TUGA INNOVATIONS, INC.

CSE FORM 2A

LISTING STATEMENT

DATE: December 2, 2021
(except as otherwise indicated)

This Listing Statement contains the long form prospectus of TUGA Innovations, Inc. (the "**Issuer**" or the "**Company**") dated November 30, 2021 (the "**Prospectus**"). Certain sections of the Canadian Securities Exchange ("**CSE**") form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Issuer, as required by the CSE. Capitalized terms not otherwise defined herein have the meaning ascribed thereto in the Prospectus.

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TABLE OF CONCORDANCE

SCHEDULE “A”

LONG FORM PROSPECTUS DATED NOVEMBER 30, 2021

See attached.

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

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account of benefit of, any U.S Persons.

PROSPECTUS

NEW ISSUE **November 30, 2021**

TUGA INNOVATIONS, INC.

11,118,750 Common Shares and 5,559,375 Warrants issuable upon deemed conversion of 11,118,750 outstanding Subscription Receipts

This prospectus (the "**Prospectus**") is being filed by TUGA Innovations, Inc. ("**TUGA Innovations**" or the "**Company**") with the securities regulatory authorities in the provinces of British Columbia, Alberta, and Ontario (the "**Qualifying Jurisdictions**") to qualify the distribution of 11,118,750 common shares in the capital of the Company (the "**Qualified Shares**") and 5,559,375 common share purchase warrants (the "**Qualified Warrants**") of the Company issuable for no additional consideration upon deemed exercise of 11,118,750 subscription receipts of the Company (the "**Subscription Receipts**"). The Subscription Receipts were issued on August 27, 2021 and September 23, 2021 at a price of $0.40 per Subscription Receipt in certain provinces of Canada on a non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada (the "**Subscription Receipt Private Placement**"). See "*Plan of Distribution*".

The Subscription Receipts are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company other than the Escrowed Funds (as defined herein) upon satisfaction of the Escrow Release Conditions (as defined herein).

On closing of the Subscription Receipt Private Placement, a portion of the gross proceeds from the sale of the Subscription Receipts pursuant to the Subscription Receipt Private Placement in the amount of $4,002,750 (the "**Escrowed Funds**"), representing 90% of the proceeds of the Subscription Receipt Private Placement, were deposited in escrow and are held by Odyssey Trust Company, as subscription receipt agent ("**Subscription Receipt Agent**"), in a separate interest-bearing account. The Escrowed Funds may not to be released until the satisfaction of the Escrow Release Conditions (as defined herein) on the Conversion Date (as defined herein) at which time the Escrowed Funds together with interest earned thereon will be released to the Company. The balance of the proceeds of the Subscription Receipt Private Placement of $444,750, representing 10% of the proceeds of the Subscription Receipt Private Placement (the "**Released Funds**"), were retained by the Company to pay finder's fees and administrative and legal costs associated with the Subscription Receipt Private Placement and other costs in connection with the Company's ongoing business operations. The Company will use the Escrowed Funds and Released Funds for general working capital purposes, product development and testing, sales and marketing and regulatory compliance. See *"Use of Available Funds"*.

Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (a "**Unit**") on the date (the "**Conversion Date**") that is five (5) Business Days after the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus in Canada; and (ii) the receipt of conditional approval of the Canadian Securities Exchange (the "**CSE**") or any other recognized Canadian or United States stock exchange (the "**Escrow Release Conditions**"). Each Unit is comprised of one Qualified Share and one-half of one transferable Qualified Warrant, with each Qualified Warrant entitling the holder thereof to acquire one common share (a "**Warrant Share**") at a price of $1.00 for a period of 18 months from the Conversion Date. The Qualified Warrants will be issued pursuant to, governed by, and all final definitive terms of the Qualified Warrants shall be set forth in, a warrant indenture (the "**Warrant Indenture**"), entered into by the Company and Odyssey Trust Company in its capacity as Warrant Agent (the "**Warrant Agent**") on August 27, 2021.

In the event that the Escrow Release Conditions are not satisfied on or prior to March 31, 2022 (the "**Qualification Deadline**"), the Escrowed Funds will be returned to the purchasers and the Subscription Receipts will be cancelled. In the event that the Escrow Release Conditions are not satisfied on or prior to the Qualification Deadline, the Company will issue units to the purchasers equal in value to their *pro rata* share of the Released Funds. The Released Funds will be converted into units (the "**Release Fund Units**") at a conversion price of $0.40 per Release Fund Unit. Each Release Fund Unit will be comprised of one Common Share (a "**Release Fund Share**") and one-half of one Common Share purchase warrant (each whole warrant a "**Release Fund Warrant**"). Each Release Fund Warrant will have the same terms as a Qualified Warrant.

There is no market through which these securities may be sold and purchasers may not be able to resell the Subscription Receipts acquired pursuant to the Subscription Receipt Private Placement. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities and the extent of issuer regulation. See *"Risk Factors"*.

The Company has applied to list (the "**Listing**") its Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares. The Common Shares are not listed or quoted on any stock exchange or market.

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

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

Prospective purchasers of the Company's Securities should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide you with different information. Purchasers of the Company's Securities should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus.

No underwriter or selling agents have been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

John Hagie, Chief Executive Officer, Cesar Barbosa, Vice-President, Edmundo Nobre, director, António Câmara, director, and Kraig Schultz, Chief Technology Officer and director, reside outside of Canada. These persons have appointed the following agent for service of process:

Name of Agent	Address of Agent
TUGA Innovations, Inc.	TUGA Innovations, Inc. c/o 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8

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

The Company's head office is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2, and its registered office is located at Suite 1200, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

In this Prospectus, unless the context otherwise requires, references to "we", "us", "our", "TUGA Innovations" or the "Company" refer to TUGA Innovations, Inc., either alone or together with its subsidiaries, as the context requires.

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GLOSSARY

In this Prospectus, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"$**0.25 Warrant**" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**$1.00 Warrant**" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**Awards**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including all regulations promulgated thereunder;

"**Board**" means the board of directors of the Company, as constituted from time to time;

"**Business Day**" means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the city of Vancouver, British Columbia are generally open for the transaction of banking business;

"**Common Share**" means a common share in the capital of the Company;

"**Company**" or "**TUGA Innovations**" means TUGA Innovations, Inc., together with its successors and assigns;

"**Conversion Date**" has the meaning ascribed to it on the face page of this Prospectus;

"**COVID-19**" means the novel coronavirus disease, also known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), and each strain thereof;

"**Crowe MacKay**" means Crowe MacKay LLP, the Company's auditors;

"**CSA**" means the Canadian Securities Administrators;

"**CSE**" means the Canadian Securities Exchange;

"**Definitive Agreement**" means the definitive agreement entered into on June 4, 2021 between the Company, TUGA-Global, MergeCo, and the individual founders of TUGA-Global pursuant to which the Company acquired 100% of the issued and outstanding shares of TUGA-Global in exchange for Common Shares of the Company by way of reverse triangular merger;

"**DOT**" means the United States federal Department of Transportation;

"**Drop Dead Date**" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**DSUs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*

"**Eligible Persons**" has the meaning ascribed to it under "*Options to Purchase Securities*";

"**Escrow Agent**" means Odyssey Trust Company, or such other duly qualified escrow agent as may be determined by the Company;

"**Escrow Agreement**" means the NP 46-201 escrow agreement dated June 30, 2021 among the Escrow Agent, the Company and various Principals of the Company;

"**Escrow Release Conditions**" has the meaning ascribed to it on the face page of the Prospectus;

"**Escrowed Funds**" has the meaning ascribed to it on the face page of the Prospectus;

"**Escrowed Shareholders**" has the meaning the meaning ascribed to it under "*Escrowed Securities and Resale Restrictions – Escrowed Securities*";

"**Escrowed Securities**" has the meaning the meaning ascribed to it under "*Escrowed Securities and Resale Restrictions – Escrowed Securities*";

"**Final Receipt**" means the final receipt issued by the securities regulatory authorities in the Qualifying Jurisdictions for this Prospectus;

"**Financial Statements**" means the audited consolidated financial statements of the Company and the notes thereto for the period from inception on September 1, 2020 to July 31, 2021, and the audited consolidated financial statements of the Company and the notes thereto for the period from incorporation on April 7, 2021 to June 29, 2021 which are attached as Schedule "A" to this Prospectus;

"Finder's Warrants" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**Form 51-102F6V**" has the meaning ascribed to it under "*Executive Compensation*";

"**forward-looking statements**" has the meaning ascribed to it under "*Cautionary Note regarding Forward-Looking Statements*";

"**Going Public Transaction**" means: (I) the listing of the Common Shares on a recognized stock exchange in Canada or United States; or (II) the completion of a transaction (including a qualifying transaction, reverse takeover, reverse merger, amalgamation, merger, share exchange, plan of arrangement, business combination or similar transaction) between the Company and another company (or companies) which results in the shareholders of the Company receiving, in exchange for their securities, securities of a company listed on a recognized stock exchange in Canada or United States;

"**IDS**" means an information disclosure statement filed with the USPTO;

"**IFRS**" has the meaning ascribed to it under "*Currency Presentation*";

"**ISA**" means the International Search Authority (see "*Narrative Description of the Business – Patents*");

"**Listing**" means the listing of the Common Shares on the CSE or any other recognized Canadian or United States stock exchange;

"**Listing Date**" means the date on which the Common Shares are listed for trading on the CSE;

"**Management Company Employee** has the meaning ascribed to it under Options to Purchase Securities – Omnibus Incentive Plan;

"**Management Performance Warrants**" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**MD&A**" means management's discussion and analysis;

"**Merger**" has the meaning ascribed to it under *General Development of the Business – History*;

"**MergeCo**" means TUGA-MergeCo, Inc.;

"**Merger Agreement**" means the plan and agreement of merger dated June 30, 2021 between the Company, TUGA-Global, and MergeCo, which forms part of the Definitive Agreement;

"**Merger Transaction**" has the meaning ascribed to it under "*General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities*";

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed to it under "*Executive Compensation*";

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the CSA;

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the CSA;

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*;

"**Options**" means options to purchase Common Shares granted by the Board to certain directors, officers, employees and consultants of the Company pursuant to the Plan;

"**Option Period**" has the meaning ascribed to it under *"General Development of the Business of the Company -- History - Financings and Issuances of the Company's Securities"*;

"**Plan**" means the omnibus equity incentive compensation plan of the Company, as more particularly described under "*Options to Purchase Securities – Omnibus Equity Incentive Plan*";

"**Principals**" of an issuer has the meaning ascribed to it under "*Escrowed Securities and Resale Restrictions – Escrowed Securities*";

"**Promoter**" means a person who:

(a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Company; or

(b) in connection with the founding, organization or substantial reorganization of the business of the Company, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the Company's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue,

but does not include a person who:

(c) receives securities or proceeds referred to in paragraph (b) solely:

(i) as underwriting commissions, or

(ii) in consideration for property, and

(d) does not otherwise take part in founding, organizing or substantially reorganizing the business;

"**Prospectus**" means this prospectus and any appendices, schedules or attachments hereto;

"**PSUs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**Qualification Deadline**" has the meaning ascribed to it on the face page of the Prospectus;

"**Qualified Shares**" has the meaning ascribed to it on the face page of this Prospectus;

"**Qualified Warrants**" has the meaning ascribed to it on the face page of this Prospectus;

"**Qualifying Jurisdictions**" means the provinces of British Columbia, Alberta, and Ontario;

"**Recission Right Date**" has the meaning ascribed to it under *"General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities"*;

"**Released Funds**" has the meaning ascribed to it on the face page of the Prospectus;

"**Release Fund Shares**" has the meaning ascribed to it on page (ii) of the Prospectus;

"**Release Fund Units**" has the meaning ascribed to it on page (ii) of the Prospectus;

"**Release Fund Warrants**" has the meaning ascribed to it on page (ii) of the Prospectus;

"**RSUs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**SARs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**Securities**" means the securities of the Company, including its Common Shares, the Qualified Shares, the Qualified Warrants and the Warrant Shares and any Release Fund Units, Release Fund Shares or Release Fund Warrants, as applicable;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the CSA;

"**Securities Commissions**" means, collectively, the securities commissions or similar regulatory authorities in the Qualifying Jurisdictions;

"**Subscription Receipt**" has the meaning ascribed to it on the face page of the Prospectus;

"**Subscription Receipt Agent**" means Odyssey Trust Company;

"**Subscription Receipt Agreement**" means the subscription receipt agreement governing the Subscription Receipts entered into on August 27, 2021 between Company and the Subscription Receipt Agent;

"**Subscription Receipt Private Placement**" has the meaning ascribed to it on the face page of the Prospectus;

"**TG Warrants**" has the meaning ascribed to it under "*General Development of the Business - History - Financings and Issuances of the Company's Securities*";

"**TUGA-Global**" means TUGA-Global, Inc.;

"**Unit**" has the meaning ascribed to it on the face page of the Prospectus;

"**U.S. Person(s)**" has the meaning ascribed to it in Rule 902(k) of Regulation S under the U.S. Securities Act;

"**USPTO**" means the United States Patent and Trademark Office;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**Warrant Agent**" means Odyssey Trust Company;

"**Warrant Indenture**" means the warrant indenture governing the Qualified Warrants and issuance of the Warrant Shares entered into on August 27, 2021 between Company and the Warrant Agent; and

"**Warrant Share**" means a Common Share issuable upon exercise of the Qualified Warrants.

TECHNICAL GLOSSARY

“**AR**” means augmented reality;

“**CAD**” means computer-aided design, the use of computer-based software to aid engineers and designers in design processes;

“**CAGR**” has the meaning ascribed to it under *Narrative Description of the Business – Industry Overview and Trends;*

“**CFR**” has the meaning ascribed to it under *Narrative Description of the Business – Industry Overview and Trends – Government Regulations;*

“**EV**” has the meaning ascribed to it under “*General Development of the Business – Description of the Business”;*

“**EVSE**” has the meaning ascribed to it under *Narrative Description of the Business – Industry Overview and Trends;*

“**Global Stylist Community”** means people from around the world who could submit Vehicle Designs;

“**ICE**” has the meaning ascribed to it under *Narrative Description of the Business – Industry Overview and Trends;*

“**Level 1 Charger**” means a Level 1 EV charger, comprising a cord or charging system that typically comes with an EV during purchase, can be plugged into a standard 120 Volt, 20 Amp circuit wall outlet, and delivers an electrical current from the outlet to the vehicle via the connector;

“**Level 2 Charger**” means EV chargers which use a higher-output 240-volt power source, similar to what would be used to provide electrical power for an oven or clothes dryer. Charging times are much faster than with a Level 2 EV charging station; See *Narrative Description of the Business – Industry Overview and Trends;*

“**Schultz Engineering**” has the meaning ascribed to it under *Narrative Description of the Business – Patents;*

“**TUGA**” means the Company’s EV platform which will be capable of incorporating different body designs to provide EVs for different purposes (such as the TUGA Delivery and the TUGA Commuter);

“**TUGA App**” has the meaning ascribed to it under *Narrative Description of the Business – Marketing Plan;*

“**TUGA Base Platform**” has the meaning ascribed to it under *Narrative Description of the Business – Business Strategy;*

“**TUGA Commuter**” means an EV designed for urban commuting, built on the Company’s TUGA EV platform;

“**TUGA Compatible Products**” means products which are compatible with the TUGA and are certified by the Company as meeting TUGA quality, interchangeability and durability standards and have achieved the status of “TUGA Compatible” by way of a legal agreement with the Company that may or may not include the producer/seller of TUGA Compatible Products paying royalties to the Company;

“**TUGA Delivery**” means an EV with increased cargo space, designed for use as an urban delivery vehicle, built on the Company’s TUGA EV platform;

“**VR**” means virtual reality;

“Zev” means zero emission vehicle; and

“ZEV Act” has the meaning ascribed to it under *Narrative Description of the Business – Industry Overview and Trends – Government Support – Initiatives to Improve Transit*.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively, "**forward-looking statements**"). Forward-looking statements may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, purchasers should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In addition, this Prospectus may contain forward-looking statements attributed to third party industry sources.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- The Company becoming a reporting issuer in British Columbia, Alberta, and Ontario, and receipt of a Final Receipt from the Securities Commissions.
- The listing of the Common Shares on the CSE.
- The total funds expected to be available to the Company, use of available funds and Escrowed Funds, and the principal purposes of the Company.
- The Company's business objectives and milestones and the target completion dates and costs associated with each objective, including the public listing, product and operations and launching the marketing program.
- The Company's ability to add in-house expertise for its operations.
- The Company's proposed product and service offerings, and product divisions, including the benefits of the TUGA (such as the ability to lane filter and lane split where allowed) and the benefits of the TUGA Delivery (such as the large cargo space) and the overall agility, stability, comfort, long range capability and interchangeable bodies as well as the benefits of the TUGA Commuter, a completely enclosed version.
- The Company's anticipated competition in the electric vehicle market, including but not limited to, the ability to obtain qualified staff such as engineers and tech personnel.
- The Company's proposed marketing plan and advertising methods such as the use of AR and VR tools and the licensing of certain digital features.
- The Company building upon the TUGA, TUGA Delivery and the TUGA Commuter.
- The Company's ability to utilize industry-expertise (such as Schultz Engineering and Global Stylist Community), licensed and proprietary technology (such as the created patents, intellectual property and technical designs) and strategic partnerships with recognized companies to develop the TUGA vehicles and participate in product and business development.
- The Company's business model, strength and focus.
- The Company's target market (urban dwellers) as well as public and private organizations, including vehicle sharing operations and delivery operators.
- Future market conditions, including increased customer demand conditions, the expectation that the electric vehicle industry will continue to be a growing segment of the clean energy and technology movement, and that the Asia pacific market will hold the largest market share.
- Growth, trends and attitudes regarding electric vehicles in Canada and, and increased reliance on electric transportation.
- The Company's expectations regarding its revenue, expenses, production, operations, costs, cash flows and future growth.
- The Company's anticipated cash needs and its needs for additional financing.
- Conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technologies companies specifically.

- Proposed expenditures under "*Use of Available Funds*".
- The granting of regulatory approvals.
- The approval of pending patents.
- The timing for receipt of regulatory approvals.
- Projections of market prices and costs and the related sensitivity of distributions.
- Changes in the electric vehicle market.
- Treatment under governmental regulatory regimes and tax laws, and capital expenditure programs.
- Expectations with respect to the Company's future working capital position.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. With respect to forward-looking statements contained in this Prospectus, assumptions have been made regarding, among other things:

- the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the impact of any changes in law;
- future capital expenditures to be made by the Company;
- future cash flows meeting the expectations stated herein;
- the Company's future debt levels;
- the Company's ability to engage and retain qualified key personnel and employees;
- the intentions of the Board with respect to the executive compensation plans and corporate governance programs described herein;
- the impact of increasing competition on the Company;
- the Company's ability to obtain financing on acceptable terms, or at all;
- general business and economic conditions;
- the products and technology offered by the Company's competitors;
- the maintenance of the Company's current good relationships with its suppliers, service providers, manufacturers and other third parties;
- business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends;
- expectations concerning the size and growth of the electric vehicle market; and
- the performance, style, value, and efficiency of the Company's products compared to its competitors' products.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- competition for, among other things, capital, skilled personnel, and access to materials, equipment and services required for manufacture, development and production;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under "*Risk Factors*".

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The material factors and assumptions used in developing the forward-looking statements are based on the assumptions of the Company, including, costs and expected inflation, as well as the Company's planned, and other prospects. Due to the nature of the industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities, which may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent. The Company's business objectives and other factors that management will consider in assessing the Company's participation in acquisition or development opportunities are described under "*Description of the Business".*

The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. Except as required under applicable securities laws, the Company does not undertake or assume any obligation to publicly update or revise any forward-looking statements.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

Prospective investors should rely on only information contained in this Prospectus or incorporated by reference herein. The Company has not authorized anyone to provide different or additional information from that contained in this Prospectus. The distribution or possession of this Prospectus in or from certain jurisdictions may be restricted by law. This Prospectus is not an offer to sell any of the Securities and is not soliciting an offer to buy any of the Securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the Securities. The Company's business, financial condition, results of operations and prospects may have changed since that date.

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

CURRENCY PRESENTATION

Unless otherwise indicated, all references to monetary amounts in this Prospectus are denominated in Canadian dollars. The consolidated financial statements of the Company included herein are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Unless otherwise indicated, all references to "$" and "dollars" in this Prospectus refer to Canadian dollars. References to "US$" in this Prospectus refer to United States dollars.

THIRD PARTY INFORMATION

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

PROSPECTUS SUMMARY

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

The Company:	TUGA Innovations, Inc. was incorporated under the BCBCA under the name "1298562 B.C. Ltd." on April 7, 2021. The address of the registered office of the Company is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and the head office of the Company is 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2. The Company's Common Shares do not currently trade in any stock exchange. On June 30, 2021, the Company changed its name to TUGA Innovations, Inc. in connection with completion of the Merger Transaction. The Company has one wholly-owned subsidiary: TUGA-Global Inc. See *"Corporate Structure"*.
Business of the Company:	The Company is a development-stage electric vehicle company involved in the conception, design, and production of specialized EVs to improve the urban mobility experience. The Company is looking to reduce urban mobility difficulties by developing a three-wheeled, fully electric fore-and-aft 2-seat vehicle. The vehicle will be no wider than a motorcycle for agility, and will have a patent pending expanding rear axle for high-speed stability. The vehicle will offer advanced connectivity technology to maximize safety, performance, environmental impact, comfort, maintenance, and navigation. The TUGA vehicle is being designed to deliver an estimated 160 km range, have an estimated top speed of 90mph with the comforts of a car, but with more protection than a motorcycle, in an interchangeable multi-body, multi-function platform. TUGA Innovations is completing all feasibility studies, engineering, prototyping and patent filings. The go-to-market strategy will combine traditional automotive sector channels with consumer electronics co-partnerships and media influencer campaigns. See *"Description of Business"*.
The Subscription Receipt Private Placement:	Pursuant to the Subscription Receipt Private Placement, the Company issued 11,118,750 Subscription Receipts for gross proceeds of $4,447,500 at a price of $0.40 per Subscription Receipt. Each Subscription Receipt will be deemed exercised into one Unit (comprised of one Qualified Share and one-half of one Qualified Warrant) upon satisfaction of the Escrow Release Conditions. Other than the Released funds of $444,750, which were released to the Company, the gross proceeds from the Subscription Receipt Private Placement have been deposited in escrow with the Subscription Receipt Agent and will be released to the Company upon satisfaction of the Escrow Release Conditions. See *"Plan of Distribution"* and *"Description of Securities Distributed"*.

Use of Available Funds

As at October 31, 2021, the Company had estimated consolidated working capital of approximately $4,465,442. This amount includes the net proceeds from the Subscription Receipt Private Placement, $4,002,750 of which was placed and remains in escrow with the Subscription Receipt Agent. The Company intends to use these funds as follows:

Use of funds	Amount
Additional Finder's Fees Payable in connection with the Subscription Receipt Private Placement	$179,060
Remaining Costs of Prospectus and CSE Listing	$100,000
Product Development and Prototype Testing	
• Engineering Upgrades	$1,000,000
• Electronics and Software	$500,000
• Body and Interior Development	$400,000
• Stability and Durability Testing	$100,000
Marketing	
• Brand Development	$300,000
• Social Media	$200,000
• Content Development	$300,000
Market Research and Geographic Roll Out	
• Market Research, Focus Groups & Testing	$150,000
• Strategic Partner Qualification	$150,000
• Site Collateral	$100,000
General and Administrative Expenses(1)	$619,000
Unallocated General Working Capital	$367,382
TOTAL:	**$4,465,442**

Notes:

(1) General and administrative expenses are expected to include, among other things, salaries and consulting fees, professional fees (legal, audit), public company maintenance and regulatory fees and administrative & travel expenses.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

See *"Use of Available Funds"*.

Directors and Officers of the Company:

John Hagie – *Chief Executive Officer*
Faizaan Lalani – *Chief Financial Officer and Corporate Secretary and Director*
Kraig Schultz – *Chief Technology Officer and Director*
Cesar Barbosa – *Vice President*
António Câmara – *Director*
Edmundo Nobre – *Director*
Daren Hermiston – Director

See "*Directors and Officers*".

Financial Information:

The following table sets forth summary financial information of the Company from the audited consolidated financial statements for the period from inception on September 1, 2020 to July 31, 2021 and the audited consolidated financial statements of the Company for the period from incorporation on April 7, 2021 to June 29, 2021. This summary financial information should only be read in conjunction with the Company's audited financial statements, including the notes thereto, included in Schedule "A" to this Prospectus.

	Period from inception on September 1, 2020 to July 31, 2021
Net loss for the period	$558,340
Cash	$471,606
Total Assets	$490,413
Total Liabilities	$113,999
Total Shareholders' equity (deficiency)	$376,414

See *"Selected Financial Information and Management's Discussion and Analysis."*

Risk Factors:

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to insufficient capital risk, financing risks, the Company having a limited operating history and negative operating cashflow, the continued operations of the Company being dependent on procuring additional financing, and others. For a detailed description of these and other risks see *"Risk Factors"*.

An investment in the Securities should be considered highly speculative due to the nature of the Company's business. The Company's future development and operating results may be different from those expected as at the date of this Prospectus.

The Company faces various risks related to health epidemics, pandemics and similar outbreaks, including COVID-19, which may have material adverse effects on its business, prospects, financial condition and results of operations or cash flows. Other Risk Factors include, but are not limited to: limited operating history; consumer perception; inability to keep up with electric vehicle technology; inability to keep up with alternative technologies or improvements in the internal combustion engine; inability to address new market opportunities; risks related to the Company's operational strategy; failure to satisfy mandated safety standards; business operations costs; inability to protect intellectual property; patent application status; reliance of management; cybersecurity risks; product errors or defects; manufacture or design defects; limited experience with servicing the TUGA; failure to maintain, promote and enhance brand; dependence on customer internet access and use of internet for commerce; privacy and security of sensitive information; confidentiality of personal information; reliance on third parties; increases in costs, disruption of supply or shortage in raw materials; unavailability, reduction or elimination of government and economic incentives; management of growth; conflict of interest; the Company's services must integrate and interoperate with a variety of operating systems, software, hardware, web browsers and networks; product recalls; product liability; liability for actions of employees, contractors and consultants; breach of confidentiality; reporting issuer status; negative operating cash flow; additional financing; going concern risk; claims and legal proceedings; difficulty in forecasting; internal control systems; no established market; price may not represent the Company's performance or intrinsic fair value; price volatility of publicly traded securities; dilution; dividends; resale restrictions for Canadian residents; demand in the vehicle industry being highly volatile; competition; changes in technology; numerous environmental, health and safety laws and regulations; and union activities.

In addition to the other information contained in this Prospectus, prospective purchasers should carefully review and consider the risk factors discussed in greater detail in *"Risk Factors"*. Such risks may not be the only risks facing the Company. Additional risks not currently known may also impair the Company's business operations and results of operations.

Currency: Unless otherwise indicated, all currency amounts herein are stated in Canadian dollars.

Listing: There is currently no market through which the Company's Common Shares may be sold. The Company has applied to list its Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. The listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE, which cannot be guaranteed.

CORPORATE STRUCTURE

Name, Address and Incorporation

TUGA Innovations, Inc. was incorporated under the BCBCA under the name “1298562 B.C. Ltd.” on April 7, 2021. The address of the registered office of the Company is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and the head office of the Company is 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2. The Company’s Common Shares do not currently trade on any stock exchange. On June 30, 2021, the Company changed its name from 1298562 B.C. Ltd. to TUGA Innovations, Inc. in connection with the completion of the Merger Transaction. The Company has one wholly-owned subsidiary: TUGA-Global Inc.

The Company has applied to list its Common Shares on the CSE under the symbol “TUGA”.

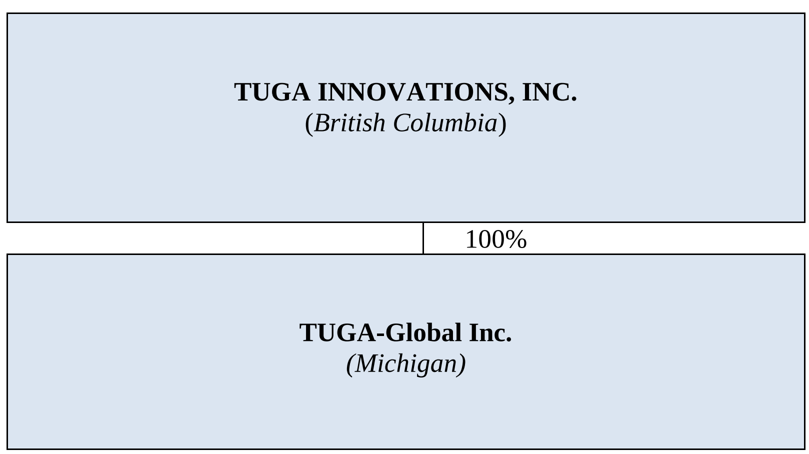
Intercorporate Relationships of the Company

On September 1, 2020, TUGA-Global, Inc. (“**TUGA-Global**”) was incorporated under the laws of Michigan.

On May 6, 2021, TUGA-MergeCo, Inc. (“**MergeCo**”) was incorporated under the laws of Michigan as a wholly owned subsidiary of the Company in order to facilitate the Merger Transaction.

