

The Offering Memorandum as amended constitutes a private offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, sold and therein only by those entities permitted to sell such securities. The Offering Memorandum as amended is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed the Offering Memorandum as amended. Any representation to the contrary is an offence. This is a risky investment. See Item 8 of the Offering Memorandum. The Offering Memorandum as amended is for the confidential use of only those persons to whom it is transmitted in connection with the Offering. No person has been authorized to give any information or to make any representation not contained in the Offering Memorandum as amended. The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") and the securities laws of any state of the United States, and may not be offered or sold to, directly or indirectly, in the United States or for the account or benefit of a person in the "United States" or a "U.S. person" (as such terms are defined in Regulation S under the U.S. Securities Act), except pursuant to registration under the 1933 Act and the securities laws of all applicable states or available exemptions therefrom. The Issuer has no obligation or present intention of filing a registration statement under the 1933 Act in respect of any of the securities offered herein. Hedging transactions involving these securities may not be conducted unless in compliance with the U.S. Securities Act.



**AMENDMENT TO OFFERING MEMORANDUM
FOR NON-QUALIFYING ISSUERS
ISSUER: FREIGHTERA LOGISTICS INC.**

Address: Office 8036, 200-375 Water Street, Vancouver, BC V6B 0M9

Contact: Eric Beckwitt, CEO Tel: 604-899-4081 E-mail: eric.beckwitt@freightera.com

THE OFFERING

<i>Date of Offering Memorandum:</i>	December 13, 2019
<i>Securities Offered:</i>	Up to 500,000 non-transferable Class "B" Convertible Preferred Shares ("Convertible Shares").
<i>Amendment Date:</i>	January 8, 2020

AMENDMENT

Freightera Logistics Inc. (the "Company", or "Freightera") completed the RC Data Transaction (as defined below) on December 30, 2019. The Offering Memorandum of the Company dated December 13, 2019 (the "Offering Memorandum") is hereby amended to reflect the RC Data Transaction by amending the disclosure in the Offering Memorandum referenced below with the disclosure provided for herein.

Unless specifically defined in this Amendment, the defined terms utilized herein have the same meaning as in the Offering Memorandum.

The terms of the Offering Memorandum are hereby amended as follows:

1. Item 2.3 Development of Business is amended by adding the following paragraphs after the fifth paragraph under the subheading "Funding":

"On December 30, 2019, Freightera completed a financing (the "**RC Data Transaction**") with RC Data Corp. ("**RC Data**"). Pursuant to the RC Data Transaction, Freightera entered into a share transfer agreement with Rudy Cheddie 2033 Trust (the "**RC Trust**"). Pursuant to the share transfer agreement, Freightera purchased 750,000 Class E Special shares of RC Data from RC Trust in consideration for the issuance by Freightera of a secured non-convertible promissory note in the amount of \$500,000 (the "**RC Note**") and a secured convertible debenture in the amount of \$250,000 (the "**RC Convertible Debenture**"). The Class E Special shares of RC Data were redeemed for \$1 each, which redemption price was satisfied by the issuance by RC Data of a promissory note in the amount of \$250,000 (the "**Freightera Note**"), plus \$500,000 in cash.

The RC Note and Freightera Note bear interest at a rate of 12% per annum and mature on the

earlier of (i) May 30, 2020 and (ii) completion of the Going Public Transaction. The RC Debenture bears interest at a rate of 2% per annum until completion of Going Public Transaction, and 10% per annum thereafter, and matures on December 30, 2024. On completion of the Going Public Transaction, the RC Convertible Debenture is convertible at the holder's option into Listed Company Shares at a price of \$0.75 per Listed Company Share. If the Going Public Transaction does not complete by May 29, 2020, the RC Convertible Debenture is convertible into Common Shares at a price of \$0.53 per Common Share. The RC Note and RC Convertible Debenture are secured by a general security agreement over all of the assets of the Company. On December 30, 2019, the RC Note and RC Convertible Debenture were assigned from RC Trust to RC Data."

2. Item 2.3 Development of Business – Going Public Transaction is amended by deleting the paragraph beginning "Certain warrants of the Company ..." in its entirety and replacing it with the following:

"Certain warrants of the Company that are not exercised prior to closing of the Going Public Transaction will expire and be of no further force and effect in accordance with their terms. The convertible debentures of the Company, other than the Pollack Convertible Note, Private Placement Debentures, and RC Debenture, will be convertible into Listed Company Shares, adjusted in accordance with the exchange ratio. The Pollack Convertible Note, Private Placement Debentures, RC Convertible Debenture, and finders warrants issued in connection with the Private Placement Debentures and this Offering will be convertible into Listed Company Shares in accordance with their terms."

