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

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This new issue prospectus does not constitute a public offering of securities.

PRELIMINARY PROSPECTUS

New Issue August 26, 2021

GROUNDED PEOPLE APPAREL INC.
(the "Company")

1,450,335 Common Shares issuable on conversion of Special Warrants issued at a price of $0.30 per Special Warrant

No securities are being offered pursuant to this preliminary long form prospectus (the "**Prospectus**"). This Prospectus is being filed with the securities regulatory authorities in the Provinces of British Columbia and Ontario to enable Grounded People Apparel Inc. (the "**Company**" or "**Grounded**") to become a reporting issuer under the applicable securities legislation in the Provinces of British Columbia and Ontario.

This Prospectus is also being filed to qualify the distribution of 1,450,335 common shares in the capital of the Company (the "**Common Shares**"), issuable for no additional consideration upon the conversion of 1,450,335 special warrants of the Company (the "**Special Warrants**") issued by the Company on June 11, 2021 at an issue price of $0.30 per Special Warrant to purchasers in certain provinces of Canada on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the "**Special Warrant Offering**"). See "*Description of Securities*".

The Special Warrants are subject to the terms and conditions of the certificates representing the Special Warrants. The Special Warrants will be deemed exercised on the date which is two (2) business days following the date on which the Company obtains a receipt for a final prospectus qualifying distribution of the Common Shares upon exercise of the Special Warrants (the "**Automatic Exercise Date**"). Each Special Warrant entitles the holder thereof to receive, upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date, and without payment or additional consideration, one (1) Common Share.

No securities, including Special Warrants, are available for purchase pursuant to this Prospectus. No additional funds are to be received by the Company from the distribution of the Common Shares upon conversion of Special Warrants.

As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence 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 all of their investment and who can afford to lose 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 readers. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".

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

The Company has applied for a listing (the "**Listing**") of its Common Shares on the Canadian Securities Exchange (the "**Exchange**" or the "**CSE**"). As at the date hereof, the CSE has not conditionally approved the Listing, and there is no assurance that it will do so. The Listing will subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed. As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

There is no market through which the securities of the Company may be sold. 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 Company's securities and the extent of issuer regulation. See "*Risk Factors*" and "*Cautionary Note Regarding Forward Looking Information*".

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

GROUNDED PEOPLE APPAREL INC.

2200 HSBC Building
885 West Georgia Street
Vancouver, British Columbia
V6C 3E8 Canada

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

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. You should assume that the information contained in this Prospectus is accurate only as of the date of this Prospectus. While certain securities are being qualified for distribution pursuant to this Prospectus, no securities are being offered under this Prospectus.

Capitalized terms, except as otherwise defined herein, are defined in the section entitled "*Glossary of Terms*".

Except as otherwise indicated or the context otherwise required in this Prospectus, references to "the Company", "we", "us", and "our" refer to the Company.

Unless otherwise indicated, all currency amounts in this Prospectus are stated in Canadian dollars and references to "$" are to Canadian dollars. References to "US$" are to American dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that the Company anticipates or expects, may, or will occur in the future (in whole or in part) should be considered forward-looking information. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations and future actions 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 formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information is based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this Prospectus, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors may be based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Any and all forward-looking information contained in this Prospectus is expressly qualified by this cautionary statement.

These forward-looking statements include, among other things, statements relating to:

- the Company's ability to complete the Listing;
- the Company's expectation regarding its revenue, expenses and operations;
- the Company's intention to grow its business and its operations;
- the Company's competitive position;
- the Company's business objectives for the next twelve months;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's ability to obtain necessary financing;
- the performance of the Company's business and operations as it relates to its investments;
- the Company's future liquidity and financial capacity;
- the Company's and/or its investee companies' expected market and the profitability thereof;
- the impact of the COVID-19 pandemic ("**COVID-19**") on the Company and the economy generally;
- the competitive position of the Company's investee companies and the regulatory environment in which they operate;

- results and expectation concerning various partnerships, strategic alliances, projects and marketing strategies of the Company;
- the economy generally; and
- the current and future rates of growth of the sustainable apparel industry, and in particular, the sustainable shoe industry.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to (i) general business and economic conditions; (ii) the Company's ability to successfully execute its plans and intentions; (iii) the availability of financing on reasonable terms; (iv) the Company's and the investee companies' ability to attract and retain skilled management and staff, as applicable; (v) market competition; (vi) the market for and potential revenues to be derived from the Company's products; and (vii) the costs, timing and future plans concerning operations of the Company will be consistent with current expectations. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, prospective purchasers of Common Shares should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Company has limited operating history, and a history of losses and the Company cannot assure profitability;
- the Company has negative cash flows from operations;
- the Company will require additional capital, which may not be available to it when required on attractive terms, or at all;
- the Company is largely dependent upon its board and management for its success;
- conflicts of interest may arise between the Company and its directors and management;
- the market price of the Common Shares may be adversely affected by stock market volatility;
- there may not be an active or liquid market for the Common Shares;
- the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future;
- the Company will be subject to the additional regulatory burden resulting from its public listing on the CSE;
- future sales or issuances of equity securities could dilute the current shareholders; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

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

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

MARKET AND INDUSTRY DATA

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

Unless otherwise indicated, information contained in this Prospectus concerning the Company's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

The Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Company's internal research, and include assumptions made by the Company which management believes to be reasonable based on their knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below, unless otherwise indicated. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations appearing in the documents attached as appendices to this Prospectus may be defined separately and the terms and abbreviations defined below may not be used therein, except where otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

"**$**" means Canadian dollars.

"**Audit Committee**" means the Audit Committee of the Company.

"**Automatic Exercise Date**" means the date that is one (1) business day following the earlier of: (i) the date on which the Company obtains receipt from the Securities Commission for this Prospectus; and (ii) the date that if four (4) months and one day following the closing date.

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

"**Board**" means the board of directors of the Company.

"**CAGR**" means compound annual growth rate.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

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

"**Company**" means Grounded People Apparel Inc.

"**Escrow Agent**" means Endeavor Trust Corporation.

"**Escrow Agreement**" means the escrow agreement entered into between the Company, the Escrow Agent, and various Principals of the Company, whereby the Common Shares held by the Principals are to be deposited in escrow.

"**Escrow Securities**" means the Common Shares held by the Principals and to be deposited in escrow.

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange.

"**Financial Statements**" means the financial statements of the Company for the period from incorporation on April 20, 2020 to February 28, 2021 and three-month interim period ended May 31, 2021

"**IFRS**" means International Financial Reporting Standards.

"L.A.C.E.S." means Learn to Achieve and Create Everlasting Sustainability, the Company's campaign to donate profits to a specific list of pre-selected charities, based on the shoelace colour selected by consumers.

"**Listing**" means the listing of the Common Shares on the Exchange for trading.

"**MD&A**" means management's discussion and analysis of the Company.

"**NEO**" or "**Named Executive Officer**" means each of the following individuals of an entity:

(a) the CEO;

(b) the CFO;

(c) each of the three most highly compensated executive officers of an entity, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of an entity or its subsidiaries, nor acting in a similar capacity, at that financial year.

"**Principal Regulator**" means the British Columbia Securities Commission.

"Principals" means all of the directors and senior officers of the Company.

"**Prospectus**" means this prospectus dated as of the date on the cover page.

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

"**SEO**" means search engine optimization.

"**Special Warrants**" means the special warrants issued in the capital of the Company for a purchase price of $0.30 per Special Warrant, entitling the holder to receive one Common Share of the Company upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date.

"**Stock Option Plan**" means the 2021 stock option plan of the Company that provided for the grant of Options to the Company's directors, officers, employees and consultants in accordance with the provisions of the Stock Option Plan.

"**US$**" means American dollars.

"**Warrants**" means the warrants issued in the capital of the Company for a purchase price of $0.005 per Warrant, entitling the holder to purchase one (1) Common Share of the Company at a purchase price of $1.30 for a period of two (2) years after the Listing date.

SUMMARY OF PROSPECTUS

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

The Company

The Company was incorporated under the BCBCA on April 20, 2020 as “Grounded Clothing Inc.”. On June 15, 2021, the Company changed its name to “Grounded People Apparel Inc.”. The Company’s head office is located at 800 – 1199 West Hasting Street, Vancouver, British Columbia, and its records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

Principal Business

The Company is primarily engaged in the business of fair trade, sustainable and earth conscious fashion. The Company’s initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company has had a limited operating history from the time of incorporation on April 20, 2020 to the fiscal year end February 28, 2021. The focus of the Company over the fiscal year 2021 since incorporation was completing the initial non-brokered private placements to support the initial business plan and developing its business as a fair trade sustainable and earth conscious fashion company, with an initial focus on shoes.

The Company’s initial products, which are expected to launch in Q4 of 2021, are high-top and low-cut canvas sneakers made from sustainable, ethically sourced and produced materials, and manufactured by fair-trade workers. The Company aims to create a meaningful positive impact on the world through its L.A.C.E.S. campaign, whereby consumers have the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated.

Recent Financings

On July 24, 2020, the Company closed a non-brokered private placement of 3,800,000 Common Shares at a price $0.005 per Common Share for gross proceeds of $19,000.00.

On December 7, 2020, the Company closed on a non-brokered private placement of 10,000,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $200,000.00.

On February 28, 2021, the Company closed a non-brokered private placement of 216,333 Special Warrants on a prospectus exempt basis at a price of $0.30 per Special Warrant for gross proceeds of $64,900.00. Each Special Warrant issued on February 28, 2021 entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration. The 216,333 Special Warrants were exercised for 216,333 Common Shares on July 2, 2021.

On June 11, 2021, the Company closed a non-brokered private placement of 1,450,335 Special Warrants on a prospectus exempt basis at a price of $0.30 per Special Warrant for gross proceeds of $435,100.50. Each Special Warrant issued on June 11, 2021 entitles the holder to receive, upon voluntary exercise prior to, or deemed exercise on the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration.

On June 28, 2021, the Company closed a non-brokered private placement of 7,000,000 share purchase Warrants at a price of $0.005 per Warrant for total proceeds of $35,000.00 Each Warrant entitles the holder to purchase one (1) Common Share at an exercise price of $1.30 for a period of two (2) years after the Listing date. A breakdown of the Company’s share capitalization is shown below:

Security	Description	Number Outstanding
Common Shares	Current issued and outstanding	14,016,334

Security	Description	Number Outstanding
Special Warrants	Non-brokered private placement of Special Warrants at a price of $0.30 per Special Warrant.	1,450,335
Warrants	Non-brokered private placement of Warrants at a price of $0.005 per Warrant.	7,000,000
Stock Options	Stock Options	1,500,000

Use of Proceeds

While certain securities are being qualified for distribution pursuant to this Prospectus, this Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

Listing

The Company has applied for a Listing of its Common Shares on the CSE. As of the date hereof, the CSE has not conditionally approved the Listing, and there is no assurance that it will do so. The Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements.

Risk Factors

An investment in the Company should be considered highly speculative and investors may incur a loss. The Company is subject to several risk factors, including the following:

- the Company has limited operating history, and a history of losses and the Company cannot assure profitability;
- the Company has negative cash flows from operations;
- the Company will require additional capital, which may not be available to it when required on attractive terms, or at all;
- the Company is largely dependent upon its board and management for its success;
- conflicts of interest may arise between the Company and its directors and management;
- the market price of the Common Shares may be adversely affected by stock market volatility;
- there may not be an active or liquid market for the Common Shares;
- the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future;
- the Company will be subject to the additional regulatory burden resulting from its public listing on the CSE;
- future sales or issuances of equity securities could dilute the current shareholders; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

For further details on each of the above, and other risk factors, see "*Risk Factors*".

Summary of Selected Financial Information

The table below summarizes the financial information for the periods or as at the dates indicated. The summary financial information should be read in conjunction with (i) the Company's audited financial statements and corresponding management's discussion and analysis for the period from incorporation on April 20, 2020 to February 28, 2021, and (ii) the unaudited financial statements and management's discussion and analysis for the three-month interim period ended May 31, 2021, which are included in this Prospectus under Appendices A and B. The selected financial information set out below may not be indicative of the Company's future performance.