On June 30, 2021, pursuant to the terms of a plan and agreement of merger, which formed part of the Definitive Agreement, (the “**Merger Agreement**”) between the Company, TUGA-Global, and MergeCo, MergeCo merged with and into TUGA-Global, with TUGA-Global surviving the merger as the surviving corporation under the provisions of the *Michigan Business Corporation Act* (the “**Merger Transaction**”). Each share of common stock in the capital of MergeCo was converted into one common share of the surviving corporation, resulting in the Company holding all 652,692 common shares outstanding in TUGA-Global as the surviving corporation. Each common share of TUGA-Global outstanding prior to the Merger Transaction and held by the founders of TUGA-Global was converted into approximately 38.2263 Common Shares of the Company. The address of the principal place of business of TUGA-Global is 11919 Mill Lane, Grand Haven, MI 49417.

The chart below sets out the intercorporate relationship between the Company and its subsidiary:



GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

Description of the Business

The Company is a development-stage electric vehicle company which looks to improve urban mobility through the conception, design, and production of specialized electric vehicles ("**EVs**"). The Company is involved in an emerging field which aims to achieve equitable access to transportation services and decrease negative environmental impacts. The Company is seeking to develop and market a new class of vehicle of EVs. The Company's principal offering is the TUGA, which, once fully developed, will be an electric three-wheeled vehicle designed with a standard chassis upon which different TUGA bodies can be interchanged to meet a wide range of challenges faced when driving in urban centres. With the TUGA, the Company plans to combine transportation and information systems into an innovative urban vehicle mobility solution: an efficient urban commuter vehicle built on a flexible, modular platform that can be configured for the leisure, commuter, delivery, taxi, rental and ride share markets.

The Company is in the process of completing all feasibility studies, engineering, prototyping and patent filings. The Company's go-to-market strategy will combine traditional automotive sector marketing channels with consumer electronics co-partnerships and media influencer campaigns. Manufacturing is being proposed for key global locations to leverage favourable logistics, taxation and regulatory advantages designed to ensure scalable production cost efficiencies.

History of TUGA-Global

TUGA-Global was incorporated on September 1, 2020 under the laws of Michigan.

On February 14, 2021, TUGA-Global issued a total of 360,000 common shares pursuant to a founders' agreement dated February 14, 2021 entered into between TUGA-Global and Kraig Schultz, Cesar Barbosa, António Câmara, Mauro Ferreira, Antonio Videira and John Hagie. The founders' agreement was subsequently terminated in connection with the Merger Transaction.

On February 14, 2021, TUGA-Global issued unsecured promissory notes for the repayment of its outstanding debt of US$34,373 to Schultz Engineering, LLC, the repayment of its outstanding debt of US$1,000 to Cesar Barbosa and the repayment of its outstanding debt of US$1,000 to Mauro Ferreira. The debts have been paid in full.

On April 15, 2021, TUGA-Global issued a total of 32,400 common shares at US$0.30 per share to two founders.

On April 23, 2021, TUGA-Global issued an unsecured promissory note for the repayment of its outstanding debt of US$1,000 to Mauro Ferreira. The debt has been paid in full.

On June 1, 2021, TUGA-Global issued an aggregate of 260,292 units at $1.53 per unit. Each unit consisted of (i) one common share; (ii) one common share purchase warrant exercisable into a common share at $9.56 per share until June 1, 2024 and (iii) one common share purchase warrant exercisable into a common share at $38.23 per share until June 1, 2024. Pursuant to the Merger Transaction, the outstanding warrants of TUGA-Global will remain warrants of TUGA-Global but according to their adjustment provisions each will represent the right to purchase Common Shares of the Company at a conversion ratio of 38.2263 warrant shares of the Company per one common share purchase warrant of TUGA-Global and will have exercise prices of $0.25 and $1.00, respectively.

In addition to the corporate/organizational matters described above, since incorporation, TUGA Global has conducted research to better understand its market and has worked on the development of the TUGA. Development work on engineering aspects of the 'Concept Car' prototype conceived by TUGA-Global was completed in Q3 2021. This included modifications to weight distribution via battery placement, adjustments to steering and electrical subsystems. Stability testing was carried out to understand and study handling and performance. Data was collected and analysed to be used in future development to offer improved safety, handling and performance. A laser scan of the chassis was taken and from that, a full CAD representation of the body allowed TUGA-Global to make corrections in dimensions and interior positioning. From these corrected CAD renderings, modular TUGA Bodies were made (for TUGA One, TUGA Deliver and TUGA Commuter). A prototyped TUGA seat was made by a specialized company, allowing for easier entry into and exit from the vehicle. The TUGA Concept Car prototype was also completed. Management considered this to be a key step in TUGA-Global's product development.

With respect to intellectual property development, U.S. Patent Application Serial No. 17/159, 507 was assigned to the Company from Schultz Engineering, LLC pursuant to an assignment agreement dated May 13, 2021. This transfer was registered with the United States Patent and Trademark Office on May 13, 2021. PCT Patent Application Serial No. PCT/US21/15207 was assigned to the Company from Schultz Engineering, LLC pursuant to an assignment agreement dated May 13, 2021. This transfer was registered with the United States Patent and Trademark Office on May 13, 2021 and with the World Intellectual Property Organization on June 14, 2021 See "*Narrative Description of the Business – Patents*".

On June 30, 2021, the Company acquired TUGA-Global pursuant to the Definitive Agreement. See *Corporate Structure - Intercorporate Relationships of the Company.*

History of the Company

The Company was incorporated under the BCBCA on April 7, 2021.

On May 17, 2021, the Company completed a non-brokered private placement of 5,050,000 units at a price of $0.04 per unit for gross proceeds of $202,000. Each unit was comprised of one Common Share and one transferable common share purchase warrant exercisable into a Common Share at $0.25 per share (a **"$0.25 Warrant**") and one transferrable common share purchase warrant exercisable into a Common Share at $1.00 per share (a **"$1.00 Warrant**"). The $0.25 Warrant and $1.00 Warrant are each exercisable into Common Shares until May 17, 2024. If the Company does not complete a Going Public Transaction by the date that is one year from the closing date of May 17, 2021 (the "**Drop Dead Date**"), then the Company will, for a period of one year from the Drop Dead Date (the "**Option Period**"), have the option, but not the obligation, to rescind and cancel the Units by completing all of the following: (i) repurchasing, cancelling and returning to treasury all of the Common Shares upon payment to the purchaser of the purchase price paid for the Units; (ii) repurchasing, cancelling and returning to treasury all of the Common Shares (if any) upon payment to the purchaser of the relevant exercise price paid by the warrantholder for exercise of the $0.25 Warrants or $1.00 Warrants; and (iii) cancelling all outstanding $0.25 Warrants and $1.00 Warrants for no additional consideration. For greater certainty, the Company must exercise the foregoing rights and complete items (i),(ii) and (iii) above prior to the expiry of the Option Period to be valid**.**

On June 4, 2021, the Company entered into a definitive agreement (the "**Definitive Agreement**") with TUGA-Global, MergeCo, and the individual founders of TUGA-Global for the Merger Transaction, pursuant to which the Company acquired 100% of the issued and outstanding shares of TUGA-Global in exchange for Common Shares of the Company by way of reverse triangular merger under the laws of Michigan. In connection with the Merger Transaction, the Company agreed to enter into the Merger Agreement with TUGA-Global and MergeCo, pursuant to which MergeCo merged (the "**Merger**") with and into TUGA-Global under the provisions of the Michigan Business Corporations Act and continued as one corporation which became a direct subsidiary of the Company.

Pursuant to the Definitive Agreement, if the Company does not complete a Going Public Transaction by the date that is 18 months from the completion date of the Merger (the "**Recission Right Date**"), then the founders, will, for a period of six months from the Recission Right Date, have the option to effectively rescind and unwind the Merger Transaction subject to certain conditions being met including the repurchase of previously issued securities.

On June 29, 2021, the Company completed a non-brokered private placement of 1,176,332 Common Shares at a price of $0.15 per Common Share for gross proceeds of $176,450.

On June 30, 2021, the Company and TUGA-Global completed the Merger Transaction, and changed its name to "TUGA Innovations, Inc.

In connection with the Merger Transaction, the Company issued 24,950,000 Common Shares to the shareholders of TUGA-Global. At the time of the Merger Transaction, there were 520,584 outstanding common share purchase warrants of TUGA-Global (the "**TG Warrants**"). See *"General Description of Business – History of TUGA-Global"*. The TG Warrants will remain warrants of TUGA-Global but according to their adjustment provisions each will represent the right to purchase Common Shares of the Company at a conversion ratio of 38.2263 warrant shares of the Company per one common share purchase warrant of TUGA-Global, with fractional shares rounded down to the nearest whole share, and resulting in the holders of outstanding common share purchase warrants of TUGA-Global holding warrants to purchase Common Shares of the Company. In addition, the Company issued 30,000,000 management performance warrants ("**Management Performance Warrants**") upon closing of the Merger Transaction, which are exercisable into Common Shares, for no additional consideration, in three equal tranches upon attainment of the following milestones:

i) 10,000,000 Management Performance Warrants become exercisable if the regulatory process is complete in the first targeted geography (California), and TUGA vehicles may be sold, insured and driven on public roads there;

ii) 10,000,000 Management Performance Warrants become exercisable if the Company can successfully communicate with targeted users, take orders and receive their funds (500 pre-orders or orders), and has a sustainable process in which to deliver and service the vehicles; and

iii) 10,000,000 Management Performance Warrants become exercisable if the Company has successfully produced in defined quantities of 350 units of the TUGA, implying that the operational production tooling is in place, and supply partners are identified and supplying in a timely manner and the internal process controls and financial flows are managed.

If these milestones are not achieved by the date that is four years from the date of issuance, the Management Performance Warrants will expire and be null and void.

Pursuant to the Definitive Agreement, the parties agreed that the Management Performance Warrants and the underlying Common Shares issuable upon exercise thereof are subject to the Escrow Agreement and additional voluntary resale restrictions pursuant to which the Management Performance Warrants and the underlying Common Shares will be subject to a voluntary six month hold period following the date the Company completes a Going Public Transaction. See "*Escrowed Securities and Resale Restrictions – Escrow Agreement*".

Pursuant to the Definitive Agreement, the parties agreed that the 15,000,000 Common Shares issued to individual founders of TUGA-Global pursuant to the Merger Transaction are subject to the Escrow Agreement and additional voluntary resale restrictions pursuant to which the 15,000,000 Common Shares will be subject to a voluntary six month hold period following the date the Company completes a Going Public Transaction. See "*Escrowed Securities and Resale Restrictions – Escrow Agreement*".

On closing of the Merger Transaction, Kraig Schultz was appointed to the Board and will serve as Chief Technology Officer of the Company. John Hagie was appointed as Chief Executive Officer, Faizaan Lalani was appointed as Chief Financial Officer and Corporate Secretary, and Cesar Barbosa was appointed as Vice President.

On August 27, 2021 and September 23, 2021, the Company completed the Subscription Receipt Private Placement at a price of $0.40 per Subscription Receipt for aggregate gross proceeds of $4,447,500 and issued an aggregate of 11,118,750 Subscription Receipts. Each Subscription Receipt entitles the holder thereof to receive, without payment of any further consideration, one Unit upon the satisfaction of the Escrow Release Conditions. Each Unit is comprised of one Qualified Share and one-half of one transferable Qualified Warrant, with each Qualified Warrant entitling the holder thereof to acquire one Warrant Share at a price of $1.00 for a period of 18 months from the Conversion Date. The Qualified Warrants will be issued pursuant to, governed by, and all final definitive terms of the Qualified Warrants shall be set forth in, the Warrant Indenture to be entered into by the Company and the Warrant Agent its capacity as Warrant Agent on or before the Conversion Date.

On closing of the Subscription Receipt Private Placement, Escrowed Funds in the amount of $4,002,750, representing 90% of the proceeds of the Subscription Receipt Private Placement, were placed in escrow with the Subscription Receipt Agent. The balance of the proceeds of $444,750, representing 10% of the proceeds of the Subscription Receipt Private Placement, were retained by the Company to pay finder's fees and administrative and legal costs associated with the Subscription Receipt Private Placement and other costs in connection with the Company's ongoing business operations.

On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 and issued a total of 135,625 finder's warrants (the "**Finder's Warrants**") in connection with the first tranche closing of the Subscription Receipt Private Placement. Each Finder's Warrant is exercisable into a Common Share at $0.40 per Common Share until the date that is the earlier of (i) the date that is two years following the issuance date and (ii) the date that is 18 months from the Conversion Date. A total of 396,025 Finder's Warrants and $179,060 finder's fees are payable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement that closed on September 23, 2021. This Prospectus qualifies the distribution of 396,025 Finder's Warrants (including in respect of any Common Shares issuable in respect of any exercise of 396,025 Finder's Warrants).

The Escrowed Funds have been deposited into an interest-bearing escrow account, releasable to the Company upon the satisfaction of the Escrow Release Conditions, including the Company obtaining a receipt for this Prospectus. In the event that the Escrow Release Conditions are not satisfied, the Subscription Receipts will immediately become null, void and of no further force or effect and, as soon as reasonably possible, and in any event within ten (10) Business Days following the Escrow Deadline, the Escrowed Funds will be returned to the holders of Subscription Receipts in an amount per Subscription Receipt equal to: (i) the Escrowed Funds; and (ii) interest, if any, actually earned thereon to the date of the Escrow Deadline (less any applicable holdings taxes). See *"Plan of Distribution"* and *"Description of Securities Distributed"*.

In the event that the Escrow Release Conditions are not satisfied on or prior to the Qualification Deadline, the Escrowed Funds will be returned to the purchasers and the Subscription Receipts will be cancelled. In the event that the Escrow Release Conditions are not satisfied on or prior to the Qualification Deadline, the Company will issue Release Fund Units to the purchasers equal in value to their *pro rata* share of the Released Funds. The Released Funds will be converted into Release Fund Units at a conversion price of $0.40 per Release Fund Unit. Each Release Fund Unit will be comprised of one Release Fund Share and one-half of one Release Fund Warrant. Each whole Release Fund Warrant will have the same terms as a Qualified Warrant.

Changes Expected to Occur During the 12 Months After Listing

Product Development and Durability Testing

The overall objective in terms of product development is to develop the TUGA so that it is a quality, safe vehicle which will offer comfort and performance. As a part of this process, the Company will establish design targets for performance, handling, safety and comfort. Leveraging off of the experience and data gathered from building and testing the initial Concept Car prototype, the Company will work on improving the overall engineering aspects of the TUGA: chassis, expanding axle, electronics, batteries, suspension, steering etc. The Company will then take these engineering aspects and build the next TUGA prototype, carry out road tests and collect handling and performance data.

The above described process will be an iterative process of refining each element of the TUGA while having greater integration of all of the subsystems. Once the Company attains the design targets it specifies for different areas, it will conduct endurance and stress testing to ensure safety. By the end of the 12 months after Listing, the Company hopes to be making further refinements to successive prototypes and testing, and may be starting to investigate pre-production steps. Technological developments which are specific to TUGA will be patented. Based on the Company's investigations to date, the Company anticipates the pre-production steps will be as follows:

- Vehicle design will be updated and computer assisted design software ("**CAD**") designs reflecting these updates will be made;
- Define more complete vehicle specifications;
- Undertake basic calculations of mass distribution based on CAD and vehicle specifications to create updated version of the vehicle;
- Designate technical areas on the vehicle design;
- Safety crash test chassis & frame development;
- Study and redefine ergonomics;
- Contact and engage regulatory agencies;
- Take into account more detailed sub-system specifications (e.g. Hub Motors, Batteries, etc.);
- Undertake CAD simulations of dynamic stability and adjustments;
- Develop basic electronic system;
- Develop body and interior;
- Engineering CAD descriptions with supplier components;
- Complete preliminary design with initial bill of materials;
- Detail design would ensue with all components identified, supply chain verified and finalized engineering; and
- Assembly and integration of all elements into one or several basic prototypes.

Branding and Communication

The Company will be defining the TUGA Brand around the core values of its targeted user group, and identifying the benefits of the TUGA. Different marketing channels will be used, including press releases, social media, web site, videos, AR and VR. Communication will be regular and will be focused on creating a strong brand.

Regulatory

The Company will commence the process of clearing all regulatory requirements in its launch geography. Engagement with the different State, Federal and possibly local authorities will commence. See "*Narrative Description of the Business - Government Regulation*"

Go-To-Market

Based on the market research that will be carried out, the Company will define and identify the best manner in which to bring its products to market. This will include sales, maintenance and repair networks. The Company hopes to identify multiple partners in sales, distribution and maintenance and to have commenced the process of selecting from among potential partners.

The Company's core team will remain small, and will work with strategic partners to complete different tasks. During the 12 months after Listing, the Company hopes to have completed market research for targeted markets and intends to base its launch on the results of such market research.

The Company's current intent is to produce a limited number of TUGA models (20 to 30) which will have all body styles (One, Delivery and Commuter) included. These vehicles would be used for marketing purposes and to obtain valuable input from first users to improve the TUGA vehicle before starting larger production runs. The Company will either use these models to "saturate" one geographical area before launch, or have a broader sampling of input and marketing activities. Additional funds beyond those raised from the Subscription Receipt Private Placement and other prior equity financings will be necessary to produce these models. See "*Risk Factors – Financial Risk – Additional Financing*".

NARRATIVE DESCRIPTION OF THE BUSINESS

General Overview

The Company seeks to bring solutions to urban mobility problems. The Company is a development-stage EV company involved in the conception, design, and production of specialized EVs to improve the urban mobility experience. The Company is involved in an emerging field which aims to achieve equitable access to transportation services and decrease negative environmental impacts. The Company is seeking to develop and market a new class of vehicle of EVs. The Company's principal offering, the TUGA, once fully developed, will be an electric three-wheeled vehicle designed with a standard chassis upon which different TUGA bodies can be interchanged to meet a wide range of challenges faced when driving in urban centres. With the TUGA, the Company plans to combine transportation and advanced connectivity and digital components into an innovative urban vehicle mobility solution: an efficient urban commuter vehicle built on a flexible, modular platform (the "**TUGA Base Platform**") that can be configured for the leisure, commuter, delivery, taxi, rental and ride share markets.

The Company plans to develop modular bodies, add-ons and upgrades, so that users may begin with a base model and modify their TUGA vehicle throughout its lifetime. It is intended that future TUGA bodies will include both opened and closed versions, for both work and leisure, which can be fitted to the TUGA vehicle, along with expanded accessories to meet different user needs.

The TUGA will have several key features.

- **Agile**. The TUGA will have the width and agility of a motorcycle allowing for lane-splitting where allowed, lane-filtering and ease of parking due to narrow width and patent pending retractable/expandable rear axle, and comfortable high-quality seating comparable to a car.

- **Modern IT functionality**. The TUGA will be equipped with advanced connectivity and modern computing power and software which will provide drivers with modern information technology functionality generally expected from new vehicles.

- **TUGA Base Platform flexibility**. It is intended that the vehicle be adaptable for a range of functions, including commuting, delivery, taxi, fleet, or leisure applications. The Company thus intends to design its EVs so that owners have the ability to change body styles and functions. The TUGA is intended to be a single platform vehicle that can be adapted based on the user's need.

- **Comfort and safety**. The TUGA will be designed to provide the comfort of a car, with greater safety and more protection than a motorcycle. The TUGA's patent-pending retractable rear-axle will offer greater stability when extended and agility when retracted.

- **Wide range of target uses**. The Company's target is urban dwellers and the service providers that connect modern cities, including both public and private organizations, such as vehicle sharing operations, delivery operators, municipalities, and transportation system providers.

- **Global markets**. Formerly developing economies have emerged as consumers of modern transportation technology, making the motorized urban transportation market a global one. This will provide the Company with a significant global market, from the Americas to Asia, Australia and Europe.

- **Data integration**. The Company plans to equip the TUGA with safety, performance, environmental, comfort, maintenance, repair, utilization and navigation data features. It will be equipped with sensors to capture information about the vehicles' performance as well as conditions outside the vehicle. The TUGA will be able to connect to 5G networks and will offer enhanced connectivity to both driver and passenger. The TUGA will be connected to urban smart networks to best navigate and communicate within an urban area. The TUGA will be augmented reality (AR) enabled. As an example, AR technologies will be used to allow a quick and intuitive access to a set of visual, three-dimensional instructions, related to vehicle operation, maintenance, or repair situations. AR manuals will be implemented and made available to the user through an App for mobile devices. With this App, users will select the needed intervention (operation, maintenance, or repair) and, pointing the camera to the component that requires attention, will visualize, on top of it, a set of sequential virtual instructions (2D or 3D, static or dynamic images) exemplifying, step-by step, and in a contextual manner, the operations to be performed. The fact that TUGA is an electric vehicle greatly simplifies some of the operation, maintenance and repair processes associated with it and the use of these digital tools increase the user's autonomy and allows quicker and cheaper intervention.

Business Strategy

Revenue Generation

The Company's positioning will be designed to permit rentals, vehicle sharing programs, individual ownership and other financing or vehicle sharing schemes. The Company's revenue will be generated in large part through the sales or rentals of the TUGA. The Company has targeted multiple customers including municipalities and other organizations for urban ride-sharing programs, vehicle rentals or using individuals utilizing smart contracts, or other vehicle-sharing alternatives. Public or private organizations could be interested in vehicles for different fleet needs. Add-Ons will allow the Company to access food delivery service markets (heating or cooling units). The Company will also target urban dwellers and commuters as TUGA customers.

The Company may also pursue added revenue streams through the connectivity features of the TUGA with telecommunications partners or other revenue streams via traffic with the TUGA App. Another revenue opportunity would be to license access to both the digital and physical TUGA platforms.

The Company will use market-based pricing strategy. It will price against the main actors in the EV micro-vehicle market, electric motorcycles and other categories of EV market, taking into account the feature-sets when estimating price. The Company intends to produce a modular, high-quality vehicle with advanced features in performance, comfort, safety, connectivity and digital components that will allow it to offer a broad price range. A more precise target price range based on the market research and production costs will be formulated.

Development of the TUGA

The Founders have extensive knowledge of the micro-automobile market and experience in designing and building aerodynamic, efficient and innovative vehicles. There are currently patents pending and other intellectual property, technical design and market knowledge. The Company has created multiple test vehicles while investigating electric motors, air resistance, weight distribution, an expanding rear axle – among other attributes – all of which has led to the development of the TUGA Base Platform.

It is the Company's intention to utilize the TUGA Base Platform (patent pending) to create a "TUGA compatible standard" (similar to the IBM compatible standard) to provide "in the field" modular upgradeability to its products so that many different companies can design and produce TUGA Compatible Products and have "TUGA Certified" products in diverse market segments. This is anticipated to include:

- Different TUGA body styles for the TUGA Delivery or the TUGA Commuter
- Different Add-Ons for the TUGA Delivery or the TUGA Commuter
  Software additions via the TUGA App

The Company is developing an operational concept car and is developing an APP called "My TUGA". "My TUGA" compiles a set of promotion experiences that will provide the ability to explore the TUGA using multimedia content and supported by augmented reality (AR) and virtual reality (VR) technologies. Using the TUGA App, users will be able to explore the complete TUGA family.

The TUGA App will become the communication tool for the future TUGA users and followers community. Some of the TUGA App functions includes the following tools:

- ***AR Distributable Promotional Material:*** TUGA promotional material with augmented reality (AR) appointments. Point your smartphone to TUGA brochure, cards and other printed material and you will be able to visualize and explore TUGA in AR. A set of AR labels will allow you to enhance specific functions on the TUGA vehicle;
- ***AR Explorer:*** Use your Smartphone to place a virtual TUGA in AR wherever you want and explore it. Place it in the street, in real scale, go around it and explore it: change colors and other customized appointments and explore some TUGA dynamic (open doors, extend wheels, experiment the optics);
- ***AR TUGA simulator:*** Select your preferable TUGA and drive it in the street as a remote-controlled vehicle;
- ***AR TUGA NFT:*** Get unique digital features for your TUGA (ex: special TUGA virtual version). Those unique digital elements may be distributed as rewards for some promotional activities;
- ***TUGA Life:*** A communication channel with users so they can follow the project evolution through:
  - Photos, videos, descriptions…
  - Real videos about the evolution of TUGA and production phases;
  - In the future, videos from real users showing their experience with their TUGA.
- ***"I want a TUGA!***": A marketing component to inquire the public and help populate a potential buyer's database:
  - *"My preferable TUGA":* select which TUGA you like more;
  - *"I want a TUGA because…":* what do you most value in a TUGA;
  - *"Reserve a TUGA":* Express a non-binding buying intention;
  - *"Contact me":* An open channel for the community.

The Company may also engage the Global Stylist Community to host design competitions to develop body style concepts that fit the TUGA. The Company believes that this partnership could help bolster public opinion regarding the appearance of the TUGA, provide the Company with additional publicity and develop images that can be used in the Company's marketing plans. In order to facilitate this, the Company would release the requirements for a TUGA compatible vehicle body. This would include design, safety and mechanical specifications. Selected companies or individuals may be invited to submit applications to produce drawings for a TUGA certified body. There could be multi-winners of this activity. The winners would enter into an agreement with TUGA for either licensing or production of the body design.

There are several major development pieces for the TUGA. The major pieces will be developed on parallel paths to minimize time to market. These development pieces include the following:

1. Chassis design
2. Design of the expanding rear axle
3. Durability Testing
4. Homologation (a government-issued certificate that allows a product to enter a market)
5. Production tooling to make the first TUGA

Components

Wherever possible, and through management's experience in the auto and motorcycle manufacturing sector, the Company will source existing "off-the-shelf" parts (meaning, parts that already exists and are available from commercial sources) to minimize development cost and regulatory approvals. This may include but is not limited to electric motors, suspension systems, brakes, handlebars, lights, detached parts, etc.

The Company will use batteries from existing suppliers in its prototype development. The Company is working with a developing battery supplier to explore liquid cooled options for modular battery packs. It is designing the TUGA to use modular battery packs so that the Company can hit multiple price points, and so that it can pivot quickly as battery technology advances.

The Company's digital components will include software, artificial intelligence and different augmented and virtual reality tools.

The Company plans to integrate different data collectors and sensors to monitor the vehicle's performance, but also to collect information from the surroundings, including but not limited to information from smart city networks for traffic and location tracking, environmental conditions and other parameters. maintenance, repair and user manuals will use AR for contextual instructions for ease of use.

Production can be outsourced/licenced/ramped-up around the world closest to the markets where demand is highest. Where the Company cannot source "off-the-shelf" parts, it will develop them on its own or with partners.

Vehicle Assembly and Production

Where the Company can, it intends to pursue a strategy of outsourcing vehicle assembly and production. Given that the TUGA is designed to use many commodity motorcycle components, the Company anticipates that it will be able to maintain high quality and low manufacturing costs.

The Company's goal is to commence low volume production and sales of the TUGA roughly 18 to 24 months after Listing. By this time, the Company will have conducted market research which will have identified a targeted user group and both quantified the numbers and qualified its messaging around unique selling points. Based on this process, the Company anticipates that it will know how, and through which channels, to best communicate its message, to have its Marketing collateral focused and to understand what adjustments to the vehicle are the highest priority. Additional funds beyond those raised from the Subscription Receipt Private Placement and other prior equity financings will be necessary to commence low volume production. See "*Risk Factors – Financial Risk – Additional Financing*".

The Company anticipates that it will be working with strategic suppliers to produce the vehicle, (the chassis and the body). Starting with the low volumes mentioned above, the Company will expect the supplier to increase production capabilities as demand increases. The Company would work with these suppliers in the different supply chains to best scale, and also to document the process so that the production can be duplicated in another geography.

Principal Markets

The Company's target market is urban dwellers and the service providers that connect modern cities. The Company aims to target both public and private organizations, including vehicle sharing operations, delivery operators, municipalities, transportation system providers, among others.

The target audience of the TUGA is commuters who travel both between and within cities and seek to save time in transportation by lane-splitting where allowed, lane-filtering and access to easier parking, but want more protection, better stability on highways, and the ability to carry more cargo than a motorcycle.

The Company is reviewing locations in California for its initial launch after considering a variety of criteria such as population, lane-splitting and lane-filtering legality, weather conditions, proximity to suppliers and strategic partners and cost of implementing marketing efforts. The Company designed its TUGA Base Platform to be modular so that it would be able to target multiple markets at the same time with a minimal investment in tooling. Having a common chassis to all models will greatly simplify the tooling process, ordering and stock.

Distribution methods

- The Company's distribution methods will be based on the outcome of its market research.
- The distribution model can then be structured around geographical location, but also defining the mission of the retail point. For example, if the objective is to have as many test drives available to potential customers, the Company will set up distribution points accordingly.
- The company will also look carefully at what competitive EV companies are doing, analyze their strengths and weaknesses and design its distribution model accordingly.

Marketing Plan

The Company's marketing efforts will be focused on customer education and establishing brand presence and visibility, initially in California. Marketing and promotional efforts will emphasize TUGA as a stylish, safe, comfortable and unique three-wheeled vehicle that features the agility of a motorcycle and comfort comparable to a car. The Company plans to focus on the features that differentiate the TUGA from the existing EVs on the market. By combining the targeted customer profile and geographic location, the Company hopes to be able to focus its resources and concentrate its marketing efforts. The Company tentatively plans to develop a marketing strategy that will generate interest through:

- Engagement on various digital media platforms (such as, its website, social media platforms, and the TUGA App with engaging posts aimed to educate the public about EVs and to generate interest in the TUGA;
- TUGA will support a set of tools (Apps & WebApps) for mobile devices both for promotional & experience initiatives. The first App will be released initially as a promotional tool for the TUGA launch date and will be updated with new functions in the ensuing stages. This App will compile a set of experiences related with the ability to explore and promote TUGA using multimedia content supported by AR and VR technologies. Using the TUGA App, users will be able to learn about the Company's products;
- Sponsored content such as posts, videos, and blogs by influencers with a strong connection with their audience that fit the Company's targeted customer profile;
- Providing media releases and press kits for updates and news on the Company's progress;
- A variety of launch events including temporary 'Pop-up' sites in high-traffic areas with targeted populations where a TUGA EV would be available for viewing and test drives; and
- Utilizing digital technology, notably VR and AR, to educate and inform potential customers;
- Establishing a network of franchised dealers and service centers in targeted markets to enhance visibility and provide first-hand viewing experience

The Company will focus on its first geographical area until specific criteria have been met, such as number of units sold, number of test drives, number of visitors to a retail point, numbers visiting digital or social media outlets. There may also be qualitative criteria, such as feedback from individuals. The Company anticipates that its marketing strategy and tactics will evolve over time as the TUGA concept gains momentum and the Company identifies other channels and media that align with its long-term objectives.