3. Item 2.7 Material Agreements is amended by adding the following material agreements:

7. RC Note dated December 30, 2019 issued by the Issuer to RC Data. See Item 2.3 – Development of the Business – Funding for more information.
8. RC Convertible Debenture dated December 30, 2019 issued by the Issuer to RC Data. See Item 2.3 – Development of the Business – Funding for more information.
9. General Security Agreement dated December 30, 2019 between the Issuer and RC Data. See Item 2.3 – Development of the Business – Funding for more information.

4. The table at Item 4.1 Capital Structure – Share Capital is amended by replacing the heading row and last row with the following, and adding the associated note:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at December 30, 2019	Number outstanding after Minimum Offering ⁽⁶⁾	Number outstanding after Maximum Offering
Convertible Debentures	N/A	N/A	\$2,780,800 ⁽³⁾	\$2,780,800	\$2,780,800

Notes:

(3) Includes the Private Placement Debentures, Pollack Convertible Debenture, the RC Convertible Debenture, and convertible debenture issued to former shareholders of Motherload. See Item 2.3: Development of Business for the terms of the outstanding convertible debentures.

5. The table at Item 4.1 Long Term Debt Securities is amended by replacing the heading row and adding the last row as follows:

Description of long term debt	Interest Rate	Repayment Terms	Amount outstanding as at December 30, 2019
RC Convertible Debenture	2% per annum, increasing to 10% on closing of a Going Public Transaction	Matures on December 30, 2024. May be converted into Listed Company Shares or Common Shares by the holder following the Going Public Transaction or Termination Date.	\$250,000

6. The table at Item 4.3 Prior Sales is amended by replacing the last row with the following two rows and adding the associated note:

December 30, 2019	Convertible Debenture ⁽¹¹⁾	\$250,000	N/A	\$250,000
	Total Convertible Debentures	\$2,500,800		\$2,500,800

Notes:

(11) See details of the RC Convertible Debenture in Item 2.3 Development of Business.

Other than the amendments as described above, the disclosure and information contained in the Offering Memorandum remains accurate and valid. Accordingly, investors should be aware that this Amendment to the Offering Memorandum only contains specific amendments to the Offering Memorandum and does not contain the full text of the disclosure and information contained in the Offering Memorandum. It is intended that this Amendment be read in conjunction with the Offering Memorandum and investors should not rely exclusively on the information and disclosure contained individually in the Offering Memorandum or this Amendment to the Offering Memorandum.

DATE AND CERTIFICATE

Dated: January 8, 2020

The Offering Memorandum, as amended by this Amendment, does not contain a misrepresentation.

"Eric Beckwitt"

Eric Beckwitt, CEO

This Offering Memorandum constitutes a private offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8. This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this Offering. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") and the securities laws of any state of the United States, and may not be offered or sold to, directly or indirectly, in the United States or for the account or benefit of a person in the "United States" or a "U.S. person" (as such terms are defined in Regulation S under the U.S. Securities Act"), except pursuant to registration under the 1933 Act and the securities laws of all applicable states or available exemptions therefrom. The Issuer has no obligation or present intention of filing a registration statement under the 1933 Act in respect of any of the securities offered herein. Hedging transactions involving these securities may not be conducted unless in compliance with the U.S. Securities Act.



**OFFERING MEMORANDUM
FOR NON-QUALIFYING ISSUERS
ISSUER: FREIGHTERA LOGISTICS INC.**

Address: Office 8036, 200-375 Water Street, Vancouver, BC V6B 0M9

Contact: Eric Beckwitt, CEO Tel: 604-899-4081 E-mail: eric.beckwitt@freightera.com

LISTING STATUS

Currently Listed or Quoted?	No. These securities do not trade on any stock exchange or market.
Reporting Issuer?	No.
SEDAR Filer?	No.

