

*This amended and restated prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities, and it is an offence to claim otherwise.*

## AMENDED AND RESTATED PROSPECTUS

### AMENDING THE PROSPECTUS DATED AUGUST 13, 2021

INITIAL PUBLIC OFFERING

November 12, 2021

## HOSHI RESOURCE CORP.

(A Capital Pool Company)

**\$300,000**

**3,000,000 Common Shares**

**PRICE: \$0.10 per Common Share**

The purpose of this offering (the "**Offering**") is to provide Hoshi Resource Corp. (the "**Corporation**") with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as defined below). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the "**Exchange**") and in the case of a Non-Arm's Length Qualifying Transaction (as defined below), must also receive Majority of the Minority Approval (as defined below), in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**"). The Corporation is a CPC (as defined below). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction (as defined below), the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "**Business of the Corporation**" and "**Use of Proceeds**".

	<b>Number of Common Shares</b>	<b>Price to the Public</b>	<b>Agent's Commission<sup>(1)</sup></b>	<b>Proceeds to the Corporation<sup>(2)</sup></b>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering <sup>(3)</sup>	3,000,000	\$300,000	\$30,000	\$270,000

**Notes:**

- (1) Pursuant to the Agency Agreement (as defined below), the Agent (as defined below) will receive a commission equal to 10% of the gross proceeds of the Offering, being \$30,000 (the "**Agent's Commission**"). In addition, the Agent will receive a corporate finance fee of \$10,000 plus G.S.T. and will be reimbursed for its reasonable expenses incurred pursuant to the Offering, including legal fees. The Corporation will also grant to the Agent, or any sub-agents, the Agent's Option (as defined below). This amended and restated prospectus qualifies the grant of the Agent's Options. See "**Plan of Distribution**".
- (2) Before deducting costs of the Offering estimated at \$82,000 plus G.S.T. (exclusive of the Agent's Commission), including: corporate finance fee of \$10,000 plus G.S.T., legal fees of the Agent which are estimated at \$10,000 plus disbursements and G.S.T., legal and auditor's fees of the Corporation estimated at \$37,000 plus disbursements and G.S.T., Exchange listing fee of \$15,000 plus G.S.T. and filing fees of approximately \$10,000. See "**Use of Proceeds**". As of the date hereof, the Agent has received the \$10,500 representing the corporate finance fee plus GST, as well as a \$15,000 expense deposit.
- (3) A total of 3,000,000 Common Shares (as defined below) are offered hereunder, not including the Agent's Option (as defined below) or the Incentive Stock Options (as defined below). This amended and restated prospectus qualifies for distribution the Agent's Option (as defined below) and the Incentive Stock Options (as defined below). See "**Plan of Distribution**" and "**Incentive Stock Options**".

The Corporation has entered into an agreement (the "**Agency Agreement**") dated August 13, 2021 with PI Financial Corp. (the "**Agent**") to act as agent for the Corporation for the sale of Common Shares (as defined below) under this amended and restated prospectus on a commercially reasonable efforts basis. The Offering is of 3,000,000 common shares of the Corporation (each a "**Common Share**" and collectively, "**Common Shares**") for total gross proceeds to the Corporation of \$300,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent

pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within the lesser of 90 days of the issuance of a receipt for the this amended and restated prospectus or 180 days of the issuance of the receipt for the final prospectus, which was issued on August 16, 2021, or such other time as may be agreed to by the Agent and consented to by persons or companies who subscribed for Common Shares within that period, all subscription funds will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See **"Plan of Distribution"**.

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

Pursuant to the Agency Agreement, the Corporation will grant a non-transferable option to the Agent, or any sub-agent, to purchase an aggregate of 300,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 2 years from the date of listing of the Common Shares on the Exchange (the **"Agent's Option"**), which Agent's Option is qualified under this amended and restated prospectus. In addition, the Corporation will grant incentive stock options (the **"Incentive Stock Options"**) to the directors and officers of the Corporation to purchase, in aggregate, 660,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 10 years from the date of grant, which Incentive Stock Options are qualified under this amended and restated prospectus. See **"Incentive Stock Options"**.

### **Market for Securities**

**There is currently no market through which the securities offered hereby may be sold and purchasers may not be able to resell securities purchased under this amended and restated prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".** As at the date of the amended and restated prospectus, the Corporation 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, Aequis 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).

The Exchange has conditionally accepted the listing of the Common Shares. Listing is subject to the Corporation fulfilling all of the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this amended and restated prospectus, the grant of the Agent's Option and the Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this amended and restated prospectus is issued by the applicable securities regulatory authority and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authority grants a discretionary order. See **"Plan of Distribution"**.

### **Risk Factors**

**Investment in the Common Shares offered by this amended and restated prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

The Corporation has not commenced commercial operations and has no assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until Completion of the Qualifying Transaction (as defined herein), the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See **"Corporate Structure"**, **"Business of the Corporation"** and **"Use of Proceeds"**.

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See **"Directors, Officers and Promoters"**.

The global pandemic caused by COVID-19 may result in additional expenses and delays to the Corporation, the impact of which is uncertain on the Corporation at this time. See **"Risk Factors"**.

There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

Investors acquiring the Common Shares offered by this amended and restated prospectus will suffer an immediate dilution of approximately 27% or \$0.027 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. See **"Dilution"**.

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors. See **"Use of Proceeds"**.

Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See **"Risk Factors"**.

In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation.

Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Corporation will be able to recover the loan.

See **"Risk Factors"**.

**As a result of these factors, the Offering is suitable only to investors who are willing to rely solely on the directors and management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares. See "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".**

### **Maximum Investment**

Pursuant to the CPC Policy, 75%, or 2,250,000, of the total number of Common Shares offered under this amended and restated prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% of the total number of Common Shares offered under this amended and restated prospectus, being 60,000 Common Shares; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with any Associates and Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this amended and restated prospectus, being 120,000 Common Shares.

The Common Shares are conditionally offered, subject to prior sale, if, as and when issued and delivered by the Corporation, and accepted in accordance with the conditions contained in the Agency Agreement referred to under "**Plan of Distribution**" and subject to approval of certain legal matters by DS Burstall LLP, on behalf of the Corporation and by MLT Aikins LLP, on behalf of the Agent.

### **Eligibility for Investment**

In the opinion of DS Burstall LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder (in effect on the date hereof), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the Exchange) on the date of the closing of its IPO (the "**Closing**") and subject to the provisions of any particular plan, the Common Shares offered hereby will, on the date of Closing, constitute "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans ("**DPSPs**"), registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**").

Notwithstanding that the Common Shares will be a qualified investment for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under a RRSP or RRIF, the subscriber under an RESP, or the holder under a TFSA or RDSP (as applicable) will be subject to a penalty tax if the Common Shares are a "prohibited investment" in respect of such RRSP, RRIF, RESP, RDSP or TFSA. The Common Shares will not be a prohibited investment provided that the holder, annuitant or subscriber (as the case may be) deals at arm's length with the Corporation for the purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Common Shares will not be a prohibited investment if the Common Shares are "excluded property" (as defined in the Tax Act). Holders should consult their own advisors as to whether the Common Shares will be a prohibited investment in their particular circumstances.

### **Receipt of Subscriptions**

Subscriptions will be received subject to rejection or allotment in whole or in part by the Corporation and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery on the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

**PI FINANCIAL CORP.**  
1900 – 666 Burrard Street  
Vancouver, BC V6C 3N1  
Tel: (604) 664-2900

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## GLOSSARY

In this amended and restated prospectus, the following terms have the meanings set forth below unless otherwise indicated.

**"Affiliate"** means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**"Aggregate Pro Group"** means all persons who are members of any Pro Group whether or not the member is involved in a contractual relationship with the Corporation to provide financing, sponsorship or other advisory services.

**"Agreement in Principle"** means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

**"Associate"** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity;

- (d) in the case of a Person who is an individual
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person;
 but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies of the TSX Venture Exchange Rule Book with respect to that Member firm, Member corporation or holding company.

**"Commissions"** means, collectively, the securities commissions of the provinces of British Columbia and Alberta.

**"Company"** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**"Completion of the Qualifying Transaction"** means the date of the Final QT Exchange Bulletin issued by the Exchange.