Financial Positions	Interim Period ended May 31, 2021 ($)	Period from incorporation on April 20, 2020 to February 28, 2021 ($)
Current assets	212,687	199,185
Total assets	212,687	199,185
Current liabilities	11,930	15,877
Share capital	219,000	219,000
Deficit	(82,825)	(60,192)

Financial Results	Interim Period ended May 31, 2021 ($)	Period from incorporation on April 20, 2020 to February 28, 2021 ($)
Expenses	22,633	60,192
Net loss	(22,633)	(60,192)
Net loss per share – basic and diluted	(0.00)	(0.01)

Available Funds

As at July 31, 2021, the Company had available working capital of $648,098.00, and the Company's estimated use of its available working capital for the next twelve months is as follows:

Use of Available Funds	Amount ($)
Available Working Capital (July 31, 2021)	**648,098.00**
Expenditures:	
Estimated remaining cost of Prospectus and Listing(1)	55,000
Investor relations activities	40,000
Achievement of milestones(2)	195,200
Operating expenses for next 12 months(3)	151,600
Subtotal	**441,800**
Unallocated Working Capital	**206,298**

Notes:

(1) Legal fees ($40,000), CSE fees ($5,000), BCSC fees ($2,500), Escrow Agent Fee ($2,500), miscellaneous ($5,000).

(2) See "*Use of Proceeds – Business Objectives and Milestones*".

(3) Estimated operating expenses for the next 12 months include:

Operating Expenses 2021-2022 Budget ($)	
Wages and salaries(a)	78,000
Management Services Agreement(b) (includes administrative services, business development services and offices)	60,000
Transfer Agent	3,600

Legal fees (not including Listing)	5,000
Audit fees	5,000
Total	**151,600**

Notes:

(a) Wages and salaries are expected to be comprised of the following positions and yearly salaries: CEO ($48,000), CFO ($30,000).

(b) Includes administrative services, business development services and offices.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations regarding any prospective investment or business opportunity or if the costs of the Prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated.

See "*Use of Proceeds – Funds Available and Use of Available Funds*", "*Financial Statements*", and "*Management's Discussion & Analysis*".

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company's full corporate name is "Grounded People Apparel Inc.". The Company was incorporated under the BCBCA on April 20, 2020 as "Grounded Clothing Inc.". On June 15, 2021, the Company changed its name to "Grounded People Apparel Inc.". The Company's head office is located at 800 – 1199 West Hasting Street, Vancouver, British Columbia and its records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

Intercorporate Relationships

The Company does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Summary and Company Overview

The Company is primarily engaged in the business of fair trade, sustainable and earth conscious fashion. The Company's initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company has had a limited operating history from the time of incorporation on April 20, 2020 to the fiscal year end February 28, 2021. The focus of the Company over the fiscal 2020 period since incorporation was completing the initial non-brokered private placements to support the initial business plan and developing its business as a fair trade sustainable and earth conscious fashion company, with an initial focus on shoes.

The Company's initial products, which are expected to launch in Q4 of 2021, are high-top and low-cut canvas sneakers made from sustainable, ethically sourced and produced materials, and manufactured by fair-trade workers. The Company aims to create a meaningful positive impact on the world through its Learn to Achieve and Create Everlasting Sustainability ("**L.A.C.E.S.**") campaign, whereby consumers have the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated.

History

- The Company was incorporated under the BCBCA on April 20, 2020 as "Grounded Clothing Inc.", under incorporation number BC1247766.

- On July 24, 2020, the Company closed a non-brokered private placement of 3,800,000 Common Shares at a price $0.005 per Common Share for gross proceeds of $19,000.00.

- On December 7, 2020, the Company closed on a non-brokered private placement of 10,000,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $200,000.00.

- On October 1, 2020, the Company entered into a management services agreement with Winchester Securities Corporation for the provision of executive offices and boardroom usage, administrative, reception and business development services. This agreement will remain in full force and effect indefinitely, until terminated with a minimum of thirty (30) days written notice by either party.

- On February 28, 2021, the Company closed a non-brokered private placement of 216,333 Special Warrants on a prospectus exemption basis at a price of $0.30 per Special Warrant for gross proceeds of $64,900.00 Each Special Warrant entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on July 2, 2021, the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration. 216,333 Special Warrants were deemed exercised on July 2, 2021.

- On March 1, 2021, the Company entered into a storage, fulfilment, and distribution contract with ProPack Canada ("**ProPack**").

- On March 17, 2021, the Company entered into a marketing services agreement with Social Partners International ("**SPI**"), whereby SPI will create and maintain the Company's website, marketing PowerPoint presentations, as well as establish and maintain the Company's social media presence. The Company's website is in the final stages of completion and its social media platforms have been set up—though no marketing through social media has been undertaken at this point. The Company anticipates that it will comments marketing in September once clients are able to purchase presale products.

- On June 2, 2021, the Company entered into a memorandum of understanding with Ahimsa Industria E Commercio De Calcados Ltda. ("**Ahimsa**"), a leading Brazilian manufacturer of footwear with white-label capabilities for the manufacture of the footwear designed by the Company on a white-label basis and under the Company brand.

- On June 11, 2021, the Company closed a non-brokered private placement of 1,450,335 Special Warrants on a prospectus exempt basis at a price of $0.30 per Special Warrant for gross proceeds of $435,100.50 . Each Special Warrant entitles the holder to receive, upon voluntary exercise prior to, or deemed exercise on October 12, 2021, the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration.

- On June 15, 2021, the Company changed its name to "Grounded People Apparel Inc.".

- On June 28, 2021, the Company closed a non-brokered private placement of 7,000,000 share purchase Warrants at a price of $0.005 per Warrant for total proceeds of $35,000.00 Each Warrant will entitle the holder to purchase one (1) Common Share at an exercise price of $1.30 for a period of two (2) years after the Listing date.

Products

The Company's shoe collections, which will be part of its initial launch in the Q4 of 2021, feature organic cotton, linen and natural rubber. The products are made using traditional artisan skills such as hand weaving, hand knitting, hand embroidery and hand block printing.

Notably, every product the Company produces is made to the highest ethical and environmental standards from start to finish. The contemporary, versatile designs create stylish and innovative fashion while respecting people and the planet. Manufacturing of the Company's high-top and low-cut canvased sneakers has started, and the estimated completion date for the initial products is set for the end of September, 2021.

Images of the Company's first two shoe designs are set out below.




Manufacturing and Production

The Company's production partner, Ahimsa, will produce the Company's shoes in a 100% vegan factory. Ahimsa is a leading producer of ecological and sustainable footwear based in Brazil and uses only certified materials for production such as PETA Certified, Certified B Corporation and Ecocert. The natural rubber sole of the shoes is machine-pressed onto the body of the shoe. The shoe is then finished by precise manual work completed by skilled craftsmen.

Distribution

The Company has partnered with fulfillment, shipping and warehouse firm ProPack, for all of its storage and distribution needs. ProPack is a specialized logistics provider for small to medium enterprises and start-ups. ProPack supplies:

- Shipping
  - Fast, safe and effective
  - Price check & evaluation of required services
  - Consulting about customs duties & fees
- Fulfillment
  - Order picking

    - Individual packaging & branding
    - Returns management
- Warehousing
    - Cold storage
    - Flexible storage units
    - Locations in the Canada and United States
- IT-Services
    - Free interfaces
    - All services in one Web App: ProPack Connector
    - Integration of all shipping services

Employees and Consultants

As at the date of this Prospectus, the Company has no employees or consultants other than certain directors and officers. See "*Directors and Executive Officers*".

Changes to Contracts

No part of the Company's business is reasonably expected to be affected in the current financial year by either the renegotiation or termination of any contract.

Foreign Operations

The Company currently does not have any foreign operations, though its manufacturing partner, Ahimsa, has operations in Brazil. Currency fluctuations may affect these operations and the Company's results are subject to financial market risk as a result of fluctuations in currency exchange rates.

Lending

The Company does not intend to engage in lending activities.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceeding, by the Company during its last three financial years.

Reorganizations

The Company has not completed any material reorganization and no reorganization is proposed for the current financial year.

Operations

The Company is at an early stage of business and is working to maintain a low overhead while it ramps up operations. The Company has an agreement with Ahimsa to manufacture its initial products, being 100% Vegan shoes. The Company has also engaged ProPack as the distribution company to handle all product fulfilment in North America. The Company anticipates launching its initial products in Q4 of 2021 utilizing its E-commerce platform for direct to consumer sales. The Company plans to use targeted social media advertisements in certain geographical locations to help increase online sales.

Specialized Skill and Knowledge

The Company's management team and board of directors have significant experience in fashion, finance, business, operations and management.

The Company's Chief Executive Officer, Maximillian Justus entered the fashion space in 2011 by founding a design and production company specializing in custom garments. While traveling abroad, Mr. Justus experienced the negative environmental impacts of the fashion industry first hand and founded the Company to further his passion for fashion and commitment to environmentalism.

Cyclicality

The Company's business may be sensitive to economic cycles and downturns as its products and those within the fashion industry are purchased from discretionary income.

L.A.C.E.S. Charity Campaign

The Company will be launching a charitable initiative termed L.A.C.E.S., which stands for "Learn to Achieve and Create Everlasting Sustainability." The goal of L.A.C.E.S. is to help to make a positive impact on the world through the donation of funds to charities that the Company supports.

At the time of each purchase, consumers will have the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated. The Company will contribute 100% of the profits from the laces to the charity of choice. The Company intends to support the following charities; however, the following are examples. The exact names of the charities are yet to be determined:

- BLACK – Black Lives Matter
- WHITE – Arctic Animal Protection Programs
- YELLOW – Suicide Prevention
- ORANGE – Global Hunger
- RED – AIDS Foundation
- PINK – Breast Cancer Foundation
- LIGHT BLUE – Prostate Cancer
- BLUE – Ocean Pollution Prevention
- LAVENDER – Cancer Foundation
- PURPLE – Domestic Abuse
- BROWN – Alzheimer's
- GREEN – Environmental Protection
- DARK GREEN – Rapid Relief Fund (COVID-19)
- R A I N B O W – LGBTQ + Equality

Sales and Marketing Strategy

The Company has developed a multi-faceted sales and marketing approach which will utilize the following marketing channels and engage data analytics to track and prioritize channels with effective customer acquisition.

The sales and marketing channels the Company will utilize include:

- Online Marketing – The Company plans to develop online, and mobile marketing campaigns targeted at the fashion and sustainability industries. The first step in online marketing is a comprehensive website designed with search engine optimization ("**SEO**") in mind, targeting keywords that will help the website gain authority and rank higher in search results. SEO techniques can effectively reach very targeted markets with relative ease and at a reasonable cost. A corporate marketing and communications program will also be initiated.

- Social Media – The Company intends to be very active on a variety of social media platforms producing static and video content that promotes the benefits of socially conscious companies and the positive impact that the Company and its customers are having on the world. The

Company will also seek celebrity placement of its shoes and boots as well as referrals from bloggers and influencers to help the Company gain exposure.

- Earned Media – As the Company gains traction in terms of exposure and marketability, management of the Company expects to receive press coverage from several traditional media sources and expects these features and news stories to continue as sales grow. The Company will focus its press campaign upon the message that its products and production process is rooted in sustainable and ethically practices.

- Industry Shows and Events – The Company will attend various industry trade shows, conferences, and seminars that foster growth and knowledge in the fashion and sustainability industry. Such events also provide great opportunities for identifying new partners, distribution channels, and clients, and serve as opportunities for potential joint and/or mergers and acquisitions targets.

- Word of Mouth / Referrals – The Company is confident in the quality of its product offering which will be critical in building the brand and trust from customers. The Company will rely on testimonials in its marketing materials and referrals from its customers.

Impact of COVID-19 Pandemic

Impacts resulting from the COVID-19 pandemic have resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market and financial market volatility, a general reduction in consumer activity, operating, supply chain and project development delays and disruptions; and declining trade and market sentiment, all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk.

The Company is subject to the cycles of the financial markets, which are now magnified and volatile due to the effects of COVID-19. Many industries are impacted by these market conditions and the COVID-19 virus, including, with respect to the apparel industry, manufacturing, distribution and sales. During the design phase a service interruption occurred with the Company's production partner due to a two-week factory shutdown during a COVID-19 lockdown. There have been no other stoppages since. Apart from the brief interruption in production, there have been no other impacts to the Company due to COVID-19. The Company plans to sell its products via E-commerce with some select boutiques having the opportunity to carry a limited supply of the Company's shoes.

The overall severity and duration of COVID-19-related adverse impacts on our business will depend on future developments, which we cannot currently predict, including directives of federal, state and provincial governments and health authorities. See "*Risk Factors*".

