing Agreement") with 1150641, a company controlled by an individual who was appointed as a director of the Company subsequent to entering into the Licensing Agreement (and thereby becoming a related party in April 2021), whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the Product, which is owned by 1150641. The Company was also granted the first right of refusal over licenses and rights to the Product in Europe over the life of the Licensing Agreement. The Company had previously signed a letter of intent in January 2021 with 1150641 to acquire certain rights and licenses. The Licensing Agreement is for an initial term of 10 years with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the exclusive license and rights, the Company has agreed to pay the following:

- (a) \$50,000 within three business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on March 31, 2021 (paid);
- (c) \$50,000 on June 30, 2021 (paid); and
- (d) \$50,000 on September 30, 2021 (paid).

The Company also agreed to pay an on-going royalty calculated as 25% of net sales, which are payable within

**SureNano Science Ltd.**

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30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per year.

***Fiscal 2022***

In June 2021, the Company entered into a licensing agreement (the "Colorado Licensing Agreement") with 1150641, a related party company controlled by a director of the Company, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within the state of Colorado, USA, with respect to the Product, which is owned by 1150641. The Colorado Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the rights and licenses, the Company paid \$25,000 and agreed to pay an on-going royalty calculated as 25% of net sales, which is payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

During the six months ended September 30, 2021, the Company recognized royalty expense of \$4,500 (period from incorporation on January 14, 2021 to March 31, 2021 - \$9,000) pursuant to the licensing agreements.

**Research Agreement**

In June 2021, the Company entered into a collaborative research agreement with 1150641, a company with a common director of the Company, whereby the Company and 1150641 will participate in a collaborative research project regarding the use of surfactants in cannabis oil and the products resulting therefrom and does not include the development of new surfactant formulae. Pursuant to the agreement, the Company agreed to pay and contribute half of the amounts required to pay for invoices of consultants in carrying out the research project to a maximum of \$100,000 during every six months of the term of the agreement. In addition, the Company was also responsible for covering half of the \$34,464 already paid by 1150641. As at September 30, 2021, the Company owed a company with a common director of the Company \$16,920 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The term of the agreement is one year, unless extended by mutual agreement or terminated with 90 days prior written notice by either party.

**Financial**

***Selected Annual Information***

The following provides a summary of the Company's financial position and results of operations:

	Period from incorporation on January 14, 2021 to March 31, 2021 \$
Loss for the period	(85,512)
Basic loss per share	(0.01)
Total assets	966,811
Total liabilities	17,323
Working capital	949,488
Weighted average number of shares	13,854,000

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***Summary of Quarterly Results***

The Company was formed in January 2021 and does not have a long history of preparing quarterly financial statements. The following table provides a summary of selected quarterly information:

Period ended:	Revenues \$	Net loss \$	Net loss per share \$
March 31, 2021	36,000	(82,512)	(0.01)
June 30, 2021	9,000	(596,344)	(0.03)
September 30, 2021	9,000	(151,862)	(0.01)

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Variations in the results of operations relate to:

- March 31, 2021 – The Company incurred a license fee expense as set out in the Licensing Agreement and other professional expenses related to the Company's incorporation and financings in the period.
- June 30, 2021 – The Company's expenses increased in the current period due to increased business activity. Expenses included professional fees related to financings and regulatory matters and research and development expenses pursuant to the collaborative research agreement. The Company also incurred a license fee expense of \$75,000 pursuant to the licensing agreements and share-based compensation expense of \$403,817 with the grant of options in the period.
- September 30, 2021 – The Company incurred expenditures primarily related to the licensing and research agreements.

### ***Results of Operations***

For the three months ended September 30, 2021, the Company incurred a loss of \$151,862. For the six months ended September 30, 2021, the Company incurred a loss of \$748,206.