Competition

The Company competes with other companies for financing and business opportunities in the EV sector. Some of these companies may possess greater financial resources than the Company. Such competition may result in the Company being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations. Existing or future competition in the EV sector, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Company's prospects for entering into additional agreements in the future. There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors, including those competing with the Company for investment, could materially and adversely affect the business, financial condition and operations. Some of the Company's key competitors are described below.

Vehicle Manufacturer	2020 Revenue	Market Cap
Arcimoto	$2,200,000	$450,000,000
Electrameccanica Solo	$569,000	$404,683,000
Tesla	$11,960,000,000	$820,000,000,000
Renault	$52,164,000,000	$12,770,000,000
BYD	$23,867,000,000	$78,550,000,000

The EV market is very dynamic with new entrants and legacy automotive manufacturers seeking to participate in this emerging industry. The key competitors listed above are just of few of the actors on the market. Particulars of each are as follows:

1. Arcimoto is an electric vehicle company headquartered in Eugene, Oregon that manufactures and sells the Fun Utility Vehicle, or FUV, a tandem two-seat, three-wheeled electric vehicle.

2. Electrameccanica Vehicles Corp produces the SOLO, the company's flagship vehicle, an innovative, purpose-built, single-seat EV.

3. Tesla is a Electric Car manufacturer which produced and delivered over 500,000 vehicles in 2020.

4. Renault is an established French Car manufacturer which produced 200,000 EVs out of a total of 1.2 million vehicles in 2020.

5. BYD is a Chinese EV manufacturer which produced roughly 179,000 electric and hybrid passenger vehicles in 2020.

The below matrix compares the TUGA with current EVs on the market (note: in the below matrix, each vehicle may be available in different models, and only the lowest model's specs and prices are quoted), which information is readily available from each manufacturer's website:

	TUGA	SOLO	ARCIMOTO	TRIGGO	AKO	I. ROAD	POLARIS SLINGSHOT	VANDERHALL
ALL WEATHER	✓	✓	×	✓	✓	✓	×	×
2 OR 3 WHEEL[1]	✓	✓	✓	×	×	✓	✓	✓
WIDTH	125 CM - 85 CM	146 CM	155 CM	148 CM - 86 CM	103 CM	197 CM	146 CM	175 CM
SPEED	145 KM/HR	95 KM/HR	120 KM/HR	90 KM/HR	90 KM/HR	60 KM/HR	95 KM/HR	169 KM/HR
RANGE	150 KM	128 KM	160 KM	160 KM	230 KM	-	128 KM	-
TILTING	NO	NO	NO	YES	YES	NO	NO	NO
ELECTRIC	YES	YES	YES	YES	YES	YES	FUEL	YES
MSRP	$15,000 - $25,000[2]	$18,600	$17,900	-	-	-	$24,900	$34,900
MARKET CAP	$18.4M[4]	~$450 M	~$500 M	PRE-IPO	PRIVATE	$232.5 B[3]	~$8.2 B	PRIVATE $7.5 M ANNUALLY
52 WEEK HI/LO	N/A	$13.60 - $1.08	$36.80 - $2.19	-	-	$118.6 - $166.7	$14.7 - $84.73	-
EXCHANGE	CSE/OTC/FRA[5]	NASDAQ	NASDAQ	WSE	-	NYSE	NYSE	-
TICKER	PRE-IPO	SOLO	FUV	-	-	TM	PII	-
HQ	VANCOUVER, BC	VANCOUVER, BC	EUGENE, OR	POLAND	LITHUANIA	AICHI, JPN	MEDINA, MN	PROVO, UT

[1] Subject to motorcycle importation regulations only. [2] Subject to body style and configuration package. [3] Toyota Motor Corporation. [4] See pg 38. [5] Disclaimer: There is no guarantee that the Company will complete the IPO and that the Company's common shares will be listed on any stock exchange

The Company's believes that it has certain key competitive advantages, including:

- The Company's management team brings together automotive industry design and manufacturing expertise.
- Digital components which should uniquely enhance safety, comfort, performance, maintenance and repair.
- The product has been designed from the beginning to utilize off-the-shelf parts, thereby incorporating manufacturing efficiencies into its processes to maximize margins.
- Architecturally-inspired exteriors will create a positive image while delivering a vehicle suitable for all climates, and all markets.

The Company brings years of design and manufacturing expertise together with a vision to improve future transportation. Management believes that the design of the TUGA will solve many of the problems with competitors' vehicles in a stylish, safe, efficient and technologically advanced vehicle. Through its knowledge of automotive supply chains and manufacturing efficiencies, the Company believes it will be able to build a superior vehicle with shorter development time and at lower cost than competitors. The Company believes that its use of VR and AR tools will provide a compelling marketing experience to end-users, allowing them to fully experience a TUGA even at the prototype stage.

The Company intends to position the TUGA pricing against the main competitors in the 3-wheeled vehicle market, which exist today only in gas-powered engines. Our competitors' vehicles are nearly as wide as a car, so they do not have the TUGA ability to lane-split where allowed or lane-filter.

Patents

The Company has filed patent and design applications for inventions and designs that its intellectual property counsel has deemed necessary to protect the Company's products. Our pending patents include an expanding axle which allows for greater stability at higher speeds, and interchangeable bodies. As at the date of this Prospectus, the Company has two patents pending as set out below:

Patent Application Number	Region	Title	Inventors	Applicant	Status
U.S. Patent Application Serial No. 17/159,507	United States	NARROW THREE WHEELED VEHICLE WITH STABILIZING AND MODULAR MECHANISMS	Kraig Schultz, Cesar Barbosa	TUGA by way of transfer from Schultz Engineering, LLC	The United States Patent and Trademark Office (USPTO) published the above-referenced patent application as publication number US 2021/0229770 A1 on July 29, 2021
International Patent Application Serial No. PCT/US21/15207	International	NARROW THREE WHEELED VEHICLE WITH STABILIZING AND MODULAR MECHANISMS	Kraig Schultz, Cesar Barbosa	TUGA by way of transfer from Schultz Engineering, LLC	International Search Report (ISR) and Written Opinion of International Searching Authority (WO) Published April 12, 2021.

The Company holds pending regular utility U.S. Patent Application Serial No. 17/159,507 titled NARROW THREE WHEELED VEHICLE WITH STABILIZING AND MODULAR MECHANISMS. The priority provisional application was filed with the United States Patent and Trademark Office ("**USPTO**") on January 27, 2020. The application was transferred from Kraig Schultz and Cesar Barbosa to Schultz Engineering, LLC ("**Schultz Engineering**") pursuant to an assignment agreement dated January 26, 2021. This transfer was recorded with the USPTO on April 30, 2021. The patent application was assigned to the Company from Schultz Engineering, LLC pursuant to an assignment agreement dated May 13, 2021. This transfer was registered with the United States Patent and Trademark Office on May 13, 2021. An information disclosure statement ("**IDS**") was filed with the USPTO. The patent application was published on July 29, 2021 as US20210229770. The status of examination for the patent application at the USPTO is currently "Docketed New Case - Ready for Examination," and the USPTO predicts a first Office Action will be mailed in April, 2022. As of the date hereof, the patent is in good standing.

The Company also holds a pending International PCT Patent Application Serial No. PCT/US21/15207, titled NARROW THREE WHEELED VEHICLE WITH STABILIZING AND MODULAR MECHANISMS. The application was filed by Schultz Engineering on January 27, 2020 with the International Receiving Office at the USPTO and receipted on February 12, 2021. The application was given the international application number PCT/US2021/015207. On April 12, 2021 the International Search Authority (the "**ISA**") issued an International Search Report and Written Opinion on the patentability of the claims within the application. The examiner of the ISA identified claims it believed to be patentable. Without further submissions or claim amendments, the ISA would allow a patent containing the subject matter of 7 of the claims made and deny a patent for 11 of the claims. The patent application was assigned to the Company from Schultz Engineering, LLC pursuant to an assignment agreement dated May 13, 2021. This transfer was registered with the United States Patent and Trademark Office on May 13, 2021 and with the World Intellectual Property Organization on June 14, 2021. The patent application was published on August 5, 2021 as WO2021154802. The deadline for the application to enter the National Stage and begin examination in selected countries is July 27, 2022. As of the date hereof, the patent is in good standing.

Intangible Properties

The Company's success depends, in part, on its ability to obtain and maintain intellectual property protection for its EV technology, product candidates and know-how, to defend and enforce intellectual property rights, in particular, patent rights, to preserve the confidentiality of the Company's know-how and trade secrets and to operate without infringing the proprietary rights of others. The Company seeks to protect its product candidates and technologies by, among other methods, filing Canadian, U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development of our business. The Company also relies on trade secrets, know-how, continuing technological innovation and licensing of third-party intellectual property to develop and maintain its proprietary position. The Company and its collaborators and licensors file patent applications directed to key product candidates in an effort to establish intellectual property positions to protect those product candidates.

Currently the pending patents listed above are the Company's main IP. Other tangible and intangible IP 'nodes of value' will be created and protected as the Company moves further into the research and development process.

Dependence on Contracts

The Company's business is not substantially dependent on any particular contract. The raw materials and off-the shelf components that will be used to manufacture the Company's vehicles are readily available from a number of suppliers.

Changes to Contracts

The Company does not currently anticipate that any aspect of its business will be affected by renegotiation or termination of contracts or sub-contracts in the current financial year.

Specialized Skills and Knowledge

The nature of the Company's business requires specialized skills and knowledge, including expertise in electric vehicle manufacturing and production, and finance, operations, software development and programming, privacy and security, mobile applications, marketing, design and content creation. Increased competition for engineer and technology personnel may make it more difficult to hire and retain competent employees, independent contractors and consultants and may affect the Company's ability to grow at the pace it desires. However, the Company does not currently anticipate any significant difficulties in locating and retaining appropriate personnel that possess the skill and knowledge required to carry on its business.

Social or Environmental Policies

As an early-stage development company, the Company has not yet had the need or the opportunity to implement social or environmental policies. However, the management team has strong convictions about both of these areas and believes that proper ethics and values in these areas are reflected in the Company's core values.

Environmental Protection

The modern regulatory environment tends to favour products that reduce adverse environmental impacts. The EV industry in general terms is an environmentally friendly one insofar as the environmental impact of EVs is significantly lower than that of vehicles with internal combustion engines. While the Company will have to contend with the same costs and obligations that its competitors contend with in terms of environmental protection and related regulatory compliance, the Company believes that the financial and operational effects of environmental protection requirements on the capital expenditures, profit or loss and competitive position of the Company in the current financial year and future years will not be overly significant.

Employees

The Company currently has no employees and seven independent contractors.

Foreign Operations

While the headquarters of the Company are in Canada, with the launch of the Company's products anticipated to occur in California, much of the initial operations of the Company will take place in the United States.

Industry Overview and Trends

EV is a broad term for vehicles that do not solely operate on gas or diesel. Within the electric vehicle subgroup there are sub-categories of EVs that utilize different innovative technologies such as: (i) battery EVs which are powered solely by electric battery, with no gas engine parts; (ii) plug-in hybrid EVs which are similar to a hybrid vehicle, but with a larger battery and electric motor and a gas tank and (iii) hybrid EVs which are low emission vehicles that use an electric motor to assist gas-powered engines.

As people continue to take action to reduce greenhouse gas emissions and create a more sustainable environment, it is expected that the EV industry will continue to be a growing segment of this clean energy and technology movement. Between 2019 and 2027, the size of the global EV market is expected to increase almost fivefold to reach an estimated global market size of some $803 billion USD by 2027.[1] This translates to a notable compound annual growth rate ("**CAGR**") of more than 20 percent between 2019 and 2027. The eight million EVs on the road internationally in 2019 are expected to increase to 50 million by 2025 and almost 140 million vehicles by 2030.[2] EV sales are expected to reach almost 14 million vehicles in 2025 and 25 million vehicles in 2030.[3] In fact, many countries around the world are actively encouraging buyers to consider EV's as an alternative to internal combustion engine ("**ICE**") vehicles, as outlined in figure 1.

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[1] Statista, March 2021
[2] International Energy Agency, Global EV Outlook 2020.
[3] CNN Business, March 25, 2020

Figure 1. Global Targets for phasing out internal combustion engine vehicles

The popularity of the electric vehicle has been met with difficulties due to limited charging infrastructure. The convenience and availability of public electric vehicle charging stations may prove to be an obstacle for mass adoption of EVs. Consumers are generally concerned that their EVs may run out of charge while they are on the road.[4] Despite this fear, the distance travelled by most urban commuters is much lower than the typical range of an EV. Data from Statistics Canada's National Household Survey in 2011 reported the average Canadian and American takes about 25 minutes to commute to work,[5] which is well with the anticipated TUGA vehicles range of 160km.

Most EV drivers charge their electric cars at public charging stations. The stations may be free, pay-as-you-go or subscription based. Some automakers, such as Hyundai, Nissan and Tesla may provide a complimentary public charger. The industry is moving toward a fee structure based on kWh used, rather than by the time it takes to charge the car. Level 1 charging is the slowest method and will add about 3.5-6.5 miles of driving range per hour of charging time.[6] Level 2 charging is faster but requires installing a charging station, known as electric vehicle supply equipment ("**EVSE**").[7] Charging station installation requires a 240-volt or 208-volt electrical circuit.[8] It uses the same standard connector as Level 1 charging, meaning any electric car can plug in at any Level 2 charger.[9] DC ("Direct Current") Fast Charging provides the fastest available charging, but requires a 480-volt connection.[10] Drivers in California may expect to pay 30 cents per kWh to charge on Level 2 and 40 cents per kWh for DC fast charging.[11]

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[4] J.D. Power: the 2021 Electric Vehicle Experience Ownership Study.
[5] Statistics Canada, "Commuting to Work" (last modified 25 July 2018), online: <www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011003_1-eng.cfm>.
[6] DriveClean, "Electric Car Charging Overview" (2021), online: <driveclean.ca.gov/electric-car-charging>.
[7] *Ibid*.
[8] *Ibid*.
[9] *Ibid*.
[10] *Ibid*.
[11] *Ibid*.

At the end of 2019, there were about 7.3 million chargers worldwide, 2.1 million more than in 2018.[12] About 6.5 million of the chargers were private, light-duty vehicle slow chargers.[13] Private home and workplace charging with level 1 and level 2 slow chargers continue to be the preferred mode of charging for the general public.

In 2020, General Motors and EVgo, the largest company to provide public fast charging network for EVs, announced that they plan to add more than 2,700 new fast chargers over the next five years to cities and suburbs, as a catalyst to help accelerate widespread electric vehicle adoption.[14] The level 2 charging stations will be located at high frequency places where customers visit regularly, such as grocery stores, retail outlets, entertainment centers and other high-traffic locations.[15]

Global Electric Vehicle Market

The electric vehicle market is expected to reach 233.9 million units by 2027.[16] The growth in the EV market can be attributed to numerous factors such as government policies and regulations that support the adoption and manufacture of EVs, environmental concerns regarding automotive emissions, increased literature on EVs, decreasing prices of batteries, fluctuating fuel costs and the adoption of EVs by traditional automotive manufacturers.[17] The growing deployment of charging stations and increasing adoption of shared mobility is expected to support the growth of this market.[18]

The Asia-Pacific region will likely hold the largest market share due to the increasing demand for EVs, rising number of electric mobility start-ups and growing government initiatives to develop charging infrastructure and adopt incentive programs to promote the use of EVs.[19] There has been a decrease in sales in the second half of 2019 in the two largest markets, China and USA, but the global EVs sales still grew, largely in part due to Europe, which saw 44% growth.[20] The European market is expected to register the highest CAGR by value during the forecast period of 2020 to 2027.[21] The anticipated rapid growth is due to the stringent emission regulations set by the European Union, as well as, the countries' focus on reducing the number of conventional cars on the roads and investment in building extensive charging infrastructure networks across Europe.[22] In 2019, Europe secured €60 billion in investments to produce EVs and batteries.[23] In 2020, electric cars in Norway reached a record high sales shares of 75%, up about one-third from 2019.[24] In addition, sales shares of electric cars exceeded 50% in Iceland, 30% in Sweden and reached 25% in the Netherlands.[25]

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[12] Energy Technology Policy. "The Global EV Outlook 2020." (2020) Division of the Directorate of Sustainability, Technology and Outlooks of the International Energy Agency. <https://iea.blob.core.windows.net/assets/af46e012-18c2-44d6-becd-bad21fa844fd/Global_EV_Outlook_2020.pdf>.
[13] *Ibid.*
[14] General Motors EV News, "General Motors and EVgo aim to accelerate widespread EV adoption by adding fast chargers nationwide" (31 July 2020), online: <media.gm.com/media/us/en/gm/ev.detail.html/content/Pages/news/us/en/2020/jul/0731-evgo.html>.
[15] *Ibid.*
[16] Meticulous Research, "Electric Vehicle (EV) Market Worth $2,495.4 Billion by 2027, Growing at a CAGR of 33.6% From 2020 – Exclusive Report by Meticulous Research" (11 May 2021), online: www.globenewswire.com/news-release/2021/05/11/2227050/0/en/Electric-Vehicle-EV-Market-Worth-2-495-4-Billion-by-2027-Growing-at-a-CAGR-of-33-6-From-2020-Exclusive-Report-by-Meticulous-Research.html>.
[17] *Ibid.*
[18] *Ibid*.
[19] *Ibid*.
[20] Virta Global, "The Global Electric Vehicle Market in 2021: Statistics & Forecasts" (2021), online: <www.virta.global/global-electric-vehicle-market>.
[21] *Ibid.*
[22] *Supra* Note 14.
[23] Transport & Environment "Record €60bn investment in electric cars and batteries in Europe secured last year" (2020), online: www.transportenvironment.org/press/record-%E2%82%AC60bn-investment-electric-cars-and-batteries-europe-secured-last-year.
[24] *Supra* note 3.
[25] *Ibid*.

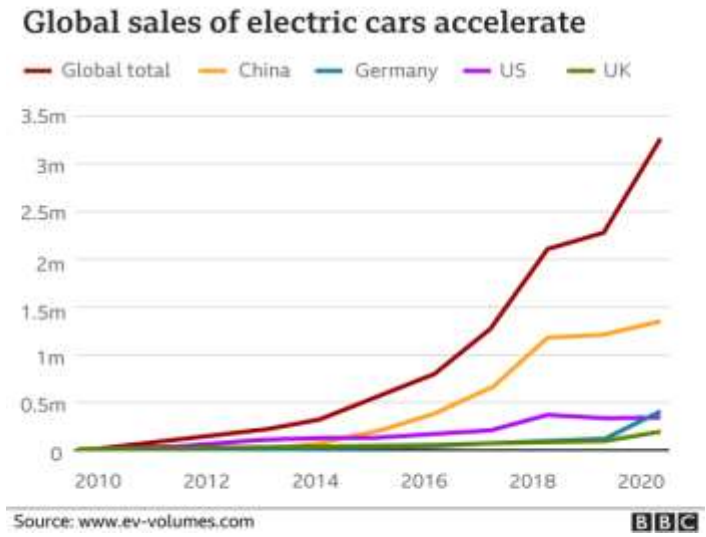

Figure 2. Retrieved from https://www.bbc.com/news/business-57253947.

According to the Global Electric Vehicles Outlook 2020, the sales of electric cars reached 2.1 million globally in 2019, surpassing a record year of 2018.[26]

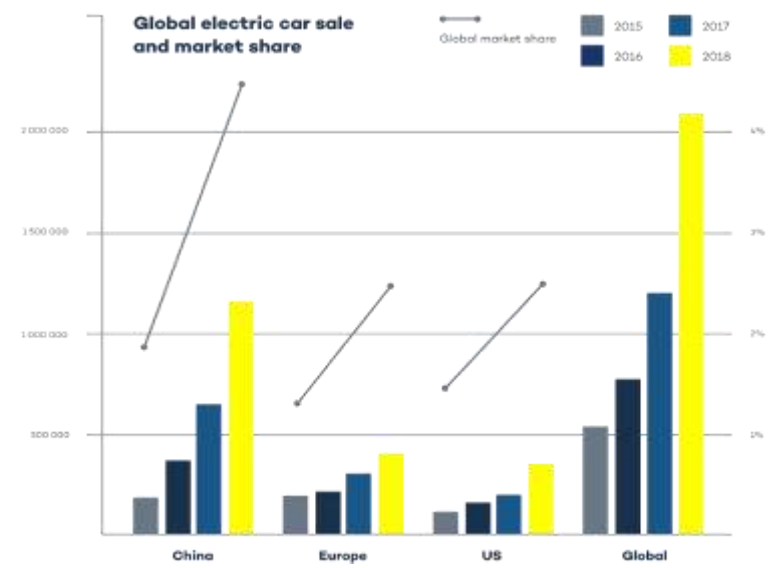

Figure 3. Retrieved from https://www.virta.global/global-electric-vehicle-market

The private sector and car manufacturers continue to respond positively to the ongoing changes in the market. Passenger vehicles account for the largest share of the overall EVs market; however it is expected that light commercial vehicles segment will grow as well as fleet operators (such as Uber and Lyft) increasingly adopt the use of EVs to reduce fleet emissions.[27] DHL, an international courier, package delivery and express mail service company, has made a pledge to reach 70% clean operations of last-mile pick-ups and deliveries by 2025, and DB Schenker, a leader in supply chain management and logistics solutions, handling everything from logistics to customized shipping solutions, wants to make its transport activities in European cities emission-free by 2030.[28] The world's major players in the global auto industry have announced plans to exclusively sell electric cars in the near

[26] Justin Rowlatt, "Why electric cars will take over sooner than you think" (2021), online: www.bbc.com/news/business-57253947/.
[27] *Supra* Note 10.
[28] *Supra* Note 18.

future. For instance, Jaguar plans to sell only electric cars by 2025 whereas General Motors plans to make only EVs by 2035.[29]

Another interesting electric vehicle trend in 2020 relates to the sharing economy. Shared electric scooters, electric-assist bicycles, and electric mopeds now available in over 600 cities across more than 50 countries worldwide.[30] An estimated 350 million electric two/three-wheelers make up 25% of all two/three-wheelers in circulation worldwide.[31]

North American Electric Vehicles Market

The Company's primary market is North America, with a focus on the west coast of the United States – in particular, California. California remains the top market in the U.S. with 47% of the nation's total all-electric vehicle registrations.[32] The cumulative number of plug-ins sold in California increased to about 800,000.[33] For comparison, the total number in the U.S. is almost 1.8 million. Electric vehicle drivers can use more than 70,000 charging points in California, which means one charging point per over 11 EVs.[34] Adjusted for state population sizes, California still led in 2018 with over 650 all-electric registrations per 100,000 residents, followed by Hawaii at 464, Washington state at 378, and Oregon at 297 registrations per 100,000.[35] Another 11 states plus Washington, DC recorded over 100 all-electric vehicle registrations per 100,000, while 35 states had fewer than 100 all-electric cars per 100,000 residents in 2018.[36]

The overall light-vehicle sales in California amounted to 1,639,166 units. In total, approximately 132,772 PEVs were sold in California in 2020.[37]

California had 11.96 PEV registrations per 1,000 people in 2018, followed by Hawaii, Washington, and Oregon, which each had more than five PEV registrations per 1,000 people.[38] Sixteen states had PEV registrations greater than two per 1,000 people, while 13 states had less than one per 1,000. Overall, the average PEV registrations per 1,000 people in the US in 2018 was 3.08.[39]

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[29] *Supra* Note 23.
[30] *Supra* Note 3.
[31] *Ibid*.
[32] Mark Kane, "California: Cumulative Plug-In Electric Car Sales Reach 800,000 (06 February 2021), online: <insideevs.com/news/486280/california-cumulative-plugin-car-sales/>.
[33] *Ibid*.
[34] *Ibid*.
[35] USA Facts, "How many electric cars are on the road in the United States" (22 October 2020), online: <usafacts.org/articles/how-many-electric-cars-in-united-states/>.
[36] *Ibid*.
[37] Mark Kane, "California: Plug-Ins Capture Over 8% Of The Market in 2020" (06 February 2021), online: <insideevs.com/news/486199/california-plugin-electric-car-sales-q4-2020/>.
[38] Office of Energy Efficiency & Renewable Energy, "California Had the Highest Number of Plug-In Electric Vehicle Registrations per 1,000 People in 2018 (15 February 2021), online: <www.energy.gov/eere/vehicles/articles/fotw-1173-february-15-2021-california-had-highest-number-plug-electric>.
[39] *Ibid*.

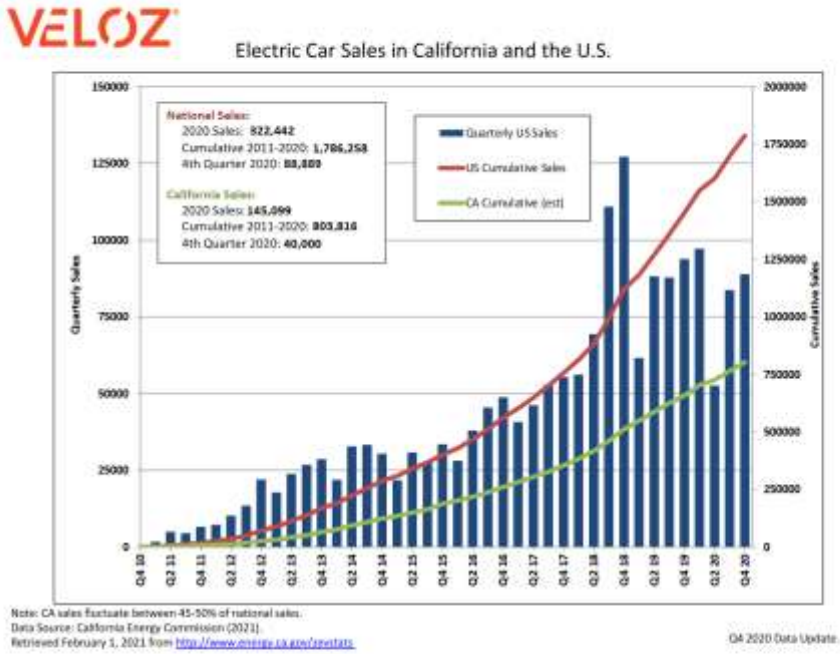

Figure 5. Retrieved from https://insideevs.com/news/486280/california-cumulative-plugin-car-sales/

The PEV market in North America is expected to continue to grow in 2021, and Guidehouse Insights expects around 500,000 PEV sales.[40] More states and provinces are likely to commit to banning the sale of light duty internal combustion engine vehicles and pass zero-emissions vehicle mandates.[41] Hawaii and Washington are both considering internal combustion engine bans, while New Mexico and Minnesota are discussing zero emission vehicle ("**ZEV**") mandates.[42] New Jersey and Quebec announced a gradual phase out of gasoline-powered cars by 2035.[43]

British Columbia is quickly becoming a leader in the ZEV industry. In 2020, BC had the highest uptake of ZEVs in North America with new ZEV sales averaging 9.4%.[44] In total there were 54,469 light-duty EV sales in 2020, more than double the number that were registered in 2018.[45] More British Columbians are choosing ZEVs and we are investing in supporting the increasing demand for ZEVs in BC and North America. In Washington state, Governor Jay Inslee adopted a zero emissions vehicle mandate in March 2020, making Washington the twelfth state to adopt the California mandate. In addition, California Governor Gavin Newsom signed an executive order in September 2020 banning the sale of new combustion-powered passenger vehicles in the state by 2035.

Urban Driving Market

The Company designed the TUGA One with a view to providing an alternative vehicle for urban commuters who use a personal vehicle and for fleets in terms of car share, deliveries and other mobility purposes. Management believes that a substantial number of fleets and urban drivers will find the capacity of the Company's EVs attractive in comparison to cars designed to carry more people. Most cars designed to carry between four and eight people generally weigh substantially more than those that carry one or two people and they require more fuel or energy to operate. This significant mismatch between capacity and utilization leads to a significant excess of traffic and pollution, and higher operating costs. Although consumers may be afraid that their EVs may run out of charge while they are travelling, the

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[40] R. Soat. "North American EV market poised for growth despite pandemic." (2021) *OnlineEV.com* access August 4, 2018. <www.onlineev.com/north-american-ev-market-poised-for-growth-despite-pandemic/.>
[41] *Supra* Note 29.
[42] *Ibid*.
[43] *Ibid*.
[44] Clean BC, "Zero-Emission Vehicle Update" (2020), online: <www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/transportation/2020_zero_emission_vehicle_update.pdf>.
[45] *Ibid.*

average U.S. one-way commute was approximately 27.6 minutes in 2019.[46] The anticipated 160 km range of our TUGA on a full charge would more than cover such a round-trip commute.