**"Concurrent Financing"** has the meaning ascribed to that phrase in section 9.5 of the CPC Policy.

**"Conditional Acceptance Documents"** has the meaning ascribed to that phrase in section 11.5 of the CPC Policy.

**"Control Person"** means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding Voting Shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

**"CPC" or "Capital Pool Company"** means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

**"CPC Filing Statement"** means the Filing Statement of the CPC prepared in accordance with Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

**"CPC Information Circular"** means the Information Circular of the CPC prepared in accordance with applicable Securities Laws and Form 3B1 – *Information Required in an Information Circular for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

**"CPC Policy"** means Policy 2.4 – *Capital Pool Companies* of the Exchange's Corporate Finance Manual.

**"Disclosure Document"** means the CPC Filing Statement or the CPC Information Circular, as the case may be, or the prospectus if required by section 11.1(f) of the CPC Policy.

**"Escrow Agent" or "Odyssey Trust Company"** means Odyssey Trust Company.

**"Escrow Agreement"** means the Exchange Form 2F escrow agreement dated August 13, 2021 among the Corporation, the Escrow Agent and the initial shareholders of the Corporation.

**"Exchange"** means the TSX Venture Exchange Inc.



**"Final QT Exchange Bulletin"** means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

**"Geological Report"** has the meaning ascribed to it in Policy 1.1 of the Exchange's Corporate Finance Manual.

**"Incentive Stock Options"** mean options to be granted at the closing of the Offering to directors and officers of the Corporation to purchase 660,000 Common Shares in the event the Offering is completed, at a price of \$0.10 per Common Share for a period of 10 years from the date of grant.

**"Initial Public Offering"** or **"IPO"** means a transaction that involves an issuer issuing securities from its treasury pursuant to its first prospectus.

**"Insider"** if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

**"Listed Share"** means a share or other security that is listed on the Exchange.

**"Majority of the Minority Approval"** means the approval by the majority of the votes cast at a meeting of shareholders of the CPC, or by the written consent of shareholders holding more than 50% of the common shares of the CPC, provided that the votes attached to the common shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm's Length Parties to the CPC;
- (b) Non-Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

**"Member"** means a person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

**"Member Agreement"** means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

**"NEX"** means the market on which former Exchange and TSX issuers that do not meet the minimum listing standards that must be maintained by Exchange issuers, may continue to trade.

**"Non-Arm's Length Party"** means:

- (a) in relation to a Company:
  - (i) a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons; or
  - (ii) another entity, or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the Company; and

- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

**"Non-Arm's Length Parties to the Qualifying Transaction"** means the Vendor, any Target Company and includes, in relation to Significant Assets or Target Company, the Non-Arm's Length Parties of the Vendor, the Non-Arm's Length Parties of any Target Company and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**"Non-Arm's Length Qualifying Transaction"** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

**"Person"** means a Company or an individual.

**"Principal"** means:

- (a) a Person who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Exchange Bulletin confirming final acceptance of a transaction (the **"Final Exchange Bulletin"**);
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;
- (d) a 10% holder – a Person that
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

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 issuer, they hold will be subject to escrow requirements.

**"Professional Person"** means a Person whose profession gives authority to a statement made by the Person in this amended and restated prospectus, in the person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist.

**"Pro Group"** means:

- (a) Subject to subparagraphs (b), (c), (d) and (e) "Pro Group" shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;

- (iii) partners, officers and directors of the Member;
- (iv) Affiliates of the Member; and
- (v) Associates of any parties referred to in subparagraphs (i) through (iv) above;
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Exchange;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member; and
- (d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
  - (i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;
  - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
  - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
  - (iv) the Member maintains a list of such excluded Persons.

**"Qualifying Transaction"** means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**"Qualifying Transaction Agreement"** means any agreement or other similar commitment respecting the Qualifying Transaction which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Significant Assets and/or Target Company;
- (b) the parties to the Qualifying Transaction;
- (c) the value of the Significant Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and
- (d) the conditions to any further formal agreements or completion of the Qualifying Transaction.

**"Resulting Issuer"** means the issuer that was formerly a CPC that exists upon issuance of the Final QT Exchange Bulletin.

**"SEDAR"** means the filing system referred to in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* or its successor legislation (or its successor system).

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

**"Sponsor"** has the meaning specified in Exchange *Policy 2.2 – Sponsorship and Sponsorship Requirements*.

**"Target Company"** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**"Vendors"** means one or all of the beneficial owners of the Significant Assets and/or Target Company.

**"Voting Shares"** means a security of an issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**"Warrant"** means Listed Share purchase warrants, being a right, which can be exercised to acquire Listed Shares upon payment of cash consideration.

## 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 amended and restated prospectus.*

- Corporation:** Hoshi Resource Corp.
- Business of the Corporation:** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See "**Business of the Corporation**".
- Offering:** A total of 3,000,000 Common Shares are being offered under this amended and restated prospectus at a price of \$0.10 per Common Share in the provinces of British Columbia and Alberta. In addition, pursuant to the Agency Agreement, the Corporation will grant the Agent's Option to the Agent, or any sub agents, to purchase an aggregate of 300,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 2 years from the date of listing of the Common Shares on the Exchange, which Agent's Option is qualified under this amended and restated prospectus. The Incentive Stock Options to be granted to the directors and officers of the Corporation to purchase, in aggregate, 660,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 10 years from the date of grant, are also qualified under this amended and restated prospectus. See "**Use of Proceeds**", "**Plan of Distribution**" and "**Incentive Stock Options**".
- Use of Proceeds:** The net proceeds to the Corporation following the Offering and prior sales (after payment of the Agent's Commission and all other costs and expenses related to the Offering of \$112,000) are estimated to be \$367,000. The net proceeds of the Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See "**Use of Proceeds**" for details of the restrictions and prohibitions on the Corporation's use of funds. Also see "**Business of the Corporation**", "**Criteria for Qualifying Transaction**" and "**Risk Factors**".
- Directors and Officers:** Kevin Baker - Director, President and Chief Executive Officer  
John Aihoshi - Director, Chief Financial Officer, Secretary  
Alex Watson - Director  
Al Kroontje - Director
- Kevin Baker and Al Kroontje can be considered to be Promoters of the Corporation.
- See "**Directors, Officers and Promoters**".
- Escrowed Securities:** All of the currently issued and outstanding securities of the Corporation, being 3,600,000 Common Shares, and all of the Incentive Stock Options, being 660,000 Incentive Stock Options, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of 18 months from the date of the Final QT Exchange Bulletin. See "**Escrowed Securities**".
- Risk Factors:** **Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.**
- The Corporation has no active business or assets other than a minimum amount of cash. It does not have a history of earnings, nor has it paid any dividends and will

not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, investors acquiring Common Shares offered under this amended and restated prospectus will suffer an immediate dilution of approximately 27% or \$0.027 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and investors may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may, therefore, be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. The global pandemic caused by COVID-19 may result in additional expenses and delays to the Corporation, the impact of which is uncertain on the Corporation at this time. The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation. Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Corporation will be able to recover the loan. See **"Corporate Structure", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Dilution", "Capitalization", "Risk Factors" and "Conflicts of Interest"**.

## CORPORATE STRUCTURE

The Corporation was incorporated on March 1, 2021 by Certificate and Articles of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) under the name Hoshi Resource Corp. On May 20, 2021, the Articles of Incorporation were amended and restated to remove the private company restrictions set forth therein.

The head office is located at Suite 900, 900 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0P7 and registered office of the Corporation is located at Suite 800, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2Z1.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

Other than payment of \$25,000 to the Agent (corporate finance fee and retainer deposit), the listing fee to the Exchange of approximately \$5,000 and filing fees of approximately \$10,000 to the Commissions (in each case, exclusive of G.S.T.) payable upon filing of this amended and restated prospectus, the Corporation has not incurred any additional expenses since the date of incorporation. However, certain of the proceeds of the Offering will be used to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor, legal counsel and the Agent's legal counsel. See "**Use of Proceeds**".

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction will also be subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. The Corporation is not currently targeting any specific industry sector with respect to a Qualifying Transaction.

Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "**Use of Proceeds**", the funds raised pursuant to the Offering and any subsequent financing will be used only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

The Corporation has not yet entered into an Agreement in Principle.

### Method of Financing Participation or Acquisitions

The Corporation may use either cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### Criteria for Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada as permitted by the CPC Policy.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such acquisitions or participations other than sound business fundamentals. Such fundamentals include but are not limited to: (a) the ratio of risk to reward; (b) the cost effectiveness of the participation or acquisition; (c) the length of the payout period; and (d) the rate of return.

## **REGULATORY AND SHAREHOLDER APPROVAL**

### **Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction**

Upon the Corporation reaching a Qualifying Transaction Agreement, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading of the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspension and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing prospectus level disclosure of the Significant Assets and the Corporation, assuming Completion of the Qualifying Transaction. If the Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Corporation must obtain Majority of the Minority Approval of the Qualifying Transaction. If the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Corporation is not required to obtain shareholder approval of the Qualifying Transaction provided that it files a CPC Filing Statement or a prospectus.