THE OFFERING

Securities Offered:	Up to 500,000 non-transferable Class "B" Convertible Preferred Shares ("Convertible Shares").
Price per Security:	CAD\$1.00
Exchange:	If the Issuer completes the Going Public Transaction by the Termination Date, the Convertible Shares will be exchanged for non-transferable Class "A" Exchangeable Preferred Shares of a wholly-owned subsidiary of the Listed Company ("Amalco Exchangeable Shares").
Dividend:	\$0.12 per share per annum on the Convertible Shares, \$0.10 per share per annum on the Amalco Exchangeable Shares. See Item 5: Securities Offered.
Conversion/Exchange:	If the Going Public Transaction is not completed by the Termination Date, the Convertible Shares may be converted, at the option of the holder, into Common Shares at a conversion rate of one Common Share for each 0.53 of a Convertible Share held. The Amalco Exchangeable Shares may be exchanged, at the option of the holder, and subject to the approval or any requirements of the Exchange, for Listed Company Shares at an exchange rate of one Listed Company Share for each 0.75 of an Amalco Exchangeable Share held. The conversion rate is subject to adjustment in certain circumstances. See Item 5: Securities Offered.
Redemption:	The Convertible Shares and Amalco Exchangeable Shares may be redeemed at any time by the Issuer or Amalco, as applicable. If the Going Public Transaction is not completed and the Convertible Shares are not earlier converted or redeemed, the Convertible Shares will be automatically redeemed by the Issuer on the date that is five years from the date of issuance by payment of cash or Common Shares, together with an amount equal to dividends accrued. If issued and not earlier exchanged or redeemed, the Amalco Exchangeable Shares will be automatically redeemed by Amalco on the date that is five years from the date of issuance by payment of cash or Listed Company Shares, subject to Exchange acceptance, together with an amount equal to dividends accrued. See Item 5: Securities Offered.
Minimum/Maximum Offering:	The Maximum Offering is for gross proceeds of CAD \$500,000. There is no minimum for the Offering. You may be the only purchaser in the Offering. Funds available under the Offering may not be sufficient to accomplish our proposed objectives. The Issuer may, at its sole discretion, change the maximum number of Convertible Shares offered under the Offering.
Minimum Subscription Amount:	The minimum subscription amount is CAD \$5,000. Notwithstanding the foregoing, current Shareholders may be entitled to purchase a smaller amount pursuant to their pro rata right under the Shareholders' Agreement.
Payment Terms:	Payment to be made in full to "Morton Law LLP in Trust" by wire transfer, concurrently with the delivery of a duly executed and completed Subscription Agreement. See Item 5: Securities Offered.
Proposed Closing Date:	On or about December 19, 2019. The Company has the right to extend at its discretion. The Offering is subject to Shareholder approval of the special rights and restrictions for the Convertible Shares, which are expected to be presented to the Shareholders at the meeting scheduled for December 17, 2019.
Income Tax Consequences:	There are important tax consequences to these securities. See Item 6: Income Tax Consequences and RRSP Eligibility.
Selling Agent:	Yes. See Item 7: Compensation Paid to Sellers and Finders.

RESALE RESTRICTIONS You will be restricted from selling your securities for an indefinite period. See Item 10: Resale Restrictions.

PURCHASER'S RIGHTS You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11: Purchasers' Rights.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8: Risk Factors.

INVESTMENT NOT LIQUID

The Convertible Shares (including any Common Shares issued as a result of their conversion) and Amalco Exchangeable Shares offered hereunder will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a holder of such Convertible Shares, Common Shares or Amalco Exchangeable Shares will not be able to trade the Convertible Shares or their underlying Common Shares or Amalco Exchangeable Shares unless it complies with very limited exemptions from the prospectus requirements and other requirements under applicable securities legislation. See Item 10 "Resale Restrictions".

CAUTIONARY STATEMENTS

An investment in Convertible Shares is speculative. A potential investor should purchase Convertible Shares only if it is able to bear the loss of its entire investment. Potential investors should read "Risk Factors" prior to making an investment in Convertible Shares.

Forward-Looking Statements

Certain statements in this Offering Memorandum, as they relate to the Issuer and its respective views or predictions about possible future events or conditions and their business operations and strategy, are "forward-looking statements" within the meaning of that phrase under applicable securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or achieved) are not statements of historical fact and may be "forward-looking statements", including by way of example and without limiting the generality of the foregoing, statements with respect to the realization of a liquidity event; goals, strategies and product development; future market conditions; supply conditions; end customer demand conditions; distribution channel infiltration; competition; outlook for future operations; plans and timing for the introduction and development of products; product sell through; revenues; operating expenses; profits; estimates of anticipated costs and expenditures; the outcome of legal proceedings; and other expectations, intentions and plans that are not historical fact. Even though management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements or information will prove to be accurate.

Forward-looking statements are based on the current expectations, estimates and projections of the Issuer, assumptions that such estimates and projections may occur, and involve a number of known and unknown risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated, including those risks described under "Risk Factors". Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward-looking statements include, but are not limited to, general economic, political, market and business factors and conditions; interest rates fluctuations; statutory and regulatory developments; ability to obtain financing; increased competition; loss of key employees; additional funding requirements; the Issuer's ability to develop, manufacture, supply and market new products or services that it does not produce or provide today and that meet the demands of customers; unexpected judicial or regulatory proceedings; catastrophic events; and other factors set out under the heading "Risk Factors". Except as otherwise required by applicable law, the Issuer does not intend to, and assumes no obligation to, update or revise these or other forward-looking statements it may provide, whether as a result of new information, plans or events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements as there can be no assurance that the condition, events, plans and assumptions on which they are based will occur. Should one or more of the risks described under the "Risk Factors", other risk factors that could develop or arise, or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described herein. The forward-looking statements are made as of the date of this Offering Memorandum.