MARKET AND REGULATORY OVERVIEW

Market Size and Opportunity

Consumers are becoming increasingly socially conscious when making their purchasing decisions, which in turn is providing an incentive for firms to integrate social responsibility considerations into their product offerings. Socially conscious consumers takes into account the public consequences of their private consumption or attempts to use their purchasing power to bring about social change.[1] The emergence of socially responsible consumer behavior manifests when a person bases their acquisition, usage, and

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[1] Frederick E. Webster Jr., "Determining the Characteristics of the Socially Conscious Consumer" (1975) 2:3 J. Consum. Res. 188.

disposition of products on a desire to minimize or eliminate any harmful effects and maximize the long-run beneficial impact on society.[2]

The socially conscious consumer holds immense buying power, with over two thirds (66%) of consumers around the world reporting that they would prefer to buy products and services from companies that have implemented programs to give back to society. Close to half (46%) of these consumers are willing to pay extra for these products or services.[3]

Management of the Company recognizes this trend and believes that it will only become more pervasive as consumers become increasingly educated on the products they purchase. Management also firmly believes that a good product is no longer enough to win a consumer's favor. Shoppers are looking for more than just quality, often looking for products and brands that align with their personal values.

Awareness among consumers about manufacturing practices and environmental effects has in part made sustainability a key movement in the fashion industry in recent years, as environmental concerns are increasingly top of mind for consumers. In total, the United States sustainability market is projected to reach US$150 billion in sales by 2021, according to Nielsen.[4]

Fashion Industry and Pollution

According to the United States Environmental Protection Agency, the fashion industry is one of the biggest polluters, with the industry being responsible for 26 billion pounds of textiles ending up in landfills every year.[5] Additionally, information presented an the World Economic Form's website cites apparel production as being responsible for 10% of all of humanity's carbon emissions and being the second-largest user of the world's fresh water supply.[6] And the environmental damage is increasing as the industry grows.[7] As consumers worldwide buy more clothes, the growing market for cheap items and new styles is taking a toll on the environment. On average, people bought 60% more garments in 2014 than they did in 2000. If the fashion sector continues its current trajectory, that share of the carbon budget could jump to 26% by 2050, according to a 2017 report from the Ellen MacArthur Foundation.[8]

Fashion causes water-pollution problems, too. Textile dyeing is the world's second-largest polluter of water, since the water leftover from the dyeing process is often dumped into ditches, streams, or rivers. All in all, the fashion industry is responsible for 20% of all industrial water pollution worldwide.[9]

Clothing has clearly become disposable. As a result, consumers generate more and more textile waste. A family in the western world throws away an average of 30 kg of clothing each year. Only 15% is recycled or donated, and the rest goes directly to the landfill or is incinerated.[10] Less than 1% of used clothing is

[2] Lois A. Mohr, Deborah J. Webb & Katherine E. Harris, "Do Consumers Expect Companies to be Socially Responsible? The Impact of Corporate Social Responsibility on Buying Behavior" (2001) 35:1 J. Consum. Aff. 45.

[3] "The Global, Socially-Conscious Consumer" *A Nielsen Report* (March 2012), online: <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/Nielsen-Global-Social-Responsibility-Report-March-2012.pdf>.

[4] "Was 2018 the year of the influential sustainable consumer?" *Nielsen IQ* (December 2018), online: <https://www.nielsen.com/us/en/insights/article/2018/was-2018-the-year-of-the-influential-sustainable-consumer/> (*Was 2018 the year*).

[5] "Facts and Figures about Materials, Waste and Recycling: Textiles: Material-Specific Data" *United States Environmental Protection Agency* (2018), online: <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/textiles-material-specific-data>.

[6] Morgan McFall-Johnsen, "These facts show how unsustainable the fashion industry is" (January 2020), online: <https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/> (*These facts*).

[7] *Ibid*.

[8] "Fashion and the Circular Economy", online: < https://www.ellenmacarthurfoundation.org/explore/fashion-and-the-circular-economy>.

[9] *These Facts, supra* note 9.

[10] *Fashion's Environmental Impact*, *supra* note 6.

recycled into new garments. The Ellen MacArthur Foundation estimates that every year some US$500 billion in value is lost due to clothing that is barely worn, not donated, recycled, or ends up in a landfill.[11]

Some apparel companies are starting to buck these trends by joining initiatives to cut back on textile pollution and grow cotton more sustainably. In March of 2020, the United Nations launched the Alliance for Sustainable Fashion, which will coordinate efforts across agencies to make the industry less harmful.

The growing awareness of the adverse effects of the textile industry on the environment is encouraging some consumers to opt for ethical fashion materials.

Principal Markets

Footwear and Sustainable Footwear Market

Allied Market Research notes that the global footwear market size was valued at US$365.5 billion in 2020 and is estimated to reach US$530.3 billion by 2027, with a compound annual growth rate ("**CAGR**") of 5.5% over the period.[12] Major players, such as Nike, use eco-friendly raw materials, including recycled car tires, recycled carpet padding, organic cotton, and vegetable-dyed leathers for producing footwear.

Footwear includes all types and some that are crafted for sports activities or physical exercises are known as athletic footwear. Among athletic footwear there are different types of footwear for specific uses designed for men, women, and children. Non-athletic footwear groups consist of all footwear for formal, casual, or daily use. The European footwear market is projected to have significant growth and experience numerous changes over the coming years due to active lifestyles, growing population of working women, and increased fashion and style consciousness in consumers about footwear.

In Europe, the footwear market is projected to reach revenues of US$127,885 million in 2021. The market is expected to grow annually by 3.7% (CAGR 2021-2025).[13]

Revenue in the American footwear market is projected to reach US$92,533m in 2021. The market is expected to grow annually by 3.2% (CAGR 2021-2025).[14]

The global sustainable footwear market size was valued at US$7.5 billion in 2019 and is expected to grow at a CAGR of 5.8% from 2020 to 2027[15]. The market for sustainable footwear is poised for significant growth in the near future owing to several factors, including growing awareness and demand among consumers with respect to sustainable footwear and innovative products that are meeting this demand. A rising number of young consumers, coupled with the significant purchasing power of this consumer group, is likely to favor market growth over the forecast period.[16]

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[11] Maria Fleischmann, "How Much Do Our Wardrobes Cost to the Environment?" *The World Bank* (September 2019), online: <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>.

[12] Nitesh Chouhan, Roshan Desmukh & Himanshu Vig, "Footwear by Type (Athletic and Nonathletic), Material (Leather and Non-leather), End User (Men, Women, and Children), and Distribution Channel (Hypermarket/Supermarket, Specialty Stores, Brand Outlets, Online Sales Channel, and Others): Global Opportunity Analysis and Industry Foreast, 2020-2027" *Allied Market Research* (April 2020), online: <https://www.alliedmarketresearch.com/footwear-market>.

[13] "Consumer Markets: Footwear Europe" *Statista* (2021), online: <https://www.statista.com/outlook/11000000/102/footwear/europe>.

[14] "Consumer Markets: Footwear United States" *Statista* (2021), online: <https://www.statista.com/outlook/11000000/109/footwear/united-states>.

[15] "Sustainable Footwear Market Size, Share & Trends Analysis Report By Type (Athletic, Non-athletic), By End User (Men, Women, Children), By Region, And Segment Forecasts, 2020-2027" *Grand View Research* (May 2020), online: <https://www.grandviewresearch.com/industry-analysis/sustainable-footwear-market>.

[16]*Ibid*.

It is estimated that about 25 billion shoes are manufactured every year.[17] If there are seven billion people in the world now, this means that each person is buying about three pairs of shoes every year. Some estimates show that around 95% of these shoes will end up in a landfill.[18] Footwear manufacturers are growing more aware of the benefits of aligning with sustainable methods of production. Good brand imaging, ecological benefits, and benefits to consumers are some of the upsides to entering the sustainable footwear market.

The Footwear Distributors & Retailers of America defines sustainability in the footwear industry as "shoe design, development, manufacturing, distribution and selling processes that minimize negative environmental impacts, conserve energy and natural resources, are safe for employees, communities, and consumers, and are economically sound".[19]

Sustainable footwear has been growing in popularity as well. Grandview Research reports that "the global sustainable footwear market size was valued at US$7.5 billion in 2019 and is expected to grow at a CAGR of 5.8% from 2020 to 2027".[20]

Technology and research are playing a key role in making the industry more sustainable. Athletic shoes and attire are getting made from materials extracted from the plastic dumped into the ocean. Fish skins and natural dyes are replacing chemicals, fruit skins are substituting furs, and backpacks and purses are getting made from discarded canvas.

Growing awareness among consumers is a key factor prompting the manufacturers to innovate their product offerings.

Target Market

The Company's target market can be defined as the socially conscious consumer of apparel and footwear in select American and Canadian markets. According to research conducted by The Nielsen Company, nearly half (48%) of consumers say they would or probably would change their consumption habits to reduce their impact on the environment.[21] Today, sales of products with sustainable attributes make up 22% of the total store, with organic, sustainable, and clean attributes driving the majority of the sustainable category's growth.[22] Notably, sustainability's share between 2014 and 2017 grew nearly three percentage points, while conventional products' share of sales dropped by almost four. By 2021, it is expected that sustainable goods will make up 25% of store sales.[23] Grounded plans to focus its initial marketing launch on cities throughout the West Coast of the United States and Canada that are known for being open to environmentally friendly and vegan trends such as LA, San Francisco, Portland, Seattle and Vancouver.

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[17] Lynette Cheah et al, "Manufacturing-focused emissions reductions in footwear production" (2013) 44 J Cle Pro 18.

[18] "Circular Initiatives" *Good News*, online: <https://goodnews.london/pages/sustainability>.

[19] "Shoe Sustainability" *Footwear Distributors and Retailers of America* (December 2020), online: <https://www.shoesustainability.com/>.

[20] Grandview Research, "Sustainable Footwear Market Size, Share & Trends Analysis Report By Type (Athletic, Non-athletic), By End User (Men, Women, Children), By Region, And Segment Forecasts, 2020 – 2027", online: https://www.grandviewresearch.com/industry-analysis/sustainable-footwear-market

[21] "48% of U.S. Consumers Would Change Buying Habits to Reduce Environmental Impacts [Report]" *Thomas* Insights (September 2019), online: <https://www.thomasnet.com/insights/48-of-u-s-consumers-would-change-buying-habits-to-reduce-environmental-impacts-report/#:~:text=In%20fact%2C%2048%25%20of%20U.S.,to%20a%20recent%20Nielsen%20survey.&text=By%202021%2C%20it's%20predicted%20that,%24150%20billion%20on%20sustainable%20FMCG>.

[22] "Study: Sales of products with sustainable attributes make up 22% of total store" *Refrigerated & Frozen Foods* (December 2018), online: <https://www.refrigeratedfrozenfood.com/articles/96182-study-sales-of-products-with-sustainable-attributes-make-up-22-of-total-store>.

[23] *Was 2018 the year*, *supra* note 4.

When surveyed, Millennials are twice as likely (75% vs. 34%) than Baby Boomers to say they are definitely or probably changing their habits to reduce their impact on the environment. They are also more willing to pay more for products that contain environmentally friendly or sustainable ingredients (90% vs. 61%), organic/natural ingredients (86% vs. 59%), or products that have social responsibility claims (80% vs. 48%).[24]

USE OF PROCEEDS

Use of Proceeds

While certain securities are being qualified for distribution pursuant to this Prospectus, this Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus.

Funds Available and Use of Available Funds

As at July 31, 2021, the Company had available working capital of $648,098.00, and the Company's estimated use of its available working capital for the next twelve months is as follows:

Use of Available Funds	Amount ($)
Available Working Capital (as at July 31, 2021)	**648,098.00**
Expenditures:	
Estimated remaining cost of Prospectus and Listing[(1)]	55,000
Investor relations activities	40,000
Achievement of milestones[(2)]	195,200
Operating expenses for next 12 months[(3)]	151,600
Subtotal	**441,800**
Unallocated Working Capital	**206,298**

Notes:

(1) Legal fees ($40,000), CSE fees ($5,000), BCSC fees ($2,500), Escrow Agent Fee ($2,500), miscellaneous ($5,000).

(2) See "*Use of Proceeds – Business Objectives and Milestones*".

(3) Estimated operating expenses for the next 12 months include:

Operating Expenses 2021-2022 Budget ($)	
Wages and salaries[(a)]	78,000
Management Services Agreement[(b)] (includes administrative services, business development services and offices)	60,000
Transfer Agent	3,600
Legal fees (not including Listing)	5,000
Audit fees	5,000
Total	**151,600**

Notes:

(a) Wages and salaries are expected to be comprised of the following positions and yearly salaries: CEO ($48,000), CFO ($30,000).

(b) Includes administrative services, business development services and offices.

[24] *Ibid*.

The Company's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for twelve months. The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations regarding any prospective investment or business opportunity or if the costs of the Prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated.