Once the Conditional Acceptance Documents have been accepted for filing by the Exchange, the Corporation will be cleared to file the final Disclosure Document on SEDAR and:

- (a) where shareholder approval of the Qualifying Transaction is not required, the Corporation will file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
  - (i) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the Corporation are halted from trading; or
  - (ii) the Completion of the Qualifying Transaction, if the securities of the Corporation are not halted from trading;
- (b) where shareholder approval is required and is to be obtained at a meeting of shareholders, the Corporation will file on SEDAR and mail to its shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents; and
- (c) where shareholder approval is required and is to be obtained by written consent, the Corporation will file on SEDAR the final Disclosure Document.

If required by the Exchange, the Corporation will retain a Sponsor, who must be a Member, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final QT Exchange Bulletin. The Exchange will generally not issue the Final QT Exchange Bulletin until the Exchange has received:

- (a) confirmation of shareholder approval of the Qualifying Transaction, if required;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final QT Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy.

### **Initial listing Requirements**

Upon completion of the Qualifying Transaction, the Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

### **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading of the Common Shares from the date of the public announcement of a Qualifying Transaction Agreement until all initial filing requirements of the Exchange have been satisfied, which



includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, Personal Information Forms or, if applicable, Declarations, for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable must also be completed before the trading halt will be lifted by the Exchange.

Even if all initial filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, the Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Qualifying Transaction Agreement or if the Corporation fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind-up and shall make a *pro rata* distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "**Shareholder Approval of a Non-Arm's Length Qualifying Transaction**" and "**Refusal of Qualifying Transaction**".

### **Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the Resulting Issuer will be a mutual fund, as defined in the securities legislation; or
- (c) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

## **USE OF PROCEEDS**

### **Proceeds and Principal Purposes**

The gross proceeds to be received by the Corporation from the sale of all the Common Shares offered by this amended and restated prospectus (not including Common Shares issued upon exercise of the Agent's Option or Incentive Stock Options) will be \$300,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this amended and restated prospectus was \$180,000. Minimal expenses were accrued for issuance of the Common Shares prior to the date of this amended and restated prospectus. From these aggregate gross proceeds of \$300,000, the expenses and costs of the Offering will be deducted, including legal, accounting, printing, regulatory fees and the Agent's Commission, estimated in the aggregate to be \$112,000 (exclusive of G.S.T.).

The following table indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of the Offering:

Cash proceeds raised prior to the Offering <sup>(1)</sup>	\$180,000
Expenses and costs incurred by the Corporation relating to prior issuances of Common Shares, which costs will be paid out of the proceeds of the Offering.	(\$1,000)

Cash proceeds to be raised pursuant to the Offering <sup>(2)</sup>	\$300,000
Expenses and costs relating to the Offering (including listing fees, Agent's Commission, legal fees and audit fees and expenses) <sup>(3)</sup>	(\$112,000)
<b>Estimated funds available (on completion of Offering)</b>	<b>\$367,000</b>
Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>	\$307,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$60,000
<b>Total net proceeds</b>	<b>\$367,000</b>

**Notes:**

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Option in full, there will be available to the Corporation an additional \$30,000, which will be added to the working capital of the Corporation. In the event that all 660,000 Incentive Stock Options are exercised, there will be available to the Corporation an additional \$66,000, which will be added to the working capital of the Corporation. There is no assurance that all, or part of, the Agent's Option or Incentive Stock Options will be exercised.
- (3) The expenses and costs of the Offering are estimated in the aggregate to be \$112,000 plus G.S.T., which includes the Agent's Commission of \$30,000, corporate finance fee of \$10,000 plus G.S.T., legal fees of the Agent which are estimated at \$10,000 plus disbursements and G.S.T., legal and auditor's fees of the Corporation estimated at \$37,000 plus disbursements and G.S.T., Exchange listing fee of \$15,000 plus G.S.T. and filing fees of approximately \$10,000.
- (4) In the event that the Corporation enters into a Qualifying Transaction Agreement prior to spending the entire \$367,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partly finance the acquisition of, or participation in, the Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from the Offering and the prior sale of Common Shares, after deducting the expenses associated with the Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

**Permitted Use of Proceeds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "**Private Placements for Cash**", "**Finder's Fees**" and "**Prohibited Payments to Non-Arm's Length Parties**", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:

- (a) reasonable expenses relating to the Corporation's IPO, including:
  - (i) fees for legal services and audit services relating to the preparation and filing of this amended and restated prospectus;
  - (ii) Agent's fees, costs and commissions; and
  - (iii) printing costs, including printing of the prospectus, this amended and restated prospectus, and share certificates;
- (b) reasonable general and administrative expenses of the Corporation (not exceeding in aggregate \$3,000 per month), including:

- (i) office supplies, office rent and related utilities;
  - (ii) equipment leases;
  - (iii) fees for legal services; and
  - (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
  - (i) valuations or appraisals;
  - (ii) business plans;
  - (iii) feasibility studies and technical assessments;
  - (iv) sponsorship reports;
  - (v) Geological Reports;
  - (vi) financial statements;
  - (vii) fees for legal services; and
  - (viii) fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Corporation;
- (f) escrow agent and transfer agent fees of the Corporation; and
- (g) regulatory filing fees of the Corporation.

In addition, a maximum aggregate amount of \$25,000 may be advanced as a non-refundable deposit or unsecured loan to a Target Company or Vendor(s), as the case may be, without the prior acceptance of the Exchange. Any proposed deposit, advance or loan of funds from the Corporation to the Target Company or a Vendor(s) in excess of such \$25,000 maximum aggregate may only be made as a secured loan with the prior acceptance of the Exchange where all of the following conditions are satisfied:

- (a) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
- (b) the Qualifying Transaction has been announced in a comprehensive news release;
- (c) due diligence with respect to the Qualifying Transaction is well underway;
- (d) if applicable, a Sponsor has been engaged or the sponsorship requirement has been waived;
- (e) the loan has been announced in a new release at least 15 days prior to the date of any such loan; and
- (f) the total amount of all deposits, advances and loans from the Corporation does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Corporation to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Corporation.

## Finder's Fees

Upon Completion of the Qualifying Transaction, the Corporation and Target Company may pay finder's fees in aggregate pursuant to Exchange Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) to a Person that is not a Non-Arm's Length Party to the Corporation; and
- (b) to a Non-Arm's Length Party to the Corporation, provided that:
  - (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
  - (ii) the Qualifying Transaction is not a transaction between the Corporation and an existing public company;
  - (iii) the finder's fee is payable in the form of cash, Listed Shares and/or Warrants only;
  - (iv) the amount of any Concurrent Financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
  - (v) approval of the finder's fee is obtained by ordinary resolution at a meeting of shareholders of the Corporation or by the written consent of shareholders of the Corporation holding more than 50% of the issued Listed Shares of the Corporation, provided that the votes attached to the Listed Shares of the Corporation held by the recipient of the finder's fee and its Associates and Affiliates are excluded from the calculation of any such approval or written consent.

## Prohibited Payments to Non-Arm's Length Parties

Except as described under "**Incentive Stock Options**" and "**Permitted Use of Proceeds**", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, promotional or market-making services in respect of the Corporation or the securities of the Corporation or any Resulting Issuer, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees (except as permitted under the CPC Policy), loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made by the Corporation or any other Person after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may pay or reimburse a Non Arm's Length Party to the Corporation for reasonable general and administrative expenses of the Corporation (including office supplies, office rent and related utilities, equipment leases, fees for legal services and fees for accounting and advisory services) not exceeding in aggregate \$3,000 per month, and for fees for legal services relating to a proposed Qualifying Transaction, and the Corporation may also reimburse a Non-Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "**Permitted Use of Proceeds**".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any

proceeds anticipated to be raised upon closing of the private placement, will exceed \$10,000,000. Generally, the only securities issuable pursuant to such a private placement will be Common Shares and Agent's Options. Subject to certain limited exceptions, any Common Shares issued pursuant to a private placement to Non-Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation will appoint the Agent as its agent to offer for sale to the public in British Columbia and Alberta, on a commercially reasonable efforts basis, a total of 3,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds to the Corporation of \$300,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission equal to 10% of the gross proceeds of the Offering, being an amount equal to \$30,000. In addition, the Corporation will pay to the Agent a corporate finance fee of \$10,000 plus G.S.T. and the Agent's reasonable expenses incurred pursuant to the Offering, including legal fees, estimated to be \$10,000 plus disbursements and G.S.T.