Government Support

There has been a growing trend for governments as a matter of public policy to favor EVs. This has taken the form of initiatives aimed at improving transit as well as financial incentives for the purchase of EVs and for the manufacturing of EVs.

Initiatives to Improve Transit

Many localities try to reduce or regulate traffic, and particularly in places where there is high population density, chronic congestion, narrow roads and limited urban space. While these initiatives might be onerous to owners of traditional internal combustion engine vehicles, they often exempt or partially exclude EVs. These initiatives include various forms of congestion charging (which often exempt or provide discounts for EVs), priority lanes for high occupancy vehicles and EVs, restrictions on new registrations of vehicles (excluding EVs) and subsidies for the installation of public charging stations for EVs. In fact, some European countries and cities are formulating programs that would actually ban vehicles fueled by petrol or diesel. Norway's Minister for the Environment has expressed an indication that they expect to implement a ban on the sale of cars that are not EVs by 2025.[47] President Macron of France has expressed an indication that they will eliminate the sale of cars with internal combustion engines in France by 2040, and city hall in the municipal government of Paris has expressed an indication calling for a ban on all cars with traditional combustion engines from its streets by 2030.[48] In the United Kingdom, the government has announced a strategy that calls for sales of new gas and diesel cars and vans to end by 2040.[49]

On May 23, 2019, the Province of British Columbia passed the Zero-Emission Vehicles Act ("**ZEV Act**") which requires automakers to meet an escalating annual percentage of new light-duty ZEV sales and leases, reaching 10% of light-duty vehicle sales by 2025, 30% by 2030, and 100% by 2040.[50] In 2020, there were 15,451 new ZEVs registered in BC, which represented 9.4% of all new light-duty vehicles in BC. As a result, BC is well on its way to exceeding the 2025 ZEV sales target set out in the ZEV act.[51]

On September 23, 2020, California Governor Gavin Newsom issued an executive order requiring sales of all new passenger vehicles to be zero-emission by 2035 and implemented additional measures to eliminate harmful emissions from the transportation sector.[52] Following the order, the California Air Resources Board will develop regulations to mandate that 100% of in-state sales of new passenger cars and trucks are zero-emission by 2035 – a target which would achieve more than a 35% reduction in greenhouse gas emissions and an 80% improvement in oxides of nitrogen emissions from cars statewide.[53] In addition, the Air Resources Board will develop regulations to mandate that all operations of medium- and heavy-duty vehicles shall be 100 percent zero emission by 2045 where feasible, with the mandate going into effect by 2035 for short distance trucking.[54]

The Biden administration has announced plans to replace the government's current fleet of cars and trucks with EVs assembled in the U.S.[55] In doing so, the US is offering tax credits of 10% up to $2,500 for 3-wheeled EVs, and individual states like Oregon and California are offering subsidies up to $5,000.[56] The Indian government has budgeted

[46] Burd, C., Burrows, M. and McKenzie, B. "Travel Time to Work in the United States: 2019." (2021) *U.S. Department of Commerce*.
[47] Michael J. Coren, "Nine countries say they'll ban internal combustion engines. So far, it's just words" (2019) online: https://qz.com/1341155/nine-countries-say-they-will-ban-internal-combustion-engines-none-have-a-law-to-do-so/
[48] *Ibid.*
[49] *Ibid.*
[50] *Supra* Note 42.
[51] *Ibid*.
[52] Office of Governor Gavin Newsom, "Governor Newsom Announces California Will Phase Out Gasoline-Powered Cars & Drastically Reduce Demand for Fossil Fuel in California's Fight Against Climate Change" (23 September 2020), online: <www.gov.ca.gov/2020/09/23/governor-newsom-announces-california-will-phase-out-gasoline-powered-cars-drastically-reduce-demand-for-fossil-fuel-in-californias-fight-against-climate-change/>.
[53] *Ibid*.
[54] *Ibid*.
[55] The current standards require a vehicle's parts be at least 50% from the U.S.
[56] IRS, 30D(g) subsidies.

$1.5B US in subsidies towards helping buyers acquire 500,000 3-wheeled e-vehicles.[57] In Norway, the country with the largest per-capita penetration of EVs, there are many government incentives in place including; zero purchase/import taxes; exemption from 25% value added tax; no annual road tax; no charges on toll roads or ferries and free municipal parking, among many others.[58]

To promote the purchase of EVs, many state and local governments offer financial incentives to purchasers. These incentives can take the form of rebates, tax credits or the elimination or reduction of sales tax.

EV-related policies in selected regions

		Canada	China	EU	India	Japan	US
Regulations (vehicles)	ZEV mandate	✔ *	✔				✔ *
	Fuel economy standards	✔	✔	✔	✔	✔	✔
Incentives (vehicles)	Fiscal incentives	✔	✔	✔	✔	✔	✔
Targets (vehicles)	ZEV mandate	✔	✔	✔	✔	✔	✔ *
Regulations (chargers)	Hardware standards **	✔	✔	✔	✔	✔	✔
	Building regulations	✔ *	✔ *	✔	✔		✔ *
Incentives (chargers)	Fiscal incentives	✔	✔	✔	✔	✔	✔ *
Targets (chargers)		✔	✔	✔	✔	✔	✔ *

*Indicates that the policy is only implemented at a state/province/local level.

** Standards for the chargers are a fundamental prerequisite for the development of EV supply equipment. All regions listed here have developed standards for chargers. Some (China, EU, India) are mandating specific standards as a minimun.

Figure 6. Retrieved from https://www.virta.global/global-electric-vehicle-market

[57] The Economic Times of India, Feb 11, 2021.
[58] Norwegian Electric Car Association website, 5/28/2021.

Investments in Public Charging Infrastructure

More than half of the United States now have EVSE in place.[59] California is making the greatest investment in infrastructure deployment, with targets to deploy 250,000 charging points by 2025.[60] An estimated 4% of outlets are expected to be DC fast chargers.[61] In addition, many other states are investing in charging infrastructure. For instance, New Jersey, California and New York have combined to invest nearly $1.3 billion, which would bring total investments across the Unites States to around $3.5 billion between 2017 and 2027.[62] BC is making similar strides in improving public charging infrastructure by expanding the network of public fast-charging and hydrogen fueling stations.[63] For example, as of December 2020, BC had 205 fast-charging sites built or underway.[64] Further, BC's 2021 budget provided an additional $8.5 million to continue expanding BC's public charging network through numerous programs and rebates.[65]

Government Regulation

Unique to Canada, management anticipates that the TUGA will fall under the three-wheeled vehicle category and will be subject to the safety standards listed in Schedule III of the Canadian Motor Vehicle Safety Regulations, which can be found at https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.%2C_c._1038/page-13.html#h-1226572.

For sales into the United States, the Company and its vehicles must meet the applicable parts of the U.S. Code of Federal Regulations ("**CFR**") Title 49 — Transportation. This includes providing manufacture identification information (49 CFR Part 566), VIN-deciphering information (49 CFR Part 565), and certifying that our vehicles meet or exceed the applicable sections of the Federal Motor Vehicle Safety Standards (40 CFR Part 571) and Environmental Protection Agency noise emission standards (40 CFR 205). Since the U.S. regulations do not have a specific class for three-wheeled "autocycles", it is likely the TUGA will fall under the definition of a motorcycle pursuant to Sec. 571.3 of 49 CFR Part 571.

The Company and its vehicles must meet the applicable parts of CFR Title 49 —Transportation. Since the U.S. regulations do not have a specific class for three-wheeled "autocycles", management anticipates that the TUGA will fall under the definition of a motorcycle pursuant to Sec. 571.3 of 49 CFR Part 571. However, currently a motorcycle license is not required to drive this class of vehicle in all but the states of Florida, Minnesota, New Mexico, New England, North Carolina, Indiana and Oklahoma. The state of New York and Massachusetts have pending legislation which would allow three-wheeled "autocycles" to be driven with a driver's license. Motorcycle helmets must be worn while operating in the state of Massachusetts. Helmets are also required if the driver is under 18 years old in the states of Alaska, Montana, Colorado and New Hampshire.

There are no 3rd party regulatory testing approval requirements (i.e. no crash testing or emissions testing) for 2 or 3 wheel electric motorcycles in California or other states, other than compliance with rules listed in the Code of Federal Regulations, Title 49, Transportation, Part 400-571 & Part 572-999 for the construction of the vehicle (height of headlights, tail lights, use of federal Department of Transportation ("**DOT**") approved components, etc.). Compliance with these rules is verified by the manufacturer and are certified by the manufacturer when it applies a VIN number to the vehicle. The Company intends to achieve status as a Motor Vehicle Manufacturer in the State of Michigan before the end of 2021. As a Motor Vehicle Manufacturer in the State of Michigan, the Company will have the ability to assign VIN numbers to its vehicles. Once a vehicle has a VIN number it can be licensed and insured in all 50 states of the USA. The Company will design and build its vehicles to comply with the requirements of the Code of Federal Regulations, Title 49, Transportation, Part 400-571 & Part 572-999 so that it will be possible to be license and insure them in all 50 states of the USA. The greatest challenge will be to achieve DOT approval for any custom components that the Company develops (that require DOT approval). As the Company intends to use as

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[59] Geotab, "Electric vehicle trends 2020: Top 6 factors impacting fleet electrification" (03 February 2020), online: <www.geotab.com/white-paper/electric-vehicle-trends/>.
[60] *Ibid*.
[61] *Ibid*.
[62] *Ibid*.
[63] *Supra* Note 42.
[64] British Columbia Ministry of Energy, Mines and Low Carbon Innovation, "News Release: New report shows B.C. steering toward 2040 infrastructure goals" (09 June 2021), online: <archive.news.gov.bc.ca/releases/news_releases_2020-2024/2021EMLI0039-001098.htm>.
[65] *Ibid*.

many commodity (DOT approved) components as possible, management believes that the approval process will be minimized for its first production vehicles.

We intend to conform with California vehicle code regulations so that our vehicles can be licensed and insured for use on public roadways in California. We intend to establish strategic partnerships with various companies in California to support the development, design and production of various components as well as distribution and servicing of our vehicles in the State of California.

Manufacturing Incentives

To promote the manufacture and development of EVs, many federal, state and local governments provide financial incentives to EV companies. These incentives can take the form of tax credits or grants.

Incentives - United States – Federal

The Advanced Technology Vehicle and Alternative Fuel Infrastructure Manufacturing Incentives offer manufacturers of ultra-efficient vehicles, which includes fully electric vehicles, direct loans for up to 30% of the cost of establishing manufacturing facilities in the United States used to produce advanced technology vehicles, components and infrastructure, including hardware and software.

The U.S. Department of Energy provides Advanced Energy Research Project Grants to fund projects that will reduce U.S. energy emissions and promote a switch to advanced energy technologies, including vehicle technologies. The Advanced Energy Research Project Grants are administered through the Advanced Research Projects Agency - Energy ("**ARPA-E**").

ARPA-E was established within the U.S. Department of Energy with the mission to fund projects that will develop transformational technologies that reduce the nation's dependence on foreign energy imports; reduce U.S. energy related emissions, including greenhouse gases; improve energy efficiency across all sectors of the economy; and ensure that the United States maintains its leadership in developing and deploying advanced energy technologies. It looks for projects that can be meaningfully advanced with a small amount of funding over a defined period of time. ARPA-E focuses on various concepts in multiple program areas including, but not limited to, vehicle technologies, biomass energy, and energy storage.[66] ARPA-E has approved Advanced Energy Research Project Grants for various types of technologies relating to electric vehicles, specifically relating to EV batteries, charging systems, and software.

ARPA-E issues periodic open funding solicitations for a broader range of projects that do not fall into a single technical area to address the full range of energy-related technologies, as well as targeted funding solicitations aimed at supporting America's small business innovators. ARPA-E also funds projects on a rolling basis through 'special projects' funding opportunities that are meant to inform potential new program areas for the future.[67]

Incentives -California - State

The California Alternative Energy and Advanced Transportation Financing Authority ("**CAEATFA**") provides the Advanced Transportation Tax Exclusion under the Sales and Use Tax Exclusion Program, a full sales and use tax exclusion for manufacturers that promote alternative energy and advanced transportation in California (the "**STE Exemption**").

In California, sales taxes are imposed on sellers of goods within the state of California. Although services are generally excluded, they may be subject to sales tax if they result in the production of a retail good. A use tax differs in that it applies where a good is purchased from an out-of-state retailer who is selling the good within California but does not have a sales nexus within California such that they are required to collect sales tax. The applicable tax rate is the same for both sales and use taxes.

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[66] U.S. Department of Energy, "Advanced Energy Research Project Grants" (undated), online: <https://afdc.energy.gov/laws/8082>.

[67] Advanced Research Projects Agency - Energy, "Technologies" (undated), online: <https://arpa-e.energy.gov/technologies>.

Qualifying manufacturers of advanced transportation technologies are eligible for a sales and use tax exclusion under the category of "general public benefit". The STE Exemption excludes purchases of Qualified Property (defined below) from sales and use taxes if the qualified property is used to manufacture Advanced Transportation Technologies.[68] The STE Exemption provides sales and use tax exclusions to manufacturers that promote alternative energy and advanced transportation.

"**Qualified property**" includes manufacturing machinery and equipment with an estimated useful lifespan of over one year, as well as information technology used to operate or control the machinery and equipment. Qualified purchases may also include tangible personal property required for infrastructure improvements to the manufacturing facility, such as foundation, reinforcement, piping, and fire safety.[69]

"**Advanced transportation technologies"** are defined as emerging commercially competitive transportation-related technologies capable of creating long-term, high value-added jobs for Californians while enhancing the state's commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.[70] The STE Exemption has approved several electric vehicle manufacturers for this tax exclusion, including Tesla Motors, Inc.; Electric Vehicles International, LLC; Atieva USA Inc; and Green Vehicles, Inc.

Further, the Manufacturing and Research & Development Equipment Exemption (the "**Manufacturing Exemption**") provides certain manufacturers and research and developers with a partial exemption from sales and use tax on the purchase or lease of qualified machinery and equipment primarily used in manufacturing, research and development, and electric power generation or production, storage or distribution. The partial exemption rate is currently 3.9375 percent. Accordingly, when the partial exemption applies, the sales or use of the qualifying tangible personal property is taxed at a rate of 3.3125 percent (7.25 percent current statewide tax rate minus 3.9375 percent partial exemption rate) plus any applicable district taxes.[71]

The Manufacturing Exemption applies to manufacturers across different industries, including those with the Company's NAICS code (336110 automobile and light-duty manufacturing) and offers a partial exemption on the purchase or lease of machinery, equipment, operational equipment, and special purpose buildings or foundations.

The table below is from the California Department of Tax and Fee Administration webpage titled "Tax Guide for Manufacturing and Research & Development Equipment Exemption", which sets out a comparison of the Manufacturing Exemption and the STE Exemption:[72]

	Manufacturer's Partial Exemption	SB1128/SB71 CAEATFA Sales and Use Tax Exclusion
Eligible Participants	All manufacturers described in NAICS codes 3111 to 3399, 541711, or 541712, and beginning January 1, 2018, all electric power generators or distributors described in NAICS codes 22111 to 221118, and 221122	Companies that design, manufacture, produce or assemble advanced transportation technologies or alternative source products, components or systems
Exemption/Exclusion Rate	Partial - 3.9375 percent	Full rate, including local and district taxes
Application requirements	None	Participants must apply with CAEATFA and be approved for a "project" for the exclusion to apply. The property purchased must be included approved "project."
Fee requirements	None	Applicants are subject to an application and administration fee

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[68] California State Treasurer Fiona Ma, "Sales and Use Tax Exclusion (STE) Program Frequently Asked Questions" (undated), online: <https://www.treasurer.ca.gov/caeatfa/ste/faq.asp>.

[69] *Ibid*.

[70] *Ibid*.

[71] California Department of Tax and Fee Administration (undated), "Tax Guide for Manufacturing and Research & Development Equipment Exemption": <https://www.cdtfa.ca.gov/industry/manufacturing-exemptions.htm>.

[72] *Ibid*.

USE OF AVAILABLE FUNDS

Available Funds

The Company received aggregate gross proceeds of $4,447,500 from the Subscription Receipt Private Placement. To date, the Company has received aggregate net proceeds of $4,363,250 from the Offering (which includes $179,060 which will be payable in finder's fees on the Conversion Date) as follows:

SOURCE OF FUNDS	Amount
Gross Proceeds From Subscription Receipt Private Placement [(1)]	$4,447,500
Less: Finder's Fees for Subscription Receipt Private Placement	($54,250)[(2)]
Less: Administrative and Legal Costs for Subscription Receipt Private Placement	($30,000)
Net Proceeds:	**$4,363,250**
Additional Working Capital of the Company as at October 31, 2021	$102,192
TOTAL:	**$4,465,442**

Notes:

(1) An aggregate of $4,002,750 of the Subscription Receipt Private Placement proceeds were placed in escrow with the Subscription Receipt Agent. The Escrowed Funds will be released to the Company on the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus; and (ii) the receipt of conditional approval of the CSE or any other recognized Canadian or United States stock exchange for the Listing. See "*General Development of the Business of the Company – History - Financings and Issuances of the Company's Securities*" respecting the Escrowed Funds and the Escrow Release Conditions.

(2) On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 in connection with the first tranche closing of the Subscription Receipt Private Placement. An additional $179,060 finder's fees will be payable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which occurred on September 23, 2021.

As at October 31, 2021, the Company had estimated consolidated working capital of approximately $4,465,442. This amount includes the net proceeds from the Subscription Receipt Private Placement as disclosed above, $4,002,750 of which was placed and remains in escrow with the Subscription Receipt Agent.

Principal Purposes

The Company intends to use the funds available to it (which includes the Escrowed Funds) as follows:

Principal Purposes	Amount
Additional Finder's Fees Payable in connection with the Subscription Receipt Private Placement	$179,060
Remaining Costs of Prospectus and CSE Listing	$100,000
Product Development and Prototype Testing	
• Engineering Upgrades[(1)]	$1,000,000
• Electronics and Software[(2)]	$500,000
• Body and Interior Development[(3)]	$400,000
• Stability and Durability Testing[(4)]	$100,000
Marketing	
• Brand Development	$300,000
• Social Media	$200,000
• Content Development	$300,000
Market Research and Geographic Roll Out	
• Market Research, Focus Groups & Testing	$150,000
• Strategic Partner Qualification	$150,000
• Site Collateral	$100,000
General and Administrative Expenses[(5)]	$619,000
Unallocated General Working Capital	$367,382
TOTAL:	**$4,465,442**

Notes:

(1) Development of a safety-oriented chassis and protection system. The Company will start initial development of the retractable rear axle which will be integrated with electronics and the integration of suspension, braking, handling with electronics.

(2) Generation of the specification of the electrical system and testable parameters. Generating electrical specification with detailed documentation on structure and detailed numbers covering up to Level2. Support TUGA on safety related issues, support external compliance tests and audits. Hardware and software design of level1 PCB, based on specification. Implementing into TUGA vehicle and bring up to work in Portugal. Optimizing parameters to smooth TUGA drive behavior.

(3) Body structure, interior, seats, dashboard and overall ergonomics will be designed and modelled.

(4) Stability testing will be carried out throughout the development period. Cornering, acceleration, braking and directional stability and other criteria may be measured. Body lean and load transfer may be analysed. Longer range durability testing may take place during this time.

(5) For a breakdown of this amount please see "*General and Administrative Costs"* below.

The Company anticipates that it will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months following the Listing on the CSE.

Unallocated funds are intended to be for contingency purposes. Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary. There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

The business of the Company will not be cash flow positive until the Company begins generating revenue. As a result, the Company may decide to raise additional funds through equity financings in the next 12 months, if the Board believes it is in the best interests of the Company to do so. The funds available to the Company as allocated will allow the Company to complete its business objectives and milestones set forth under the section entitled, "*Use of Available Funds – Business Objectives and Milestones*."

The Company had a negative operating cash flow for the period from inception on September 1, 2020 to July 31, 2021 and for the period from incorporation on April 7, 2021 to June 29, 2021. To the extent that the Company has a negative cash flow in any future period, the Company may be required to use available funds to fund such negative cash flow.

Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "*Risk Factors*".

General and Administrative Costs

Upon the Listing Date, the Company estimates that its working capital will be sufficient to meet its general and administrative costs for the 12-month period following the Listing Date. General and administrative costs for the 12-month period following the Listing Date are expected to comprised of the following:

General and Administrative Costs	Cost
Salaries and consulting fees	$384,000[(1)]
Professional fees (legal, audit)	$85,000
Public company maintenance and regulatory fees	$120,000
Administrative & travel expenses	$30,000
TOTAL:	**$619,000**

Notes:

(1) This amount includes monthly payments to six consultants of the Company as follows: $7,291 paid to Kraig Schultz, $6,250 paid to John Hagie, $4,688 paid to Edmundo Nobre, $4,688 paid to Cesar Barbosa, $2,084 to António Câmara, and $7,000 to Faizaan Lalani. One consultant of the Company, Mauro Ferreira, will not receive payments. The amounts noted above

are expressed in CDN dollars and (other than the amount payable to Mr. Lalani) have been converted from USD to CDN at an exchange rate of US$1.00 = CDN$1.25, based on the average exchange rate as quoted by the Bank of Canada for the period from June 2021 to September 2021. See "*Executive Compensation*" for additional details.

Business Objectives and Milestones

The following table sets out the Company's business objectives and milestones for the next 12-month period utilizing available funds.

	Objective	Target Date	Milestones	Amount
A	Complete Public Listing	Dec. 2021	• Obtain final receipt for the Prospectus • Obtain conditional acceptance from CSE	$100,000
B	Design and develop a safety oriented chassis and protection system for the TUGA	Dec. 2022	• Complete vehicle specification document • Complete computer-aided-design (CAD) • Identify key suppliers • Complete first prototype build - *in progress*	$1,000,000
C	Map out and design of sensors, and collection of data for the TUGA	Dec. 2022	• Complete electronic specifications document • Identify all data and sensors • Identify key suppliers • Complete electronics schema • Complete installation on Prototype - *in progress*	$500,000
D	Design and model the body structure, interior, seat and dashboard for the TUGA	Dec. 2022	• Complete CAD renderings • Complete body & interior (including seats) simulations for ergonomics • Finalize electronics, electric circuit and dashboard display	$400,000
E	Complete ongoing stability and durability testing of the TUGA(1)	Dec. 2022	• Complete extensive modelling and simulations of stability and durability • Document testing of different components (e.g. chassis using various materials) • Complete prototype - *in progress*	$100,000
F	Develop and launch formal marketing program	Jun. 2022	• Thoroughly understand and document target market • Validate marketing activities to target market • Identify go-to-market partners and collateral identified	$800,000
G	Market Research and Geographic Roll Out	Dec 2022	• Document focus group input • Sign strategic partners contracts • Design and sign-off on collateral	$400,000
			TOTAL:	**$3,300,000**

Note:

(1) Stability testing will carried out throughout the development period for the TUGA. Cornering, acceleration, braking and directional stability and other criteria may be measured. Body lean and load transfer could be analysed. Longer range durability testing may take place during this time.

The Company may from time to time revise its business plan and objectives, which revisions may include synergistic acquisitions. Such activities will also likely require that the Company raise additional capital. There can be no assurance that the Company can raise such additional capital if and when required. See "*Risk Factors*".

DIVIDENDS OR DISTRIBUTIONS

The Company has not declared or paid any dividends on the Common Shares. There are no restrictions in the Company's articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Common Shares will be entitled to an equal share in any dividends declared and paid.

It is anticipated that all available funds will be invested to finance the growth of the Company's business and accordingly it is not contemplated that any dividends will be paid on the Company's shares in the immediate or foreseeable future. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information of the Company

The following selected financial information has been derived from and is qualified in its entirety by the audited consolidated financial statements of the Company for the period from inception on September 1, 2020 to July 31, 2021, and notes thereto and the audited consolidated financial statements of the Company for the period from incorporation on April 7, 2021 to June 29, 2021, and the notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto, along with the Management's Discussion and Analysis ("**MD&A**") included in Schedules "B" of this Prospectus. The consolidated financial statements of the Company are prepared in accordance with IFRS. All amounts referred to as being derived from the Financial Statements of the Company are denoted in Canadian Dollars.

	Period from inception on September 1, 2020 to July 31, 2021 *(audited)*
Net loss for the period	$558,340
Cash	$471,606
Total Assets	$490,413
Total Liabilities	$113,999
Total Shareholders' equity (deficiency)	$376,414

Management's Discussion and Analysis

The MD&A of the Company for the period from inception on September 1, 2020 to July 31, 2021 and the period from incorporation on April 7, 2021 to June 29, 2021 are included in Schedule "B" to this Prospectus. The MD&A for the Company should be read in conjunction with the consolidated financial statements and the accompanying notes thereto included in this Prospectus. Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. See "*Forward-Looking Statements*" and "*Risk Factors*".

Disclosure of Outstanding Security Data

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares, of which 31,176,332 are issued and outstanding as at the date of this Prospectus.

Subscription Receipts

There are currently 11,118,750 Subscription Receipts outstanding. On the Conversion Date (upon satisfaction of the Escrow Release Conditions) the Subscription Receipts will automatically convert into 11,118,750 Qualified Shares (Common Shares) and 5,559,375 Qualified Warrants. Each Qualified Warrant will entitle the holder to acquire one Warrant Share at a price of $1.00 for a period of 18 months from the Conversion Date.

Additional Warrants

In addition to the Qualified Warrants, the $0.25 Warrants, the $1.00 Warrants, the Management Performance Warrants, the TG Warrants, and 135,625 Finder's Warrants are outstanding as of the date hereof. An additional 396,025 Finder's Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which closed on September 23, 2021. See "*General Development of the Business - History - Financings and Issuances of the Company's Securities*" for details respecting these warrants.

Options

The Company has not granted any options to purchase Common Shares of the Company as at the date of this Prospectus. The Company may grant Options to directors, officers, employees and consultants of the Company prior to Listing. See "*Executive Compensation - Options and Other Compensation Securities"* and "*Options to Purchase Securities – Outstanding Options*".

RSUs

The Company has not granted any RSUs that are exercisable into Common Shares of the Company as at the date of this Prospectus. Upon Listing, the Company will grant 187,500 RSUs, which will be subject to vesting over a 12 month period following Listing.

Negative Operating Cash Flow

Since its incorporation, the Company has generated negative operating cash flows and there are no assurances that the Company will not experience negative cash flow from operations in the future. The Company has, up to the date of this Prospectus, funded its operations with proceeds from equity financings and expects to raise additional funds through equity financings.

DESCRIPTION OF SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of the date hereof, there are 31,176,332 Common Shares issued and outstanding.

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares, of which 31,176,332 are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable. Following the deemed exercise of the Subscription Receipts, there will be 42,295,082 Common Shares issued and outstanding, assuming the conversion of no other securities of the Company. The 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 in person or by proxy at all meetings of the shareholders of the Company. 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, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

The Company has applied to list the Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE. This Prospectus qualifies the distribution of the Qualified Shares.

Qualified Warrants

The Qualified Warrants will be governed by the terms of the Warrant Indenture. See *"Material Contracts"*. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Qualified Warrants which will be filed by the Company under its corporate profile on SEDAR. A register of holders will be maintained at the principal offices of the Warrant Agent in Vancouver, British Columbia. Each Qualified Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $1.00 until 4:00 p.m. (Vancouver time) on the date that is 18 months following the Conversion Date after which time the Qualified Warrants will be void and of no value.

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

(i) the subdivision, redivision or change of the outstanding Common Shares into a greater number of Common Shares;

(ii) the reduction, combination or consolidation of its outstanding Common Shares into a lesser number of Common Shares;

(iii) the issuance of Common Shares or securities exchangeable for or convertible into, Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Qualified Warrants or any outstanding options);

(iv) the issuance of rights, options or warrants to all or substantially all of the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares (or securities exchangeable for or convertible into Common Shares), at a price per Common Share to the holder (or at an exchange or conversion price per Common Share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of the Common Shares of (a) securities of any class, whether of the Company or any other entity (other than the Common Shares), (b) rights, options or warrants to acquire Common Shares (or other securities exchangeable or convertible into Common Shares) other than pursuant to a rights offering; (c) evidences of indebtedness, or (d) any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Qualified Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described in clauses (i), (ii) or (iii) above), (ii) consolidations, amalgamations, arrangements, or mergers of the Company with or into another body corporate, trust, partnership or other entity, or (c) a sale or conveyance of the property or assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, in which case each holder of a Qualified Warrant which is thereafter exercised will receive, in lieu of Common Shares that prior to such effective date the holder would have been entitled to receive, the number of shares or other securities or property, which such holder would have been entitled to receive as a result of such event if such holder had exercised the Qualified Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Qualified Warrants are exercisable, it will give notice to holders of Qualified Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Qualified Warrants or the number of Warrant Shares issuable upon exercise of the Qualified Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Qualified Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Qualified Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Qualified Warrants except as expressly provided in the Warrant Indenture. Holders of Qualified Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Qualified Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Qualified Warrants are not prejudiced, as a group. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Qualified Warrants, as a group, will be subject to approval by an “Extraordinary Resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) proposed at a meeting of the registered holders of Qualified Warrants at which there are holders of Qualified Warrants present in person or represented by proxy holding at least 25% of the aggregate number of the then outstanding Qualified Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of holders of Qualified Warrants representing not less than 66 2⁄3% of the aggregate number of all Qualified Warrants that may be acquired on exercise of the Qualified Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Qualified Warrants representing not less than 66 2⁄3% of the number of all of the then outstanding Qualified Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Qualified Warrants may be surrendered for exercise or transfer.