Business Objectives and Milestones

Over the next 12-month period, the Company will look to develop, manufacture and sell its high-top and low-cut canvassed sneakers. To achieve these business objectives, the following milestones must be met by the Company:

Milestone Description	Estimated Remaining Cost ($)	Timeframe
Finalize shoe designs	Nil	Complete
Launch website and social media platforms	Nil	Q4, 2021
Complete prototype and begin pre-orders	Nil	Q4, 2021
Complete first manufacturing run	48,200(1)	Q4, 2021
Deliver products to ProPak facility in Delta, BC	15,000(2)	Q4, 2021
Launch product marketing program through social media (Facebook, Instagram and TikTok) and engage PR firm	130,000	Begin in Q4, 2021 and ongoing
Begin Sales of Shoes	Nil	Q4, 2021
Set up Advisory Board	Nil(3)	Q1, 2022
Evaluate Future Financings	Nil	Q2, 2022
Join industry groups and obtain complimentary certifications (i.e. B-Corporation, PETA, FairTrade, etc.)	2,000	Q4 – ongoing

Notes:

(1) $44,000 retainer paid to begin product production—additional $44,000 due to manufacturer on completion of shoes, and $4,200 donated to purchase coloured laces for L.A.C.E.S campaign.

(2) Initial delivery of products to ProPak will be via airfreight. Subsequent shipments are expected to be via container ship/rail and to cost significantly less.

(3) Advisory Board expected to be compensated through stock options.

1. Finalize Shoe Designs

   The Company's CEO, Max Justus, began working on initial designs for the Company's high-top and low-cut canvassed sneakers in the spring and summer of 2021. The designs were finalized in with the Company's manufacturing partner in Brazil over the summer of 2021.

2. Launch Website and Social Media Platforms

   The Company's CEO, Max Justus, began developing and designing the Company's website in the spring and summer of 2021. The Company engaged outside consultants over the summer of 2021 to finalize and beta-test the website, including fine tuning its search engine optimization and integrating e-commerce plug-ins. The website is largely complete, and is expected to go live once the prototype high-top and low-cut canvassed sneakers have been completed and have been photographed for marketing purposes (expected in the second week of September 2021).

3. Complete Prototype and Begin Pre-Orders

Upon completion of the prototype high-top and low-cut canvassed sneakers, the Company intends to begin a pre-launch marketing program designed to generate buzz around the Company's product launch. During this time, the Company will begin to take pre-orders for its shoes. Funds received from any pre-orders will be used to purchase additional inventory.

4. Complete First Manufacturing Run and Donate to L.A.C.E.S Campaign

The Company intends to launch both its high-top and low-cut canvassed sneakers in Q4 2021. The Company has paid a $44,000 deposit on its initial show production, with an additional $44,000 due to manufacturer on completion of shoes. In addition, the Company expects to donate $4,200 to the L.A.C.E.S campaign for coloured laces for its shoes.

5. Deliver Products to ProPak

The Company intends to ship its initial order of footwear via air freight to its fulfilment centre partner, ProPak, in Delta, British Columbia. Subsequent order are expected to be shipped via container ship and rail at a lower cost.

6. Launch Marketing Program

The Company has created a detailed marketing program which will coincide with the launch of its shoes. The program includes a robust website and e-commerce store, search engine optimization and paid search, email marketing, social media, celebrity placement, referral from bloggers and influencers and a public relations campaign. The Company has budgeted $150,000 towards this objective.

The Company's charitable campaign, L.A.C.E.S., gives the consumer the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated. The Company will contribute 100% of the profits from the laces to the charity of choice.

7. Begin Sale of Shoes

The Company expects to begin selling its high-top and low-cut canvassed sneakers towards the end of 2021.

8. Set Up Advisory Board

As the Company expands its operations, the Company anticipates creating an Advisory Board to add expertise to its team.

9. Evaluate Future Financings

As the Company grows and demand for its goods increases, more capital may be required to expand operations, branding, partnerships and/or to engage in mergers and acquisitions, and/or investments or opportunities that are available. As a result, the Company intends to raise additional capital through additional financings.

10. Join Industry Groups

The Company plans to join industry associations within the fashion, footwear and sustainability industries in North America, Europe and worldwide to remain updated on best practices, new materials, and competitors in the industry and to help improve the awareness of the Company's goods. Industry events and tradeshows are critical to the Company's marketing strategy in building a brand based on efficiency, effectiveness, sustainability and customer service. Industry groups and events will also be an ideal venue for the Company to expand its network and establish relationships that are mutually beneficial.

The actual amount that the Company spends from its working capital may vary significantly from the amounts specified above, and will depend on a number of factors, including those listed under the heading "*Risk Factors*".

The Company has not yet achieved positive operating cash flow and there are no assurances that the Company will not experience negative cash flow from operations in the future.

While the Company, intends to pursue these milestones, there may be circumstances where, for valid business reasons or due to factors beyond the control of the Company (e.g. the COVID-19 pandemic), a re-allocation of efforts may be necessary or advisable. Although the Company does not currently anticipate that the COVID-19 pandemic will cause material delays in the timelines or estimates set out above, due to the evolving nature of the COVID-19 pandemic and its impacts, these timelines and estimates may require adjustment in the future.

DIVIDENDS OR DISTRIBUTIONS

The payment of dividends, if any, in the future, rests within the sole discretion of the Board. The payment of dividends will depend upon the Company's earnings, its capital requirements and its financial condition, as well as other relevant factors. The Company has not declared any cash dividends since its inception, and the Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares and other classes of shares in the foreseeable future.

There are no restrictions in the Company's constating documents that prevent the Company from declaring 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company

The Company's Management's Discussion and Analysis ("**MD&A**") provides an analysis of the Company's financial results for the period from incorporation on April 20, 2020, to February 28, 2021 and for the three-month interim period ending May 31, 2021 and should be read in conjunction with the 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 "*Note Regarding Forward-Looking Statements*" for further detail.

Additional Disclosure for IPO Venture Issuers

See "*Use of Proceeds – Funds Available and Use of Available Funds*" and "*Use of Proceeds – Business Objectives and Milestones*".

Additional Disclosure for Junior Issuers

As at July 31, 2021, the Company had cash on hand of $648,098.00 and the Company's estimated use of funds for the next twelve months is set out under the headings "*Use of Proceeds – Funds Available and Use of Available Funds"* and "*Use of Proceeds – Business Objectives and Milestones*".

DESCRIPTION OF SECURITIES

No Offering; Qualifying Distribution

This Prospectus is being filed to qualify the distribution of 1,450,335 Common Shares issuable on the conversion of the 1,450,335 Special Warrants. See "*Description of the Business – History".*

While certain securities are being qualified for distribution pursuant to this Prospectus, this Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus.

Special Warrants

As of the date of this Prospectus, the Company has outstanding a total of 1,450,335 Special Warrants, the following table summarizes the details of the Special Warrants

Number of Special Warrants	Terms of Conversion	Number of Resultant Common Shares
1,450,335	Each Special Warrant entitles the holder thereof to receive, upon voluntary exercise prior to, or deemed exercise on October 12, 2021, the Automatic Exercise Date, one (1) Common Share in the capital Company without payment or additional consideration	1,450,335

The Company has granted to each holder of a Special Warrant 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 acquires another security of the Company on exercise 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 of this Prospectus or an amendment to this Prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, 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 of rescission and refund as if the holder was the original subscriber.

Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, there were 14,016,334 Common Shares issued and outstanding**.** In addition, as of the date of this Prospectus, the following convertible securities were issued and outstanding: 7,000,000 warrants, 1,500,000 stock options and 1,450,335 Special Warrants.

Common Shares

Holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the Company's assets among its shareholders by way of repayment of capital, the net equity of the Company shall be distributed among the holders of the Common Shares, without priority and on a share for share basis. There are no redemption or retraction rights associated with the Common Shares.

CONSOLIDATED CAPITALIZATION

The following table summarizes the changes in the Company's capitalization since inception and after giving effect to the offering pursuant to this Prospectus. The table should be read in conjunction with the Financial Statements appearing elsewhere in this Prospectus:

Securities	Authorized Amount	Amount Outstanding as of July 31, 2021	Amount Outstanding Upon Conversion of the Special Warrants
Common Shares	No Maximum	14,016,334	15,466,669
Special Warrants	No Maximum	1,450,335	Nil
Stock Options	10% Rolling	1,500,000	1,500,000
Warrants	No Maximum	7,000,000	7,000,000

OPTIONS TO PURCHASE SECURITIES

The Company has established a stock option plan (the "**Stock Option Plan**"), under which options may be granted to the Company's and its subsidiaries directors, officers, employees and consultants. For a summary of the terms of the Stock Option Plan, see "*Executive Compensation — Compensation Discussion and Analysis – Stock Option Plan*."

Stock Options

As at the date hereof, 1,500,000 stock options have been granted and are outstanding under the Stock Option Plan. The maximum number of Common Shares which may be issued pursuant to options granted under the Stock Option Plan at any point in time is 10% of the total issued and outstanding Common Shares on a fully-diluted basis, where the issued and outstanding number of Common Shares on a fully-diluted basis is determined without giving effect to outstanding and unexercised options.

As at the date of this Prospectus, the Company has granted the following stock options to certain directors, executive officers, and consultants of the Company:

Incentive stock options outstanding	No. of Common Shares issuable pursuant to outstanding Options	Dare of Grant	Exercise Price	Expiry Date
Executive officers, directors, past executive	Nil	N/A	N/A	N/A

officers, and past directors of the Company				
All other employees and past employees of the Company	Nil	N/A	N/A	N/A
Consultants	1,500,000	June 28, 2021	$0.30	June 28, 2026

Warrants

As of the date of this Prospectus, the Company has 7,000,000 warrants outstanding, with each warrant exercisable to acquire one Common Share at a price of $1.30 per share until a date that is two (2) years from the date of the Listing.

Special Warrants

As of the date of this Prospectus, the Company has 1,450,335 Special Warrants outstanding. Each Special Warrant entitles the holder thereof to receive, upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date, and without payment or additional consideration, one (1) Common Share.

PRIOR SALES

The following table summarizes all sales/issuances of securities of the Company for the 12-month period before the date of the Prospectus:

Securities Issued	Price at which Securities were Issued	Number of Securities	Date Securities were Sold
Common Shares	$0.005	3,800,000	July 24, 2020
Common Shares	$0.02	10,000,000	December 7, 2020
Special Warrants(1)	$0.30	216,333	February 28, 2021
Common Shares(1)	$0.30	216,333	July 2, 2021
Special Warrants(2)	$0.30	1,450,335	June 11, 2021
Warrants(3)	$0.005	7,000,000	June 28, 2021
Stock Option(4)	N/A	1,500,000	June 28, 2021

Notes: (1) 261,333 Special Warrants were exercised for 261,333 Common Shares on July 2, 2021.
(2) Each Special Warrant entitles the holder thereof to receive, upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date, and without payment or additional consideration, one (1) Common Share.
(3) Each warrant entitles the holder to purchase one Common Shares at a price of $1.30 for a period of two (2) years from the date of the Listing.
(4) Each stock option entitles the holder to purchase one Common Share at a price of $0.30 per share for a period of 5 years from issuance.

No other securities of the Company have been issued during the twelve (12) month period before the date of the Prospectus.

Trading Price and Volume

The Common Shares do not trade on any stock exchange.

ESCROWED SECURITIES

Following completion of the Listing, an aggregate of 68,667 Common Shares held by directors and officers of the Company will be held in escrow pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**") and the policies of the Exchange (the "**Escrow Securities**").

The Escrow Securities will be held in escrow pursuant to an escrow agreement to be entered into upon Listing among the Company, the Transfer Agent and certain shareholders pursuant to which the Escrow Securities will be held in escrow (the "**Escrow Agreement**"). The Escrow Securities are expected to be subject to the release schedule specified in NP 46-201 for emerging issuers and as set out in the form of escrow required by Policy 2 – *Qualifications for Listing of the CSE*. Ten (10%) percent of the Escrow Securities are expected to be released upon the date of listing on the CSE and an additional 15% are expected to be released every 6 months thereafter until all Escrow Securities have been released (36 months following the date of Listing).

The following table sets out the securities of the Company as of the date of this Prospectus that are subject to escrow.

Name of Securityholder	Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class(1)
Maximilian Justus	Common	1,000	Less than 1%
Nima Bahrami	Common	1,000	Less than 1%
Geoff Balderson	Common(2)	50,000	Less than 1%
Patrick Morris	Common(2)	16,667	Less than 1%

Notes:

(1) Based on the securities outstanding upon Listing and after the conversion of Special Warrants, being 15,466,669 Common Shares.