Reliance

Prospective investors should rely only on information contained in this Offering Memorandum. The Issuer has not authorized any other person to provide prospective investors with different information other than as contained in this Offering Memorandum. If a prospective investor is provided with different or inconsistent information, the prospective investor should not rely on such information. The Issuer is not making an offer to sell in any jurisdiction where an offer or sale is not permitted. Before making an investment decision respecting the securities described in this Offering Memorandum, you should carefully review and consider this entire Offering Memorandum. You should also consult with your lawyer and investment, accounting and tax advisors concerning this investment.

Industry and Market Data

Unless otherwise indicated, the Issuer obtained the industry and market data used throughout this Offering Memorandum from surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While the Issuer believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Issuer has not independently verified such data, does not make any representations as to the accuracy of such information, and is not responsible for the accuracy of any of the data from third party sources referred to in this Offering Memorandum.

Documents Incorporated by Reference

Pursuant to applicable securities laws, the investor slide deck dated December 13, 2019 is incorporated by reference in this Offering Memorandum.

SUMMARY OF OFFERING MEMORANDUM

The Issuer	The issuer is Freightera Logistics Inc. a company incorporated under the British Columbia <i>Business Corporations Act</i> [SBC 2002] c.57 (the “Company”, “Issuer” or “Freightera”).
Currency	Unless otherwise stated, all monies in this Offering Memorandum are in Canadian Dollars.
Objective	Pursuant to the terms of this Offering Memorandum, the Issuer intends to raise up to CAD \$500,000 through the issuance of Convertible Shares.
Investment Strategy	<p>Freightera has developed a comprehensive web-based application for the freight industry that solves numerous problems facing Shippers and Carriers in terms of overall efficiency, productivity, response time, price and service competitiveness, customer/vendor qualification, documentation standards, accounts payable, collections and pro-active customer service.</p> <p>A large segment of the freight logistics industry continues to be burdened by use of the telephone, email, faxing and frustrating, poor response times. Freightera has met each of these challenges by integrating all the necessary functions into a single interactive web marketplace that in turn requires a minimum of initial data input from participating client Shippers. Freightera has already established a database comprising over 19 billion (point-to-point) routes and their related price offerings from truck and intermodal Carriers across Canada and the U.S. This detailed information is kept current by way of an application programming interface (“API”) and other system update methods with each of the Carriers and made available in real time to commercial Shippers. When a manufacturer, wholesaler, distributor, retailer or any business has product to ship, they can quickly, simply and securely login to Freightera’s site, provide their basic shipment information and immediately receive a graphic response on their screen showing all the Carriers who can meet the desired availability, service standards, and vehicle profile along with the total inclusive cost. In this sense, Freightera may be thought of as ‘Expedia® for Freight’.</p> <p>Freightera has competition in this space (see Item 2.2: Our Business), however, the Issuer believes there is no other service provider whose breadth of integrated functions may be ready to compete as efficiently.</p> <p>Freightera’s scope of offerings began in Eastern Canada and has grown in its first 5 years of operation to include all Provinces of Canada and south to the U.S. Its Carrier participation now includes over 800 Carriers, including 23 of the top 25 LTL Carriers by revenue in North America, adding millions of new routes. Initially, Freightera will continue to penetrate the Canadian domestic, trans-border and domestic U.S. opportunities as they represent an addressable continental market of over \$660 billion in freight spending annually, over 80 percent of which is via truck mode. However, further opportunities exist in future years as the application has been developed with a technology base that will allow a comparatively easy adaption to all modes, including rail, ocean and air with no geographical limitations.</p>
Minimum Offering	There is no minimum for the Offering. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our objectives
Maximum Offering	The Maximum Offering is for gross proceeds of CAD \$500,000. The Issuer may, at its sole discretion, change the maximum number of Convertible Shares offered.
Securities Offered	Non-transferable Convertible Shares. If the Issuer completes the Going Public Transaction by the Termination Date, the Convertible Shares will be exchanged for non-transferable Amalco Exchangeable Shares.
Price per Security	\$1.00