The Corporation has also agreed to grant to the Agent, or any sub-agents, the Agent's Option to purchase an aggregate of 300,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 2 years from the date the Common Shares are listed on the Exchange. The Agent's Option is qualified under this amended and restated prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Offering and Distribution**

The Offering is subject to a subscription of 3,000,000 Common Shares for total gross proceeds to the Corporation of \$300,000. Under the CPC Policy, 75% or 2,250,000 of the total number of Common Shares offered under this amended and restated prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% of the total number of Common Shares offered under this amended and restated prospectus, being 60,000 Common Shares; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with any Associates and Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this amended and restated prospectus, being 120,000 Common Shares.

The funds received from the Offering will be deposited with the Agent and will not be released until \$300,000 has been deposited. The total subscription must be raised within the lesser of 90 days of the date that a receipt for this amended and restated prospectus or 180 days from the issuance of the receipt for the final prospectus, which was issued on August 16, 2021, or such other time as may be agreed to by the Agent and consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

### **Other Securities to be Distributed**

The Corporation also proposes to grant the Incentive Stock Options to purchase, in aggregate, 660,000 Common Shares to directors and officers of the Corporation in accordance with the policies of the Exchange, which Incentive Stock Options are qualified for distribution under this amended and restated prospectus. See "**Incentive Stock Options**".

## **Determination of Price**

The price of the Common Shares offered pursuant to the Offering was determined by negotiation between the Corporation and the Agent and in accordance with the CPC Policy.

## **Listing Application**

The Exchange has conditionally accepted the listing of the Common Shares. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

## **Venture Issuers**

As at the date of this amended and restated prospectus, the Corporation 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, Aequis 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).

## **Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this amended and restated prospectus and the grant of the Agent's Option and Incentive Stock Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for this amended and restated prospectus is issued by the applicable securities regulatory authority and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **DESCRIPTION OF SECURITIES DISTRIBUTED**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred shares**"), issuable in series, of which, as of the date hereof, 3,600,000 Common Shares and no Preferred shares are issued and outstanding as fully-paid and non-assessable.

### **Common Shares**

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of Common Shares are entitled to share ratably the remaining property or assets of the Corporation.

In addition, 300,000 Common Shares are reserved for issuance upon the exercise of the Agent's Option and 660,000 Common Shares are reserved for issuance upon the exercise of the Incentive Stock Options. See "**Plan of Distribution**" and "**Incentive Stock Options**".

### **Preferred shares**

The Preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the board of directors of the Corporation determines in accordance with the articles of the Corporation prior to the issue thereof.

## **CAPITALIZATION**

The following table sets forth the information respecting the capitalization of the Corporation as at May 31, 2021 and the date hereof before and after giving effect to the Offering.

<b>Capital</b>	<b>Authorized</b>	<b>Amount outstanding as of September 30, 2021 (date of balance sheet)<sup>(1)(2)(4)</sup></b>	<b>Amount outstanding as of date of the amended and restated prospectus<sup>(1)(2)</sup></b>	<b>Amount to be outstanding following the completion of the Offering<sup>(1)(2)(3)</sup></b>
Common Shares	Unlimited	\$180,000 (3,600,000 Common Shares)	\$180,000 (3,600,000 Common Shares)	\$480,000 (6,600,000 Common Shares)

Preferred Shares	Unlimited	Nil	Nil	Nil
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**Notes:**

- (1) The Corporation has reserved 300,000 Common Shares for issuance upon the exercise of the Agent's Option. See **"Plan of Distribution"**.
- (2) The Corporation has reserved 660,000 Common Shares for issuance upon exercise of the Incentive Stock Options. See **"Incentive Stock Options"**.
- (3) Before deducting the costs and expenses of the Offering and in connection with the previous issuance of Common Shares which in the aggregate are estimated to be \$113,000 (exclusive of G.S.T.). See **"Use of Proceeds"**.
- (4) As of the date hereof the Corporation had not yet commenced commercial operations.

## INCENTIVE STOCK OPTIONS

The board of directors of the Corporation may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, senior officers and technical consultants, non-transferable and non-assignable options to purchase Common Shares, exercisable for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance does not exceed ten percent (10%) of the then issued and outstanding Common Shares as at the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares as at the date of grant and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares as at the date of grant.

The term of an Incentive Stock Option will expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Corporation, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such stock option.

All Incentive Stock Options and Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options are subject to escrow under the Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the Escrow Agreement. For further details of the escrow requirements and release provisions, see **"Escrow Securities"**.

Subject to regulatory approval, Incentive Stock Options to purchase 660,000 Common Shares are to be granted on closing of the Offering to directors and officers and such options are qualified for distribution pursuant to this amended and restated prospectus. The table below outlines the options to be granted to directors and officers of the Corporation as well as the Common Shares to be issued upon exercise of the Incentive Stock Options:

<b>Name and Position</b>	<b>Number of Common Shares Under Option</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Kevin Baker	182,650	\$0.10	Ten (10) years from date of grant
John Aihoshi	112,050	\$0.10	Ten (10) years from date of grant
Alex Watson	182,650	\$0.10	Ten (10) years from date of grant
Al Kroontje	182,650	\$0.10	Ten (10) years from date of grant
<b>Total</b>	<b>660,000</b>		

The Incentive Stock Options to purchase, in aggregate, 660,000 Common Shares issued to directors and officers of the Corporation are qualified for distribution under this amended and restated prospectus.

## PRIOR SALES

Since the date of incorporation of the Corporation, 3,600,000 Common Shares have been issued and are outstanding as follows:



<b>Date</b>	<b>Number of Shares</b>	<b>Issue Price per Share</b>	<b>Aggregate Issue Price</b>	<b>Consideration Received</b>
March 22, 2021	3,600,000 <sup>(1)</sup>	\$0.05	\$180,000	Cash

**Note:**

(1) All of the 3,600,000 Common Shares issued at a price of \$0.05 will be held in escrow. See "Escrowed Securities".

## **ESCROWED SECURITIES**

### **Securities Escrowed Prior to the Completion of Qualifying Transaction**

All of the 3,600,000 Common Shares issued prior to the Offering at a price below \$0.10 per Common Share and all Common Shares that may be acquired from treasury by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to the date of the Final QT Exchange Bulletin will be deposited with the Escrow Agent under the Escrow Agreement.

All Incentive Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options are subject to escrow under the Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the Escrow Agreement.

The following table sets out, as at the date hereof, the number of securities of the Corporation, which are currently held in escrow.

<b>Name and Municipality of Residence of Shareholder</b>	<b>Number of Common Shares Held in Escrow</b>	<b>Number of Incentive Stock Options Held in Escrow</b>	<b>Percentage of Common Shares Prior to Completion of the Offering</b>	<b>Percentage of Common Shares Following Completion of the Offering</b>
Kevin Baker <i>Calgary, AB</i>	1,000,000	182,650	27.78%	15.15%
John Aihoshi <i>Calgary, AB</i>	600,000	112,050	16.67%	9.09%
Alex Watson <i>Vancouver, BC</i>	1,000,000	182,650	27.78%	15.15%
Al Kroontje <i>Calgary, AB</i>	1,000,000	182,650	27.78%	15.15%
<b>TOTAL</b>	<b>3,600,000</b>	<b>660,000</b>	<b>100%</b>	<b>54.54%</b>

Where the securities of the Corporation which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement:

- (a) all Incentive Stock Options granted prior to the date of the Final Exchange Bulletin and all Common Shares that were issued pursuant to the exercise of such Incentive Stock Options prior to the date of the Final Exchange Bulletin will be released from escrow on the date of the Final



Exchange Bulletin, other than Incentive Stock Options that were granted prior to the Corporation's IPO with an exercise price that is less than the issue price of the Common Shares under this amended and restated prospectus and any Common Shares that were issued pursuant to the exercise of such Incentive Stock Options which will be released from escrow in accordance with (b);

- (b) except for the Incentive Stock Options and Common Shares issued pursuant to the exercise of such Incentive Stock Options that are released from escrow on the date of the Final Exchange Bulletin as provided for in (a), all of the securities held in escrow will be released from escrow in accordance with the following schedule:

<b>Release Dates</b>	<b>Percentage to be Released</b>
Date of Final QT Exchange Bulletin	25%
Date 6 months following Final QT Exchange Bulletin	25%
Date 12 months following Final QT Exchange Bulletin	25%
Date 18 months following Final QT Exchange Bulletin	25%
<b>TOTAL</b>	<b>100%</b>

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to existing Principals of the Corporation and/or to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation, the Escrow Agent is irrevocably authorized to: (a) immediately cancel all of the escrowed Common Shares held by each Non-Arm's Length Party to the Corporation that were issued at a price below the Offering price under this amended and restated prospectus and all Incentive Stock Options and Option Shares held by such persons; and (b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange bulletin.