(2) Upon the conversion of the Special Warrants upon Listing.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus and as at Listing no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the names, municipalities of residence, position, principal occupations, and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence and Position with the Company	Director / Officer Since	Principal Occupation During Past 5 Years	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Maximilian Justus(1) CEO and Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Justus currently serves as Vice President of Winchester Securities Corporation. From April 2018 – October 2020, Mr. Justus served as director of Elevate Industries Ltd., and from January 2016 to April 2018, Mr. Justus served as the owner and operator of Loveurshirt Custom Design Company.	1,000 Common Shares
Geoff Balderson CFO and Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Balderson has been the President of Harmony Corporate Services Ltd. Since 2015 and serves as an officer and/or director for several publicly listed companies. From June 2009 – August 2019, Mr. Balderson served as President of Flow Capital Corp.	50,000 Special Warrants
Joel Shacker(1) Director and Chairman of the Board Vancouver, British Columbia, Canada	April 20, 2020	Mr. Shacker is CEO and Director of Core One Labs Inc. since May 2020, from and President and Director of Thoughtful Bands Inc since April 2019(formerly Mota Ventures Corp.). Mr Shacker was aformer Associate at Stadnyk and Partners from 2018 to 2019, former Director and consultant of Weekend Unlimited Inc. from 2018 to 2019.	Nil
Patrick Morris Director North Vancouver, British Columbia, Canada	January 27, 2021	Former Chief Executive Officer of Primary Energy Metals Inc. from 2017 to 2019, corporate consultant and has served as a director and officer of several publicly listed companies.	16,667 Special Warrants
Nima Bahrami(1) Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Bahrami is the CEO and president of a private dairy alternatives company. From March 2021 to present, Mr. Bahrami serves as the corporate communications coordinator for Thoughtful Brands Inc. and from May 2018 to March 2021, Mr. Bahrami served as an independent corporate consultant.	1,000 Common Shares

Note: (1) Member of the Audit Committee.

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

As at the date of this Prospectus, the directors and officers of the Company as a group own beneficially, directly or indirectly or exercise control or discretion over an aggregate of 2,000 Common Shares, or approximately 0.01% of the Common Shares issued and outstanding, and an aggregate of 66,667 Special Warrants, or approximately 4.6% of the Special Warrants issued and outstanding. Upon Listing and the conversion of the Special Warrants, the directors and officers of the Company as a group will beneficially, directly or indirectly or exercise control or discretion over an aggregate of 68,667 Common Shares, or approximately 0.44% of the Common Shares issued and outstanding upon Listing.

Corporate Cease Trade Orders or Bankruptcies

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or corporation, including the Company, that:

(a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**order**") that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer, or the chief financial officer thereof; or

(b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer, or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company 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 hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

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

Geoff Balderson, a director of the Company, was (from August 2014 to May 2017) the President and CEO, and was (from July 2007 to present) a director of Argentum Silver Corp. ("**Argentum**"), a company publicly trading on the TSXV. A management cease trade order was issued on November 2, 2015 for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently filed and the BCSC issued a revocation order on December 16, 2015. In addition, a management cease trade order was issued on November 3, 2016 for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently and the BCSC issued a revocation order on December 5, 2016. Mr. Balderson is CFO and Secretary of Core One Labs Inc. ("**Core**"), a company publicly trading on the CSE. A management cease trade order was issued on May 3, 2021 for failure to file its annual financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021. Mr. Balderson is CFO and Secretary of Thoughtful Brands Inc. ("**Thoughtful**"), a company publicly trading on the CSE. A management cease trade order was issued on May 4, 2021 and a cease trade order was issued on July 8, 2021. Thoughtful is in the process of completing its annual financial statements at which time Thoughtful anticipates that the cease trade order will be revoked.

Joel Shacker, a director of the Company, and is CEO and Director of Core One Labs Inc. ("**Core**"), a company publicly trading on the CSE. A management cease trade order was issued on May 3, 2021 for failure to file its annual financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021. Mr. Shacker is President and Director Thoughtful Brands Inc. ("**Thoughtful**"), a company publicly trading on the CSE. A management cease trade order was issued on May 4, 2021 and a cease trade order was issued on July 8, 2021. Thoughtful is in the process of completing its annual financial statements at which time Thoughtful anticipates that the cease trade order will be revoked.

Penalties or Sanctions

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

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

Personal Bankruptcies

No director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person 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 been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. There are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and 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

Below is a brief description of each director and member of management of the Company, including their names, ages, positions, and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus and experience in the Company's industry. As of the date of this Prospectus and other than as set out below, the Company has not entered into any other management, consulting or employment agreements with any of its management team. None of the persons on the management team have entered into either a non-competition or non-disclosure agreement with the Company. The Company anticipates entering into agreements with management in line with industry competitive standards in order to retain and attract the best talent.

- **Maximilian Justus, Age: 31, *CEO and Director***

  Mr. Justus entered the fashion space in 2011 by founding a design and production company specializing in custom designed garments. While traveling abroad Mr. Justus experienced the negative environmental impacts of the fashion industry first hand. Mr. Justus joined the Company to further his passion for fashion and commitment to environmentalism. Mr. Justus' time as a private business owner has furnished him with the experience to oversee and develop all operations of design, production and fulfilment. Mr. Justus has experience in the public market overseeing United

States clinic operations for Core One Labs Inc. Mr. Justus will devote approximately 50% of his time to the affairs of the Company.

- **Geoff Balderson, Age: 43, *CFO and Director***

  Mr. Balderson has over 20 years of capital market experience Mr. Balderson is president of Harmony Corporate Services Ltd. and leads a team that provides bookkeeping, accounting, filing and corporate secretarial services to publicly listed companies Mr. Balderson is an officer and director of other TSX Venture listed companies. Mr. Balderson is a former Investment Advisor with two Canadian securities dealers, and a graduate of the University of British Columbia. Mr. Balderson will devote approximately 20% of his time to the affairs of the Company.

- **Joel Shacker, Age: 31, *Director***

  Mr. Shacker has worked extensively in the cannabis and finance space over the past six years and has sat on several boards of publicly traded companies. He has been in charge of leading the expansion of publicly traded companies into international cannabis markets and has overseen and developed cannabis operations from the ground up. Mr. Shacker is currently the Chief Executive Officer and a director of Core One Labs Inc., an emerging biotechnology research and development company in the psychedelics as alternative medicines space. Core One Labs Inc. is focused on life sciences and on bringing psychedelic medicines to market through novel delivery systems and psychedelic assisted psychotherapy. Mr. Shacker holds an Honours Business Administration degree from Ivey Business School specializing in finance (2013). Mr. Shacker will devote approximately 20% of his time to the affairs of the Company.

- **Patrick Morris, Age: 52, *Director***

  Mr. Morris is an entrepreneur and capital markets executive with 20 years of experience raising funds for microcap companies in a number of industries including pharmaceutical cannabis, resource exploration, blockchain technologies, finance and business related to the future of food. Mr. Morris served as CEO and Director of Eat Beyond Global Holdings Inc. (CSE: EATS) Canada's first publicly traded investment issuer specifically focussed on investing in the future of food from its inception in late 2019 to July 2021. Mr. Morris also co-created and co-produced Canada's first nationally syndicated radio show about growth stock opportunities which was broadcast on 14 of the top-rated news talk stations across Canada. Mr. Morris will devote approximately 20% of his time to the affairs of the Company.

- **Nima Bahrami, Age: 31, *Director***

  Mr. Bahrami has extensive experience in management, business development and entrepreneurship in the finance and natural health space. He has successfully founded and established natural health and wellness corporations and product lines and focused on consulting with publicly traded companies to integrate these well developed and ready to sell product lines. Mr. Bahrami holds an MBA with Distinction from Cardiff University. Mr. Bahrami will devote approximately 20% of his time to the affairs of the Company

EXECUTIVE COMPENSATION

In accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to each Named Executive Officer ("**NEO**") of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

In this section, NEO means each individual who acted as CEO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, each individual who acted as CFO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company, at the end of the most recently completed financial year.

The Company's NEOs are Maximilian Justus as CEO and Geoff Balderson as CFO.

Director and NEO Compensation, Excluding Compensation Securities

From the period from incorporation on April, 2020 to February 28, 2021, the Company did not provide any compensation to its directors or NEOs.

Stock Options and Other Compensation Securities

The Company has not granted any stock options to any NEOs or directors of the Company and no stock options have been exercised.

Stock Options Plans and Other Incentive Plans

On June 24, 2021, the Company approved a 10% rolling stock option plan (the "**Stock Option Plan**") to which options may be granted to officers, directors, employees and consultants of the Company or its affiliates, subject to the rules and regulations of applicable regulatory authorities and the Exchange. As at the date of this Prospectus, the Company has issued 1,500,000 stock options to certain consultants of the Company. A summary of the Stock Option Plan is set out below and has been appended in its entirely to this Prospectus as Appendix D.

Purpose

The purpose of the Stock Option Plan is to is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan is administered by the Board, or by a special committee of directors of the Company appointed from time to time by the Board, pursuant to rules of procedure fixed by the Board. All stock options granted pursuant to the Stock Option Plan will be subject to the rules and policies of the Exchange after the Listing.

Eligibility

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries shall be eligible for selection to participate in the Stock Option Plan.

Availability

The Stock Option Plan provides that the aggregate number of Common Shares that may be issued upon the exercise of options cannot exceed 10% of the number of Common Shares issued and outstanding from time to time. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Stock Option Plan.

The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding Common Shares at the date of such grant, unless the Company has obtained approval by a majority of the votes cast by the shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates. The number of Common Shares issuable to (a) any one consultant, or (b) parties providing investor relations services, in any 12-month period, cannot exceed 2% of the issued and outstanding Common Shares. The number of Common Shares subject to an option granted to any one participant shall be determined by the Board, but no one participant shall be granted an option which exceeds the maximum number permitted by the Exchange. In no circumstances shall the maximum term of any stock options granted under the Stock Option Plan exceed ten (10) years.

Exercise Pricing

The exercise price of the Common Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. Once the exercise price has been determined by the Board, accepted by the Exchange, if necessary, and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, subject to any requirements of the Exchange.

Vesting

Subject to the requirements of the Exchange, the vesting provisions, the terms and conditions of exercise and forfeiture of the Options and the applicable option exercise expiry date for Options granted under the Stock Option Plan will be determined by the Board of Directors at the time of issuance.

Employment, Consulting, and Management Agreements

The Company entered into a management services agreement with Winchester Securities Corporation on October 1, 2020 to provide management consultancy and administrative services to the Company ("**Management Agreement**"). Pursuant to the Management Agreement, Winchester Securities Corporation has agreed to provide the Company with executive offices, administrative and business development services and reception services for $5,000 per month. The Management Agreement may be terminated by either party with 30 days written notice

Oversight and Description of Director and NEO Compensation

The Company, at its present stage, does not have any formal objectives, criteria and analysis for determining the compensation of its NEOs and primarily relies on the discussions and determinations of the Board. When determining individual compensation levels for the Company's NEOs, a variety of factors will be considered including: the overall financial and operating performance of the Company, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The Company's executive compensation is intended to be consistent with the Company's business plans, strategies and goals, including the preservation of working capital as the Company seeks to complete its listing on the Exchange. The Company's executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

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.

Pension Disclosure

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, no director, executive officer, or employee of the Company is or has been indebted to the Company at any time.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Charter of the Company's Audit Committee is attached to this Prospectus as Appendix C.

Composition of Audit Committee

The following are the members of the Audit Committee:

Name	Independence(1)	Financial Literacy(1)
Maximilian Justus	Not Independent	Financially Literate
Joel Shacker	Independent	Financially Literate
Nima Bahrami	Independent	Financially Literate

Note:

(1) As defined under section 1.6 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Relevant Education and Experience

See "*Directors and Executive Officers*" above for the education and experience of each member of the Audit Committee relevant to the performance of their duties as a member of the Audit Committee.

Audit Committee Oversight

At no time has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

(a) the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);

(b) the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*);

(c) the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);

(d) the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or

(e) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees

The following table sets out the audit fees incurred by the Company since incorporation for audit fees are as follows:

Period	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
Incorporation (April 20, 2020) to February 28, 2021	$8,100.00	NIL	NIL	NIL

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The Company's Board currently consists of 5 directors, Maximilian Justus, Geoff Balderson, Joel Shacker, Patrick Morris and Nima Bahrami, of which 3 are independent based upon the tests for independence set forth in NI 52-110. Directors Maximilian Justus, also CEO, and Geoff Balderson, also CFO, are not considered independent directors due to their executive officer roles with the Company.

Regulatory authorities have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure of the Company's corporate governance practices.