Dividend	\$0.12 per share per annum on the Convertible Shares, and \$0.10 per share per annum on the Amalco Exchangeable Shares. See Item 5: Securities Offered.
Conversion/ Exchange	If the Going Public Transaction is not completed by the Termination Date, the Convertible Shares may be converted, at the option of the holder, into Common Shares at a conversion rate of one Common Share for each 0.53 of a Convertible Share held. The Amalco Exchangeable Shares may be exchanged, at the option of the holder, and subject to the approval or any requirements of the Exchange, for Listed Company Shares at an exchange rate of one Listed Company Share for each 0.75 of an Amalco Exchangeable Share held. The conversion rate is subject to adjustment in certain circumstances. See Item 5: Securities Offered.
Redemption	The Convertible Shares and Amalco Exchangeable Shares may be redeemed at any time by the Issuer or Amalco, as applicable. If the Going Public Transaction is not completed and the Convertible Shares are not earlier converted or redeemed, the Convertible Shares will be automatically redeemed by the Issuer on the date that is five years from the date of issuance by payment of \$1.00 per Convertible Share or issuance of Common Shares at a rate of one Common Share for each 0.53 of a Convertible Share held, together with an amount equal to dividends accrued. If issued and not earlier exchanged or redeemed, the Amalco Exchangeable Shares will be automatically redeemed by Amalco on the date that is five years from the date of issuance by payment of \$1.00 per Amalco Exchangeable Share or issuance of Listed Company Shares at a rate of one Listed Company Share for each 0.75 of an Amalco Exchangeable Share held, subject to Exchange acceptance, together with an amount equal to dividends accrued. See Item 5: Securities Offered.
Minimum Subscription	The minimum subscription amount is CAD \$5,000. Notwithstanding the foregoing, current Shareholders may be entitled to purchase a smaller amount pursuant to their pro rata right under the Shareholders' Agreement.
Closings	The Offering may be closed on or about December 19, 2019. The Company has the right to extend this offering at its discretion. The Offering is subject to Shareholder approval of the special rights and restrictions for the Convertible Shares, which are expected to be presented to the Shareholders at the meeting scheduled for December 17, 2019.
Management	Currently, the sole officer and director of Freightera is Eric Beckwitt, Chief Executive Officer, Director, and Founder. See Item 3.2: Management Experience.
Selling Agent	Freightera may pay commission to finders in connection with the Offering. The commission will include cash in the amount of 8% of the gross proceeds from Subscribers identified by the finder, as well as broker warrants equivalent to 8% of the number of Listed Company Shares that would be issuable to such Subscriber if they exchanged the Amalco Exchangeable Shares. The broker warrants will expire 2 years from the date of issuance, and will be exercisable into Listed Company Shares at \$0.75 per Listed Company Share, or, if the Going Public Transaction is not completed by the Termination Date, will be exercisable into Common Shares at \$0.53 per Common Share. See Item 7: Compensation Paid to Sellers and Finders.
Tax Consequences	<p>There are important tax consequences to the purchase, ownership, disposition, exchange or conversion of the Convertible Shares and Amalco Exchangeable Shares. You should consult your own professional advisors to obtain advice on the Canadian or other jurisdiction's tax consequences that may apply to you.</p> <p>RRSP Eligibility: Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities. See Item 6: Income Tax Consequences and RRSP Eligibility.</p>

TABLE OF CONTENTS

GLOSSARY OF TERMS	8
ITEM 1: Use of Available Funds	10
1.1 Funds	10
1.2 Use of Available Funds	11
1.3 Reallocation	11
ITEM 2: Business of Freightera	12
2.1 Structure	12
2.2 Our Business	12
2.3 Development of Business	16
2.4 Long Term Objectives	19
2.4.1 Shipper Marketing	20
2.4.2 Carrier Marketing	20
2.4.3 Customer Service and Sales	21
2.4.4 Technology Leadership	21
2.4.5 Pollution Reduction and Efficiency	22
2.5 Short Term Objectives and How We Intend to Achieve Them	22
2.6 Insufficient Funds	24
2.7 Material Agreements	24
ITEM 3: Interests of Directors, Management, Promoters and Principal Holders	25
3.1 Compensation and Securities Held	25
3.2 Management Experience	25
3.3 Penalties, Sanctions and Bankruptcy	26
3.4 Loans	26
ITEM 4: Capital Structure	27
4.1 Share Capital	27
4.2 Long Term Debt Securities	28
4.3 Prior Sales	28
ITEM 5: Securities Offered	29
5.1 Terms of Securities	29
5.2 Subscription Procedure	31
ITEM 6: Income Tax Consequences and RRSP Eligibility	32
6.1 Professional Advisor	32
6.2 Other Income Tax Disclosure	32
6.3 RRSP Eligibility	32
ITEM 7: Compensation Paid to Sellers and Finders	32
ITEM 8: Risk Factors	33
8.1 Investment Risk	33

8.2	Issuer Risk	34
8.3	Industry Risk	41
ITEM 9.	Reporting Obligations	42
9.1	Reporting	42
9.2	Information Available from Securities Regulator	42
ITEM 10.	Resale Restrictions	43
10.1	General Statement	43
10.2	Restricted Period	43
10.3	Manitoba Resale Restrictions	43
ITEM 11.	Purchasers' Rights	44
11.1	Two Day Cancellation Right	44
11.2	Statutory Rights of Action in the Event of a Misrepresentation	44
11.3	Contractual Rights of Action in the Event of a Misrepresentation	48
ITEM 12.	FINANCIAL STATEMENTS	49
ITEM 13.	CERTIFICATE	
APPENDIX 1. SHAREHOLDERS' AGREEMENT		