#### **Escrowed Securities on Qualifying Transaction**

Generally, in connection with the Qualifying Transaction, subject to certain exemptions, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be required to be escrowed in accordance with the policies of the Exchange.

#### **PRINCIPAL SHAREHOLDERS**

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number of Common Shares</b>	<b>Percentage Owned Prior to Completion of Offering</b>	<b>Percentage to be Owned Following Completion of Offering<sup>(1)</sup></b>
Kevin Baker, Calgary, AB	Direct	1,000,000	27.78%	15.15% <sup>(2)</sup>
John Aihoshi, Calgary, AB	Direct	600,000	16.67%	9.09% <sup>(3)</sup>
Alex Watson, Vancouver, BC	Direct	1,000,000	27.78%	15.15% <sup>(4)</sup>
Al Kroontje, Calgary, AB	Direct	1,000,000	27.78%	15.15% <sup>(5)</sup>

#### **Notes:**

- (1) Following the completion of the Offering, the issued and outstanding share capital of the Corporation will be 6,600,000 Common Shares. Pursuant to the Agent's Option, 300,000 Common Shares are reserved for issuance. In addition, 660,000 Common Shares are reserved for issuance upon the exercise of the Incentive Stock Options. Following the completion of the Offering, the fully-diluted share capital of the Corporation will be 7,560,000 Common Shares.

- (2) The holdings of Kevin Baker, on a fully-diluted basis will be 1,182,650 Common Shares (or approximately 15.64%), assuming that Mr. Baker purchases no Common Shares under the Offering.
- (3) The holdings of John Aihoshi, on a fully-diluted basis will be 712,050 Common Shares (or approximately 9.42%), assuming that Mr. Aihoshi purchases no Common Shares under the Offering.
- (4) The holdings of Alex Watson, on a fully-diluted basis will be 1,182,650 Common Shares (or approximately 15.64%), assuming that Mr. Watson purchases no Common Shares under the Offering.
- (5) The holdings of Al Kroontje, on a fully-diluted basis will be 1,182,650 Common Shares (or approximately 15.64%), assuming that Mr. Kroontje purchases no Common Shares under the Offering.

## DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out, for each of the Corporation's directors and officers, the person's name, municipality of residence, positions with the Corporation, principal occupation and, if a director, the month and year in which the person became a director.

<b>Name and Municipality of Residence</b>	<b>Position(s) with the Corporation</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Kevin R. Baker, Q.C., <sup>(1)</sup> Calgary, AB	Chief Executive Officer and Director	President of Baycor Capital Inc., a private merchant bank, since January 1990 and Chairman and CEO of ConleyMax Inc., a private oilfield service company, since 2011. Mr. Baker is a current director or a past director and officer of a number of public companies listed on the TSX or the Exchange.	March 1, 2021
John Aihoshi, Calgary, AB	Chief Financial Officer, Secretary, and Director	Mr. Aihoshi is currently the Chief Financial Officer of N7 Exploration Ltd., a privately-owned Alberta-based oil and gas company and Chief Financial Officer of San Lorenzo Gold Corp. Mr. Aihoshi is a past director and officer of a number of public companies listed on the Exchange.	March 9, 2021
Alex Watson, <sup>(1)(2)</sup> Vancouver, BC	Director	Private businessman and is currently a Director and the Chief Operating Officer of a Vancouver based Single Family Office, IAG Enterprises Ltd. Mr. Watson formerly worked as an investment banker and partner in IIROC registered broker dealers focusing on companies listed on the TSX or the Exchange.	March 9, 2021
Al J. Kroontje, <sup>(1)(2)</sup> Calgary, AB	Director	President of his private investment company, Tailwind Capital Partners Inc. Current or past director of several public companies listed on the TSX, the Exchange or the NEX board of the Exchange.	March 1, 2021

**Note:**

- (1) Member of the Audit Committee of the Corporation.
- (2) Independent Director.

Prior to the completion of the Offering, the directors and officers of the Corporation directly or indirectly collectively hold 3,600,000 Common Shares or approximately 100% of the issued and outstanding Common Shares of the Corporation. Following the completion of the Offering, the directors and officers of the Corporation will collectively hold 3,600,000 Common Shares or approximately 54.55% of the issued and outstanding Common Shares of the Corporation (approximately 56.34% on a fully diluted basis including the exercise of the Incentive Stock Options and the Agent's Options), assuming the directors and officers purchase no Common Shares under the Offering. In addition, following completion of the Offering, the directors and officers will collectively hold 660,000 Incentive Stock Options.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

All of the directors currently have employment outside the Corporation. Each of the directors of the Corporation has agreed to devote as much of his time to the business and affairs of the Corporation as necessary to complete the Corporation's Qualifying Transaction. See "**Management of the Corporation**" below.

### **Management of the Corporation**

Set forth below is a description of the background of the directors and officers of the Corporation, including a description of each individual's principal occupation(s) within the past five years. For further information, see "**Reporting Issuer Experience of the Directors and Officers of the Corporation**".

#### *Kevin Baker, Director, President and Chief Executive Officer (Age 72)*

Mr. Baker is the President and a founder of Baycor Capital Inc., a private merchant bank, since January 1990, and the Chairman and CEO of ConleyMax Inc., a private oilfield service company, since 2011. Mr. Baker is a current director or a past director and officer of a number of public companies listed on the TSX or TSX Venture Exchange.

Mr. Baker has extensive experience managing corporate startups, including management experience in relation with operations, corporate securities and initial public offerings. Mr. Baker is a director of San Lorenzo Gold Corp., a public company listed on the Exchange, and has served as director and officer to a number of public companies listed on the TSX or the Exchange.

Mr. Baker holds a Bachelor of Arts degree and a Bachelor of Laws degree (LLB) all from the University of Alberta. Mr. Baker has been a member of the Law Society of Alberta since 1972. In 1993 Mr. Baker was appointed Queen's Counsel. Mr. Baker has served on the boards of a number of exploration and production companies and a number of oilfield service companies.

Mr. Baker will devote the time necessary to perform the work required in connection with serving as President and Chief Executive Officer of the Corporation. Mr. Baker is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

#### *John Aihoshi, Director, Chief Financial Officer and Secretary (Age 67)*

Mr. Aihoshi is currently the Chief Financial Officer of N7 Exploration Ltd., a privately-owned Alberta-based oil and gas company and Chief Financial Officer of San Lorenzo Gold Corp. Formerly, Mr. Aihoshi was the Chief Financial Officer of Border Petroleum Ltd. from July 2011 to August 2018 and Canflame Energy Ltd. from March 2008 to July 2011 and prior thereto was the Corporate Controller of Enseco Energy Services Partnership from February 2006 to November 2007. Mr. Aihoshi holds a Business Diploma from the Southern Alberta Institute of Technology and a Logistics Lieutenant designation from the Canadian Forces Officer Candidate School. Mr. Aihoshi also is a Certified Management Accountant designation from the Society of Management Accountants based in Calgary, Alberta.

Mr. Aihoshi will devote the time necessary to perform the work required in connection with serving as Chief Financial Officer of the Corporation. Mr. Aihoshi is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

#### *Alex Watson, Director (Age 41)*

Mr. Watson is a private businessman and is currently a Director and the Chief Operating Officer of a Vancouver based Single Family Office, IAG Enterprises Ltd. Mr. Watson's principal area of practice is real estate acquisition and development as well as equity investment in private corporations. Mr. Watson holds a Bachelor of Commerce Degree in Entrepreneurial Management from Royal Roads University. He is also a past employee and partner of IIROC registered broker dealers where he worked in the investment banking division focusing on the listing and financing of resource focused issuers on the TSX and the Exchange.

Mr. Watson will devote the time necessary to perform the work required in connection with the direction of the Corporation and completion of a Qualifying Transaction. Mr. Watson is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

*Al Kroontje, Director (Age 65)*

Mr. Kroontje is the President of his private investment company, Tailwind Capital Partners Inc., since September 2013. Mr. Kroontje has been involved with numerous corporate start-ups and corporate restructurings. Mr. Kroontje holds a Bachelor of Science degree (Chemical Engineering) from the University of Waterloo, Ontario. Mr. Kroontje also holds a P. Eng designation from the Association of Professional Engineers and Geologists of Alberta but is currently a non-practicing engineer.

Mr. Kroontje serves as a Director and Officer of several public companies and is currently a Director of Lithium Chile Inc., San Lorenzo Gold Corp., Stuve Gold Corp. and Whitemud Resources Inc. ("**Whitemud**"), all public companies listed on the Exchange. Over the past 10 years, Mr. Kroontje has been a past director of several public companies or corporate trusts that were listed on the Exchange or on the TSX.