There is no specific written mandate of the Board, other than the corporate standard of care set out in the governing corporate legislation of the Company. The Board has overall responsibility for the management, or supervision of the management, of the business and affairs of the Company. The Board's primary tasks are to establish the policies, courses of action and goals of the Company and to monitor management's strategies and performance for realizing them.

All major acquisitions, dispositions, and investments, as well as financing and significant matters outside the ordinary course of the Company's business are subject to approval by the full Board. The Board does not currently have in place programs for succession planning and training of directors and management. As the growth of the Company continues, the Board will consider implementing such programs. In order to carry out the foregoing responsibilities the Board meets on a quarterly basis and as required by circumstances.

Directorships

The following directors of the Company also serve as directors of other reporting issuers:

Name of Director	Other Reporting Issuer	Name of Exchange or Market
Geoff Balderson	Goldeneye Resources Corp., Gambier Gold Corp., Tracker Ventures Corp., Hollister Biosciences Inc., Thoughtful Brands Inc., Balsam Technologies Inc., Falcon Gold Corp., Spectre Capital Corp., Dynamo Capital Corp., Four Nines Gold Inc., Shooting Star Acquisition Corp., Eat Beyond Global Holdings Inc., Makara Mining Corp., Hawkmoon Resources Corp., New Wave Holdings Corp., Vinergy Capital Inc., Medaro Mining Corp., Core One Labs Inc. Nexco Resources Inc., AmmPower Corp., Marvel Discovery Corp., Lida Resources Inc., Happy Supplements Inc., Plant Veda Foods Ltd.	TSXV, CSE
Joel Shacker	Balsam Technologies Corp., Thoughtful Brands Inc., Core One Labs Inc., Happy Supplements Inc., Gold Line Resources Ltd.	TSXV, CSE
Patrick Morris	Balsam Technologies Corp., Thoughtful Brands Inc., Core One Labs Inc., Binovi Technologies Corp., Happy Supplements Inc., Hollister Biosciences.	TSXV, CSE

Orientation and Continuing Education

When new directors are appointed, they 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 found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and to disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

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 must have a track record in general business management, special 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 considers 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.

Compensation

The Board conducts reviews with regard to directors' compensation annually. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. Compensation packages, including benefits, for executives and key managers will be developed based on performance and the Company's cash flow.

The Board decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

For further information regarding the how the Company determines compensation for its directors and executive officers, see "*Executive Compensation*".

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

PLAN OF DISTRIBUTION

There are no securities being offered in connection with this Prospectus. The Company has applied to list its Common Shares on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

As at the date of the 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, a U.S. marketplace, or a marketplace outside of 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.

RISK FACTORS

The Company's business is subject to a number of significant risk factors. The following are certain risk factors related to the Company, its business, and ownership of the Common Shares. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial conditions, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Company believes that the risk factors described below are the most material risks that the Company faces, they are not the only ones. Additional risk factors not presently known to the Company or that the Company currently believes are immaterial could also materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial conditions and negatively affect the value of the Common Shares. An investment in the Company involves a high degree of risk and should be considered speculative. An investment in the Company should only be undertaken by those persons who can afford the total loss of their investment. Readers should carefully consider each of the risks and uncertainties described bellows, as well as all of the other information contained in this Prospectus, including the financial statement and accompanying notes, before investing in the Company.

The Company has a limited operating history and no history of earnings.

The Company has no history of earnings. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and investment activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its operations or cease operations entirely, in which case, the value of the Common Shares may decline significantly.

The Company has negative cash flow from operations and it may never have positive cash flow from operations.

Since incorporation the Company has had negative cash flow from operating activities. The Company does not expect to have positive cash flow from operating activities for the foreseeable future, if ever, and to the extent that the Company has negative cash flow in any future period, it will need to raise additional funds to cover this short-fall.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional Common Shares following the financing described in this Prospectus, existing holders of such Common Shares may experience dilution in their holdings. Moreover, when the

Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company’s operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. The Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in research and development, and technology to be able to compete on costs and functionality. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Liability for Actions of Employees, Contractors and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreements could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Inability to Protect Intellectual Property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Innovation and Ability to Attract New Customers

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Financial Projections

The financial projections contained in this Prospectus reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

Conflicts of Interest

Members of the Board of the Company may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or listing of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or listing with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

COVID-19

The Company's business, operations, and financial condition, and the market price of the Common Shares (following the Listing), could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for eco-friendly fashion and footwear, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares (following the Listing).

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The Company encourages each security holder to consult with its own tax or professional advisor to under the tax considerations generally applicable with purchasing or owning Common Shares.

PROMOTERS

Mr. Maximilian Justus, CEO and a director of the Company may be considered a promoter of the Company within the meaning of applicable securities legislation in British Columbia. Information about Mr. Justus is disclosed elsewhere in this Prospectus in connection with his roles and an officer and director of the Company.

Mr. Justus holds directly and/or indirectly 1,000 Common Shares, representing less than one percent of the Company's current issued and outstanding Common Shares; he currently does not receive annual compensation in his capacity as CEO and as a director. Mr. Justus may be entitled to receive annual compensation in the future.

Mr. Justus will also be entitled to receive stock options under the Stock Option Plan.

Other than as disclosed elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

- received anything of value directly or indirectly from the Company;
- sold or otherwise transferred any asset to the Company within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

See "*Directors and Executive Officers*" and "*Executive Compensation*" for further disclosure.

LEGAL PROCEEDINGS AND REGULATORY MATTERS

There are no pending legal proceedings to which the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which the Financial Statements are included in this Prospectus.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No person who is: (a) a 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 percent of any class or series of the Company's outstanding voting securities; (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b), has any material interest, direct or indirect, in any material transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Company.

AUDITOR, TRANSFER AGENT, AND REGISTRARS

The auditors of the Company are Crowe MacKay LLP, located at 1100 – 1177 West Hastings Street, Vancouver, BC V6E 4T5. They have advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

The Company has appointed Endeavor Trust Corporation, located at 702-777 Hornby Street, Vancouver, BC V6Z 1S4, Canada as the registrar and transfer agent of the Company.

MATERIAL CONTRACTS

The Company has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- **C**orporate management agreement dated October 1, 2020, with Winchester Securities Corporation to provide management consultancy and administrative services to the Company.

- Escrow Agreement.

- Storage, Fulfilment, and Distribution Agreement with ProPac dated March 1, 2021.

- Memorandum of Understanding agreement dated June 2, 2021 between the Company and Ahimsa Industria E Comercio De Calcados Ltda.

Copies of all material contracts and reports referred to in this Prospectus may be inspected at the registered office of the Company located at 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8 during normal business hours.

EXPERTS

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

The Financial Statements included in this Prospectus have been subject to audit by Crowe MacKay LLP and their audit report is included herein. Crowe MacKay LLP is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

OTHER MATERIAL FACTS

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

FINANCIAL STATEMENT AND MD&A DISCLOSURE

The following financial statements and management's discussions and analysis are included herein:

APPENDIX A	-	Audited Financial Statements for the period from incorporation on April 20, 2020 to February 28, 2021 and unaudited interim Financial Statements for the three-month period ending May 31, 2021.
APPENDIX B	-	Management's Discussion and Analysis for the period from incorporation on April 20, 2020 to February 28, 2021 and for the three-month interim period ending May 31, 2021.

<u>APPENDIX A</u>
FINANCIAL STATEMENTS

(ATTACHED)

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

ANNUAL FINANCIAL STATEMENTS

February 28, 2021

(Expressed in Canadian Dollars)

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
STATEMENT OF FINANCIAL POSITION
February 28, 2021
(Expressed in Canadian Dollars)

		2021
ASSETS		
Current		
Cash	$	192,768
GST receivable		1,167
Prepaid expense		5,250
	$	199,185
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	15,877
		15,877
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		219,000
Reserve (Note 5)		64,900
Subscriptions receivable (Note 9)		(40,400)
Deficit		(60,192)
		183,308
	$	199,185

Going concern (Note 2)
Subsequent events (Note 9)

APPROVED ON BEHALF OF THE BOARD:

"Maximilian Justus"	Director	*"Geoff Balderson"*	Director
Maximilian Justus		Geoff Balderson	

See accompanying notes to the financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

		April 20, 2020 (date of incorporation) to February 28, 2021
Expenses		
Bank charges	$	391
Product sample		1,236
Professional fees		28,887
Administrative		25,750
Website development		3,928
Net loss and comprehensive loss for the period	$	(60,192)
Basic and diluted loss per share	$	(0.01)
Weighted average number of common shares outstanding		5,293,632

See accompanying notes to the financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserve	Subscriptions receivable	Deficit	Total Shareholders' Equity
Balance, April 20, 2020	1	$ -	$ -	$ -	$ -	$ -
Private placement (Note 5)	3,800,000	19,000	-	-	-	19,000
Private placement (Note 5)	10,000,000	200,000	-	-	-	200,000
Issuance of special warrants (Note 5)	-	-	64,900	(40,400)	-	24,500
Net loss for the period	-	-	-	-	(60,192)	(60,192)
Balance, February 28, 2021	13,800,001	$ 219,000	$ 64,900	$ (40,400)	$ (60,192)	$ 183,308

See accompanying notes to the financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
STATEMENT OF CASH FLOWS
For the period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

		April 20, 2020 (date of incorporation) to February 28, 2021
Operating Activities		
Net loss for the period	$	(60,192)
Changes in non-cash working capital items related to operations:		
GST receivable		(1,167)
Prepaid expense		(5,250)
Accounts payable and accrued liabilities		15,877
Cash used in operating activities		(50,732)
Financing Activities		
Shares issued for cash		219,000
Special warrants issued for cash		24,500
Cash provided by financing activities		243,500
Change in cash during the period		192,768
Cash, beginning of period		-
Cash, end of the period	$	192,768
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$	-
Income taxes	$	-

See accompanying notes to the financial statements

1. CORPORATE INFORMATION

Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") is a clothing company that is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

The Company was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July *, 2021.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2021 the Company has not achieved profitable operations, has accumulated losses of $60,192 since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern – (cont'd)

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the financial statements, unless otherwise indicated.

Impairment of Assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments

Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measures at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets classified at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

The Company's cash is measured at amortized cost.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

Income Taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. There were no potentially dilutive common shares at February 28, 2021. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the date of issuance once the shares are listed on a stock exchange. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

On April 20, 2020, the Company issued 1 incorporator share.

On July 24, 2020, the Company issued 3,800,000 common shares at $0.005 per share for total proceeds of $19,000.

On December 7, 2020, the Company issued 10,000,000 common shares at $0.02 per share for total proceed of $200,000.

On February 28, 2021, the Company issued 216,333 special warrants at $0.30 per special warrant for total proceeds of $64,900. $40,400 of the total proceeds was received subsequent to February 28, 2021. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and July 2, 2021.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

7. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 28, 2021, the Company had a working capital of $183,308.

7. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at February 28, 2021, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at February 28, 2021, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk to be negligible.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

8. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory tax rates arises as follows:

		2021
Loss before tax	$	(60,192)
Income tax recovery at local statutory rates – 27%	$	(16,000)
Change in unrecognized tax benefits not recognized		16,000
	$	-

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

		2021
Non-capital losses	$	16,000
Unrecognized deferred tax assets		(16,000)
	$	-

As at February 28, 2021, the Company has estimated non-capital losses of $60,192 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized the non-capital loss will commence expiry in 2041.

9. RELATED PARTY TRANSACTIONS

During the period ended February 28, 2021, the Company paid administrative fees of $25,750 to a company with common officers and directors.

As at February 28, 2021, there are no balances owing to related parties.

10. SUBSEQUENT EVENTS

a) On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021.

b) On June 24, 2021, the Company adopted a stock option plan (the "plan") to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Options granted may not exceed a term of 10 years. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

10. SUBSEQUENT EVENTS – (cont'd)

c) On June 28, 2021, the Company issued 7,000,000 warrants at $0.005 per warrant for total proceeds of $35,000. Each warrant will entitle the holder to purchase 1 common share at a price of $1.30 for a period of 2 years after the date that the Company becomes listed on a qualified stock exchange.

d) On June 28, 2021, the Company granted 1,500,000 stock options to certain consultants of the Company. The stock options have an exercise price of $0.30 and expire on June 28, 2026.

e) On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants issued on February 28, 2021.

APPENDIX B
MANAGEMENT'S DISCUSSION & ANALYSIS

(ATTACHED)

The following Management's Discussion and Analysis ("MD&A") of the financial position and results of activities of Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") is prepared as at July *, 2021 in accordance with National Instrument 51-102F1, and should be read together with audited financial statements for the period ended February 28, 2021 and related notes. The Company's fiscal year-end is February 28.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars ($), which is the functional and reporting currency of the Company. Additional information relating to the Company will be available through the SEDAR website at www.sedar.com.