GLOSSARY OF TERMS

\$	Canadian Dollars (CAD) unless otherwise stated.
3PL	“3PL” or Third Party Logistics companies are those offering freight transportation, forwarding, warehousing and other related services to companies who contract out some or all of these services.
<i>Amalco</i>	The corporation resulting from the amalgamation of Freightera and Subco on completion of the Going Public Transaction.
<i>Amalco Exchangeable Shares</i>	The non-transferable Class “A” exchangeable preferred shares of Amalco.
<i>Business Combination Agreement</i>	The business combination agreement dated August 30, 2019 between Freightera, OV2 and Subco, as may be amended or supplemented from time to time.
<i>Carrier</i>	A business-to-business partner that includes but is not limited to trucking companies, delivery services, railroads, ocean vessel operators and freight forwarders. The definition may include such a partner that has entered into an agreement with the Issuer to accept and use the services of the Issuer.
<i>Client</i>	A business-to-business partner that has entered into an agreement with the Issuer to accept and use the services of the Issuer. Such partners may include, but are not limited to manufacturers, distributors, retailers, agents, forwarders, Shippers, and Carriers.
<i>Convertible Shares</i>	The non-transferable Class “B” convertible preferred shares being issued under this Offering Memorandum.
<i>Date of Closing</i>	The date upon which all conditions of a closing have been satisfied, up to and including the date published or such later date as may be determined by the Issuer in its sole discretion, or any date or dates upon which Subscriptions are accepted.
<i>Exchange</i>	The TSX Venture Exchange, or such other stock exchange on which the Shares or Listed Company Shares, as applicable, may be listed.
<i>FTL (or TL)</i>	(Full) Trailer Load. A shipment that fills a highway trailer (dry, refrigerated, flatbed or bulk van) to capacity or has a total volume or weight that maximizes price.
<i>Freight Broker</i>	An individual or company that owns no vehicles or rolling stock of its own and that serves as a liaison between companies needing shipping services and a Carrier.
<i>Freight Forwarder</i>	A freight forwarder, also known as a non-vessel operating common carrier (NVOCC), is a person or company that organizes shipments for individuals or corporations using one or more carriers over one or more modes.
<i>GHG</i>	Greenhouse Gas. A gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which ultimately leads to global warming.
<i>Going Public Transaction</i>	The completion of the transaction between the Issuer and OV2 which results in the Shareholders receiving, in exchange for their securities of the Issuer, securities of a company listed on a recognized stock exchange in Canada.
<i>Holdco</i>	10142743 Canada Ltd., a company incorporated under the federal laws of Canada.
<i>Holder</i>	A holder of the Convertible Share(s) to be issued under this Offering.
<i>IP</i>	Intellectual Property. A work or invention that is the result of creativity, such as a manuscript or a design, to which one has rights and for which one may apply for a

	patent, copyright, trademark, etc. For example, a software program.
<i>Issuer or Company or Freightera</i>	Freightera Logistics Inc., a company incorporated under the laws of British Columbia.
<i>Listed Company</i>	The Exchange listed company which results from the completion of the Going Public Transaction.
<i>Listed Company Shares</i>	The common shares of the Listed Company.
<i>LTL</i>	Less-than-Trailer-Load. A shipment that would not fill a conventional highway trailer, usually less than 2/3 capacity or the FTL price (palletized or multiple packages).
<i>Lanes or Carrier Lanes</i>	A single route between two geographic points serviced by a Carrier.
<i>Maximum Offering</i>	The maximum number of Convertible Shares offered pursuant to the Offering is for gross proceeds of CAD \$500,000.
<i>Minimum Offering</i>	There is no minimum number of Convertible Shares offered pursuant to the Offering.
<i>Motherload</i>	Motherload Transport Services Inc., a company incorporated under the laws of British Columbia.
<i>Offering</i>	The offering by the Issuer of Convertible Shares for gross proceeds of up to CAD \$500,000.
<i>Offering Expenses</i>	The expenses of the offering including, but not limited to, legal, accounting and issue costs of the Offering but excluding any selling commissions.
<i>Offering Memorandum</i>	This Offering Memorandum of the Issuer dated December 13, 2019.
<i>OV2</i>	OV2 Investment 1 Inc., a company incorporated under the federal laws of Canada.
<i>Pollack Bridge Note</i>	A \$2.5m secured non-convertible promissory note issued to the 2008 Pollack Family Trust.
<i>Pollack Convertible Note</i>	A \$1.5m secured convertible debenture issued to the 2008 Pollack Family Trust.
<i>Private Placement Debentures</i>	The unsecured convertible debentures issued to various subscribers pursuant to a private placement, the last tranche of which closed in November, 2019.
<i>Restructuring Transaction</i>	The transaction to refinance Freightera’s debt, described under Item 2.3: Development of the Business – Funding.
<i>Risk Acknowledgement Form</i>	The risk acknowledgement form, including its Schedules as applicable to the Subscriber, attached to the Subscription Agreement.
<i>RRSP</i>	A retirement savings plan registered pursuant to the Canadian Income Tax Act.
<i>Securities Act</i>	The British Columbia Securities Act, R.S.B.C. 1996, c. 418, and any regulations or amendments thereto.
<i>SEDAR</i>	The System for Electronic Document Analysis and Retrieval.
<i>Share or Common Share</i>	A common share of the Issuer.
<i>Shareholder</i>	A current shareholder of the Issuer’s Common Shares and any individual, corporation or other entity that acquires any one or more Common Shares on a subsequent transfer from a current shareholder of the Common Shares or is otherwise issued Common

Shares by the Issuer.