Additional Warrants

In addition to the 5,559,375 Qualified Warrants, there are 5,050,000 $0.25 Warrants, 5,050,000 $1.00 Warrants, 30,000,000 Management Performance Warrants, 520,584 TG Warrants (which are exercisable for 19,900,000 Common Shares), and 135,625 Finder’s Warrants outstanding as of the date hereof. An additional 396,025 Finder’s Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which closed on September 23, 2021. This Prospectus qualifies the distribution of 396,025 Finder’s Warrants (including in respect of any Common Shares issuable in respect of any exercise of 396,025 Finder’s Warrants).

See “*General Development of the Business – History – Financings and Issuances of the Company’s Securities*” for details respecting these warrants.

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CONSOLIDATED CAPITALIZATION

The following table summarizes the Company's capitalization since incorporation and before and after giving effect to the deemed exercise of the Subscription Receipts and on Listing. The table should be read in conjunction with the Financial Statements and the accompanying notes thereto included in this Prospectus.

	Amount Authorized	Outstanding as at July 31, 2021 *(audited)*	Outstanding as at the date of this Prospectus *(unaudited)*	Outstanding After Giving Effect to the Deemed Exercise of Subscription Receipts and on Listing *(unaudited)*
Common Shares	Unlimited	31,176,332	31,176,332	42,295,082(1)
$0.25 Warrants(2)	N/A	5,050,000	5,050,000	5,050,000
$1.00 Warrants(3)	N/A	5,050,000	5,050,000	5,050,000
Subscription Receipts(4)	N/A	Nil	11,118,750	Nil
Qualified Warrants(5)	N/A	Nil	Nil	5,559,375
Options(6)	N/A	Nil	Nil	Nil
Management Performance Warrants(7)	N/A	30,000,000	30,000,000	30,000,000
TG Warrants(8)	N/A	19,900,000(7)	19,900,000(7)	19,900,000(7)
Finder's Warrants(9)	N/A	Nil	135,625	531,650(4)
SARs, RSUs, DSUs, and PSUs	4,229,508(10)	Nil	Nil	187,500(11)

Notes:

(1) On an undiluted basis. Assumes the issuance of 11,118,750 Common Shares upon deemed exercise of 11,118,750 Subscription Receipts.

(2) The $0.25 Warrants are exercisable into Common Shares at $0.25 per Common Share until May 17, 2024.

(3) The $1.00 Warrants are exercisable into Common Shares at $1.00 per Common Share until May 17, 2024.

(4) Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one Unit on the Conversion Date that is five (5) Business Days after the later of the date that the Escrow Release Conditions are satisfied.

(5) Each Qualified Warrant entitling the holder thereof to acquire one Warrant Share at a price of $1.00 per Warrant Share for a period of 18 months from the Conversion Date.

(6) The Company has not granted any options to purchase Common Shares of the Company as at the date of this Prospectus. The Company may grant Options to directors, officers, employees and consultants of the Company prior to Listing. See *"Executive Compensation - Options and Other Compensation Securities"* and *"Options to Purchase Securities – Outstanding Options"*.

(7) The Management Performance Warrants are exercisable into Common Shares, for no additional consideration, in three equal tranches upon attainment of the following milestones: (i) The regulatory process is complete in the first targeted geography (California), therefore TUGA vehicles may be sold, insured, and driven on public roads there; (ii) The Company can successfully communicate with targeted users, take orders and receive funds (500 pre-orders or orders). Equally, that the Company has a sustainable process in which to deliver and service these vehicles; and (iii) the Company has successfully produced in defined quantities 350 units of the vehicle. This implies that the operational production tooling is in place, partners to supply are identified and supplying in a timely manner and the internal process controls, and financial flows are managed.

(8) This figure represents the amount of Common Shares underlying the 520,584 TG Warrants. 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $0.25 per share until June 1, 2024 and 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $1.00 per share until June 1, 2024.

(9) An additional 396,025 Finder's Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which closed on September 23, 2021.

(10) The maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Plan shall not exceed 4,229,508. See "*Omnibus Incentive Equity Plan*".

(11) 187,500 RSUs are exercisable into 187,500 Common Shares upon vesting of the RSUs over a period of 12 months following Listing.

Fully Diluted Share Capital

The following table sets forth the anticipated fully diluted share capital of the Company after giving effect to the deemed exercise of the Subscription Receipts and on Listing:

	As at the Date of this Prospectus	**Outstanding After Giving Effect to the Deemed Exercise of Subscription Receipts and on Listing**	**Percentage of issued and outstanding Common Shares After Giving Effect to the Deemed Exercise of Subscription Receipts and on Listing (fully-diluted)**
Common Shares outstanding	31,176,332	42,295,082	38.96%
Common Shares reserved for issuance upon exercise of the $0.25 Warrants	5,050,000	5,050,000	4.65%
Common Shares reserved for issuance upon exercise of the $1.00 Warrants	5,050,000	5,050,000	4.65%
Common Shares to be issued upon conversion of the Subscription Receipts	11,118,750	Nil	Nil
Common Shares issuable upon exercise of Options	Nil	Nil	Nil
Common Shares issuable upon exercise of Qualified Warrants	Nil	5,559,375	5.12%
Common Shares issuable upon exercise of Management Performance Warrants	30,000,000	30,000,000	27.63%
Common Shares issuable upon exercise of 260,292 TG Warrants(1)	9,950,000	9,950,000	9.16%
Common Shares issuable upon exercise of 260,292 TG Warrants(2)	9,950,000	9,950,000	9.16%
Common Shares issuable upon exercise of Finder's Warrants	135,625	531,650(3)	0.50%
Common Shares issuable upon exercise of RSUs	Nil	187,500(4)	0.17%
TOTAL:		**108,573,607**	**100%**

Notes:

(1) 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $0.25 per share until June 1, 2024.

(2) 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $1.00 per share until June 1, 2024.

(3) An additional 396,025 Finder's Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which closed on September 23, 2021.

(4) 187,500 RSUs are exercisable into 187,500 Common Shares upon vesting of the RSUs over a period of 12 months following Listing.

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

As at the date of this Prospectus, there are no Options of the Company issued and outstanding. The Company may grant up to Options to certain directors, officers, employees and consultants of the Company prior to the Listing Date.

Outstanding RSUs

As at the date of this Prospectus, there are no RSUs of the Company issued and outstanding. Upon Listing, the Company will grant 187,500 RSUs. 15,625 RSUs will begin vesting each month for a period of 12 months following the date of grant.

Omnibus Incentive Equity Plan

The following summary of the Company's omnibus equity incentive compensation plan (the "**Plan**") does not purport to be complete and is qualified in its entirety by reference to Plan.

The Plan was approved by the Board on September 22, 2021 but will not become effective until the Conversion Date.

The Plan will be administered by the Board (or a committee thereof) and will provide that the Board may from time to time, in its discretion, and in accordance with CSE requirements, grant to eligible Participants (as defined in the Plan), non-transferable awards (the "**Awards**"). Such Awards include options ("**Options**"), restricted share units ("**RSUs**"), share appreciation rights ("**SARs**"), deferred share unit rights ("**DSUs**") and performance share units ("**PSUs**").

The number of Common Shares reserved for issuance pursuant to Options granted under the Plan will not, in the aggregate, exceed 10% of the then issued and outstanding Common Shares on a rolling basis. In addition, the maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Plan shall not exceed 4,229,508, in the aggregate.

The maximum number of Common Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Common Shares, unless disinterested shareholder approval as required by the policies of the CSE is obtained, or 2% in the case of a grant of Awards to any consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the CSE). Further, unless disinterested shareholder approval as required by the policies of the CSE is obtained: (i) the maximum number of Common Shares for which Awards may be issued to insiders of the Company (as a group) at any point in time shall not exceed 10% of the outstanding Common Shares; and (ii) the aggregate number of Awards granted to insiders of the Common (as a group), within any 12-month period, shall not exceed 10% of the outstanding Common Shares.

On a Change of Control (as defined in the Plan) of the Company, the Board shall have discretion as to the treatment of Awards, including whether to (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Awards; (ii) permit the conditional exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised prior to the successful completion of such Change of Control. If there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date (as defined in the Plan), if the Participant is an employee, officer or a director and their employment, or officer or director position is terminated or they resign for Good Reason (as defined in the Plan) within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the CSE is either obtained or not required.

The following is a summary of the various types of Awards issuable under the Plan.

Options

Subject to any requirements of the CSE, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a Black Out Period (as defined in the Plan), Options may be exercised for a period of up to ten years after the grant date, provided that: (i) upon a Participant's termination for Cause (as defined in the Plan), all Options, whether vested or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Plan and be exercisable for a period of 90 days after the Termination Date; (iii) in the case of the Disability (as defined in the Plan) of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; (v) subject to paragraph (vi) below, in all other cases where a Participant ceases to be eligible under the Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Plan and be exercisable for a period of 90 days after the Termination Date; and (vi) notwithstanding paragraphs (i)-(v), in connection with the resignation of the Participants holding options to purchase Common Shares granted to the directors and officers of the Company under the Plan, such options shall be exercisable for a period of 90 months after the Termination Date.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the Common Shares on the CSE less any discount permitted by the rules or policies of the CSE at the time the Option is granted. Subject to any vesting restrictions imposed by the CSE, or as may otherwise be determined by the Board at the time of grant, Options shall vest equally over a four year period such that ¼ of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.

Restricted Share Units

Subject to any requirements of the CSE, the Board may determine the expiry date of each RSU. Subject to a limited extension if an RSU expires during a Black Out Period, RSUs may vest and be paid out for a period of up to three years after the grant date, provided that: (i) upon a Participant's termination for Cause, all RSUs, whether vested (if not yet paid out) or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested RSUs as at the Termination Date shall automatically and immediately vest and be paid out; (iii) in the case of the Disability of a Participant, all RSUs shall remain and continue to vest in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any RSUs that have not been vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such RSUs, to determine whether to accelerate the vesting of such RSUs, cancel such RSUs with or without payment and determine how long, if at all, such RSUs may remain outstanding following the Termination Date, provided, however, that in no event shall such RSUs be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be eligible under the Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested RSUs shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested RSUs will be paid out in accordance with the Plan.

The number of RSUs to be issued to any Participant will be determined by the Board at the time of grant. Each RSU will entitle the holder to receive at the time of vesting for each RSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of RSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2½ months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date. Subject to any vesting restrictions imposed by the CSE, or as may otherwise be determined by the Board at the time of grant, RSUs shall vest equally over a three year period such that ⅓ of the RSUs shall vest on the first, second and third anniversary dates of the date that the RSUs were granted.

Share Appreciation Rights

SARs may be issued together with Options or as standalone awards. Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the fair market value of the underlying Common Shares on the date of exercise over the grant price of the SAR. At the discretion of the Board, the payment upon the exercise of a SAR may be in cash, Common Shares of equivalent value, in some combination thereof, or in any other form approved by the Board in its sole discretion. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each SAR. Subject to a limited extension if a SAR expires during a Black Out Period, SARs will not be exercisable later than the tenth anniversary date of its grant. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of SARs upon a Participant ceasing to be eligible to participate in the Plan.

Deferred Share Units

The number and terms of DSUs to be issued to any Participant will be determined by the Board at the time of grant. Each DSU will entitle the holder to receive at the time of settlement for each DSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of DSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each DSU, provided that if a DSU would otherwise settle or expire during a Black Out Period, the Board may extend such date. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of DSUs upon a Participant ceasing to be eligible to participate in the Plan.

Performance Share Units

The number and terms (including applicable performance criteria) of PSUs to be issued to any Participant will be determined by the Board at the time of grant. Each PSU will entitle the holder to receive at the time of settlement for each PSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of PSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each PSU, provided that in no event will delivery of Common Shares or payment of any cash amounts be made later than the earlier of (i) 2½ months after the close of the year in which the performance conditions or restrictions are satisfied or lapse, and (ii) December 31 of the third year following the year of the grant date. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of PSUs upon a Participant ceasing to be eligible to participate in the Plan.

A copy of the Plan will be filed by the Company under its corporate profile on SEDAR.

PRIOR SALES

The following table summarizes the sale of securities of the Company in the 12 months prior to the date of this Prospectus.

Date of Issuance/Sale	Number of Securities	Issue Price Per Security	Aggregate Issue Price
April 7, 2021	100 Common Shares[(1)]	$0.01	$1.00
May 17, 2021	5,050,000 Common Shares	$0.04	$202,000.00
June 29, 2021	1,176,332 Common Shares	$0.15	$176,449.80
June 30, 2021	24,950,000 Common Shares[(2)]	$0.40	N/A

Notes:

(1) 100 Common Shares were issued to the Incorporator. These shares were subsequently cancelled and returned to treasury by mutual agreement between the Company and the incorporator.

(2) 24,950,000 Common Shares were issued pursuant to the Definitive Agreement to former shareholders of TUGA-Global pursuant to the Merger Transaction. See *"General Description of Business – History of TUGA-Global"*.

This table sets out particulars of securities exchangeable for or exchangeable into Common Shares issued within the 12 months prior to the date of this Prospectus:

Date of Issuance	Security Type	Number of Securities	Issue/ Exercise Price
May 17, 2021	$0.25 Warrants[(1)]	5,050,000	$0.25
May 17, 2021	$1.00 Warrants[(2)]	5,050,000	$1.00
June 1, 2021	TG Warrants[(3)]	9,950,000	$0.25
June 1, 2021	TG Warrants[(3)]	9,950,000	$1.00
June 30, 2021	Management Performance Warrants[(4)]	30,000,000	N/A
August 27, 2021	Subscription Receipts[(5)]	3,800,000	$0.40
August 27, 2021	Finder's Warrants[(6)]	135,625	$0.40
Sept. 23, 2021	Subscription Receipts[(5)]	7,318,750	$0.40

Notes:

(1) The $0.25 Warrants are exercisable into Common Shares at $0.25 per Common Share until May 17, 2024.

(2) The $1.00 Warrants are exercisable into Common Shares at $0.25 per Common Share until May 17, 2024.

(3) Pursuant to the Merger Transaction, all outstanding TG Warrants will remain warrants issued by TUGA-Global, but each TG Warrant will represent the right to purchase Common Shares of the Company at a conversion ratio of 38.2263 Common Shares of the Company per one warrant share of common stock of TUGA-Global. 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $0.25 per share until June 1, 2024 and 260,292 TG Warrants are exercisable into 9,950,000 Common Shares at an effective price of $1.00 per share until June 1, 2024.

(4) The Management Performance Warrants are exercisable into Common Shares, for no additional consideration, in three equal tranches upon attainment of the following milestones: (i) The regulatory process is complete in the first targeted geography (California), therefore TUGA vehicles may be sold, insured, and driven on public roads there; (ii) The Company can successfully communicate with targeted users, take orders and receive funds (500 pre-orders or orders). Equally, that the Company has a sustainable process in which to deliver and service these vehicles; and (iii) the Company has successfully produced in defined quantities 350 units of the vehicle. This implies that the operational production tooling is in place, partners to supply are identified and supplying in a timely manner and the internal process controls, and financial flows are managed.

(5) The Subscription Receipts will be deemed to have been exercised into Units, without payment of additional consideration or further action on the part of the holder, upon the satisfaction of the Escrow Release Conditions. The Units will be comprised of 11,118,750 Qualified Shares and 5,559,375 Qualified Warrants.

(6) An additional 396,025 Finder's Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement.

Trading Price and Volume

No securities of the Company are currently listed for trading on any stock exchange.

ESCROWED SECURITIES AND RESALE RESTRICTIONS

Escrowed Securities

In accordance with NP 46-201, all Common Shares and convertible securities held by Principals of the Company as of the date of this Prospectus are subject to escrow restrictions. A prospectus that only qualifies the securities issued on conversion of special warrants is generally not an "IPO Prospectus" under NP 46-201, because there are no additional proceeds raised. However, in the Company's case, as a market is being developed for its securities, this Prospectus is to be considered an "IPO Prospectus" for the purposes of NP 46-201. As such, the securities held by the Principals will be held in escrow pursuant to the policies of NP 46-201, unless the securities held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the total issued and outstanding shares of the company after giving effect to the initial public offering.

Under the NP 46-201, a "**Principal**" is defined as:

(a) a person or company who acted as a promoter of the Company within two years before the Prospectus;

(b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO; or

(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

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

At the time of its IPO, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Directors, executive officers and certain shareholders of the Company (the "**Escrow Shareholders**") will enter into a Form 46-201F1 escrow agreement (the "**Escrow Agreement**") with the Company and Odyssey Trust Company pursuant to which the Escrow Shareholders will agree to deposit the securities of the Company which they hold with Odyssey Trust Company as escrow agent once appointed, until they are released in accordance with the following release schedule, as on listing, the Company anticipates being an "Emerging Issuer:

Release Date	Amount Released
On the date the Listing Date	10% of Escrowed Securities
6 months after the Listing Date	15% of Escrowed Securities
12 months after the Listing Date	15% of Escrowed Securities
18 months after the Listing Date	15% of Escrowed Securities
24 months after the Listing Date	15% of Escrowed Securities
30 months after the Listing Date	15% of Escrowed Securities
36 months after the Listing Date	15% of Escrowed Securities

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the Listing Date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

As of the date of this Prospectus, none of the Company's securities are held in escrow or are subject to a contractual restriction on transfer. In connection with the proposed listing of Common Shares on the CSE, the following securities are expected to be subject to escrow upon completion of the listing on the CSE as shown in the following table (the "**Escrowed Securities**"):

Designation of Class	Number of Securities Subject to NP 46-201 Escrow	Percentage of Class
Common Shares	15,000,000	35.47%(1)
Management Performance Warrants	30,000,000	100.00%

Notes:

(1) This percentage is calculated on the basis of the Company's issued and outstanding of 42,295,082 Common Shares upon issuance of 11,118,750 Qualified Shares upon conversion of the Subscription Receipts.

The following is a list of the Escrowed Shareholders and their securities:

Name	Designation of Class	Number of Securities held in escrow	Percentage of Class as at the date of this Prospectus	Percentage of Class on Listing
Cesar Barbosa	Common Shares(2)	5,711,009	18.32%	13.50%(1)
	Management Performance Warrants(3)	6,000,000	20.00%	20.00%
Kraig Schultz	Common Shares(2)	5,711,009	18.32%	13.50%(1)
	Management Performance Warrants(3)	6,000,000	20.00%	20.00%
Mauro Ferreira	Common Shares(2)	1,238,532	3.97%	2.93%(1)
António Câmara	Common Shares(2)	688,073	2.21%	1.63%(1)
	Management Performance Warrants(3)	6,000,000	20.00%	20.00%
Antonio Videira	Common Shares(2)	275,231	0.88%	0.65%(1)
John Hagie	Common Shares(2)	688,073	2.21%	1.63%(1)
	Management Performance Warrants(3)	6,000,000	20.00%	20.00%
Edmundo Nobre	Common Shares(2)	688,073	2.21%	1.63%(1)
	Management Performance Warrants(3)	6,000,000	20.00%	20.00%

Notes:

(1) This percentage is calculated on the basis of the Company's issued and outstanding of 42,295,082 Common Shares upon issuance of 11,118,750 Qualified Shares upon conversion of the Subscription Receipts.

(2) These Common Shares are subject to additional voluntary resale restrictions pursuant to which the Common Shares will be subject to a voluntary six month hold period following the date the Company completes a Going Public Transaction.

(3) These Management Performance Warrants and the underlying Common Shares issuable upon exercise thereof are subject to additional voluntary resale restrictions pursuant to which the Management Performance Warrants and the underlying Common Shares will be subject to a voluntary six month hold period following the date the Company completes a Going Public Transaction.

The Escrowed Shareholders hold, in the aggregate, 15,000,000 Common Shares and 30,000,000 Management Performance Warrants, which are subject escrow as outlined above.

Escrow Agreement

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each principal's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six-month intervals over 18 months. If, within 18 months of the Listing Date, the Company meets the "established issuer" criteria, as set out in NP 46-201, the escrow securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario, that number of escrow securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrow securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the Listing Date.

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

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

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

Voluntary Escrow

The Escrowed Securities described above are also subject to the following voluntary resale restrictions:

(a) 15,000,000 Common Shares held by 7 shareholders of the Company are subject to voluntary resale restrictions pursuant to which the Common Shares will be subject to a voluntary six-month hold period following the date the Company completes a Going Public Transaction.

(b) 30,000,000 Management Performance Warrants and the underlying Common Shares issuable upon exercise thereof are subject to voluntary resale restrictions pursuant to which the Management Performance Warrants and the underlying Common Shares will be subject to a voluntary six month hold period following the date the Company completes a Going Public Transaction.

In addition to the foregoing, 11,118,750 Subscription Receipts and the underlying Qualified Shares, Qualified Warrants and Warrant Shares are subject to voluntary resale restrictions pursuant to which the securities will be subject to a four-month voluntary resale restriction following the date the Company completes a Going Public Transaction.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, the following persons are expected to beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares:

Name and Residence of Securityholder	Number and Percentage of Common Shares[(1)]
Cesar Barbosa[(2)(4)] *Portugal*	5,711,009 *(13.50%)*
Kraig Schultz[(3)(4)] *United States*	5,711,009 *(13.50%)*

Notes:

(1) Based on the Company's issued and outstanding of 42,295,082 common shares on Listing.
(2) Mr. Barbosa is Vice-President of the Company.
(3) Mr. Schultz is Chief Technology Officer and a director of the Company.
(4) Mr. Barbosa and Mr. Schultz each additionally hold 6,000,000 Management Performance Warrants.

DIRECTORS AND OFFICERS

Name, Occupation and Securityholdings

The following table sets out the name, age, city of residence, position and the number and percentage of Common Shares which will be beneficially owned or controlled by each of the current directors and officers of the Company. The directors of the Company are Kraig Schultz, António Câmara, Edmundo Nobre, Faizaan Lalani and Daren Hermiston.

Name, Age and City of Residence	Position	Principal Occupation Held During the Last 5 Years	Common Shares Owned on Listing[(2)]	
			Number	*Percentage*
John Hagie[(3)] 65 *Portugal*	Chief Executive Officer	Founder of Red Wave Marketing Services ("**Red Wave**")	668,073	1.63%
Faizaan Lalani 34 *Vancouver, BC*	Chief Financial Officer and Corporate Secretary and Director	Certified Professional Accountant; Chief Financial Officer and Director, AmmPower Corp. (2020–present); Chief Financial Officer and Director, United Lithium Corp. (2019- present);	Nil	Nil
Kraig Schultz[(3)] 55 *Michigan, USA*	Chief Technology Officer and Director	Co-Founder and CEO of TUGA-Global Inc., Member of Schultz Engineering, LLC.	5,711,009	13.50%
Cesar Barbosa[(3)] 61 *Portugal*	Vice-President	Co-Founder and Vice-President of TUGA-Global Inc., Chief Creative Officer of Human Mobility Solutions;	5,711,009	13.50%
António Câmara[(1)(3)] 67 *Portugal*	Director	Professor at the New University of Lisbon; Co-Founder and former CEO of YDreams	688,073	1.63%

Name, Age and City of Residence	Position	Principal Occupation Held During the Last 5 Years	Common Shares Owned on Listing[(2)]	
			Number	*Percentage*
Edmundo Nobre[(1)(3)] 54 *Portugal*	Director	COO of Aromni (Augmented Reality; Co-founder of YDreams Group; Founder and director of Ynvisible, Azorean (aqutic drones) and Human Mobility (smart mobility)	688,073	1.63%
Daren Hermiston[(1)] 35 *Vancouver, BC*	Director	CEO of Kona Consulting Inc. (management consulting company) January 2009 to present; agent and advisor with Pointswest Sports and Entertainment from January 2009 to present	Nil	Nil

Notes:
(1) Member of audit committee
(2) Based on issued and outstanding of 42,295,082 common shares on Listing, upon conversion of the Subscription Receipts.
(3) 6,000,000 Management Performance Warrants are held by each of Mr. Barbosa, Mr. Schultz, Mr. Câmara, Mr. Hagie and Mr. Nobre.

As at the date of this Prospectus, directors and officers of the Company, as a group, own or control or exercise direction over 13,486,237 Common Shares, being 43.26% of the issued Common Shares.

Following the deemed exercise of the Subscription Receipts, the directors and officers of the Company, as a group, will own or control or exercise direction over 13,486,237 Common Shares, which is equal to approximately 31.89% of the issued Common Shares following the deem exercise of the Subscription Receipts.

Directors and Officers – Biographies

The following biographies provide information in respect of the directors and officers of the Company.

John Hagie – 65 – Chief Executive Officer

Mr. Hagie founded Red Wave to help start-ups define their go-to-market strategies and activities. Mr. Hagie has extensive sales and marketing experience across varied sales motions (major accounts, channel, franchise sales) selling hardware, software and services within different locations. John spent almost 20 years at Hewlett Packard in sales, market development roles and product line management roles in an international context. Mr. Hagie previously studied at San Francisco State University.

It is expected that Mr. Hagie will devote approximately 100% of his time to the business of the Company to effectively fulfill his duties as Chief Executive Officer and a director of the Company. Mr. Hagie is an independent contractor of TUGA-Global.

Kraig Schultz – 55 – Chief Technology Officer and Director

Mr. Schultz has over 30 years' experience leading innovation in the automotive supply chain and product development industries. He has a lifelong passion for ultra-efficient vehicles. With his company, Schultz Engineering, LLC, he has been developing and testing electric vehicle concepts since 2007. He is leading the development of our vehicle platform and setting up manufacturing systems for our first production. Mr. Schultz previously studied AS Industrial Engineering at Muskegon Community College and earned a Bachelor of Science in Manufacturing Engineering Technology from Ferris State University.

It is expected that Mr. Schultz will devote approximately 100% of his time to the business of the Company to effectively fulfill his duties as Chief Technology Officer and a director of the Company. Mr. Schultz is an independent contractor of TUGA-Global.

Cesar Barbosa – 61 – Vice-President

Mr. Barbosa is an architect who has worked extensively in the area of urban mobility solutions, launching several companies in Brazil and Portugal. He is leading the Company's work in Portugal including work on body designs and integration with drones and eVTOls connecting Urban Air and Terrestrial Mobility. Mr. Barbosa holds a Bachelor's Degree at Escola Superior de Bellas Artes in Lisboa.

It is expected that Mr. Barbosa will devote approximately 100% of his time to the business of the Company to effectively fulfill his duties as Vice-President of the Company. Mr. Barbosa is an independent contractor of TUGA Global.

António Câmara – 67 – Director

Mr. Câmara is a Professor at the New University of Lisbon. He was a Visiting Professor at Cornell University (1988-89) and MIT (1998-99). Mr. Câmara earned a Master of Science and a doctoral degree in Civil Engineering from Virginia Tech University. António has conducted research on VR and AR and geographical information systems. In 2000, he co-founded YDreams and was the company's CEO until 2015. YDreams developed over 1500 projects in 40 countries for 50 Fortune 500 companies. YDreams Group includes three public companies: YDX and Ynivisible (both listed in TSX Venture Exchange and Frankfurt Stock Exchange), and Azorean (listed in Euronext Paris).

It is expected that Mr. Câmara will devote at least 50% of his time to the business of the Company to effectively fulfill his duties as a director of the Company. Mr. Câmara is an independent contractor of TUGA-Global.

Edmundo Nobre – 54 – Director

Mr. Nobre was a co-founder of the YDreams Group and is currently COO of Aromni (Augmented Reality). These companies have developed over 100 projects in 30 countries for 50 Fortune 500 clients. They have also sold products in 50 countries around the world. He was also founder and Director of Ynvisible, Azorean (aquatic drones) and Human Mobility (smart mobility). Mr. Nobre previously studied Engineering at the School of Science and Engineering – University of Lisbon in Portugal.

It is expected that Mr. Nobre will devote at least 50% of his time to the business of the Company to effectively fulfill his duties as a director of the Company. Mr. Nobre is an independent contractor of TUGA-Global.

Faizaan Lalani – 34 – Chief Financial Officer and Corporate Secretary

Mr. Lalani is an accounting and finance professional with over 10 years of experience covering audit, financial reporting, corporate finance, and operations management. Mr. Lalani obtained his Bachelor of Business Administration at Simon Fraser University. Mr. Lalani previously worked in the audit and assurance group at PricewaterhouseCoopers LLP, Canada, where he obtained his CPA and CA designation, gaining vast experience in accounting practices in both the public and private sectors during his tenure. Mr. Lalani has also served as a Senior Accountant for PortLiving, a Vancouver based real estate development company, since 2016 and, from 2014 to 2016, Mr. Lalani served as a Senior Accountant with Century Group, a Vancouver real estate development company. Mr. Lalani served as a director and Chief Financial Officer of a private beverage company from January 2019 to December 2020, helping them raise over $10m. Mr. Lalani serves as a director and Chief Financial Officer of AmmPower Corp. and United Lithium Corp and also serves as a director and President of Medaro Mining Corp.

It is expected that Mr. Lalani will devote approximately 30% of his time to the business of the Company to effectively fulfill his duties as CFO and Corporate Secretary of the Company. Mr. Lalani is an independent contractor of the Company.

Daren Hermiston – 35 – Director

Mr. Hermiston has been an agent and advisor with Pointswest Sports and Entertainment from January 2009 to present. Mr Hermiston provides his services on a contract basis to Pointeswest through his company, Kona Consulting Inc. and focuses on sales, marketing and management of professional hockey clientele globally. He previously studied Business Administration at Thompson Rivers University, and holds a US Sports Academy NCAA Compliance Certificate (sports marketing and coaching) and an NCCP Coaching Leadership Certificate. He is a guest lecturer at Simon Fraser University for Sports and Entertainment Marketing.