Mr. Kroontje will devote the time necessary to perform the work required in connection with the direction of the Corporation and completion of a Qualifying Transaction. Mr. Kroontje is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

### Reporting Issuer Experience of the Directors and Officers of Corporation

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

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Kevin Baker	San Lorenzo Gold Corp (formerly Tailwind Capital Corporation)	TSXV	President and Director	April 2018	Present
	Calfrac Well Services Ltd.	TSX	Director	May 2010	December 2020
	Point Loma Resources Ltd.	TSXV	Director	April 2017	November 2019
John Aihoshi	San Lorenzo Gold Corp. (formerly Tailwind Capital Corporation)	TSXV	Chief Financial Officer	December 2020	Present
	Border Petroleum Limited	TSXV	Chief Financial Officer	July 2011	August 2018
			Interim Chief Financial Officer	August 2018	March 2019
Al Kroontje	West Isle Energy Inc.	CSE	Chief Financial Officer	November 2017	February 2019
	Stuve Gold Corp. (formerly Big Dougie Capital Corp.)	TSXV	Chief Executive Officer and Director	December 2017	Present
	San Lorenzo Gold Corp. (formerly Tailwind Capital Corporation)	TSXV	Director	March 2017	Present
	Lithium Chile Inc. (formerly Kairos Capital Corporation)	TSXV	Director	May 2013	Present

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>From</b>	<b>To</b>
	Whitemud Resources Inc.	TSXV	Director	August 2011	Present
	PetroFrontier Corp.	TSXV	Director	December 2010	December 2019
	Border Petroleum Limited	TSXV	Interim Chief Executive Officer and Director	May 2010	April 2019
	QYOU Media Inc. (formerly, Galleria Opportunities Ltd. and Galleria Opportunities Inc.)	TSXV	Interim President and Director	September 1994	March 2017

### **Cease Trade Orders**

Other than as disclosed below, no director, officer, insider or promoter of the issuer or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, as at the date of this amended and restated prospectus, or was within 10 years before the date of this amended and restated prospectus, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity:

- (a) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the director, officer, insider, promoter or shareholder was acting in the capacity as director, officer, insider or promoter; or
- (b) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the director, officer, Insider, promoter or shareholder ceased to be a director, officer, Insider or promoter and which resulted from an event that occurred while that person was acting in the capacity as director, officer, Insider or promoter.

John F. K. Aihoshi was appointed the Chief Financial Officer of West Isle Energy Inc. ("**West Isle**") effective November 1, 2017. West Isle is subject to cease trade orders issued against it by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission on June 5, 2012, May 8, 2013 and July 10, 2012, respectively, for failing to file certain outstanding continuous disclosure documents in a timely manner. Mr. Aihoshi became an officer of West Isle as part of the efforts to reactivate the company and resigned on February 15, 2019. Mr. Aihoshi was not involved with West Isle when it failed to file the required continuous disclosure documents.

Al J. Kroontje was a director of Cobalt Coal Ltd. ("**Cobalt**") from October 2009 until February 7, 2014. On October 5, 2012, the Alberta and British Columbia Securities Commissions issued cease trade orders as a result of Cobalt's failure to meet a deadline to file an updated technical report, compliant with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The technical report was filed on the SEDAR website on November 15, 2012, and the commissions issued a full revocation on their respective trade orders on November 27, 2012.

Mr. Kroontje was appointed as a director of Whitemud in August 2011 pursuant to a court approved restructuring of Whitemud which was initiated by Mr. Kroontje. Prior to his appointment, certain cease trade orders issued by the BC Securities Commission, the Alberta Securities Commission, the Autorité des marchés financiers (Quebec), the Ontario Securities commission and the Manitoba Securities Commission were already in place for failure to file financial statements and certain other continuous disclosure documents. The cease trade orders were subsequently revoked by all of those agencies between April 3, 2013 and April 5, 2013, as a result of the successful restructuring of the affairs of Whitemud. Mr. Kroontje was not involved with Whitemud when it failed to file the required continuous disclosure documents that resulted in the cease trade orders.

Mr. Baker was formerly a director of Point Loma Resources Ltd. ("**Point Loma**") (a public oil and gas company). The Orphan Well Association made an application to the Court of Queen's Bench of Alberta (the "**Court**") to appoint a receiver under the *Bankruptcy and Insolvency Act* (Canada). On June 8, 2020, the Orphan Well Association was

granted a receivership order by the Court, a cease trade order was issued by the Alberta Securities Commission and other jurisdictions on or about June 5, 2020 and trading in the common shares of Point Loma was suspended by the Exchange on August 7, 2020. Mr. Baker resigned as a director of Point Loma on November 25, 2019.

### **Penalties or Sanctions**

No director, officer, insider or promoter of the Corporation, or a shareholder holding sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

### **Bankruptcies**

No director, officer, insider or promoter of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons:

- (a) is, as at the date of the amended and restated prospectus, or has been within the 10 years before the date of this amended and restated prospectus, a director, officer, insider or promoter of any company (including the Corporation) 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 amended and restated prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Mr. Baker was formerly a director of Point Loma. The Orphan Well Association made an application to the Court to appoint a receiver under the *Bankruptcy and Insolvency Act* (Canada). On June 8, 2020, the Orphan Well Association was granted a receivership order by the Court, a cease trade order was issued by the Alberta Securities Commission and other jurisdictions on or about June 5, 2020 and trading in the common shares of Point Loma was suspended by the Exchange on August 7, 2020. Mr. Baker resigned as a director of Point Loma on November 25, 2019.

### **Indebtedness of Directors and Officers**

None of the directors or officers of the Corporation or any of their respective Associates or Affiliates has been indebted to the Corporation since the date of the Corporation's incorporation.

### **Conflicts of Interest**

There may be potential conflicts of interest to which the directors, officers and Insiders of the Corporation may be subject in connection with the operations of the Corporation. The directors, officers and insiders may be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where a director, officer or Insider will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

### **Audit Committee**

The following information of the Corporation is disclosed in accordance with National Instrument 52-110 *Audit Committees* ("NI 52-110" or the "Instrument"):

### *Item 1: Audit Committee Charter*

This audit committee charter (the "Charter") has been adopted by the board of directors (the "**Board**") in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

## **PART 1**

**Purpose:** The purpose of the Committee is to:

- (a) significantly improve the quality of the Corporation's financial reporting;
- (b) assist the Board to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the Board and external auditors;
- (d) enhance the external auditor's independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

### **1.1 Definitions**

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Affiliate" shall have the meaning ascribed thereto in the Instrument;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Hoshi Resource Corp.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- (a) a chair of the Corporation;
- (b) a vice-chair of the Corporation;
- (c) a president of the Corporation;

- (d) a vice-president in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- (f) any other individual who performs a policy-making function in respect of the Corporation;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means National Instrument 52-110 – *Audit Committees*;

"MD&A" has the meaning ascribed to it in NI 51-102;

"Member" means a member of the Committee;

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

## **1.2 Meaning of Independence**

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation, all as determined in accordance with the Instrument.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.

**1.3 Meaning of Financial Literacy** -- For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

## **PART 2**

**2.1 Audit Committee** – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

**2.2 Relationship with External Auditors** – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

## **2.3 Committee Responsibilities**

1. The Committee shall be responsible for making the following recommendations to the Board:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
  - (b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.



This responsibility shall include:

- (a) reviewing the audit plan with management and the external auditor;
  - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
  - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
  - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
  - (g) reviewing interim unaudited financial statements before release to the public;
  - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
  - (i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
  - (j) reviewing the terms of reference of the internal auditor, if any;
  - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - (l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
  4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
  5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.
  6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
  7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
  8. The Committee shall, as applicable, establish procedures for:

- (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. The Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
  10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

**2.4 De Minimis Non-Audit Services** – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- (b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

## **2.5 Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

## **PART 3**

### **3.1 Composition**

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

## **PART 4**

**4.1 Authority** – Until the replacement of this Charter, the Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) set and pay the compensation for any advisors employed by the Committee,
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the Board.

## PART 5

**5.1 Disclosure in Information Circular** -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*). If the Corporation is not required to send a management information circular to its security holders, it must provide the disclosure required by Form 52-110F2 in its annual information form or annual MD&A.

## PART 6

### 6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

#### *Item 2: Composition of the Audit Committee*

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Corporation's board, reasonably interfere with the exercise of the member's independent judgment.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. The following sets out the members of the audit committee and their education and experience that is relevant to the performance of his responsibilities as an audit committee member.

The current members of the Audit Committee are Kevin Baker, Alex Watson and Al Kroontje, all of whom are financially literate in accordance with NI 52-110, with Messrs. Watson and Mr. Kroontje acting as independent directors. See "**Directors, Officers, and Promoters**".