<i>Shareholders' Agreement</i>	The shareholders' agreement that has been signed by all current Shareholders, the form of which is attached as Appendix 1 to this Offering Memorandum.
<i>Shipper</i>	A business-to-business partner that includes but is not limited to manufacturers, distributors, retailers, and shipping agents. The definition may include such a partner that has entered into an agreement with the Issuer to accept and use the services of the Issuer as indicated by the context of this Offering Memorandum.
<i>Subscriber</i>	A subscriber for the Convertible Shares, pursuant to this Offering Memorandum.
<i>Subco</i>	1221126 B.C. Ltd., a company incorporated under the laws of British Columbia.
<i>Subscription Agreement</i>	The applicable subscription agreement for the Convertible Shares, including the Risk Acknowledgement Form and its Schedules, as applicable.
<i>Subscription Documents</i>	The Subscription Agreement, Risk Acknowledgement Form and its Schedules, if applicable to the Subscriber, and a cheque or other form of payment (as stated in this Offering Memorandum) for the Subscription Price.
<i>Subscription Price</i>	The aggregate price of the Convertible Shares that each Subscriber subscribes for.
<i>TL</i>	Trailer load. A shipment that fills a conventional highway trailer (dry, refrigerated, flatbed or bulk van).
<i>Transaction</i>	One instance of all the combined components of a shipment from origin to destination, including the receipt and payment of funds.
<i>Termination Date</i>	The date on or before which closing of the Going Public Transaction must occur, as set out in the Business Combination Agreement.
<i>User</i>	Any person or commercial entity that signs up for access to the Freightera web application to offer services, or to review or use such services.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the funds available as a result of the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised by this offering	\$0	\$500,000
B.	Selling commissions and fees	\$0	\$40,000
C.	Estimated offering costs (e.g., legal, accounting, audit.)	\$20,000	\$20,000
D.	Available funds: $D = A - (B+C)$	(\$20,000)	\$440,000
E.	Additional sources of funding required	\$20,000	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total: $G = (D+E) - F$	\$0	\$440,000

1.2 Use of Available Funds

The following table discloses how the Company will use the available funds from this Offering assuming Minimum Offering and Maximum Offering:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Product Development	\$0	\$143,000
Sales and Marketing	\$0	\$143,000
General & Administrative Working Capital	\$0	\$100,000
Compensation for Insiders ¹	\$0	\$54,000
Total: Equal to G in the Funds table above	\$0	\$440,000

If less than the Maximum Offering is raised, the Issuer will likely spend less in each category.

Pursuant to the terms of this Offering, the Issuer intends to raise up to \$500,000 through the issuance of Convertible Shares. The Issuer may pay commission to finders in connection with the Offering. The commission will include cash in the amount of 8% of the gross proceeds from Subscribers identified by the finder, as well as broker warrants equivalent to 8% of the number of Listed Company Shares that would be issuable to such Subscriber if they exchanged the Amalco Exchangeable Shares. The broker warrants will expire 2 years from the date of issuance, and will be exercisable into Listed Company Shares at \$0.75 per Listed Company Share, or, if the Going Public Transaction is not completed by the Termination Date, will be exercisable into Common Shares at \$0.53 per Common Share. See Section 7: Compensation Paid to Sellers and Finders for details.

The Issuer will use the net proceeds for the purposes of continuing its sales, marketing, brand recognition, financial, legal and administrative infrastructure, product development and Going Public Transaction. The geographical scope of operations will continue to be concentrated on the North American market before any consideration of expanding services beyond the continent. Until required for the Issuer's purposes, the proceeds from this Offering will be invested only in securities of, or those guaranteed by, the Government of Canada or any Province of Canada or the Government of the U.S. or any State of the U.S., or in certificates of deposit or current/chequing or interest-bearing accounts of Canadian chartered banks or trust companies or U.S. banks. Any interest accrued on subscription funds will be solely for the account of the Issuer. See this section above for details on the use of funds.