It is expected that Mr. Hermiston will devote approximately 10% of his time to the business of the Company to effectively fulfill his duties as a director of the Company. Mr. Hermiston is an independent contractor of the Company.

Committees

The only committee of the Board of the Company is the audit committee. The Audit Committee of the Company consists of Daren Hermiston, Edmundo Nobre and António Câmara.

Reporting Issuer Experience of the Directors and Officers of Issuer

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

Name	Name of Reporting Issuer	Exchange or Market	Position	From (mm/yy)	To (mm/yy)
Daren Hermiston	Baden Resources Inc.	CSE	Director	05/21	07/21
	BioVaxys Technology Corp.	CSE	Director	10/20	07/21
Faizaan Lalani	GreenStar Biosciences Inc.	CSE	Director	05/19	04/20
	IMC International Mining Corp.	CSE	Director	11/19	05/21
	Chemesis International Inc.	CSE	Director	12/20	08/21
	Archer Exploration Corp.	CSE	Director	03/20	09/21
	United Lithium Corp.	CSE	CFO & Director	09/19	Present
	AmmPower Corp.	CSE	CFO & Director	12/19	Present
	Medaro Mining Corp.	CSE	President & Director	03/21	Present
	Traction Exploration Inc.	CSE	Director	09/21	Present
	Telecure Technologies Inc.	CSE	Director	08/21	Present

Corporate Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no director or executive officer of the Company is, at the date of this Prospectus, or was within the 10 years prior to the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

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

For the purposes of the foregoing, "**order**" means

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) 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, with the exception of Faizaan Lalani, who was Chief Financial Officer and a director of United Lithium Corp. at the time it was cease traded by the British Columbia Securities Commission on July 23, 2021 for filing an incomplete material change report. Following filing of the required records, United Lithium Corp. was reinstated for trading on the CSE and the cease trade order was revoked by the British Columbia Securities Commission on August 25, 2021.

To the best of the Company's knowledge, no director or executive 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:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

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

António Câmara and Edmundo Nobre, directors of the Company, were directors of YDreams Robotics, a robotics company which received a conditional grant of €400,000 from the European Union in connection with the development of its business. YDreams was required to re-imburse the full amount of the grant but YDreams did not have sufficient funds and EU officials asked a Portuguese court to declare YDreams insolvent. In the insolvency proceedings, Portugal's Castelo Branco court, based on a report from an Administrator of Insolvency, declared that YDreams did not have any resources, should be dissolved and that there was no wrongdoing by YDreams' Board of Directors.

Penalties or Sanctions

To the best of the Company's knowledge, no director or executive officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian 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 making an investment decision.

Conflicts of Interest

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

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its directors and officers or other members of management of the Company 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 and officer of such other companies. To the extent that such other companies may provide services to the Company, may participate with the Company in various ventures, or may compete against the Company in one or more aspects of its business, the directors and officers of the Company may have a conflict of interest respecting such. Any conflicts will be subject to the procedures and remedies under the BCBCA. See also "*Interest of Management and Others in Material Transactions*" and "*Risk Factors*".

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from the Securities Commissions the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") has been omitted pursuant to section 1.3(8) of Form 51-102F6V.

Compensation Discussion and Analysis

It is expected that in the future the directors and officers of the Company, including the Named Executive Officers (as defined below), will be granted, from time to time, incentive stock options in accordance with the Plan. See *"Options to Purchase Securities – Omnibus Incentive Equity Plan"* for a summary of the terms of the Plan. Given the Company's size and its stage of development, the Company has not appointed a compensation committee or formalized any guidelines with respect to compensation at this time. It is anticipated that once the Company becomes a reporting issuer, the Board will consider appointing such a committee and adopting such guidelines. The Company currently relies solely on the Board's discussion without any formal objectives, criteria and analysis to determine the amount of compensation payable to directors and all officers of the Company.

As an "IPO Venture Issuer" in accordance with Form 51-102F6V, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to NEOs of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes of in this section a "**Named Executive Officer**" or "**NEO**" means each of the following individuals:

(a) the chief executive officer of the Company ("**CEO**") during any part of the most recently completed financial year;

(b) the chief financial officer of the Company ("**CFO**") during any part of the most recently completed financial year;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

As at the end of the period from inception on September 1, 2020 to July 31, 2021 the Company had two NEOs, whose names and positions held within the Company are set out in the summary compensation table below:

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of Perquisites ($)**	**Value of all other compensation ($)**	**Total Compensation ($)**
John Hagie *CEO*	2021	US$19,250	Nil	Nil	Nil	Nil	US$19,250
Faizaan Lalani *CFO, Corporate Secretary, & Director*	2021	Nil[(2)]	Nil	Nil	Nil	Nil	Nil

Notes:

(1) For the period from inception on September 1, 2020 to July 31, 2021.

(2) In consideration for Mr. Lalani's role as Chief Financial Officer and a director of the Company, the Company will compensate Mr. Lalani $7,000 per month upon completion of the Listing. This amount is included in the $384,000 figure allocated to "Salaries and Consulting Fees" in the 'General and Administrative Costs' table. See "*Use of Available Funds*".

Options and Other Compensation Securities

The Company adopted the Plan to assist the Company in attracting, retaining and motivating directors, officers, employees, consultants and contractors of the Company and to closely align the interests of such service providers with the interests of the Company. As at the date of this Prospectus, there were no outstanding compensation securities and none had been granted or issued to the directors and NEOs by the Company or its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries. For information about the Company's Plan, refer to the heading "*Options to Purchase Securities*" above.

The Company may grant compensation securities to the directors and officers after the Plan becomes effective on the Conversion Date:

Option Plans and Other Incentive Plans

See *"Options to Purchase Securities – Omnibus Incentive Equity Plan"*

Employment, Consulting and Management Agreements

Except as disclosed herein, the Company is not party to any any agreement or arrangement under which compensation was provided during the Company's most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO, or performed by any other party but are services typically provided by a director or a NEO or a person performing services of a similar capacity.

General Contract for Services

Kraig Schultz entered into a general contract for services with TUGA-Global dated May 1, 2021 pursuant to which Mr. Schultz agreed to provide to TUGA-Global and the Company certain director and executive officer services commencing on May 1, 2021 until October 31, 2021. The Company and Mr. Schultz have agreed to extend this contract for an additional 12 months until October 31, 2022 on the same conditions. In consideration for Mr. Schultz's role as a director and Chief Technology Officer, the Company has agreed to compensate Mr. Schultz USD$5,833 per month, and payment of hourly rate of USD$50 for assuming interim roles relating to Business and Quality Systems Manager, Program Manager, Mechanical and Electronics Engineering, Model Maker, and General Expeditor, until the required resources are retained.

John Hagie, working for Red Wave entered into a general contract for services with TUGA-Global dated May 25, 2021 pursuant to which Mr. Hagie agreed to provide to TUGA-Global and the Company certain executive officer services commencing on May 1, 2021 until October 31, 2021. The Company and Mr. Hagie have agreed to extend this contract for an additional 12 months until October 31, 2022 on the same conditions. In consideration for Mr. Hagie's role as Chief Executive Officer, the Company has agreed to compensate Red Wave USD$5,000 per month.

Edmundo Nobre entered into a general contract for services with TUGA-Global dated May 15, 2021 pursuant to which Mr. Nobre agreed to provide to TUGA-Global and the Company certain director services commencing on May 1, 2021 until October 31, 2021. The Company and Mr. Nobre have agreed to extend this contract for an additional 12 months until October 31, 2022 on the same conditions. In consideration for Mr. Nobre's role as a director and Director of Digital Technology, the Company has agreed to compensate Mr. Nobre USD$3,750 per month.

Cesar Barbosa entered into a general contract for services with TUGA-Global dated May 19, 2021 pursuant to which Mr. Barbosa agreed to provide to TUGA-Global and the Company certain executive officer and director services commencing on May 1, 2021 until October 31, 2021. The Company and Mr. Barbosa have agreed to extend this contract for an additional 12 months until October 31, 2022 on the same conditions. In consideration for Mr. Nobre's role as a director and Vice President, Urban Mobility and Design, the Company has agreed to compensate Mr. Barbosa USD$3,750 per month.

António Câmara entered into a general contract for services with TUGA-Global dated May 19, 2021 pursuant to which Mr. Câmara agreed to provide to TUGA-Global and the Company certain director services and certain services relating to developing augmented and virtual reality technologies of TUGA-Global and the Company commencing on May 1, 2021 until October 31, 2021. The Company and Mr. Câmara have agreed to extend this contract for an additional 12 months until October 31, 2022 on the same conditions. In consideration for the services provided by Mr. Câmara, the Company has agreed to compensate Mr. Câmara USD$1,667 per month.

The amounts above are included in the $384,000 figure allocated to "Salaries and Consulting Fees" in the 'General and Administrative Costs' table. See "*Use of Available Funds*".

Oversight and Description of Director and Named Executive Officer 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 CSE. 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. As with the NEOs, the Board intends to compensate directors primarily through the grant of Options under the Plan and reimbursement of expenses incurred by such persons acting as directors of the Company.

Pension Plan Benefits

The Company does not have in place any pension plans that provide for payments or benefits at, following, or in connection with retirement.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Prospectus, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

AUDIT COMMITTEE

Audit Committee

The text of the Audit Committee's Charter is attached as Schedule "C".

Composition of the Audit Committee

The Company's Audit Committee is composed of the following:

Name	Independence(1)	Financial Literacy(2)
Daren Hermiston	Independent	Financially literate
Edmundo Nobre	Independent	Financially literate
António Câmara	Independent	Financially literate

Notes:
(1) A member of an audit committee is independent if, in addition to meeting other regulatory requirements, the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment pursuant to NI 52-110.
(2) An individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

No chair of the Audit Committee has been appointed. It is currently anticipated that a member will be appointed to chair each audit committee meeting on an ad-hoc or rotating basis.

Relevant Education and Experience

Each member of the Company's Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and provisions;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

Daren Hermiston

Mr. Hermiston has an extensive background in marketing public and private companies throughout various sectors. He also is an agent/advisor with Pointswest Sports and Entertainment from January 2009 to present and provides his services on a contract basis through his company, Kona Consulting Inc. Through Pointwest, he acts as an agent for a number of NHL and other professional hockey players globally and his duties include negotiating contracts, assisting with player financial matters and extensive dealings with lawyers, tax advisors, accountants, financial advisors and insurance professionals. As such, Mr. Hermiston is very familiar with financial statements and complex accounting issues and is financially literate.

António Câmara

Mr. Câmara is a Professor at the New University of Lisbon. He was a Visiting Professor at Cornell University (1988-89) and MIT (1998-99). António has conducted research on Virtual Reality and Augmented Reality and geographical information systems. In 2000, he co-founded YDreams and was the company's CEO until 2015. YDreams developed over 1500 projects in 40 countries for 50 Fortune 500 companies. YDreams Group includes three public companies: YDX and Ynivisible (both listed in Toronto and Frankfurt), and Azorean (listed in Euronext Paris). This experience has provided Mr. Câmara with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Câmara's experience also allows him to analyze or evaluate the Company's financial statements.

Edmundo Nobre

Mr. Nobre was a co-founder of the YDreams Group and is currently COO of Aromni (Augmented Reality). These companies have developed over 100 projects in 30 countries for 50 Fortune 500 clients. They have also sold products in 50 countries around the world. He was also founder and Director of Ynvisible, Azorean (aquatic drones) and Human Mobility (smart mobility). This experience has provided Mr. Nobre with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Nobre experience also allows him to analyze or evaluate the Company's financial statements.

In addition to the foregoing, the Company also makes third-party experts available to its audit committee members, including representatives of the Company's auditors, to address any questions the committee members may have regarding the preparation of the Company's financial statements.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial period, 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 period, the Company has not relied on the exemptions contained in Section 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6), or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

Set forth below are details of certain service fees paid to the Company's external auditor for audit services since inception on September 1, 2020:

Nature of Services	Fees billed by the Auditor during the period from inception on September 1, 2020 to July 31, 2021
Audit Fees(1)	$18,000
Audit-Related Fees(2)	$Nil
Tax Fees(3)	$2,000
All Other Fees(4)	$Nil
TOTAL:	$20,000

Notes:

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "**Audit-Related Fees**" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "**Tax Fees**" include fees for all tax services other than those included in Audit Fees and Audit-Related Fees. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "**All Other Fees**" include all other non-audit services.

(5) These fees are estimated figures and represent fees accrued which have not yet been paid in full by the Company.

CORPORATE GOVERNANCE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure, as it applies to the Company, is presented below.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

All members of the Board are considered to be independent, except for Kraig Schultz (Chief Technology Officer) and Faizaan Lalani (Chief Financial Officer).

The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures.

Directorship

The following directors or proposed directors of the Company are currently directors of other reporting issuers (or equivalent in a foreign jurisdiction):

Name	Name of Reporting Issuer
Daren Hermiston	Baden Resources Inc. (CSE) BioVaxys Technology Corp. (CSE)
Faizaan Lalani	United Lithium Corp. (CSE) AmmPower Corp. (CSE) Medaro Mining Corp. (CSE) Telecure Technologies Inc. (CSE) Traction Exploration Inc. (CSE)

Orientation and Continuing Education

The Board does not have a formal policy relating to the orientation of new directors and continuing education for directors. The appointment of a new director is a relatively infrequent event in the Company's affairs, and each situation is addressed on its merits on a case-by-case basis. The Company has a relatively restricted scope of operations, and most candidates for Board positions will likely have past experience in the mining industry; they will likely be familiar with the operations of a resource exploration company of the size and complexity of the Company. The Board, with the assistance of counsel, keeps itself appraised of changes in the duties and responsibilities of directors and deals with material changes of those duties and responsibilities as and when the circumstances warrant. The Board will implement an informal orientation program for new directors that suits their relative experiences. The Board will evaluate these positions, and if changes appear to be justified, formal policies will be developed and followed.

Board meetings are generally held virtually and, from time to time, are combined with presentations by management to give the directors additional insight into the Company's business. In addition, management makes itself available for discussion with the Board members.

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 its committees.

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.

Nomination of Directors

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

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

Management will conduct an annual review of the compensation of the Company's directors and executive officers and make recommendations to the Board. The Board determines compensation for the directors and executive officers.

Other Board Committees

The Board has no committees other than the Audit Committee.

Board Assessments

The Company does not conduct formal assessments of the Board or its committees as it is at an early stage of development and believes that it can assess Board and committee performance informally through discussions at Board meetings, with input from management. The Company will consider adopting formal assessment procedures once it is a reporting issuer and its shares are listed for trading on the CSE.

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of the Qualified Shares and Qualified Warrants issuable upon the deemed conversion of the previously issued Subscription Receipts. The Subscription Receipts were sold to subscribers at a price of $0.40 per Subscription Receipt for aggregate gross proceeds of $4,447,500. On closing of the Subscription Receipt Private Placement, Escrowed Funds in the amount of $4,002,750, representing 90% of the proceeds of the Subscription Receipt Private Placement, were placed in escrow with the Subscription Receipt Agent. Upon satisfaction of the Escrow Release Conditions, the Escrowed Funds together with interest earned thereon will be released to the Company. In order to satisfy the Escrow Release Conditions, the Company must obtain a Final Receipt for this Prospectus and receive conditional approval from the CSE (or any other recognized Canadian or United States stock exchange) for the Listing of its Common Shares. The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

The Subscription Receipts were issued pursuant to the terms of the Subscription Receipt certificates representing the Subscription Receipts. The Subscription Receipt certificates provide, among other things, that holders of Subscription Receipts are entitled to receive in respect of each Subscription Receipt held, without additional consideration and without any further action on the part of the holder thereof, one Qualified Share and one Qualified Warrant. The Subscription Receipts will be deemed exercised for Qualified Shares and Qualified Warrants 5 business days after the satisfaction of the Escrow Release Conditions. If the Escrow Release Conditions are not met on or before the Qualification Deadline of March 31, 2022, the Subscription Receipts will be cancelled and the Escrowed Funds will be returned to the holders of Subscription Receipts. In the event that the Escrow Release Conditions are not satisfied on or prior to the Qualification Deadline, the Company will issue units to the purchasers equal in value to their *pro rata* share of the Released Funds. The Released Funds will be converted into Release Fund Units at a conversion price of $0.40 per Release Fund Unit. Each Release Fund Unit will be comprised of one Release Fund Share and one-half of one Release Fund Warrants. Each Release Fund Warrant will have the same terms as a Qualified Warrant.

In connection with the Subscription Receipt Private Placement, the Company paid aggregate finders' fees of $54,250 in cash and issued 135,625 Finder's Warrants. Additional finder's fees in the amount of $179,060 are payable and an additional 396,025 Finder's Warrants are issuable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt Private Placement which closed on September 23, 2021. This Prospectus qualifies the distribution of 396,025 Finder's Warrants (including in respect of any Common Shares issuable in respect of any exercise of 396,025 Finder's Warrants).

Certificates or DRS Statements representing the Qualified Shares and Qualified Warrants to be issued upon deemed exercise of the Subscription Receipts will be available for delivery upon the deemed exercise of the Subscription Receipts.

The Subscription Receipts and the underlying Qualified Shares and Qualified Warrants have not been and will not be registered under the U.S. Securities Act or under any state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities qualified for distribution hereunder within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act).

No securities are being offered or sold pursuant to this Prospectus. This Prospectus is being filed by the Company with its overseeing regulators. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised. The Company is not a reporting issuer in any province or territory of Canada.

Listing of the Common Shares

The Company has applied to list the Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE.

IPO Venture Issuers

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, Aequitas NEO Exchange Inc., 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

General

The Company's Securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed herein prior to making an investment in the Company's securities. There are trends and factors that may be beyond the Company's control which affect its operations and business. It is not possible for management to predict economic fluctuations and the impact of such fluctuations on its performance. While risk management is part of the Company's transactional, operational and strategic decisions, as well as the Company's overall management approach, risk management does not guarantee that events or circumstances will not occur which could negatively affect the Company's financial condition and performance. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

The risks and uncertainties described below are those the Company currently believes to be material, but they are not the only ones faced by the Company. If any of the following risks, or any other risks and uncertainties that have not yet been identified or that the Company currently considers not to be material, actually occur or become material risks, the Company's business, financial condition, results of operations and cash flows, and consequently the price of the Common Shares, could be materially and adversely affected. The risks discussed below also include forward-looking statements and the Company's actual results may differ substantially from those discussed in these forward-looking statements. See "*Cautionary Statement Regarding Forward-Looking Statements*" in this Prospectus.

Risks Related to the Company

Limited Operating History

Our limited operating history makes evaluating our business and future prospects difficult, and may increase the risk of your investment. The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations. The Company expects to generate earnings in the near future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

Consumer perception

Our growth is highly dependent upon the adoption by consumers of, and we are subject to an elevated risk of any reduced demand for, alternative fuel vehicles in general and EVs in particular. If the market for three-wheeled two passenger EVs does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be harmed. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements, and changing consumer demands and behaviors. Factors that may influence the adoption of alternative fuel vehicles, and specifically EVs, include:

- perceptions about electric vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of EVs;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology;
- the limited range over which EVs may be driven on a single battery charge;
- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;

- concerns about electric grid capacity and reliability, which could derail our efforts to promote EVs as a practical solution to vehicles which require gasoline;
- the availability of alternative fuel vehicles, including plug-in hybrid EVs;
- improvements in the fuel economy of the internal combustion engine;
- the availability of service for EVs;
- the environmental consciousness of consumers;
- volatility in the cost of oil and gasoline;
- government regulations and economic incentives promoting fuel efficiency and alternate forms of energy;
- access to charging stations, standardization of electric vehicle charging systems and consumers' perceptions about convenience and cost to charge an electric vehicle;
- the availability of tax and other governmental incentives to purchase and operate EVs or future regulation requiring increased use of non-polluting vehicles;
- perceptions about and the actual cost of alternative fuel.

The influence of any of the factors described above may cause current or potential customers not to purchase our EVs, which would materially adversely affect our business, operating results, financial condition and prospects.

Inability to keep up with Electric Vehicle Technology

We may be unable to keep up with changes in electric vehicle technology and, as a result, may suffer a decline in our competitive position. Any failure to keep up with advances in electric vehicle technology would result in a decline in our competitive position which would materially and adversely affect our business, prospects, operating results and financial condition. Our research and development efforts may not be sufficient to adapt to changes in electric vehicle technology. As technologies change we plan to upgrade or adapt our vehicles and introduce new models in order to continue to provide vehicles with the latest technology. However, our vehicles may not compete effectively with alternative vehicles if we are not able to source and integrate the latest technology into our vehicles.

Inability to keep up with alternative technologies or improvements in the internal combustion engine

Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in North America, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum based propulsion. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced EVs, which could result in the loss of competitiveness of our vehicles, decreased revenue and a loss of market share to competitors.

Inability to address New Market Opportunities

We may not be able to successfully develop new EVs and services, address new market segments or develop a significantly broader customer base. To date, we have focused our business on the development of the TUGA One, a three-wheeled two passenger electric vehicle and plan to target mainly urban residents. We will need to address additional markets and expand our customer demographic in order to further grow our business. Our failure to address additional market opportunities would harm our business, financial condition, operating results and prospects.

Risks related to the Company's Operational Strategy

Our management team has experience in designing and producing custom designed vehicles. As demand for the Company's product increases, the Company will need to work with its strategic partners to produce and assemble the TUGA in a rapidly evolving and competitive market. If we are unable to implement our business plans and strategy of outsourcing vehicle assembly and production in the timeframes estimated by management, then our business, prospects, operating results and financial condition will be negatively impacted and our ability to grow our business will be harmed.

Failure to Satisfy Mandated Safety Standards

All vehicles sold must comply with federal, state and provincial motor vehicle safety standards. In both Canada and the United States vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. In this regard, Canadian and U.S. motor vehicle safety standards are substantially the same. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by us to have the TUGA or any future electric vehicle model satisfy motor vehicle standards would have a material adverse effect on our business and operating results.

Business Operations Costs

If we are unable to reduce and/or maintain a sufficiently low level of costs for designing, manufacturing, marketing, selling and distributing and servicing our EVs relative to their selling prices, our operating results, gross margins, business and prospects could be materially and adversely impacted.

Risks Related to the COVID-19 Pandemic

The current outbreak of COVID-19, and the spread of this virus, could continue to have a material adverse effect on global economic conditions which may adversely impact the Company's business. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 11, 2020. The extent to which the outbreak impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the outbreak and the actions to contain the outbreak or treat its impact, among others. Moreover, the actual and threatened spread of the coronavirus globally could also have a material adverse effect on the regional economies in which the Company intends to operate, continue to negatively impact stock markets, adversely impact the Company's ability to raise capital, and cause continued interest rate volatility.

The Company may incur expenses or delays relating to such events outside of the Company's control, which could have a material adverse impact on the Company's business, operating results and financial condition. Any of these developments, and others, could have a material adverse effect on the Company's business.

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 technologies and designs 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. In addition, we may be required to do one or more of the following:

- cease selling, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the challenged intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or other goods or services; or
- establish and maintain alternative branding for our products and services.

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.

Status of patent applications

The status of patents involves complex legal and factual questions and the breadth and effectiveness of patented claims is uncertain. The Company cannot be certain that it is the first creator of inventions covered by pending patent applications or the first to file patent applications on these inventions, nor can it be certain that its pending patent applications will result in issued patents or that any of its issued patents will afford sufficient protection against someone creating a knockoff of its products, or as a defensive portfolio against a competitor who claims that the Company is infringing its patents. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those in Canada and thus the Company cannot be certain that foreign patent applications, if any, will result in issued patents in those foreign jurisdictions or that such patents can be effectively enforced, even if they relate to patents issued in Canada. In addition, others may obtain patents that the Company needs to take a license to or design around, either of which would increase costs and may adversely affect the Company's business, prospects, financial condition and operating results.

Reliance on Management

The success of the Company is largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a material adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Cybersecurity Risks

The Company relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data.

As a result, the Company or its customers are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including confidential customer personal information and records), corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked.

The Company's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Company's information technology or confidential information, or that of the Company's patients and third-parties with whom the Company interacts, may result in negative consequences, including the inability to process patient transactions, reputational harm affecting patient or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Product Errors or Defects

The Company's product incorporates digital, Augmented, Virtual Reality and Artificial Intelligence (AI) components. This involves complex engineering and the products and services offered by the Company may contain errors, defects, security vulnerabilities or bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, the Company's products may still contain serious errors or defects, security vulnerabilities or bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to the Company's reputation and brand, any of which could have an adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects. The Company's product is designed to be interchangeable to meet a wide range of needs and can be updated with add-ons and upgrades throughout its lifetime. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all users simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of users.

Errors, defects, security vulnerabilities, service interruptions or software bugs in the Company's products could result in losses to the Company's customers or users. The Company's customers and users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Furthermore, a customer or user could share information about bad experiences on social media, which could result in damage to the Company's reputation and loss of future revenue. There can be no assurance that any actions we take in an attempt to limit the Company's exposure to claims would work as expected or be adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of the Company's customers or users would likely be time-consuming and costly to defend.

Manufacture or Design Defects

Our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. For example, our vehicles use a substantial amount of software code to operate. Software products are inherently complex and often contain defects and errors when first introduced. While we will continue to perform extensive internal testing, we currently have a very limited frame of reference by which to evaluate the performance of our TUGA in the hands of our customers and currently have no frame of reference by which to evaluate the performance of our TUGA after several years of customer driving.

Limited Experience with Servicing the TUGA

If we are unable to successfully address the service requirements of our future customers, our business and prospects will be materially and adversely affected. The level and quality of the service we will provide our customers will have a direct impact on the success of our future vehicles. If we are unable to satisfactorily service our customers, our ability to generate customer loyalty, grow our business and sell additional EVs as well as our future intended vehicles could be impaired. We have very limited experience servicing our vehicles. To date, we have not sold any EVs and do not have any experience servicing these cars as they do not exist currently. Servicing EVs will require specialized skills, including high voltage training and servicing techniques.

Failure to Maintain, Promote and Enhance Brand

The integrity of the Company's brand and reputation is key to the Company's ability to remain a trusted source of products and services and to attract and retain customers. Negative publicity regarding the Company or actual, alleged, or perceived issues regarding one of the Company's products or services could harm the Company's relationships with customers. Failure to protect our brand may adversely impact the Company's credibility and may have a negative impact on the Company's business.

Dependence on Customer Internet Access and Use of Internet for Commerce

The Company's success depends, in part, upon the general public's ability to access the internet, including through mobile devices, and its continued willingness to use the internet and various social media platforms to receive updates regarding the Company's products, promotions and launch events. Most of the Company's marketing strategies will be using digital media to drive leads, build customer interest and loyalty and launch promotional campaigns. Our customers also depend on the continued capacity, reliability and security of our electronic delivery systems, our websites and the internet.

The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including changes to laws or regulations impacting internet neutrality, could increase the Company's operating costs, or otherwise adversely affect the Company's business. Given uncertainty around these rules, we could experience discriminatory or anti-competitive practices that could impede the Company's growth, increase the Company's costs or adversely affect the Company's business.

If existing customers or prospective customers become unable, unwilling or less willing to use the internet for any reason, including lack of access to high-speed communications equipment, congestion of traffic on the internet, internet outages or delays, disruptions or other damage to customers' or users' electronic devices, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, the Company's business could be adversely affected. The Company's ability to deliver communication and services electronically may be impaired due to infrastructure or network failures, malicious or defective software, human error, natural disasters, service outages at third-party Internet providers or increased government regulation.

Privacy and Security of Sensitive Information

As the Company has access to sensitive and confidential information, including personal information about customers, and since the Company may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information may be disclosed through improper use of Company's systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. The Company's on-going risk and exposure to these matters is partially attributable to, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Confidentiality of Personal Information

The Company and its subsidiaries' employees and consultants may have access, in the course of their duties, to personal information of customers of the Company. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients whether or not such a breach of privacy were to have occurred as a result of the Company's employees or arm's length third parties. If a client's privacy is violated, or if the Company is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

Reliance on Third-Parties

The Company intends to pursue a strategy of outsourcing vehicle assembly and production as the TUGA is designed to use many commodity motorcycle components resulting in high quality and low manufacturing costs. The Company relies on third parties to provide some vehicle assembly and production services and its business will be harmed if the Company's strategic partners are unable to provide these services in a cost-effective manner. The Company also relies heavily on third parties such as its vendors and partners to provide some of its parts and services. If these third parties were unable or unwilling to provide these parts and services in the future due to COVID-19 or other events that cause a disruption in supply or demand of such parts and services, the Company would need to obtain such parts or services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these parts and services are replaced.

Increases in costs, disruption of supply or shortage of raw materials

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for battery cells. These include:

- the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the TUGA as demand for such cells increases;
- disruption in the supply of cells due to quality issues or recalls by the battery cell manufacturers; and
- an increase in the cost of raw materials, such as cobalt, used in lithium-ion cells.

Our business is dependent on the continued supply of battery cells and various motorcycle components for our vehicles. Any disruption is the supply of battery cells or motorcycle components from our supplier could temporarily disrupt the production of the TUGA until such time as a different supplier is fully qualified. Furthermore, current fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased electric vehicle prices. There can be no assurance that we will be able to recoup increasing costs of raw materials by increasing vehicle prices. Although the Company has not announced an estimated price for the TUGA, any attempt to increase the expected prices in response to increased raw material costs could be viewed negatively by our potential customers and could materially adversely affect our brand, image, business, prospects and operating results.

The unavailability, reduction or elimination of government and economic incentives

Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle, fiscal tightening or other reasons may result in the diminished competitiveness of the alternative fuel vehicle industry generally or our EVs in particular. This could materially and adversely affect the growth of the alternative fuel automobile markets and our business, prospects, financial condition and operating results.