The expenses and related costs that reflect significant changes in the Company's operations during the three months ended September 30, 2021 include the following:

- License fee represents consideration paid to 1150641 pursuant to the licensing agreements for the exclusive licenses and rights for the SureNano™ surfactant. In the three months ended September 30, 2021, the Company recognized license fee of \$50,000.
- Professional fees include audit and legal fees in the normal course of business operations. In the three months ended September 30, 2021, the Company recognized professional fees of \$39,991.
- Research and development fees include amounts required to carry out the research project pursuant to the collaborative research agreement. In the three months ended September 30, 2021, the Company recognized research and development of \$14,670.
- Royalties relate to the ongoing royalties payable to 1150641 pursuant to the terms of the licensing agreements. In the three months ended September 30, 2021, the Company recognized royalty expense of \$2,250.

The expenses and related costs that reflect significant changes in the Company's operations during the six months ended September 30, 2021 include the following:

- License fee represents consideration paid to 1150641 pursuant to the licensing agreements for the exclusive licenses and rights for the SureNano™ surfactant. In the six months ended September 30, 2021, the Company recognized license fee of \$125,000.
- Professional fees include audit and legal fees in the normal course of business operations. In the six months ended September 30, 2021, the Company recognized professional fees of \$78,698.
- Research and development fees include amounts required to carry out the research project pursuant to the collaborative research agreement. In the six months ended September 30, 2021, the Company recognized research and development of \$40,784.
- Royalties relate to the ongoing royalties payable to 1150641 pursuant to the terms of the licensing agreements. In the six months ended September 30, 2021, the Company recognized royalty expense of \$4,500.
- Stock-based compensation expense is related to the grant of options in the period. The Company recorded stock-based compensation of \$403,817 for the six months ended September 30, 2021.

### ***Changes in Financial Position***

Changes in the financial position since the period ended March 31, 2021 relate to the license fees and royalties paid in connection with the licensing agreements, expenses associated with the collaborative research agreement, professional fees associated with the Company's financings and corporate maintenance and stock-based compensation expense.

### ***Liquidity and Capital Resources***

At September 30, 2021, the Company had cash of \$1,114,205 (March 31, 2021 - \$929,011) and working capital of \$1,012,944 (March 31, 2021 - \$949,488). For the six months ended September 30, 2021, the Company had negative cash flows from operations.

Some factors affecting the Company's liquidity include:

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Six Months Ended September 30, 2021

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- The Company has ongoing royalty expenses pursuant to its licensing agreements relating to the SureNano™ surfactant. The ongoing royalties are calculated as 25% of net sales, payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per year.
- In connection with the collaborative research agreement with 1150641, a related party company controlled by a director of the Company, the Company has committed to pay and contribute amounts related to the research project to a maximum of \$100,000 every six months of the term of the agreement.
- The Company has filed a preliminary prospectus with the intent to become a reporting issuer in British Columbia, Alberta, Ontario and the Northwest Territories and is in the process of applying for a listing on the CSE. The Company will likely incur additional public company expenses if the Company becomes listed on the CSE.
- Obtaining financing is subject to a number of factors that may make the timing, amount, terms or conditions of additional financing unavailable to the Company.

***Related Party Transactions***

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former board of directors and its executive officers.

- During the six months ended September 30, 2021, the Company incurred management fees of \$30,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to Charles MaLette, the Chief Executive Officer ("CEO") of the Company. As at September 30, 2021, the Company owed the CEO of the Company \$30,000 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- During the six months ended September 30, 2021, the Company incurred management fees of \$30,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to James Bordian, the Chief Financial Officer ("CFO") of the Company. As at September 30, 2021, the Company owed the CFO of the Company \$30,000 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- During the six months ended September 30, 2021, the Company incurred royalties of \$4,500 (period from incorporation on January 14, 2021, to March 31, 2021 – \$9,000) and license fees of \$125,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$100,000) to 1150641 BC Ltd., a related party company controlled by a director, Mark Scott, of the Company. As at September 30, 2021, the Company owed 1150641, a company controlled by a director of the Company \$16,920 (March 31, 2021 – \$nil), which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.
- During the six months ended September 30, 2021, the Company incurred consulting fees of \$15,000 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to Mumbo Management Inc. controlled by Kurt Bordian, the son of the CFO of the Company.
- During the six months ended September 30, 2021, the Company incurred share-based compensation of \$302,863 (period from incorporation on January 14, 2021, to March 31, 2021 – \$nil) to officers and directors of the Company.
- The Company entered into licensing agreements as discussed above, and as outlined in Note 3 to the condensed interim financial statements for the period ended September 30, 2021, with 1150611, a related party company that is controlled by a director of the Company.