Forward-Looking Statements

Certain information included in this MD&A may constitute forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information, or statements, may not be achieved and that the assumptions underlying such information or statements will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, as a result of numerous risks, uncertainties and other factors such as those described above and in "Business and Industry Risks" below.

The Company's Business

The Company is primarily engaged in the business of fair trade sustainable and earth conscious fashion, with an initial focus on shoes and is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

The Company was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

The Company's main products, which are expected to launch in Summer of 2021, are high-top and low-cut canvas shoes, made from sustainable, ethically sourced and produced materials and manufactured by fair-trade workers. Furthermore, the Company aims to create a lasting and meaningful positive impact on the world through its L.A.C.E.S. campaign, whereby consumers have the option to select a color of lace specific to the charity they would like to donate to.

The Company has formed numerous strategic partnerships to provide logistics, fulfillment, distribution and production capacity.

The Company's shoe collections, which will be part of its initial launch in 2021, feature organic cotton, linen and natural rubber. The products are made using traditional artisan skills such as hand weaving, hand knitting, hand embroidery and hand block printing.

Notably, every product the Company produces is made to the highest ethical and environmental standards from start to finish. The contemporary, versatile designs create stylish and innovative fashion while respecting people and the planet.

The Company's first products are low-cut & high-top canvas sneakers.

L.A.C.E.S.

The Company will be launching a charitable initiative termed L.A.C.E.S. which stands for "Learn to Achieve and Create Everlasting Sustainability." The goal is to help to make a positive impact on the world through the donation of funds to charities that the Company supports.

At the time of each purchase, the customer will have the option to select a color of laces to go with their shoe, with each lace color corresponding to a specific charity which the customer would like to donate to. The Company will contribute 100% of the profits from the laces to the charity of choice.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	Period from April 20, 2020 to February 28, 2021
Revenue	$ -
Net loss and comprehensive loss	$ 60,192
Loss per share	$ 0.00
Total assets	$ 199,185

The Company was incorporated on April 20, 2020 and February 28, 2021 was the Company's first fiscal year end. The Company did not record any revenues in the period ended February 28, 2021 and incurred a net loss of $60,192. The net loss of $60,192 in the period is largely attributed to professional fees and administrative expense. The Company's total assets for the period ended February 28, 2021 were $199,185, which is mainly comprised of cash.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the four quarters since incorporation are as follows:

For the Period Ending	Feb. 28, 2021	Nov.30, 2020	Aug 31, 2020	May 31, 2020
Revenue	$ -	$	$ -	$ -
Net loss	$ 41,976	$ 14,570	$ 3,591	$ 55
Loss per share	$ 0.00	$ 0.00	$ 0.00	$ 55

The Company was incorporated on April 20, 2020 and the quarter ended May 31, 2020 was the Company's first fiscal quarter reported. During the three months ended May 31, 2020, the Company was mainly inactive and recorded a net loss of $55. During the three months ended August 31, 2020, the Company recorded a net loss of $3,591 as compared to a net loss of $55 for the previous quarter. During the three months ended November 30, 2020, the Company recorded a net loss of $14,570 as compared to the previous quarter of $3,591. During the three months ended February 28, 2021, the Company recorded a net loss of $41,976 as compared to $14,570 for the previous quarter. The Company commenced its process of preparing its prospectus.

Results of Operations

During the period ended February 28, 2021, the Company recorded a net loss of $60,192. The net loss mainly consisted of $25,750 in administrative expenses and $28,887 in professional fees incurred in connection with the preparation of the prospectus. The Company intends to file a prospectus.

Fourth Quarter

During the fourth quarter ended February 28, 2021, the Company recorded a net loss of $41,976 which mainly consisted of $15,250 in administrative expenses and $25,191 in professional fees.

Liquidity and Capital Resources

The Company's cash position as at February 28, 2021 was $192,768 with a working capital of $183,308. Total assets as at February 28, 2021 was $199,185.

The Company's budget is its working capital and management believes that the current capital resources is not sufficient to pay overhead expenses and fund its operation for the next twelve months and continues to raise additional funding to fund its future, marketing and general working capital and towards potential expansion, if such opportunities arise. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On July 24, 2020, the Company issued 3,800,000 common shares at $0.005 per share for total proceeds of $19,000.

On December 7, 2020, the Company issued 10,000,000 common shares at $0.02 per share for total proceeds of $200,000.

On February 28, 2021, the Company issued 216,333 special warrants at $0.30 per special warrant for total proceeds of $64,900. $40,400 of the total proceeds was received subsequent to period ended February 28, 2021. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and July 2, 2021.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments in response to changes in economic conditions, including the risk characteristics of the underlying assets.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

There were no changes to the Company's approach to capital management during the period ended February 28, 2021.

Going Concern

The financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2021, the Company has not achieved profitable operations, has accumulated losses of $60,192 since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company's risk exposures and impacts on the Company's financial statements are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 28, 2021, the Company had a working capital of $183,308.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at February 28, 2021, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at February 28, 2021, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk to be negligible.

Credit risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

During the period ended February 28, 2021, the Company paid administrative fees of $25,750 to a company with common officers and directors.

As at February 28, 2021, there are no balances owing to related parties.

Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. There were no compensations paid to Key Management personnel during the period ended February 28, 2021.

Subsequent Events

a) On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021.

b) On June 24, 2021, the Company adopted a stock option plan (the "plan") to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Options granted may not exceed a term of 10 years. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

c) On June 28, 2021, the Company issued 7,000,000 warrants at $0.005 per warrant for total proceeds of $35,000. Each warrant will entitle the holder to purchase 1 common share at a price of $1.30 for a period of 2 years after the date that the Company becomes listed on a qualified stock exchange.

d) On June 28, 2021, the Company granted 1,500,000 stock options to certain consultants of the Company. The stock options have an exercise price of $0.30 and expire on June 28, 2026.

e) On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants issued on February 28, 2021.

Outstanding Share Data

Below is the summary of the Company's share capital as at February 28, 2021 and as of the date of this report:

	As at	
	February 28, 2021	July *, 2021
Common shares – issued and outstanding	13,800,001	14,016,334
Special warrants	216,333	1,450,335
Warrants	-	7,000,000
Share purchase options	-	1,500,000
Common shares – fully diluted	14,016,334	23,966,669

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed in note 4 to the financial statements.

Business and Industry Risks

There are a number of risk factors that could cause future results to differ materially from those described herein. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations. The following sets out the principal risks faced by the Company:

Reliance on Management

One risk associated with the Company's business is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional common shares following the Proposed Financing, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company's operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. The Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in R&D and technology to be able to compete on costs and functionality. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Liability for Actions of Employees, Contractors and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Inability to Protect Intellectual Property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

If the Company is Unable to Continually Innovate and Increase Efficiencies, its Ability to Attract New Customers May be Adversely Affected

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Financial Projections

The financial projections contained in this Prospectus reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

Conflicts of Interest

Members of the Board of the Company may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Company's Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or listing of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or listing with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

COVID-19 Risks

The Company's business, operations, and financial condition, and the market price of the Common Shares (following the Listing), could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for eco-friendly fashion and footwear, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares (following the Listing).

APPENDIX C
AUDIT COMMITTEE CHARTER

(ATTACHED)

AUDIT COMMITTEE CHARTER

Grounded People Apparel Inc.

AUDIT COMMITTEE CHARTER

1. PURPOSE

The main purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Grounded People Apparel Inc. (the "**Company**") is to assist the Board in fulfilling its statutory responsibilities in relation to internal control and financial reporting, and to carry out certain oversight functions on behalf of the Board, including the oversight of:

(a) the integrity of the Company's financial statements and other financial information provided by the Company to securities regulators, governmental bodies and the public to ensure that the Company's financial disclosures are complete, accurate, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations by the International Financial Reporting Interpretations Committee ("**IFRIC**"), and fairly present the financial position and risks of the Company;

(b) assessing the independence, qualifications and performance of the Company's independent auditor (the "**Auditor**"), appointing and replacing the Auditor, overseeing the audit and non- audit services provided by the Auditor, and approving the compensation of the Auditor;

(c) Senior Management (as defined below) responsibility for assessing and reporting on the effectiveness of internal controls;

(d) financial matters and management of financial risks;

(e) the prevention and detection of fraudulent activities; and

(f) investigation of complaints and submissions regarding accounting or auditing matters and unethical or illegal behavior.

The Committee provides an avenue for communication between the Auditor, the Company's executive officers and other senior managers ("**Senior Management**") and the Board, and has the authority to communicate directly with the Auditor. The Committee shall have a clear understanding with the Auditor that they must maintain an open and transparent relationship with the Committee. The Auditor is ultimately accountable to the Committee and the Board, as representatives of the Company's shareholders.

2. COMPOSITION

The Committee shall be comprised of three directors. Each Committee member shall:

(a) satisfy the laws governing the Company;

(b) be "financially literate" in accordance with the definition set out in Section 1.6 of NI 52-110, which definition is reproduced in Appendix "A" of this charter.

The majority of Committee members shall be "independent" in accordance with Sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees ("**NI 52-110**"), which sections are reproduced in Appendix "A" of this charter, and the position of non-executive Chair of the Board is considered to be an executive officer of the Company.

Committee members and the chair of the Committee (the "**Committee Chair**") shall be appointed annually by the Board at the first Board meeting that is held after every annual general meeting of the Company's shareholders. The Board may remove a Committee member at any time in its sole discretion by a resolution of the Board.

If a Committee member simultaneously serves on the audit committees of more than three public companies, the Committee shall seek the Board's determination as to whether such simultaneous service would impair the ability of such member to effectively serve on the Committee and ensure that such determination is disclosed.

3. MEETINGS

The Committee shall meet at least once per financial quarter and as many additional times as the Committee deems necessary to carry out its duties effectively.

The Committee shall meet:

(a) within 60 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related management's discussion and analysis ("**MD&A**"); and

(b) within 120 days following the end of the Company's fiscal year end to review and discuss the audited financial results for the year and related MD&A.

As part of its job to foster open communication, the Committee shall meet at least once each financial quarter with Senior Management and the Auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

A majority of the members of the Committee shall constitute a quorum for any Committee meeting. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by unanimous written consent of the Committee members.

The Committee Chair shall preside at each Committee meeting. In the event the Committee Chair is unable to attend or chair a Committee meeting, the Committee will appoint a chair for that meeting from the other Committee members.

The Corporate Secretary of the Company, or such individual as appointed by the Committee, shall act as secretary for a Committee meeting (the "**Committee Secretary**") and, upon receiving a request to convene a Committee meeting from any Committee member, shall arrange for such meeting to be held.

The Committee Chair, in consultation with the other Committee members, shall set the agenda of items to be addressed at each Committee meeting. The Committee Secretary shall ensure that the agenda and any supporting materials for each upcoming Committee meeting are circulated to each Committee member in advance of such meeting.

The Committee may invite such officers, directors and employees of the Company, the Auditor, and other advisors as it may see fit from time to time to attend at one or more Committee meetings and assist in the discussion and consideration of any matter. For purposes of performing their duties, members of the Committee shall, upon request, have immediate and full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the duties and responsibilities of the Committee with officers, directors and employees of the Company, with the Auditor, and with other advisors subject to appropriate confidentiality agreements being in place.

Unless otherwise provided herein or as directed by the Board, proceedings of the Committee shall be conducted in accordance with the rules applicable to meetings of the Board.

4. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board and the Articles of the Company, in order to carry out its oversight responsibilities, the Committee shall:

4.1 <u>Financial Reporting Process</u>

(a) Review with Senior Management and the Auditor any items of concern, any proposed changes in the selection or application of accounting principles and policies and the reasons for the change, any identified risks and uncertainties, and any issues requiring the judgement of Senior Management, to the extent that the foregoing may be material to financial reporting.

(b) Consider any matter required to be communicated to the Committee by the Auditor under generally accepted auditing standards, applicable law and listing standards, if applicable, including the Auditor's report to the Committee (and the response of Senior Management thereto) on:

  (i) accounting policies and practices used by the Company;

  (ii) alternative accounting treatments of financial information that have been discussed with Senior Management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the Auditor; and

  (iii) any other material written communications between the Auditor and Senior Management.

(c) Discuss with the Auditor their views about the quality, not just the acceptability, of accounting principles and policies used by the Company, including estimates and judgements made by Senior Management and their selection of accounting principles.