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. Risks that we face in undertaking this expansion include:

- training new personnel;
- forecasting production and revenue;
- controlling expenses and investments in anticipation of expanded facilities;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes;
- addressing new markets; and
- establishing international operations

We intend to continue to hire a number of additional personnel, including design and manufacturing personnel and service technicians for our EVs. Competition for individuals with experience designing, manufacturing and servicing EVs is intense, and we may not be able to attract, assimilate, train or retain additional highly qualified personnel in the future. The failure to attract, integrate, train, motivate and retain these additional employees could seriously harm our business and prospects.

Conflict of Interest

The Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

The Company's Services Must Integrate and Interoperate with a Variety of Operating Systems, Software, Hardware, Web Browsers and Networks

The Company is dependent on the ability of the Company's products and services to integrate with a variety of operating systems, software, hardware, networks and web browsers that the Company does not control. Any changes in these systems or networks that degrade the functionality of the Company's products and services, impose additional costs or requirements on the Company or give preferential treatment to competitive services could materially and adversely affect usage of the Company's products and services. Given the nature of the Company's business and the pace of technological change, the Company may be unsuccessful in attempting to keep up with changing systems or the cost of doing so could be prohibitive, either of which could materially adversely affect the Company's business and operations. In the event that it is difficult for the Company's customers to access and use the Company's products and services, the Company's business may be materially and adversely affected.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company plans to have detailed procedures in place for quality assurance, there can be no assurance that any quality, defect, deficiency, or problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed, which could negatively affect consumers' perceptions about the quality and safety of the Company's products. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of Company operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Liability

The Company may become subject to product liability claims, which could harm its business, prospects, operating results and financial condition. The automobile industry experiences significant product liability claims and the Company faces an inherent risk of exposure to claims in the event that its vehicles do not perform as expected or malfunction resulting in personal injury or death. The Company's risks in this area are particularly pronounced given that it has not delivered any TUGA vehicles to date and has limited field experience with those vehicles. A successful product liability claim against the Company could require it to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about the Company's vehicles and business, and inhibit or prevent commercialization of other future vehicle candidates which would have material adverse effect on the Company's brand, business, prospects and operating results. The Company plans to maintain product liability insurance for its vehicles, but it cannot assure that its insurance will be sufficient to cover all potential product liability claims]. Any lawsuit seeking significant monetary damages either in excess of the Company's coverage, or outside of the Company's coverage, may have a material adverse effect on the Company's reputation, business and financial condition. The Company may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if it does face liability for its products and are forced to make a claim under its policy.

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 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 open the Company to competitive risks 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.

Reporting Issuer Status

On becoming a reporting issuer, the Company will be subject to reporting requirements under applicable securities law, the listing requirements of the CSE and other applicable securities rules and regulations. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations, and maintain effective disclosure controls, procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls, procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to obtain and maintain director and officer liability insurance, and the Company may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or maintain adequate coverage. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Financial Risk

Negative Operating Cash Flow

The Company reported negative operating cash flows for the period from inception on September 1, 2020 to July 31, 2021 and for the period from incorporation on April 7, 2021 to June 29, 2021. It is anticipated that the Company will continue to report negative operating cash flows in future periods. It is expected that a portion of the net proceeds from the Offering will be used for working capital to fund negative operating cash flows. See "*Use of Available Funds*".

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives, including building prototypes for low volume sales and bringing the Company's EVs to higher volume commercial production stages, by way of additional offerings of equity or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Going Concern Risk

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The Financial Statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue, which is a going concern.

The Company's Insurance Policies May Not Be Sufficient to Cover All Claims

The Company's business is subject to a number of risks and hazards generally, including accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Company 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 may 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.

Claims and Legal Proceedings

The Company or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Difficulty in Forecasting

The Company must rely largely on its own market research to forecast revenues as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Company are based on assumptions from limited and unreliable market data. A failure in demand could materialize as a result of competition, technological change or other factors and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Internal control systems

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Risks Related to the Company's Securities

No Established Market

The Company has applied to list the Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Company's Securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.

Price may not Represent the Company's Performance or Intrinsic Fair Value

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability of the attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Common Shares on the CSE in the future cannot be predicted.

Price Volatility of Publicly Traded Securities

The Common Shares do not currently trade on any exchange or stock market and the Company has applied to list the Common Shares on the CSE. Securities of junior companies have experienced substantial volatility in the past.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance our operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per Common Share.

Dividends

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance further growth and, where appropriate, retire debt.

Industry Risks

Demand in the vehicle industry is highly volatile.

Volatility of demand in the vehicle industry may materially and adversely affect our business prospects, operating results and financial condition. The markets in which we will be competing have been subject to considerable volatility in demand in recent periods. Demand for automobile sales depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As a new start-up electric vehicle company, we will have fewer financial resources than more established vehicle manufacturers to withstand changes in the market and disruptions in demand.

Competition

The industry in which the Company operates is highly competitive, is evolving and is characterized by technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and customer support. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Changes in Technology

The electric vehicle industry has recently been characterized by rapid technological change, frequent new product and service introductions and evolving industry standards. The Company's future success will depend on our ability to adapt quickly to rapidly changing technologies, to adapt the Company's services and products to evolving industry standards and to improve the performance and reliability of the Company's services and products. To achieve market acceptance for the Company's products, the Company must effectively anticipate and offer products that meet changing customer demands in a timely manner. Customers may require features and functionality that the Company's current products do not have. If the Company fails to develop products that satisfy customer preferences in a timely and cost-effective manner, the Company's ability to renew contracts with existing customers and the Company's ability to create or increase demand for its products will be harmed.

Numerous Environmental, Health and Safety Laws and Regulations

We are subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and legal requirements contained in approvals or that arise under common law. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances, dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odours (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws. Any breach of such laws and/or requirements would have a material adverse effect on our Company and its operating results.

Union Activities

Our business may be adversely affected by union activities. Although none of our employees are currently represented by a labor union, it is common throughout the automobile industry for many employees at automobile companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. There can be no assurances that our employees will not join or form a labor union or that we will not be required to become a union signatory. We are also directly or indirectly dependent upon our strategic partners who may have unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs, it could delay the manufacture and sale of our EVs and have a material adverse effect on our business, prospects, operating results or financial condition.

PROMOTERS

John Hagie is the Promoter of the Company.

John Hagie, Chief Executive Officer of the Company has been Promoter of the Company since June 30, 2021. As at the date of this Prospectus, John Hagie beneficially owns, controls or directs, directly or indirectly, 688,073 Common Shares representing approximately 2.21% of the issued and outstanding Common Shares on a non-diluted basis. Following the conversion or deemed conversion of the Subscription Receipts, John Hagie will own beneficially, directly or indirectly or exercise control or discretion over an aggregate of 688,073 Common Shares, which is equal to approximately 1.63% of the Common Shares issued and outstanding following the conversion or deemed conversion of the Subscription Receipts. Since the incorporation of the Company, John Hagie has beneficially received an aggregate sum of US$19,250 in consulting fees.

For more information on the securityholdings and consideration received by the Promoters, see *"Directors and Officers"* and *"Executive Compensation"*.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of management of the Company, there is no material litigation outstanding, threatened or pending, as of the date hereof, by or against the Company which would be material to a purchaser of securities of the Company. To the knowledge of management of the Company, there have been no penalties or sanctions imposed by a court or regulatory body against the Company, nor has the Company entered into any settlement agreement with a court or securities regulatory authority, as of the date hereof, which would be material to a purchaser of securities of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Prospectus, no director, executive officer or other insider of the Company, or associate or affiliate of them, has any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of the Company is Crowe MacKay LLP ("**Crowe MacKay**") of #1100, 1177 W Hastings St, Vancouver, BC, V6E 4T5.

Registrar and Transfer Agent

The Company's Registrar and Transfer Agent for the Common Shares is Odyssey Trust Company at its principal office at 350 – 409 Granville Street, Vancouver, BC V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company within two years prior to the date of this Prospectus which are currently in effect and considered to be currently material:

1. Definitive Agreement dated June 4, 2021. See "*General Development of the Business of the Company – History*";
2. Escrow Agreement dated June 30, 2021. See "*Escrowed Securities and Resale Restrictions – Escrow Agreement*";
3. Warrant Indenture dated August 27, 2021. See "*Description of Securities Distributed – Qualified Warrants*"; and
4. Subscription Receipt Agreement dated August 27, 2021. See "*Plan of Distribution*".

Copies of the above-noted material contracts will be filed by the Company under its corporate profile on SEDAR.

EXPERTS AND INTERESTS OF EXPERTS

Crowe MacKay are the auditors of the Company and have, as at the date of this Prospectus, confirmed that they are independent of the Company within the meaning of the Rules of Professionals Conduct of the Chartered Professional Accountants of British Columbia.

As at the date of this Prospectus, the partners and associates of Crowe MacKay will not receive a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. In addition, except as disclosed herein, no other director, officer, partner or employee of any of the aforementioned companies and partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associates or affiliates of the Company.

AGENT FOR SERVICE OF PROCESS

António Câmara, Cesar Barbosa, Edmundo Nobre, John Hagie, and Kraig Schultz have each appointed the Company, c/o 1200 - 750 West Pender Street Vancouver, B.C., Canada, V6C 2T8, as their respective agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

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

In an offering of subscription receipts or special warrants convertible into shares and share purchase warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the subscription receipt or special warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, such as the underlying warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

OTHER MATERIAL FACTS

There are no material facts relating to the Company or the Subscription Receipt Private Placement other than as disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts.

SCHEDULE "A"

FINANCIAL STATEMENTS

[Attached]

TUGA INNOVATIONS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2021

(Expressed in Canadian Dollars)

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
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Independent Auditors' Report

To the Directors of TUGA Innovations, Inc.

Opinion

We have audited the consolidated financial statements of TUGA Innovations, Inc. ("the Group"), which comprise the consolidated statement of financial position as at July 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at July 31, 2021, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
November 30, 2021

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at July 31, 2021
(Expressed in Canadian Dollars)

		2021
ASSETS		
Current		
Cash	$	471,606
Amounts receivable		7,419
		479,025
Patents		11,388
	$	490,413
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	113,999
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		795,190
Commitment to issue shares		98,606
Contributed surplus (Note 5)		50,500
Accumulated other comprehensive loss		(9,542)
Deficit		(558,340)
		376,414
	$	490,413

Going concern (Note 2)
Subsequent events (Note 11)

APPROVED ON BEHALF OF THE BOARD:

"Faizaan Lalani"	Director	*"Daren Hermiston"*	Director
Faizaan Lalani		Daren Hermiston	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the period from September 1, 2020 (date of inception) to July 31, 2021
(Expressed in Canadian Dollars)

		2021
Administrative expenses		
Advertising and promotion	$	5,250
Consulting fees (Note 7)		226,317
Filing fees		5,000
Office and general		7,917
Professional fees		102,117
Research and development expenses		171,739
Transaction expense (Note 5)		40,000
Net loss for the period		(558,340)
Other comprehensive loss		
Loss on translation of foreign operations		(9,542)
Total comprehensive loss for the period	$	(567,882)
Basic and diluted loss per share	$	(0.05)
Weighted average number of common shares outstanding		10,796,491

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from September 1, 2020 (date of inception) to July 31, 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Commitment to Issue shares	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance, September 11, 2020	-	$ -	$ -	$ -	$ -	$ -	$ -
Founder shares	392,400	149,662	-	-	-	-	149,662
Private placement	260,292	398,247	-	-	-	-	398,247
Elimination of TUGA-Global shares	(652,692)	-	-	-	-	-	-
Shares issued to shareholders of TUGA-Global	24,950,000	-	-	-	-	-	-
Shares and warrants of TUGA on RTO	6,226,332	247,281	-	50,500	-	-	297,781
Share subscriptions received	-	-	98,606	-	-	-	98,606
Comprehensive loss for the period	-	-	-	-	(9,542)	(558,340)	(567,882)
Balance, July 31, 2021	31,176,332	$ 795,190	$ 98,606	$ 50,500	$ (9,542)	$ (558,340)	$ 376,414

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from September 1, 2020 (date of inception) to July 31, 2021
(Expressed in Canadian Dollars)

		2021
Operating Activities		
Net loss for the period	$	(558,340)
Transaction expense		40,000
Changes in non-cash working capital items related to operations:		
Amounts receivable		(3,582)
Accounts payable and accrued liabilities		37,992
Cash used in operating activities		(483,930)
Investing Activities		
Patents		(11,388)
Cash acquired on acquisition		304,901
Cash provided by investing activities		293,513
Financing Activities		
Shares issued for cash		547,909
Commitment to issue shares		123,656
Cash provided by financing activities		671,565
Effect of foreign exchange on cash		(9,542)
Change in cash during the period		471,606
Cash, beginning of period		-
Cash, end of the period	$	471,606

Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$	-
Income taxes	$	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

TUGA Innovations, Inc. (the “Company” or “TUGA”) was incorporated on April 7, 2021 under the name 1298562 B.C. Ltd. in British Columbia and is the parent company of TUGA-Global, Inc. (“TUGA-Global”). The Company’s principal business activity is to reduce urban mobility difficulties by developing a three-wheeled, fully electric fore-and-aft 2 seat vehicle. The Company’s registered office is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and its head office is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2. The principle place of business is 11919 Mill Lane, Grand Haven, Michigan, 49417.

On June 30, 2021, the Company completed the proposed arrangement with TUGA-Global by way of reverse triangular merger under the provisions of the Michigan Business Corporation Act. (the “Merger”). Pursuant to the Merger TUGA-Global became a wholly-owned subsidiary of TUGA for legal purposes and the Company changed its name to TUGA Innovations, Inc.

Upon closing of the transaction, the shareholders of TUGA-Global had control of the Company and as a result, the transaction is considered a reverse acquisition of TUGA by TUGA-Global. For accounting purposes TUGA-Global is considered the acquirer and TUGA, the acquiree. The consolidated financial are a continuation of the financial statements of TUGA-Global. See Note 5.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated 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 consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 30, 2021.

(b) Basis of Measurement

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

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern

These consolidated 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 July 31, 2021, the Company has not achieved profitable operations, has accumulated losses of $558,340 since inception and expects to incur further losses in the development of its business. 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 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.

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 and the United States. 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary at the end of the reporting period.

	Jurisdiction	Percentage of ownership 2021
TUGA-Global, Inc.	United States	100%

The results of the wholly-owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

TUGA-Global, Inc. ("Tuga-Global") was incorporated on September 1, 2020 in the state of Michigan. (Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Principles of consolidation – (cont'd)

All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated on consolidation.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Consolidated Statement of Loss.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's intangible assets consist of pending patents and the amortization will commence once the patents are registered.

Impairment of Assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date and whenever events suggest that the carrying amounts may not be recoverable. 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.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Impairment of Assets – (cont'd)

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.

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, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss ("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. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.

- 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 other income in the Statement of Loss in the period which it arises.

The Company's cash is measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

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 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.

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.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

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 except for other than business combination which does not have an impact. 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.

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 is determined to be the more easily measurable component and is 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, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable new assets. Acquisition costs incurred are expensed.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Foreign Currency

The consolidated financial statements are presented in Canadian dollars which is the functional currency of TUGA. The functional currency of TUGA-Global is the US dollar.

Assets and liabilities of the subsidiary having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive loss included in the consolidated statements of changes in shareholders' equity (deficiency).

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss.

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and has the ability to use or sell the asset. The expenditures capitalized include the costs of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

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 consolidated financial statements within the next financial year are discussed below:

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

Going Concern

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

Reverse Acquisition

The determination of the acquirer in the Merger between TUGA and TUGA-Global requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded TUGA-Global is the acquirer, and its acquisition of all of the outstanding shares of TUGA has been determined to be an asset acquisition as TUGA does not meet the definition of a business under IFRS 3 - Business Combinations. As a result, the transaction has been accounted for as reverse takeover by TUGA-Global of TUGA's net assets in accordance with the guidance under IFRS 2, Share-based Payment.

5. REVERSE TAKEOVER

As described in Note 1, on June 30, 2021, TUGA-Global completed the Merger with TUGA and TUGA-MergeCo, Inc. ("TUGA MergeCo"), a newly incorporated wholly-owned subsidiary of TUGA incorporated under the laws of Michigan on May 6, 2021 for the sole purpose of this merger. As a result of the transaction, the Company issued 24,950,000 common shares to TUGA-Global shareholders at the ratio of 38.2263 to 1 (the "Exchange Ratio").

The transaction constituted a reverse acquisition of TUGA and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS 3, this reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO at $1.53 per share divided by the Exchange Ratio. As a result of the transaction, the Company assumed 10,100,000 share purchase warrants valued at $50,500. The share purchase warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 0.65%; Volatility of 100%; Stock price of $0.04; Exercise price of $0.25 and $1.00; Dividend yield of Nil% and expected life of 3 years.

For accounting purposes, TUGA-Global has been treated as the accounting parent company (legal subsidiary) and TUGA has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As TUGA-Global was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The results of operations of TUGA are included in these consolidated financial statements from the date of the reverse acquisition of June 30, 2021.

(Expressed in Canadian Dollars)

5. REVERSE TAKEOVER – (cont'd)

Fair value consideration		
6,226,332 notional common shares of TUGA at $0.04 per share	$	247,281
Fair value of share purchase warrants assumed		50,500
	$	297,781
Allocated to the fair value of TUGA's net assets as follows:		
Cash	$	304,901
Accounts receivable		3,837
Share subscriptions receivable		25,050
Liabilities		(76,007)
Net assets acquired		257,781
Transaction expense	$	40,000

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the period ended July 31, 2021:

On February 14, 2021, TUGA-Global issued 360,000 common shares at a price of $0.381 for total consideration of $137,305. These shares were eliminated upon the RTO and exchanged into the Company's shares.

On April 15, 2021, TUGA-Global issued 32,400 common shares at a price of $0.381 for total consideration of $12,357. These shares were eliminated upon the RTO and exchanged into the Company's shares.

On June 1, 2021, TUGA-Global issued 260,292 units at a price of $1.53 for total cash proceeds of $398,247. Each unit consist of one common share and 2 share purchase warrants. A total of 260,292 share purchase warrants exercisable are at $9.56 per share until June 1, 2024 and 260,292 share purchase warrants are exercisable at $38.23 per share until June 1, 2024. These shares and share purchase warrants were eliminated upon the RTO and exchanged into the Company's shares and share purchase warrants.

On June 30, 2021, a reverse acquisition transaction was completed whereby the Company acquired all of the issued and outstanding 652,692 common shares of TUGA-Global on the basis of 38.2263 for a total of 24,950,000 common shares of the Company issued to the previous shareholders of TUGA-Global (Note 5).

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(c) Share Purchase Warrants

The changes in warrants were as follows:

	July 31, 2021	Weighted Average Exercise Price
Balance, beginning of period	-	$ -
Issued	520,584	23.90
Elimination of TUGA-GLOBAL	(520,584)	(23.90)
Exchange on ratio of 38.2263 to 1	19,900,000	0.63
Assumed from TUGA	10,100,000	0.63
Exercised	-	-
Balance, end of period	30,000,000	$ 1.04

As at July 31, 2021, the Company had share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Expiry Date
5,050,000	$0.25	May 17, 2024
9,950,000	$0.25	June 1, 2024
5,050,000	$1.00	May 17, 2024
9,950,000	$1.00	June 1, 2024
30,000,000		

As at July 31, 2021, the share purchase warrants have a weighted average remaining life of 2.82 years.

(d) Performance Warrants

On June 30, 2021, the Company issued 30,000,000 performance warrants to management and directors of the Company in three equal tranches upon attainment of the following milestones, which expire on June 30, 2025. 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, upon regulatory process are complete in the first targeted geography (California) such that TUGA vehicles may be sold, insured and driven on public roads. 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, when TUGA can successfully communicate with targeted users, take orders and receive their funds (500 pre-orders or orders); and 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, upon TUGA has successfully produced in defined quantities 350 units of the vehicle. This implies that the operational production tooling is in place, partners to supply are identified and supplying in a timely manner and the internal process controls, and financial flows are managed. Management made an assessment of the probability of achieving the milestones and determined the fair value of the performance warrants is $nil.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(e) Escrow Shares

15,000,000 common shares from the June 30, 2021 share issuances will be held in escrow. Under the escrow agreement, 10% of the shares will be released on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Relationship		2021
Consulting fees			
Schultz Engineering LLC	Controlled by Kraig Schultz, CTO and Director	$	143,694
Smart-TUGA, Lda	Controlled by Cesar Barbosa, VP		19,730
Antonio Camara	Director		6,169
Edmundo, Nobre	Director		14,022
Red Wave	Controlled by John Hagie, CEO and Director		23,747
		$	207,362

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and 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 ended July 31, 2021.

9. 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 July 31, 2021, the Company had a working capital of $365,026.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund the continued research and development of the technology is subject to risks associated with fluctuations in market prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

The Company is not exposed to significant interest rate risk.

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

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of lithium and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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;

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)

10. 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	$	(558,340)
Income tax recovery at local statutory rates – 27%	$	(151,000)
Permanent differences		11,000
Effect of foreign exchange on foreign operations		(1,000)
Change in unrecognized tax benefits not recognized		141,000
	$	-

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

		2021
Non-capital losses	$	169,000
Share issuance costs		5,000
Unrecognized deferred tax assets		(174,000)
	$	-

As at July 31, 2021, the Company has an estimated non-capital losses of $205,000 for Canadian income tax purposes and $419,000 for US 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 expire in 2041.

11. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company filed its final prospectus to qualify the distribution of 11,118,750 subscription receipts (the “Subscription Receipts”) of the Company which were issued on August 27, 2021 and September 23, 2021 at a price of $0.40 per subscription receipt for total proceeds of $4,447,500. Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (a “Unit”) on the date (the “Conversion Date”) that is five (5) Business Days after the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus in Canada; and (ii) the receipt of conditional approval of the Canadian Securities Exchange or any other recognized Canadian or United States stock exchange for the listing (the “Escrow Release Conditions”). Each Unit is comprised of one common share and one-half of one transferable share purchase warrant (the “Qualified Warrants”), with each Qualified Warrant entitling the holder thereof to acquire one common share at a price of $1.00 for a period of 18 months from the Conversion Date.

11. SUBSEQUENT EVENTS – (cont'd)

On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 and issued a total of 135,625 finder's warrants (the "Finder's Warrants") in connection with the first tranche closing of the Subscription Receipt private placement. Each Finder's Warrant is exercisable into a common share at $0.40 per common share until the date that is the earlier of (i) the date that is two years following the issuance date and (ii) the date that is 18 months from the Conversion Date.

A total of 396,025 Finder's Warrants and $179,060 finder's fees are payable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt private placement that closed on September 23, 2021.

On closing of the Subscription Receipt private placement, a portion of the gross proceeds in the amount of $4,002,750 (the "Escrowed Funds"), representing 90% of the proceeds were deposited in escrow. The Escrowed Funds may not to be released until the satisfaction of the Escrow Release Conditions on the Conversion Date at which time the Escrowed Funds together with interest earned thereon will be released to the Company. The balance of the proceeds of $444,750, representing 10% of the proceeds (the "Released Funds") were retained by the Company to pay finder's fees and administrative and legal costs associated with the private placement and other costs in connection with the Company's ongoing business operations.

In the event that the Escrow Release Conditions are not satisfied on or prior to March 31, 2022, the Escrowed Funds will be returned to the purchasers and the Subscription Receipts will be cancelled, and the Released Funds will be converted into Units at a conversion price of $0.40 per Unit.

The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange ("CSE"). The CSE has conditionally approved the listing of the common shares. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the common shares. The common shares are not listed or quoted on any stock exchange or market.

Upon Listing, the Company will grant 187,500 restricted share units ("RSUs") to a contractor, which will be subject to vesting over a 12-month period. Each RSU is exercisable into one common share of the Company.

TUGA INNOVATIONS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 29, 2021

(Expressed in Canadian Dollars)

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Independent Auditors' Report

To the Directors of TUGA Innovations, Inc.

Opinion

We have audited the consolidated financial statements of TUGA Innovations, Inc. ("the Group"), which comprise the consolidated statement of financial position as at June 29, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 29, 2021, and its consolidated financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
November 30, 2021

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 29, 2021
(Expressed in Canadian Dollars)

		2021
ASSETS		
Current		
Cash	$	304,901
Amounts receivable		3,837
	$	308,738
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	76,007
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		358,451
Share subscriptions receivable (Note 5)		(25,050)
Deficit		(100,670)
		232,731
	$	308,738

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

APPROVED ON BEHALF OF THE BOARD:

"Faizaan Lalani"	Director	*"Daren Hermiston"*	Director
Faizaan Lalani		Daren Hermiston	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the period from April 7, 2021 (date of incorporation) to June 29, 2021
(Expressed in Canadian Dollars)

		2021
Administrative expenses		
Office and general	$	3,572
Marketing		25,000
Professional fees		72,098
Net loss for the period	$	(100,670)
Basic and diluted loss per share	$	(0.04)
Weighted average number of common shares outstanding		2,616,265

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from April 7, 2021 (date of incorporation) to June 29, 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Receivable	Deficit	Total Shareholders' Equity
Balance, April 7, 2021	100	$ 1	$ -	$ -	$ 1
Private placement @ $0.04	5,050,000	202,000	-	-	202,000
Private placement @ $0.15	1,176,332	176,450	(25,050)	-	151,400
Share issuance costs	-	(20,000)	-	-	(20,000)
Net loss for the period	-	-	-	(100,670)	(100,670)
Balance, June 29, 2021	6,226,432	$ 358,451	$ (25,050)	$ (100,670)	$ 232,731

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

TUGA INNOVATIONS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from April 7, 2021 (date of incorporation) to June 29, 2021
(Expressed in Canadian Dollars)

		2021
Operating Activities		
Net loss for the period	$	(100,670)
Changes in non-cash working capital items related to operations:		
Amounts receivable		(3,837)
Accounts payable and accrued liabilities		96,007
Cash used in operating activities		(28,500)
Financing Activity		
Shares issued for cash, net of share issuance costs		333,401
Cash provided by financing activity		333,401
Change in cash during the period		304,901
Cash, beginning of period		-
Cash, end of the period	$	304,901

Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$	-
Income taxes	$	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

TUGA Innovations, Inc. (the "Company" or "TUGA") was incorporated on April 7, 2021 under the name 1298562 B.C. Ltd. in British Columbia. The Company's registered office is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and its head office is located at suite 1000 – 409 Granville Street, Vancouver, BC V6C 1T2.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated 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 consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 30, 2021.

(b) Basis of Measurement

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

(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 June 29, 2021, the Company has not achieved profitable operations, has accumulated losses of $100,670 since inception and expects to incur further losses in the development of its business. 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary TUGA-MergeCo, Inc, ("TUGA-MergeCo") incorporated under the laws of Michigan on May 6, 2021 for the purpose of the merger with TUGA-Global Inc. (See Note 9).

The results of the wholly-owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated on consolidation.

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, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss ("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. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.

- 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 other income in the Statement of Loss in the period which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Financial Assets – (cont'd)

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 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.

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.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

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 is determined to be the more easily measurable component and is 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, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

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 except for other than business combination which does not have an impact. 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.

Recent accounting pronouncements and changes in accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

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 require significant judgement. See Note 2(c).

5. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the period ended June 29, 2021:

The Company issued 100 common shares at $0.01 per share on incorporation, which were cancelled subsequent to June 29, 2021.

On May 17, 2021, the Company issued 5,050,000 units at a price of $0.04 for total cash proceeds of $202,000. Each unit consist of one common share and two share purchase warrants. A total of 5,050,000 share purchase warrants are exercisable at $0.25 per share until May 17, 2024 and 5,050,000 share purchase warrants are exercisable at $1.00 per share until May 17, 2024.

On June 29, 2021, the Company issued 1,176,332 commons shares at a price of $0.15 per share for total cash proceeds of $176,450 of which $25,050 is included share subscriptions receivable at June 29, 2021. This amount was received subsequent to June 29, 2021.

During the period ended June 29, 2021, the Company incurred share issuance costs totaling $20,000 in connection with the above transactions.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL – (cont'd)

(c) Share Purchase Warrants

The changes in warrants were as follows:

	June 29, 2021	**Weighted Average Exercise Price**
Balance, beginning of period	-	$-
Issued	10,100,000	0.63
Exercised	-	-
Balance, end of period	10,100,000	$0.63

As at June 29, 2021, the Company had share purchase warrants outstanding as follows:

Outstanding	**Exercise Price**	**Expiry Date**
5,050,000	$0.25	May 17, 2024
5,050,000	$1.00	May 17, 2024
10,100,000		

As at June 29, 2021, the share purchase warrants have a weighted average remaining life of 2.88 years.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital is 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 ended June 29, 2021.

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 June 29, 2021, the Company had a working capital of $232,731.

Interest rate risk

The Company is not exposed to significant interest rate risk.

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.

(Expressed in Canadian Dollars)

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

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;

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).

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	$	100,670
Income tax recovery at local statutory rates – 27%	$	27,000
Change in unrecognized tax benefits not recognized		(27,000)
	$	-

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

		2021
Non-capital losses	$	27,000
Unrecognized deferred tax assets		(27,000)
	$	-

As at June 29, 2021, the Company has an estimated non-capital loss of $100,670 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 expire in 2041.

9. SUBSEQUENT EVENT

On June 30, 2021, The Company completed an arrangement with TUGA-Global, Inc ("TUGA-Global") and TUGA-MergeCo, Inc. and issued 24,950,000 common shares to TUGA-Global shareholders at the ratio of 38.2263 to 1 in exchange for all of the issued and outstanding shares of TUGA-Global.