#### *Item 3: Relevant Education and Experience of Audit Committee Members*

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

All current members of the Audit Committee have received relevant education in financial literacy and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements).

Further, each member has the requisite education and experience that has provided the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare the Corporation's financial statements;
- (b) the ability to assess the general application of the above-noted principles in connection with estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level 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 Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and

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

See "**Directors, Officers, and Promoters**".

*Item 4: Audit Committee Oversight*

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board.

*Item 5: Reliance on Certain Exemptions*

Since incorporation, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if a circumstance arises that affects the business or operations of the Corporation and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Corporation);
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if an Audit Committee member becomes a control person of the Corporation or of an affiliate of the Corporation for reasons outside the member's reasonable control);
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Corporation if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the board was required to fill the vacancy); and
- (e) an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Corporation is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Corporation is relying upon the exemption in section 6.1 of NI 52-110 providing that the Corporation is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

*Item 6: Pre-Approval Policies and Procedures*

The Audit Committee's charter provides that that Audit Committee must approve all non-audit services to be provided by the Corporation's external auditor to the Corporation or a subsidiary of the Corporation.

*Item 7: External Auditor Service Fees (By Category)*

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Corporation for professional services rendered to the Company since incorporation:

Since incorporation on March 1, 2021 to the date of this amended and restated prospectus	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
	\$12,102.75	Nil	Nil	Nil

**Notes:**

- (1) The aggregate fees billed for audit services since incorporation.
- (2) The aggregate fees billed since incorporation of the Corporation for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

## **EXECUTIVE COMPENSATION**

Except as set out below or otherwise disclosed in this amended and restated prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, other than:

- (a) grants of stock option as described in "**Incentive Stock Options**";
- (b) payment for and reimbursement of certain expenses as described in "**Use of Proceeds – Permitted Use of Funds**" and "**Use of Proceeds – Prohibited Payments to Non-Arm's Length Parties**"; and
- (c) finder's fees as described in "**Use of Proceeds – Finder's Fees**".

Further, no payment will be made by the Corporation, or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction. Following Completion of the Qualifying Transaction, the Corporation may pay compensation to its directors and officers.

## **PROMOTERS**

Kevin Baker and Al Kroontje may be considered to be the promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. Mr. Baker owns 1,000,000 Common Shares (27.78%) as of the date hereof, and will be granted between 182,650 Incentive Stock Options at Closing. Mr. Baker is also the President, Chief Executive Officer, and a Director of the Corporation. Mr. Kroontje owns 1,000,000 Common Shares (27.78%) as of the date hereof, and will be granted between 182,650 Incentive Stock Options at Closing. Mr. Kroontje is also a Director of the Corporation.

See "*Directors, Officers and Promoters*", "*Prior Sales*", "*Principal Shareholders*", and "*Directors' and Officers' Options*".

## **DILUTION**

Purchasers of Common Shares under this amended and restated prospectus will suffer an immediate dilution of at least 27% or \$0.027 per Common Share on the basis of there being 6,600,000 Common Shares of the Corporation issued and outstanding following completion of this Offering (not including Common Shares issuable upon exercise of the Agent's Option or Incentive Stock Options). Dilution has been computed on the basis of total gross proceeds to be raised by this amended and restated prospectus and from sales of securities prior to filing of this amended and restated prospectus, without deduction of commissions or related expenses incurred by the Corporation.

## **RISK FACTORS**

**Investment in the Common Shares offered by this amended and restated prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment.**

The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Corporation has not identified a potential asset or business for acquisition or participation and has not entered into an Agreement in Principle as defined in the CPC Policy. Until Completion of

the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. See "**Business of the Corporation**".

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "**Directors, Officers and Promoters**".

The Corporation may incur additional expenses and delays due to the impact of the global pandemic caused by COVID-19 on the capital markets and general market conditions. Such expenses and delays may result in a material adverse impact in connection with the Corporation's ability to complete its Offering, and its ability to obtain additional necessary capital in the future. In particular, while the precise impact of the COVID-19 outbreak on the Corporation remains unknown, rapid spread of COVID-19 and its declaration as a global pandemic may have a negative impact on the Corporation's business in general.

Assuming completion of the Offering, investors acquiring Common Shares under this amended and restated prospectus will suffer an immediate dilution of approximately 27% or \$0.027 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. See "**Dilution**".

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors, which dilution may be significant, and which may also result in a change of control of the Corporation. Subject to prior Exchange approval, the Corporation may be permitted to loan or advance up to an aggregate of \$25,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. See "**Business of the Corporation**" and "**Use of Proceeds**".

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other applicable law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no other entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Corporation will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading of the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See "**Business of the Corporation**".

In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

**As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.**

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of DS Burstall LLP, counsel to the Corporation, based on the current provisions of the Tax Act and the regulations thereunder (in effect on the date hereof), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the Exchange) on the date of Closing and subject to the provisions of any particular plan, the Common Shares offered hereby will, on the date of Closing, constitute "qualified investments" under the Tax Act for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs.

Notwithstanding that the Common Shares will be a qualified investment for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under a RRSP or RRIF, the subscriber under an RESP, or the holder under a TFSA or RDSP (as applicable) will be subject to a penalty tax if the Common Shares are a "prohibited investment" in respect of such RRSP, RRIF, RESP, RDSP or TFSA. The Common Shares will not be a prohibited investment provided that the holder, annuitant or subscriber (as the case may be) deals at arm's length with the Corporation for the purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Common Shares will not be a prohibited investment if the Common Shares are "excluded property" (as defined in the Tax Act). Holders should consult their own advisors as to whether the Common Shares will be a prohibited investment in their particular circumstances.

## **LEGAL PROCEEDINGS**

The Corporation is not party to any legal proceedings, nor to the best of its knowledge are there any legal proceedings threatened or pending.

## **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The Corporation is not a "related issuer" or "connected issuer" of the Agent for the purposes of National Instrument 33-105 - Underwriting Conflicts. The Agent was not involved in the decision by the Corporation to distribute Common Shares pursuant to the Offering, nor was the Offering requested or suggested to the Corporation by the Agent. The Agent, through its corporate finance department was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the Common Shares on a "commercially reasonable efforts" basis. The Agent does not, prior to completion of the Offering, own directly or indirectly, any securities of the Corporation and the only proceeds of the Offering to be received by it is the remuneration to be paid to it in connection with the sale of the Common Shares, which includes the Agent's commission, the corporate finance fee payable to it and the Agent's Option. See "**Plan of Distribution**".

## **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by DS Burstall LLP, on behalf of the Corporation, and by MLT Aikins LLP, on behalf of the Agent.

The partners and associates of DS Burstall LLP and MLT Aikins LLP collectively do not own any of the Common Shares as at the date hereof. Additionally, the partners and associates of DS Burstall LLP and MLT Aikins LLP may subscribe for additional Common Shares pursuant to the Offering. In addition, no "professional person" is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditor of the Corporation is MNP LLP, Chartered Accountants at 1500, 640 - 5th Avenue S.W. Calgary, AB.

Odyssey Trust Company, 350 – 300 5th Avenue S.W., Calgary, AB, is the transfer agent and registrar for the Common Shares.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Certain directors and officers of the Corporation have acquired Common Shares of the Corporation in the seed capital phase of the Corporation. In addition, each of the directors and officers of the Corporation will be granted

options to purchase Common Shares pursuant to the Corporation's Option Plan. See **"Incentive Stock Options"**, **"Escrowed Securities"** and **"Principal Shareholders"**.

Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation.

### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except:

1. the Escrow Agreement dated August 13, 2021 among the Corporation, Odyssey Trust Company and certain shareholders of the Corporation. See **"Escrowed Securities"**; and
2. the Agency Agreement dated August 13, 2021 between the Corporation and the Agent. See **"Plan of Distribution"**.

Copies of these agreements will be available for inspection at the offices of the Corporation, at any time during ordinary business hours while the securities offered by this amended and restated prospectus are in the course of distribution and for a period of 30 days thereafter. Copies of these agreements will also be available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this amended and restated prospectus or are necessary in order for the amended and restated prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the provinces of British Columbia and Alberta 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. The securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages, if this amended and restated 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.