### ***Fair Value Measurements and Risk Management***

#### **(a) Fair Values**

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

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

The Company has recorded its cash at fair value using level 1 inputs. The fair values of the Company's other financial instruments, which include accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### **(b) Credit Risk**

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including accounts receivable. Accounts receivable consists of trade receivables from customers. Of the Company's trade receivables outstanding at September 30, 2021, 100% is held with one customer of the Company (March 31, 2021 – 100%). The carrying amount of these financial assets represents the maximum credit exposure.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

#### **(d) Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

##### **(i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

##### **(ii) Foreign Exchange Rate Risk and Interest Rate Risk**

The Company is not currently exposed to foreign exchange rate risk or interest rate risk.

##### **(iii) Price Risk**

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The Company is not exposed to significant price risk.

**(e) Economic Dependence Risk**

Economic dependence risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company. During the six months ended September 30, 2021, the Company recorded sales from one (period from incorporation on January 14, 2021, to March 31, 2021 – one) customer of the Company representing 100% (period from incorporation on January 14, 2021, to March 31, 2021 – 100%) of total revenue.

**Risk Factors**

The Company has a limited history of operations, no history of cash flow or profitability and only a nominal history of revenue. The Company has no source of operating cash flow and no assurance that additional funding will be available for expenses when required. There is no guarantee that the Company will operate its business successfully and obtain enough customers to justify its ongoing expenses. If the Company does not generate substantial revenue, it may be unable to sustain its operations, in which case it will become insolvent and investors will lose their investment.

The Company has a history of negative cash flow and losses, and it does not expect that to change in the short term. The Company has had negative operating cash flow since its date of incorporation, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability.

*Management Experience*

The Company's success is currently largely dependent on the performance of its directors and officers. The business of supplying surfactants for nanoemulsion to the cannabis industry is a new business and it has yet to be seen whether the Company's management will operate well in it. While the Company's management team has some related experience, there are many unknowns. Its management team may lack the management or technical expertise required to make this business a success. The experience of these individuals is a factor that will contribute to the Company's potential success and growth. The Company will initially be relying on its board members, as well as independent consultants, for certain aspects of its business. The amount of time and expertise expended on the Company's affairs by each of its management team and directors will vary according to its needs. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any member of management, the board, or any key consultant, could have a material adverse effect on the Company's future. Investors who are not prepared to rely on the Company's management team should not invest in its securities.

*Supply Risk*

Delays in the delivery of ingredients to the manufacturer or of the product to customers could have a material, negative impact on the Company's operations. The Company currently relies on one manufacturer to source most ingredients and manufacture and deliver the SureNano™ surfactant to its customers. The Company also currently relies on one supplier for the ingredient that it sources and sends to the manufacturer. There are many other manufacturers and suppliers that the Company could engage to source ingredients and produce and deliver the SureNano™ surfactant but changing manufacturers or suppliers could cause significant delays and expense. There could be delays to the production and delivery of product to customers, which could lose customers and have a negative impact on the Company's financial position.

## **Share Capital**

The Company had 19,700,100 common shares issued and outstanding at September 30, 2021 and March 31, 2021.

### ***Share Issuances***

In January 2021, the Company issued 5,000,100 common shares at \$0.005 per share for gross proceeds of \$25,000.

#### *Private Placements*

In February 2021, the Company issued 11,600,000 common shares at \$0.02 per share for gross proceeds of \$232,000.

In March 2021, the Company issued 3,100,000 common shares at \$0.25 per share for gross proceeds of \$775,000.