The transaction constituted a reverse take-over ("RTO") of the Company by TUGA-Global and will be accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS 3, the reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO.

SCHEDULE "B"

MD&A

[Attached]

The following Management's Discussion and Analysis ("MD&A") is prepared as at November 30, 2021 in accordance with National Instrument 51-102F1, and should be read together with the audited consolidated financial statements for the period ended July 31, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal year end is July 31, with July 31, 2021 being the first year end. Additional information regarding the Company will be available through the SEDAR website at www.sedar.com.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these 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.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of November 30, 2021, and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. 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 the underlying assumptions thereto 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, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

The Company's Business

TUGA Innovations, Inc. (the "Company" or "TUGA") was incorporated on April 7, 2021 under the name 1298562 B.C. Ltd. in British Columbia and is the parent company of TUGA-Global, Inc. ("TUGA-Global"). The Company's principal business activity is to reduce Urban Mobility difficulties by developing a three-wheeled, fully electric fore-and-aft 2 seat vehicle. The Company's registered office is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and its head office is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2. The principle place of business is 11919 Mill Lane, Grand Haven, Michigan, 49417.

On June 30, 2021, the Company completed the proposed business combination with TUGA-Global by way of a plan of arrangement under the provisions of the Michigan Business Corporation Act. (the "Arrangement"). Pursuant to the Arrangement, TUGA issued 24,950,000 common shares to the shareholders of TUGA-Global at a ratio of 38.2263 to 1 (the "Exchange Ratio") and TUGA-Global became a wholly-owned subsidiary of TUGA for legal purposes and the Company changed its name to TUGA Innovations, Inc.

The transaction constituted a reverse acquisition of TUGA and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS 3, this reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA and its public listing. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO at $1.53 per share divided by the Exchange Ratio. As a result of the transaction, the Company assumed 10,100,000 share purchase warrants valued at $50,500. The share purchase warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 0.65%; Volatility of 100%; Stock price of $1.53 per share divided by the Exchange Ratio; Exercise price of $0.25 and $1.00; Dividend yield of Nil% and expected life of 3 years.

For accounting purposes, TUGA-Global has been treated as the accounting parent company (legal subsidiary) and TUGA has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As TUGA was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The results of operations of TUGA are included in these consolidated financial statements from the date of the reverse acquisition of June 30, 2021.

Description of the Business

TUGA-Global is a development-stage electric vehicle company who looks to improve Urban Mobility by the conception, design, and production of specialized EVs.

TUGA-Global is involved in an emerging field which aims to achieve equitable access to transportation services, increase economic productivity and decrease negative environmental impacts. The Company is seeking to develop and market a new class of vehicle of EVs. Once fully developed, will be an electric three-wheeled vehicle designed with a standard chassis upon which different bodies can be interchanged to meet a wide range of challenges faced when driving in urban centres. The Company plans to combine transportation and information systems into an innovative urban vehicle mobility solution: an efficient urban commuter vehicle built on a flexible, modular platform that can be configured for the leisure, commuter, delivery, taxi, rental and ride share markets.

The Company is in the process completing all feasibility studies, engineering, prototyping and patent filings. The Company's go-to-market strategy will combine traditional automotive sector channels with consumer electronics co-partnerships and media influencer campaigns. Manufacturing is being proposed for key global locations to leverage favourable logistics, taxation and regulatory advantages designed to ensure scalable production cost efficiencies.

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 ended July 31, 2021
Revenue	$ -
Net loss	$ 558,340
Total comprehensive loss	$ 553,734
Loss per share	$ 0.05
Total assets	$ 490,413

TUGA-Global was incorporated on September 1, 2020 and July 31, 2021 was the Company's first fiscal year end. The Company did not record any revenues in the period ended July 31, 2020 and incurred a net loss of $558,340. The net loss in the period is largely attributed to consulting and professional fees, and transaction expense related to the reverse acquisition.

The Company's total assets for the period ended July 31, 2021 were $490,413 which is mainly made up 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, but 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 quarter since incorporation follows:

	July 31, 2021 Qtr 4	April 30, 2021 Qtr 3	January 31, 2021 Qtr 2	October 31, 2020 Qtr 1
Revenue	$ -	$ -	$ -	$ -
Net loss	$ 408,201	$ 109,394	$ 18,828	$ 21,917
Comprehensive loss	$ 403,593	$ 109,394	$ 18,828	$ 21,917
Loss per share	$ 0.02	$ 0.01	$ -	$ -

TUGA-Global was incorporated on September 1, 2020 and October 31, 2020 was the Company's first fiscal quarter reported. During the quarters of October 31, 2020 and January 31, 2021, the Company was in the process of setting up the Company and its corporate structure. During the three months ended April 30, 2021, the Company recorded a net loss of $109,394, that can be attributed to an increase in operations and its research and development of its prototype. During the three months ended July 31, 2021, the Company recorded a net loss of $408,201 as compared to $109,394 for the previous quarter. The increase can be attributed to an increase in professional fees associated with the deal between TUGA and TUGA-Global and its preparation of its listing statement.

Results of Operations

The Company did not record any revenues in the period ended July 31, 2021 and incurred a net loss of $558,340. July 31, 2021 was the first fiscal year end as TUGA-Global was incorporated on September 1, 2020. Total expenses amounted to $558,340 which can be attributed to $226,317 in consulting fees, $142,117 in professional fees and $171,739 in research and development expenses.

Consulting fees include fees paid to directors and officers of the Company (see related parties for details) ($207,362) and fees paid to third parties for administrative services, assistance with its transaction with TUGA, and corporate development.

Professional fees include legal fees associated with the merger agreement between TUGA and TUGA-Global, private placements, general corporate matters and its listing statement.

Research and Development cost includes cost associated with its prototype. The Company has continued its development of its working prototype and have incurred an aggregate of $171,739.

Fourth Quarter

During the fourth quarter ended July 31, 2021, the Company incurred a net loss of $408,201. During the fourth quarter the Company completed its acquisition of TUGA and is in the process of completing its listing statement. Majority of the expenses in the fourth quarter relates to professional fees associated with the acquisition, listing cost and general corporate matters. The fourth quarter also reflect year end audit fee accruals and adjustments.

Liquidity and Capital Resources

The Company's cash position as at July 31, 2021 was $471,606 with a working capital of $365,026. Total assets as at July 31, 2021 was $490,413.

The Company believes that the current capital resources are not sufficient to pay overhead expenses, for the next twelve months and the development of its development of its specialized EVs and is in the process of raising additional funding to fund its overhead expenses and its exploration program. 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.

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 to it in response to changes in economic conditions and 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 the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

On June 1, 2021, TUGA-Global issued 260,292 units at a price of $1.53 for total cash proceeds of $398,247. Each unit consist of one common share and 2 share purchase warrants. A total of 260,292 share purchase warrants exercisable are at $9.56 per share until June 1, 2024 and 260,292 share purchase warrants are exercisable at $38.23 per share until June 1, 2024. These shares and share purchase warrants were eliminated upon the RTO and exchanged into the Company's shares and share purchase warrants.

Going Concern

The audited consolidated 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 July 31, 2021, the Company has not achieved profitable operations, has accumulated losses of $558,340 since inception and expects to incur further losses in the development of its business. 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 the impact on the Company's consolidated financial statements are summarized below.

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.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

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 July 31, 2021, the Company had a working capital of $365,026.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of lithium and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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.

Key Management Compensation

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Relationship		2021
Consulting fees			
Schultz Engineering	Controlled by Kraig Schultz, CTO andDirector	$	143,694
Smart-TUGA, Lda	Controlled by Cesar Barbosa, VP		19,730
Antonio Camara	Director		6,169
Edmundo, Nobre	Director		14,022
Red Wave	Controlled by John Hagie, CEO and Director		23,747
		$	207,362

Proposed Transaction

See subsequent events.

Subsequent Events

Subsequent to the year-end, the Company filed its final prospectus to qualify the distribution of 11,118,750 subscription receipts (the "Subscription Receipts") of the Company which were issued on August 27, 2021 and September 23, 2021 at a price of $0.40 per subscription receipt for total proceeds of $4,447,500. Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (a "Unit") on the date (the "Conversion Date") that is five (5) Business Days after the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus in Canada; and (ii) the receipt of conditional approval of the Canadian Securities Exchange or any other recognized Canadian or United States stock exchange for the listing (the "Escrow Release Conditions"). Each Unit is comprised of one common share and one-half of one transferable share purchase warrant (the "Qualified Warrants"), with each Qualified Warrant entitling the holder thereof to acquire one common share at a price of $1.00 for a period of 18 months from the Conversion Date.

On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 and issued a total of 135,625 finder's warrants (the "Finder's Warrants") in connection with the first tranche closing of the Subscription Receipt private placement. Each Finder's Warrant is exercisable into a common share at $0.40 per common share until the date that is the earlier of (i) the date that is two years following the issuance date and (ii) the date that is 18 months from the Conversion Date.

A total of 396,025 Finder's Warrants and $179,060 finder's fees are payable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt private placement that closed on September 23, 2021.

On closing of the Subscription Receipt private placement, a portion of the gross proceeds in the amount of $4,002,750 (the "Escrowed Funds"), representing 90% of the proceeds were deposited in escrow. The Escrowed Funds may not to be released until the satisfaction of the Escrow Release Conditions on the Conversion Date at which time the Escrowed Funds together with interest earned thereon will be released to the Company. The balance of the proceeds of $444,750, representing 10% of the proceeds (the "Released Funds")were retained by the Company to pay finder's fees and administrative and legal costs associated with the private placement and other costs in connection with the Company's ongoing business operations.

In the event that the Escrow Release Conditions are not satisfied on or prior to March 31, 2022 the Escrowed Funds will be returned to the purchasers and the Subscription Receipts will be cancelled, and the Released Funds will be converted into Units at a conversion price of $0.40 per Unit.

The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange ("CSE"). The CSE has conditionally approved the listing of the common shares. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the common shares. The common shares are not listed or quoted on any stock exchange or market.

Upon Listing, the Company will grant 187,500 restricted share units ("RSUs") to a contractor, which will be subject to vesting over a 12-month period. Each RSU is exercisable into one common share of the Company.

Outstanding Share Data

Below is the summary of the Company's share capital as at July 31, 2021 and as of the date of this report:

	As at	
Security description	July 31, 2021	MD&A
Common shares – issued and outstanding	31,176,332	31,176,332
Warrants issued	30,000,000	30,000,000
Finder's warrants	-	135,625
Performance warrants	30,000,000	30,000,000
Subscriptions receipts	-	11,118,750
Restricted share units	-	187,500
Common shares – fully diluted	91,176,332	102,618,207

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 consolidated financial statements.

Business and Industry Risks

Speculative Nature of Investment Risk

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of the development of its product. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Any one risk factor could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

No Operating History

TUGA-Global was incorporated on September 1, 2020 and has not commenced commercial operations. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Increased Costs of Being a Publicly Traded Company

On becoming a reporting issuer, the Company will be subject to reporting requirements under applicable securities law, the listing requirements of the CSE and other applicable securities rules and regulations. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations, and maintain effective disclosure controls, procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls, procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to obtain and maintain director and officer liability insurance, and the Company may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or maintain adequate coverage. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares by any investor of the Company would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in executing on its business plan, creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility.

COVID-19 Public Health Crisis

The Company's business, operations and financial condition 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 Canada and US. 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. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include slowdowns or temporary suspensions of operations in locations impacted by an outbreak, interruptions to supply chains and supplies upon on which the Company relies, restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, increased labor costs, regulatory changes, political or economic instabilities or civil unrest.

The Company has and will continue to take measures recommended by Health Canada and applicable regulatory bodies, as appropriate. To date, the Company has introduced a "work from home policy" affecting its two executive officers and has reduced travel and transitioned to virtual meetings where feasible. 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.

Reliance on Third-Parties

The Company intends to pursue a strategy of outsourcing vehicle assembly and production as the EVs is designed to use many commodity motorcycle components resulting in high quality and low manufacturing costs. The Company relies on third parties to provide some vehicle assembly and production services and its business will be harmed if the Company's strategic partners are unable to provide these services in a cost-effective manner. The Company also relies heavily on third parties such as its vendors and partners to provide some of its parts and services. If these third parties were unable or unwilling to provide these parts and services in the future due to COVID-19 or other events that cause a disruption in supply or demand of such parts and services, the Company would need to obtain such parts or services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these parts and services are replaced.

Increases in costs, disruption of supply or shortage of raw materials

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business and the prices for raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for battery cells.

Our business is dependent on the continued supply of battery cells and various motorcycle components for our vehicles. Any disruption is the supply of battery cells or motorcycle components from our supplier could temporarily disrupt the production of the EVs until such time as a different supplier is fully qualified. Furthermore, current fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased electric vehicle prices. There can be no assurance that we will be able to recoup increasing costs of raw materials by increasing vehicle prices. Although the Company has not announced an estimated price for the EVs any attempt to increase the expected prices in response to increased raw material costs could be viewed negatively by our potential customers and could materially adversely affect our brand, image, business, prospects and operating results.

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. Risks that we face in undertaking this expansion include:

- training new personnel;
- forecasting production and revenue;
- controlling expenses and investments in anticipation of expanded facilities;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes;
- addressing new markets; and
- establishing international operations

We intend to continue to hire a number of additional personnel, including design and manufacturing personnel and service technicians for our EVs. Competition for individuals with experience designing, manufacturing and servicing EVs is intense, and we may not be able to attract, assimilate, train or retain additional highly qualified personnel in the future. The failure to attract, integrate, train, motivate and retain these additional employees could seriously harm our business and prospects.

Conflict of Interest

The Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Additional Financing

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

Going Concern Risk

The Company's consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue, which is a going concern.

The Company's Insurance Policies May Not Be Sufficient to Cover All Claims

The Company's business is subject to a number of risks and hazards generally, including accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Company 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 may 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.

Claims and Legal Proceedings

The Company or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Difficulty in Forecasting

The Company must rely largely on its own market research to forecast revenues as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Company are based on assumptions from limited and unreliable market data. A failure in demand could materialize as a result of competition, technological change or other factors and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Internal control systems

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

The following Management's Discussion and Analysis ("MD&A") is prepared as at November 30, 2021 in accordance with National Instrument 51-102F1, and should be read together with the audited consolidated financial statements for the period ended June 29, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal year end is July 31, with July 31 2021 being the first year end. Additional information regarding the Company will be available through the SEDAR website at www.sedar.com.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these 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.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of November 30, 2021, and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. 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 the underlying assumptions thereto 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, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

The Company's Business

Tuga Innovations Inc. (the "Company" or "TUGA") was incorporated on April 7, 2021 under the name 1298562 B.C. Ltd. in British Columbia. The Company's registered office is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and its head office is located at suite 1000 – 409 Granville Street, Vancouver, BC V6C 1T2.

On June 30, 2021, The Company completed an arrangement with TUGA-Global, Inc ("TUGA-Global") and TUGA-MergeCo, Inc; a wholly owned subsidiary of the Company, and issued 24,950,000 common shares to TUGA-Global shareholders at the ratio of 38.2263 to 1 in exchange for all of the issued and outstanding shares of TUGA-Global.

The transaction constituted a reverse take-over ("RTO") of the Company by TUGA-Global and will be accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS 3, the reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO.

Description of the Business

TUGA-Global is a development-stage electric vehicle company who looks to improve Urban Mobility by the conception, design, and production of specialized EVs.

TUGA-Global is involved in an emerging field which aims to achieve equitable access to transportation services, increase economic productivity and decrease negative environmental impacts. The Company is seeking to develop and market a new class of vehicle of EVs. Once fully developed, will be an electric three-wheeled vehicle designed with a standard chassis upon which different bodies can be interchanged to meet a wide range of challenges faced when driving in urban centres. The Company plans to combine transportation and information systems into an innovative urban vehicle mobility solution: an efficient urban commuter vehicle built on a flexible, modular platform that can be configured for the leisure, commuter, delivery, taxi, rental and ride share markets.

The Company is in the process completing all feasibility studies, engineering, prototyping and patent filings. The Company's go-to-market strategy will combine traditional automotive sector channels with consumer electronics co-partnerships and media influencer campaigns. Manufacturing is being proposed for key global locations to leverage favourable logistics, taxation and regulatory advantages designed to ensure scalable production cost efficiencies.

Results of Operations

The Company did not record any revenues in the period ended June 29, 2021 and incurred a net loss of 100,670. Total expenses amounted to $100,670 which can be attributed to $25,000 in marketing and $72,098 in professional fees. During the period the Company engaged Audience Marketing inc. for branding, preparation of its marketing materials, and website development. The Company also incurred professional fees in connection with general corporate matters, preparation of the prospectus and the proposed acquisition of TUGA-Global.

Fourth Quarter

N/A

Liquidity and Capital Resources

The Company's cash position as at June 29, 2021 was $304,901 with a working capital of $232,731. Total assets as at June 29, 2021 was $308,738.

The Company believes that the current capital resources are not sufficient to pay overhead expenses, for the next twelve months and is in the process of raising additional funding to fund its overhead expenses and its development of its new technology. 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 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.

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 to it in response to changes in economic conditions and 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 the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

On May 17, 2021, the Company issued 5,050,000 units at a price of $0.04 for total cash proceeds of $202,000. Each unit consist of one common share and 2 share purchase warrants. A total of 5,050,000 share purchase warrants exercisable at $0.25 per share until May 17, 2024 and 5,050,000 share purchase warrants are exercisable at $1.00 per share until May 17, 2024.

On June 29, 2021, the Company issued 1,176,332 commons shares at a price of $0.15 per share for total cash proceeds of $176,450 of which $25,050 is included share subscriptions receivable at June 29, 2021. This amount was received subsequent to June 29, 2021.

<u>Going Concern</u>

The audited consolidated 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 June 29, 2021, the Company has not achieved profitable operations, has accumulated losses of $100,670 since inception and expects to incur further losses in the development of its business. 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.

<u>Off Balance Sheet Arrangements</u>

The Company does not have any off balance sheet arrangements.

<u>Financial Instruments</u>

The Company's risk exposures and the impact on the Company's consolidated financial statements are summarized below.

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.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

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 June 29, 2021, the Company had a working capital of $232,731.

Proposed Transaction

See subsequent events.

Subsequent Events

On June 30, 2021, the Company cancelled and returned 100 common shares which were issued at incorporation.

On June 30, 2021, the Company completed an arrangement with TUGA-Globa and TUGA-MergeCo, Inc. and issued 24,950,000 common shares to TUGA-Global shareholders at the ratio of 38.2263 to 1 in exchange for all of the issued and outstanding shares of TUGA-Global. TUGA-Global had 520,584 warrants outstanding at the date of the reverse take-over ("RTO"), which remain warrants of TUGA-Global, but represent the right to purchase 19,900,000 shares of the Company in accordance with the exchange ratio.

The transaction constituted a reverse take-over ("RTO") of the Company by TUGA-Global and will be accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS 3, the reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO.

On June 30, 2021, the Company issued 30,000,000 performance warrants to management and directors of the Company in three equal tranches upon attainment of the following milestones, which expire on June 03, 2025 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, upon regulatory process are complete in the first targeted geography (California) such that TUGA vehicles may be sold, insured and driven on public roads. 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, when TUGA can successfully communicate with targeted users, take orders and receive their funds (500 pre-orders or orders); and 10,000,000 performance warrants are exercisable into one common share of the Company with no additional consideration, upon TUGA has successfully produced in defined quantities 350 units of the vehicle. This implies that the operational production tooling is in place, partners to supply are identified and supplying in a timely manner and the internal process controls, and financial flows are managed. The Company recorded $nil in share-based compensation in relation to the performance warrants due to the uncertainty of achieving the milestones at this time.

Subsequent to the year-end, the Company filed its preliminary prospectus to qualify the distribution of 11,118,750 subscription receipts (the "Subscription Receipts") of the Company which were issued on August 27, 2021 and September 23, 2021 at a price of $0.40 per subscription receipt for total proceeds of $4,447,500. Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (a "Unit") on the date (the "Conversion Date") that is five (5) Business Days after the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus in Canada; and (ii) the receipt of conditional approval of the Canadian Securities Exchange or any other recognized Canadian or United States stock exchange for the listing (the "Escrow Release Conditions"). Each Unit is comprised of one common share and one-half of one transferable share purchase warrant (the "Qualified Warrants"), with each Qualified Warrant entitling the holder thereof to acquire one common share at a price of $1.00 for a period of 18 months from the Conversion Date.

On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 and issued a total of 135,625 finder's warrants (the "Finder's Warrants") in connection with the first tranche closing of the Subscription Receipt private placement. Each Finder's Warrant is exercisable into a common share at $0.40 per common share until the date that is the earlier of (i) the date that is two years following the issuance date and (ii) the date that is 18 months from the Conversion Date.

A total of 396,025 Finder's Warrants and $179,060 finder's fees are payable on the Conversion Date in connection with the second tranche closing of the Subscription Receipt private placement that closed on September 23, 2021.

On closing of the Subscription Receipt private placement, a portion of the gross proceeds in the amount of $4,002,750 (the "Escrowed Funds"), representing 90% of the proceeds were deposited in escrow. The Escrowed Funds may not to be released until the satisfaction of the Escrow Release Conditions on the Conversion Date at which time the Escrowed Funds together with interest earned thereon will be released to the Company. The balance of the proceeds of $444,750, representing 10% of the proceeds (the "Released Funds")were retained by the Company to pay finder's fees and administrative and legal costs associated with the private placement and other costs in connection with the Company's ongoing business operations.

In the event that the Escrow Release Conditions are not satisfied on or prior to March 31, the Escrowed Funds will be returned to the purchasers and the Subscription Receipts will be cancelled, and the Released Funds will be converted into Units at a conversion price of $0.40 per Unit.

The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange ("CSE"). The CSE has conditionally approved the listing of the common shares. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the common shares. The common shares are not listed or quoted on any stock exchange or market.

Upon Listing, the Company will grant 187,500 restricted share units ("RSUs") to a contractor, which will be subject to vesting over a 12-month period after the Listing date. Each RSU is exercisable into one common share of the Company.

Outstanding Share Data

Below is the summary of the Company's share capital as at June 29, 2021 and as of the date of this report:

	As at	
Security description	June 29, 2021	MD&A
Common shares – issued and outstanding	6,226,432	31,176,332
Warrants issued	10,100,000	30,000,000
Performance warrants	-	30,000,000
Subscription receipts	-	11,118,750
Finder's warrants	-	135,625
Restricted share units	-	187,500
Common shares – fully diluted	16,326,432	102,618,207

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 consolidated financial statements.

SCHEDULE "C"

AUDIT COMMITTEE CHARTER

The primary function of the audit committee (the "**Audit Committee**") is to assist the Company's board of directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

Composition

The Audit Committee shall be comprised of three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgement as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements. The members of the Audit Committee shall be elected by the Board at its first meeting following the annual shareholder's meeting.

Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents/Reports Review

(a) Review and update this Audit Committee Charter annually.

(b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including certification, report, opinion, or review rendered by the external auditors.

(c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

External Auditors

(a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Company.

(b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard 1.

(c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(d) Take, or recommend that the full Board, take appropriate action to oversee the independence of the external auditors.

(e) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

(g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:

i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one more independent members of the Audit Committee.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

(b) Consider the external auditors' judgements about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgements made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgements.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(i) Review certification process.

(j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions

CERTIFICATE OF THE COMPANY

Dated: November 30, 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 British Columbia, Alberta, and Ontario.

"John Hagie"	*"Faizaan Lalani"*
John Hagie Chief Executive Officer	Faizaan Lalani Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY

"Kraig Schultz"	*"Edmundo Nobre"*
Kraig Schultz Director	Edmundo Nobre Director

CERTIFICATE OF THE PROMOTER

Dated: November 30, 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 British Columbia, Alberta, and Ontario.

"John Hagie"
John Hagie

SCHEDULE "B"

FORM 2A LISTING STATEMENT DISCLOSURE – ADDITIONAL INFORMATION

14. Capitalization

14.1 The following tables provide information about the Company's capitalization upon the conversion or deemed conversion of the Subscription Receipts.

Issued Capital:

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	42,295,082[1]	108,573,607[4]	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	15,986,237[2]	50,986,237[2][5]	37.80%	46.96%
Total Public Float (A-B)	**26,308,845**	**57,587,370**	**62.20%**	**53.04%**
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	26,118,750[3]	31,865,625[3][6]	61.75%	29.35%
Total Tradeable Float (A-C)	**16,176,332**	**76,707,982**	**38.25%**	**70.65%**

Notes:

(1) Includes 11,118,750 common shares issuable upon conversion of the Subscription Receipts.

(2) Includes 5,711,009 common shares held by Cesar Barbosa, 5,711,009 common shares held by Kraig Schultz, 688,073 common shares held by Antonio Camara, 688,073 common shares held by John Hagie, and 688,073 common shares held by Edmundo Nobre, and 2,500,000 common shares held by a 5% holder

(3) Includes 15,000,000 common shares issued on June 30, 2021 at a deemed price of $0.40 per share which are subject to the NP 46-201 escrow agreement and 6 months voluntary resale restrictions, and

11,118,750 common shares issuable upon conversion of the Subscription Receipts, which are subject to a four-month resale restriction following listing.

(4) Includes 5,050,000 common shares issuable upon exercise of warrants at $0.25 per share, 5,050,000 common shares issuable upon exercise of warrants at $1.00 per share, 30,000,000 common shares issuable upon exercise of the Management Performance Warrants, 19,900,000 common shares issuable upon exercise of warrants previously issued by TUGA-Global, 5,559,375 common shares issuable upon exercise of Subscription Receipt Warrants, 531,650 common shares issuable upon exercise of Finder's Warrants, and 187,500 common shares issuable upon vesting and settlement of RSUs.

(5) Includes 6,000,000 common shares issuable to each of Kraig Schultz, Cesar Barbosa, Antonio Camara, Edmundo Nobre, and John Hagie upon exercise of Management Performance Warrants, which are subject to the NP 46-201 escrow agreement and 6 months voluntary resale restrictions, and 2,500,000 common shares issuable upon exercise of warrants at $1.00 per share and 2,500,000 common shares issuable upon exercise of warrants at $0.25 per share, all held by a 5% holder

(6) Includes 5,559,375 common shares issuable upon exercise of Subscription Receipt Warrants which are subject to a four-month resale restriction following listing, and 187,500 common shares issuable upon vesting and settlement of RSUs which are subject to a four-month resale restriction from the date of grant.

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the Issued Capital table above.

Class of Security: Common Shares (including Common Shares issuable upon deemed exercise of Special Warrants)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	50	25,000
1,000 – 1,999 securities	46	46,000
2,000 – 2,999 securities	1	2,000
3,000 – 3,999 securities	27	81,000
4,000 – 4,999 securities	0	0
5,000 or more securities	78	26,154,845
TOTAL:	**202**	**26,308,845**

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the Issued Capital table above who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	50	25,000
1,000 – 1,999 securities	46	46,000
2,000 – 2,999 securities	1	2,000
3,000 – 3,999 securities	27	81,000
4,000 – 4,999 securities	0	0
5,000 or more securities	112	26,154,845
TOTAL:	**236**	**26,308,845**

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered “non-public securityholders of the Company, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	6	15,986,237
TOTAL:	**6**	**15,986,237**

14.2 Convertible Securities

The following table summarizes the outstanding securities convertible into a total of 66,091,025 Common Shares in our authorized capital as of the date of this Listing Statement:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of Common Shares issuable upon conversion / exercise
$0.25 Warrants (The Warrants are exercisable into common shares at $0.25 per share until May 17, 2024.)	5,050,000	5,050,000
$1.00 Warrants (The Warrants are exercisable into common shares at $1.00 per share until May 17, 2024.)	5,050,000	5,050,000
TUGA $0.25 Warrants (The Warrants are exercisable into common shares at $0.25 per share until June 1, 2024.)	9,950,000	9,950,000
TUGA $1.00 Warrants (The Warrants are exercisable into common shares at $1.00 per share until June 1, 2024.)	9,950,000	9,950,000

Management Performance Warrants (Exercisable into common shares of the Company in three equal tranches upon attainment of certain milestones)	30,000,000	30,000,000
Subscription Receipt Warrants (Each Warrant is exercisable into a common share at $1.00 for a period of 18 months from the date the Subscription Receipts are converted into Units.)	5,559,375	5,559,375
Finder’s Warrants (Each Finder’s Warrant is exercisable into a common share at $0.40 per share until the earlier of (i) two years from the date of issuance and (ii) the date that is 18 months from the Conversion Date)	531,650	531,650
RSUs (After 4 months from the date of grant, a total of 15,625 RSUs will begin vesting each month for a period of 12 months. The RSUs may be payable by the Company in common shares equal to the number of RSUs being settled in accordance with the Company’s 2021 Omnibus Equity Incentive Compensation Plan.)	187,500	187,500
TOTAL	**66,278,525**	**66,278,525**

14.3 Other Listed Securities

Provide details of any listed securities reserved for issuance that are not included in section 14.2.

The Company has no other listed securities reserved for issuance that are not included in section 14.2.

SCHEDULE "C"

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, TUGA Innovations, Inc. hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to TUGA Innovations, Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 2nd day of December, 2021.

"John Hagie" John Hagie Chief Executive Officer	*"Faizaan Lalani"* Faizaan Lalani Chief Financial Officer
"Daren Hermiston" Daren Hermiston Director	*"Edmundo Nobre"* Edmundo Nobre Director