## **FINANCIAL STATEMENTS**

*(Financial statements attached)*

**Hoshi Resource Corp.**  
**Financial Statements**

For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
*(Expressed in Canadian Dollars)*

To the Directors of Hoshi Resource Corp.:

### Opinion

We have audited the financial statements of Hoshi Resource Corp. (the "Company"), which comprise the statement of financial position as at September 30, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from March 1, 2021 (date of incorporation) to September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the period from March 1, 2021 to September 30, 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

Calgary, Alberta  
November 12, 2021

*MNP LLP*  
Chartered Professional Accountants

**Hoshi Resource Corp.**  
**Statement of Financial Position**  
*As at September 30, 2021*  
*(Expressed in Canadian Dollars)*

	Note		
<b>Assets</b>			
<b>Current</b>			
Cash	5	\$	125,683
Deferred financing	11		25,500
<b>Total assets</b>		<b>\$</b>	<b>151,183</b>
 <b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accruals		\$	8,375
<b>Total liabilities</b>		<b>\$</b>	<b>8,375</b>
 <b>Shareholders' Equity</b>			
Share capital	6	\$	180,000
Deficit			(37,192)
Total shareholders' equity			142,808
<b>Total liabilities and shareholders' equity</b>		<b>\$</b>	<b>151,183</b>

**Subsequent event** *(Note 11)*

**Approved on behalf of the Board of Directors**

**"Kevin R. Baker"**  
**Director, Kevin R. Baker QC.**

**"John Aihoshi"**  
**Director, John Aihoshi**

**Hoshi Resource Corp.**  
**Statement of Loss and Comprehensive Loss**  
*For the period from March 1, 2021 (date of incorporation) to September 30, 2021*  
*(Expressed in Canadian Dollars)*

	<b>Note</b>		
<b>Expenses</b>			
Professional fees		\$	35,678
General and administrative			1,514
<b>Loss and comprehensive loss</b>		<b>\$</b>	<b>37,192</b>
<b>Loss per share</b>			
Basic and Diluted		\$	-
Weighted average number of shares outstanding	<b>6</b>		-

**Hoshi Resource Corp.**  
**Statement of Changes in Shareholders' Equity**  
*(Expressed in Canadian Dollars)*

	<b>Note</b>	<b>Share Capital (\$)</b>	<b>Contributed Surplus (\$)</b>	<b>Deficit (\$)</b>	<b>Shareholders' Equity (\$)</b>
<b>At incorporation, March 1, 2021</b>		-	-	-	-
Issuance of common shares	<b>6</b>	180,000	-	-	180,000
Net loss and comprehensive loss		-	-	(37,192)	(37,192)
<b>Balance at September 30, 2021</b>		<b>180,000</b>	<b>-</b>	<b>(37,192)</b>	<b>142,808</b>

**Hoshi Resource Corp.****Statement of Cash Flows**

*For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)*

	Note	
<b>Cash flows from operating activities:</b>		
Net loss		\$ (37,192)
Add (deduct) change in non-cash items:		
Accounts payable and accruals		8,375
<b>Cash flows used in operating activities</b>		<b>(28,817)</b>
<b>Cash flows from financing activities:</b>		
Financing costs paid	11	(25,500)
Proceeds from share issuance	6	\$ 180,000
<b>Cash flows provided by financing activities</b>		<b>154,500</b>
<b>Increase in cash</b>		<b>125,683</b>
<b>Cash, beginning of period</b>		<b>-</b>
<b>Cash, end of period</b>		<b>\$ 125,683</b>



# Hoshi Resource Corp.

## Notes to Financial Statements

For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)

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### 1. REPORTING ENTITY

Hoshi Resource Corp. (the "Company") was incorporated on March 1, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at Suite 900, 903 – 8<sup>th</sup> Ave SW, Calgary, AB, T2P 0P7.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

### 2. BASIS OF PRESENTATION

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning March 1, 2021.

These financial statements were authorized for issue in accordance with a resolution of the directors on November 12, 2021.

#### Basis of measurement

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

#### Cash

Cash consists of the proceeds generated from share issuances which is included in bank balances that are readily convertible into cash.

#### Deferred financing costs

Financing costs related to proposed financings are recorded as deferred financing costs. These costs are deferred until the financing is completed at which time the costs are charged against the proceeds received. If the financing does not close, the costs are charged to operations.

# Hoshi Resource Corp.

## Notes to Financial Statements

For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Share-based payments

The Company applies a fair value-based method of accounting to all share-based payments. Employee and director stock options are measured at the fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based compensation expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

#### Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

##### *Current tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred tax*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

#### Financial Instruments

##### *Classification and measurement of financial instruments*

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

##### *Amortized cost*

The Company classifies its cash and accounts payable and accruals as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

##### *Impairment of financial assets*

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)***Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

**Estimates**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Fair value of financial instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

*Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**Judgements**

The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Taxes*

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

*Financial instruments*

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

**5. CASH**

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

# Hoshi Resource Corp.

## Notes to Financial Statements

For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)

### 6. SHARE CAPITAL

*Authorized:*

Unlimited number of common shares and preferred shares which are issuable in series.

*Issued:*

Common Shares

	Number of Shares	\$
Issued at incorporation	-	-
Issued at \$0.05 per share	3,600,000	180,000
As at September 30, 2021	3,600,000	180,000

All common shares issued are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

*Stock options*

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares of the Company as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares of the Company as at the date of grant of such option.

As at September 30, 2021, no stock options have been granted.

### 7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

**Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- 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.

The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

# Hoshi Resource Corp.

## Notes to Financial Statements

For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)

### 7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as its cash balance is held with a major Canadian financial institution.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As at September 30, 2021, the Company has cash of \$125,683 to satisfy obligations of \$8,375 as they come due, as such, is not exposed to significant liquidity risk.

#### Market risk

Market risk is the risk of loss that results from changes in market prices, market risk is comprised of foreign currency risk, interest rate risk and other price risks.

##### (i) Currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

##### (ii) Interest rate risk

The Company's cash balance is non-interest bearing.

##### (iii) Commodity risk

The Company is not exposed to commodity risk.

### 8. Taxes

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	2021
<b>Loss before taxes</b>	<b>(37,192)</b>
Statutory tax rate	23%
<b>Expected tax recovery</b>	<b>(8,554)</b>
Increase (decrease) resulting from:	
Impact of deferred financing costs	(5,865)
Tax asset not recognised	14,419
<b>Tax recovery</b>	<b>-</b>

The Company has estimated its gross deductible temporary differences related to non-capital loss carryforwards to be approximately \$42,000 and deferred financing costs to be \$20,000. The non-capital loss carryforwards will expire in 2041 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

### 9. Related Party Transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current period.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

# Hoshi Resource Corp.

## Notes to Financial Statements

*For the period from March 1, 2021 (date of incorporation) to September 30, 2021  
(Expressed in Canadian Dollars)*

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### 10. CAPITAL MANAGEMENT

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the requirements of the Exchange.

### 11. SUBSEQUENT EVENT

The Company is in the process of filing a prospectus with the TSX-V with the intent of completing a public offering of 3,000,000 common shares at a price of \$0.10 per share (the "Offering"). The Company entered into an agreement with PI Financial Corp. (the "Agent"), whereby the Company will pay a corporate finance fee of \$10,000 plus applicable taxes, reimburse for Agent's expenditures related to the offering, and commission equal to 10% of the total proceeds raised in the Offering. In addition, the Company will grant the Agent options (the "Agent's Options") in an amount equal to 10% of the common shares issued pursuant to the Offering. The Agent's Options will be exercisable at a price of \$0.10 per common share and may be exercised for a period expiring 24 months from the date of listing. The completion of the listing and the offering are subject to the Company fulfilling and meeting the requirements of the TSX-V. As at September 30, 2021, total cost incurred in association with the proposed Offering was \$25,500.

In conjunction with closing of the offering, the Company will grant 660,000 options under the Company's stock option plan to directors and officers of the Company. The options, which vest immediately, may be exercised at a price of \$0.10 per common share for a period of ten years from the date of the agreement.

## CERTIFICATE OF CORPORATION

Dated: November 12, 2021

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of British Columbia and Alberta.

*(s) "Kevin Baker"*

Kevin Baker  
Chief Executive Officer

*(s) "John Aihoshi"*

John Aihoshi  
Chief Financial Officer

## ON BEHALF OF THE BOARD

*(s) "Alex Watson"*

Alex Watson  
Director

*(s) "Al Kroontje"*

Al Kroontje  
Director

## **CERTIFICATE OF THE PROMOTERS**

Dated: November 12, 2021

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of British Columbia and Alberta.

*(s) "Kevin Baker"*

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Kevin Baker  
Promoter

*(s) "Al Kroontje"*

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Al Kroontje  
Promoter



## **CERTIFICATE OF AGENT**

Dated: November 12, 2021

To the best of our knowledge, information and belief, this amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of British Columbia and Alberta.

### **PI FINANCIAL CORP.**

*(s) "Jim Locke"*

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By: Jim Locke

Vice President, Investment Banking