(d) Discuss with Senior Management and the Auditor:

  (i) any accounting adjustments that were noted or proposed (immaterial or otherwise) by the Auditor but were not reflected in the financial statements;

  (ii) any material correcting adjustments that were identified by the Auditor in accordance with generally accepted accounting principles ("**GAAP**") or applicable law;

  (iii) any communication reflecting a difference of opinion between the audit team and the Auditor's national office on material auditing or accounting issues raised by the engagement; and

  (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the Auditor to the Company.

(e) Discuss with Senior Management and the Auditor any significant financial reporting issues considered during the fiscal period and the method of resolution, and resolve disagreements between Senior Management and the Auditor regarding financial reporting.

(f) Review with Senior Management and the Auditor:

(i) any off-balance sheet financing mechanisms being used by the Company and their effect on the Company's financial statements; and

(ii) the effect of regulatory and accounting initiatives on the Company's financial statements, including the potential impact of proposed initiatives.

(g) Review with Senior Management and the Auditor and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Company, and the manner in which these matters have been disclosed or reflected in the financial statements.

(h) Review with the Auditor any audit problems or difficulties experienced by the Auditor in performing the audit, including any restrictions or limitations imposed by Senior Management, and the response of Senior Management, and resolve any disagreements between Senior Management and the Auditor regarding these matters.

(i) Review the results of the Auditor's work, including findings and recommendations, Senior Management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.

(j) Review and discuss with Senior Management the audited annual financial statements and related MD&A and make recommendations to the Board with respect to approval thereof before their release to the public.

(k) Review and discuss with Senior Management and the Auditor all interim unaudited financial statements and related interim MD&A.

(l) Approve interim unaudited financial statements and related interim MD&A prior to their filing and dissemination.

(m) In connection with Sections 4.1 and 5.1 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), obtain confirmation from the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") (and considering the Auditor's comments, if any, thereon) to their knowledge:

(i) that the audited financial statements, together with any financial information included in the annual MD&A and annual information form, fairly present in all material respects the Company's financial condition, financial performance and cash flows; and

(ii) that the interim financial statements, together with any financial information included in the interim MD&A, fairly present in all material respects the Company's financial condition, financial performance and cash flows.

(n) Review news releases to be issued in connection with the audited annual financial statements and related MD&A and the interim unaudited financial statements and related interim MD&A, before being disseminated to the public, if the Company is required to do so under applicable securities laws, paying particular attention to any use of “pro-forma” or “adjusted” non-GAAP, information.

(o) Review any news release containing earnings guidance or financial information based upon the Company’s financial statements prior to the release of such statements, if the Company is required to disseminate such news releases under applicable securities laws.

(p) Review the appointment of the CFO and have the CFO report to the Committee on the qualifications of new key financial personnel involved in the financial reporting process.

4.2 Internal Controls

(a) Consider and review with Senior Management and the Auditor the adequacy and effectiveness of internal controls over accounting and financial reporting within the Company and any proposed significant changes in them.

(b) Consider and discuss any Auditor’s comments on the Company’s internal controls, together with Senior Management responses thereto.

(c) Discuss, as appropriate, with Senior Management and the Auditor any major issues as to the adequacy of the Company’s internal controls and any special audit steps in light of material internal control deficiencies.

(d) Review annually the disclosure controls and procedures.

(e) Receive confirmation from the CEO and the CFO of the effectiveness of disclosure controls and procedures, and whether there are any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information or any fraud, whether or not material, that involves Senior Management or other employees who have a significant role in the Company’s internal control over financial reporting. In addition, receive confirmation from the CEO and the CFO that they are prepared to sign the annual and quarterly certificates required by Sections 4.1 and 5.1 of NI 52-109, as amended from time to time.

4.3 The Auditor

Qualifications and Selection

(a) Subject to the requirements of applicable law, be solely responsible to select, retain, compensate, oversee, evaluate and, where appropriate, replace the Auditor. The Committee shall be entitled to adequate funding from the Company for the purpose of compensating the Auditor for authorized services.

(b) Instruct the Auditor that:

(i) they are ultimately accountable to the Board and the Committee, as representatives of shareholders; and

(ii) they must report directly to the Committee.

(c) Ensure that the Auditor have direct and open communication with the Committee and that the Auditor meet with the Committee once each financial quarter without the presence of Senior Management to discuss any matters that the Committee or the Auditor believe should be discussed privately.

(d) Evaluate the Auditor's qualifications, performance, and independence. As part of that evaluation:

(i) at least annually, request and review a formal report by the Auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;

(ii) annually review and confirm with Senior Management and the Auditor the independence of the Auditor, including all relationships between the Auditor and the Company, including the amount of fees received by the Auditors for the audit services, the extent of non-audit services and fees therefor, the extent to which the compensation of the audit partners of the Auditor is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the Company, and whether there should be a regular rotation of the audit firm itself; and

(iii) annually review and evaluate senior members of the audit team of the Auditor, including their expertise and qualifications. In making this evaluation, the Committee should consider the opinions of Senior Management.

Conclusions on the independence of the Auditor should be reported by the Committee to the Board.

(e) Approve and review, and verify compliance with, the Company's policies for hiring of employees and former employees of the Auditor and former auditors. Such policies shall include, at minimum, a one-year hiring "cooling off" period.

Other Matters

(a) Meet with the Auditor to review and approve the annual audit plan of the Company's financial statements prior to the annual audit being undertaken by the Auditor, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the Auditor of the factors considered by the Auditor in determining their audit scope, including major risk factors. The Auditor shall report to the Committee all significant changes to the approved audit plan.

(b) Review and pre-approve all audit and non-audit services and engagement fees and terms in accordance with applicable law, including those provided to the Company's subsidiaries by the Auditor or any other person in its capacity as independent auditor of such subsidiary. Between scheduled Committee meetings, the Committee Chair, on behalf of the Committee, is authorized to pre-approve any audit or non-audit services and engagement fees and terms up to $50,000. At the next Committee meeting, the Committee Chair shall report to the Committee any such pre-approval given.

(c) Establish and adopt procedures for such matters.

4.4 Compliance

(a) Monitor compliance by the Company with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the Company's directors personally liable.

(b) Receive regular updates from Senior Management regarding compliance with laws and regulations and the process in place to monitor such compliance, excluding, however, legal compliance matters subject to the oversight of the Corporate Governance and Nominating Committee of the Board, if any. Review the findings of any examination by regulatory authorities and any observations by the Auditor relating to such matters.

(c) Establish and oversee the procedures in the Company's Whistleblower Policy to address:

- (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting or auditing matters or unethical or illegal behaviour; and
- (ii) confidential, anonymous submissions by employees of concerns regarding questionable accounting and auditing matters or unethical or illegal behaviour.

(d) Ensure that political and charitable donations conform with policies and budgets approved by the Board.

(e) Monitor management of hedging, debt and credit, make recommendations to the Board respecting policies for management of such risks, and review the Company's compliance therewith.

(f) Approve the review and approval process for the expenses submitted for reimbursement by the CEO.

(g) Oversee Senior Management's mitigation of material risks within the Committee's mandate and as otherwise assigned to it by the Board.

4.5 Financial Oversight

(a) Assist the Board in its consideration and ongoing oversight of matters pertaining to:

- (i) capital structure and funding including finance and cash flow planning;
- (ii) capital management planning and initiatives;
- (iii) property and corporate acquisitions and divestitures including proposals which may have a material impact on the Company's capital position;
- (iv) the Company's annual budget;
- (v) the Company's insurance program;
- (vi) directors' and officers' liability insurance and indemnity agreements; and
- (vii) matters the Board may refer to the Committee from time to time in connection with the Company's capital position.

4.6 Other

(a) Perform such other duties as may be assigned to the Committee by the Board.

(b) Annually review and assess the adequacy of its charter and recommend any proposed changes to the Corporate Governance and Nominating Committee.

(c) Review its own performance annually, and provide the results of such evaluation to the Board for its review.

5. AUTHORITY

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

a. select, retain, terminate, set and approve the fees and other retention terms of special or independent counsel, accountants or other experts, as it deems appropriate; and

b. obtain appropriate funding to pay, or approve the payment of, such approved fees, without seeking approval of the Board or Senior Management.

6. ACCOUNTABILITY

The Committee Chair shall make periodic reports to the Board, as requested by the Board, on matters that are within the Committee's area of responsibility.

The Committee shall maintain minutes of its meetings with the Company's Corporate Secretary and shall provide an oral report to the Board at the next Board meeting that is held after a Committee meeting.

Appendix "A"

Definitions from National Instrument 52-110 Audit Committees

Section 1.4 Meaning of Independence

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of Section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 Additional Independence Requirements

(1) Despite any determination made under Section 1.4, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Section 1.6 Meaning of Financial Literacy

For the purposes of this Instrument, an individual is 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 issuer's financial statements.

<u>APPENDIX D</u>
STOCK OPTION PLAN

(ATTACHED)

STOCK OPTION PLAN

Grounded People Apparel Inc.

STOCK OPTION PLAN

1. Purpose

The purpose of the stock option plan (the “**Plan**”) of **GROUNDED PEOPLE APPAREL INC.**, a corporation existing under the *Business Corporations Act* (British Columbia) (the “**Company**”) is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares of the Company (“**Shares**”), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to the rules and policies of any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

4. Shares Subject to Plan

Subject to adjustment as provided in Section 16 hereof, the securities to be offered under the Plan shall consist of Shares of the Company's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed ten (10%) percent of the issued and outstanding Shares at any given time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Company or Management Company Employees, the option agreements to which they are party must contain a representation of the Company that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Company or its subsidiaries. A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Withholding Taxes

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

(a) deduct and withhold additional amounts from other amounts payable to a Participant;

(b) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the Participant to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or

(c) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

8. Exercise Price

(a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board, accepted by the Exchange, if necessary, and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, subject to any requirements of the Exchange.

9. Number of Optioned Shares

(a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other security based compensation arrangements of the Company shall not exceed ten (10%) percent of the issued and outstanding Shares at any given time, subject to the following additional limitations:

   (i) the aggregate number of options granted to any one person under the Plan within a twelve (12) month period, together with all other security based compensation arrangements of the Company, must not exceed five (5%) percent of the then outstanding number of Shares, in the aggregate (on a non-diluted basis);

   (ii) Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Shares, in the aggregate, in any twelve (12) month period to any one consultant of the Company (or any of its subsidiaries); and

   (iii) Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Shares, in the aggregate, in any 12 month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one-quarter of the options vesting in any three (3) month period.

(b) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

10. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, in no circumstances shall the maximum term exceed ten (10) years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such

Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

"**Black Out Period**" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time.

11. Option Period, Consideration and Payment

(a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.

(d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.

(e) Subject to Section 7, the exercise of any option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

12. Ceasing To Be a Director, Officer, Consultant or Employee

If a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days, subject to adjustment at the discretion of the Board, after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Company.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

13. Death of Participant

Notwithstanding section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

(a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

14. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

15. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

16. Adjustments

If the outstanding shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another corporation or entity through a reorganization, amalgamation, arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision, consolidation or similar transaction, or in case of any transfer of all or substantially all of the assets or undertaking of the Company to another entity (any of which being, a “**Reorganization**”) any adjustments relating to the Shares subject to Options or issued on exercise of Options and the exercise price per Share shall be adjusted by the Board, in its sole and absolute discretion, under this Section, provided that a Participant shall be thereafter entitled to receive the amount of securities or property (including cash) to which such Participant would have been entitled to receive as a result of such Reorganization if, on the effective date thereof, he had been the holder of the number of Shares to which he was entitled upon exercise of his Option(s).

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

17. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

18. Amendment and Termination of Plan

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

(a) amend the persons eligible to be granted options under the plan;

(b) amend the method for determining the exercise price of options;

(c) reduce the exercise price of an Option held by an Insider of the Company;

(d) extend the expiry date of an Option held by an Insider of the Company (subject to such date being extended by virtue of paragraph 10 above);

(e) increase the maximum number of Shares issuable pursuant to this Plan; or

(f) amend the expiry, termination or amendment provisions of this Plan or applicable Options under this Article 18.

19. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any option exercise price paid to the Company will be returned to the Participant.

20. Effective Date of Plan

The Plan shall effective immediately upon adoption by the Board of the Company subject to the approval of the Exchange, if applicable.

21. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.

CERTIFICATE OF THE COMPANY

Dated: August 26, 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 and Ontario.

/s/ "Maximilian Justus"
Maximilian Justus
Chief Executive Officer and Director

/s/ "Geoff Balderson"
Geoff Balderson
Chief Financial Officer and Director

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Joel Shacker"
Joel Shacker
Director

/s/ "Patrick Morris"
Patrick Morris
Director

CERTIFICATE OF PROMOTER

Dated: August 26, 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 and Ontario.

/s/ "Maximilian Justus"
Maximilian Justus, Promoter