### ***Special Warrants***

In May 2021, the Company completed a private placement of 1,757,700 non-transferable special warrants at \$0.25 per special warrant for gross proceeds of \$439,425. Each special warrant entitles subscribers to acquire, without payment of any consideration in addition to that already paid, one common share of the Company. Each special warrant will automatically convert into common shares on the earlier of the first business day following the day on which a receipt for a final prospectus has been issued to the Company, or the 240th day following the issuance of the special warrants (January 14, 2022). In connection with the private placement, the Company paid a finder's fee of \$27,350 and incurred other issuance costs of \$4,230.

### ***Stock Options***

In June 2021, the Company adopted a stock option plan to provide effective incentives to directors, officers and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The option plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance under the option plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

In June 2021, the Company granted stock options to directors and officers to acquire up to 2,000,000 common shares of the Company at \$0.25 per share. The options vest immediately and expire three years from the date of the grant.

### ***Outstanding Share Information***

The Company has one class of authorized capital, being an unlimited number of common shares without par value. As at the date of this MD&A, the Company has the following issued and outstanding:

- 19,700,100 common shares.
- 1,757,700 special warrants to purchase common shares.
- 2,000,000 stock options to purchase common shares.

**CERTIFICATE OF SURENANO SCIENCE LTD.**

Dated: December 7, 2021.

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

“Charles MaLette”  
CHARLES MALETTE  
Chief Executive Officer & Corporate Secretary

“James Bordian”  
JAMES BORDIAN  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Mark Scott”  
MARK SCOTT, Director

“Peter Chapman”  
PETER CHAPMAN, Director

**CERTIFICATE OF THE PROMOTER**

Dated: December 7, 2021.

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

“Charles MaLette”  
CHARLES MALETTE

## SCHEDULE B

### Capitalization Table

The following tables provide information about our capitalization as of the date of this Listing Statement and refer to our outstanding Common Shares:

#### Issued Capital

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<u>Public Float</u>				
Total outstanding (A)	21,457,800	23,457,800	100	100
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	13,301,100	14,801,100	62	63
Total Public Float (A-B)	8,156,700	8,656,700	38	37
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	7,300,100	7,800,100	34	33
Total Tradeable Float (A-C)	14,157,700	15,657,700	66	67

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	--	--
100 – 499 securities	--	--
500 – 999 securities	--	--
1,000 – 1,999 securities	27	27,400
2,000 – 2,999 securities	8	16,800
3,000 – 3,999 securities	--	--
4,000 – 4,999 securities	7	28,000
5,000 or more securities	38	8,084,500
	<u>80</u>	<u>8,156,700</u>

Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	--	--
100 – 499 securities	--	--
500 – 999 securities	--	--
1,000 – 1,999 securities	51	51,400
2,000 – 2,999 securities	8	16,800
3,000 – 3,999 securities	--	--
4,000 – 4,999 securities	30	120,000
5,000 or more securities	71	7,968,500
Unable to confirm	--	--
	<u>160</u>	<u>8,156,700</u>

Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	--	--
100 – 499 securities	--	--
500 – 999 securities	--	--
1,000 – 1,999 securities	1	1,000
2,000 – 2,999 securities	--	--
3,000 – 3,999 securities	--	--
4,000 – 4,999 securities	--	--
5,000 or more securities	5	13,300,100
		13,301,100

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options convertible into common shares at an exercise price of \$0.25 per common share for a period of three years (until June 16, 2024).	2,000,000	2,000,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not Applicable

## SCHEDULE C

### CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, SureNano Science Ltd., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to SureNano Science Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, B.C. this 17<sup>th</sup> day of December, 2021.

*“Charles MaLette”*

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Chief Executive Officer, President, Corporate Secretary  
& Director  
Charles MaLette

*“James Bordian”*

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Chief Financial Officer & Director  
James Bordian

*“Charles MaLette”*

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Charles MaLette, Promoter

*“Mark Scott”*

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Director  
Mark Scott

*“Peter Chapman”*

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Director  
Peter Chapman