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

¹ In the absence of significant profitable operations, Freightera will require up to 12 months compensation for key executive personnel in an amount not to exceed \$216,000. Payments to insiders are as follows: E. Beckwitt (CEO) \$120,000 and Y. Ponarina (Vice President, Marketing) \$96,000. Three months of these funds are budgeted to come from this offering, for a total of

ITEM 2: BUSINESS OF FREIGHTERA

2.1 Structure

The Issuer is a corporation and was incorporated under the *Business Corporations Act* of British Columbia [SBC2002] Chapter 57 on May 1st, 2014. At the time of this Offering, the physical offices of the Issuer are located at 200-375 Water Street, Vancouver, BC V6B 0M9.

Freightera's operations have to date relied on the advantages offered by utilizing an internet-based platform for its business. Being in its early stages, the Issuer's staff are able to work virtually in any location and the Issuer's initial growth has been successfully accomplished this way. However, the Company plans to continue building its primary base in Vancouver, BC for the foreseeable future as its management believes that the majority of its future recruiting and technological opportunities are available in this region.

The Issuer currently has a 35 person team (29 full-time and 6 part-time, including contractors and consultants) in the following capacities:

	Full time	Part-time
Executive	1	0
Operations	2	0
Systems Development	4	0
Admin & Accounting	7	0
Sales/Logistics	11	0
Marketing	3	0
Customer Care	1	6
Total	29	6

2.2 Our Business

Product and Benefit

Freightera is a technology company in its sixth year since incorporation, operating an online freight marketplace servicing Shippers and Carriers, primarily in the truck and rail transportation sector across Canada and the U.S., with plans to expand to other modes in the near future. Its focus is to solve chronic and significant problems in the freight industry in 3 major areas:

- Shippers are frequently unable to find competitive rates, available space and a timely response when searching for both, whether dealing directly with Carriers, or Freight Brokers. The common routine for many is to make two or more phone calls, or email requests, or visit vendors' websites to communicate their specific need and then wait for a response, which is often not received within an acceptable time frame.
- Carriers are unable to distribute beneficial pricing and available space within a short time frame or to the desired range and number of potential Shippers and consequently operate with reduced load factors, creating both an economic challenge of attaining profitability and a significant negative environmental impact of additional greenhouse gas emissions (GHG).
- To the knowledge of the Company's management, there are few, if any central databases that can provides rates, availability and standardized documentation for the millions of routes

covered each day with its related permutations and none that are readily as scalable for the global market.

Freightera's cloud-based application uses a database comprised of the tariffs and schedules of hundreds of Carriers, and eventually thousands of Carriers, which can be updated and uploaded in real time using Freightera's data transfer methods, configured for each Carrier. There is no limit on the number or size of Carriers that can be included, allowing for contributing combinations of those supplying national, regional, trans-border and equipment type services.

When a Shipper signs up to become a Freightera customer, they have the ability to enter a simple search using a Freightera website page for multiple, competitive freight rates and space availability for the specific origin, destination, type of required equipment, timeline and other conditions that suit their requirements. Freightera's system may find one or more matches, display the match or matches as quotes and if a quote is accepted, book the Transaction with the Carrier. Although Carriers and Shippers are both required to 'sign up' to use Freightera's marketplace, neither pays a membership or subscription fee.

Freightera is the principal for all transactions and takes the full risk for the transaction, to pay the carrier and collect from the shipper; the 'mark-up' is variable depending on the transaction details. Each carrier provides pre-quoted prices for "Lanes" and Freightera has a variable mark-up on those price quotes depending on the details of the transaction. For all Transactions, Freightera invoices the Shipper, collects the freight charges from the Shipper and in turn pays the Carrier the amount owed for the Transaction, net of Freightera's markup. Freightera's markup is the difference of the receipt amount from Shipper less payment to the Carrier for all their charges and this is Freightera's gross margin from the Transaction.

Transaction values vary according to size of shipment, commodity type and distance between pickup and delivery points. Typically, a single pallet of goods delivered within the same region may be as little as \$100 in revenue, offering \$25 in gross margin; alternately, a half truckload delivered from east to west coasts may be billed at \$5,000 or more, yielding a gross margin of \$350. From 2014-2019, the average shipment revenue per month increased from \$319 to \$586 and the corresponding average gross revenue per shipment increased from \$39 to \$92, with gross margin percentage rising from 12% to up to 16% on an average monthly basis.

Freightera continues to move towards a policy of most shippers pre-paying for the transaction. Most likely many of the largest accounts will operate on credit long-term, but our goal is to have most new accounts and all smaller accounts pre-paying via credit card or other forms of instant bank transfer at booking. In recent months (Q1-2019), cash in from operations has been up to 70% pre-payments.

Freightera's services include transaction support, carriage documentation, shipment tracking and customer support. As part of the service, Freightera currently provides the Shipper with the ability to generate standardized lading documentation, including a freight waybill (Bill of Lading) and planned for the future, other documents, such as an export declaration form or similar forms for shipments destined beyond borders. This is a significant productivity benefit for both Shipper and Carrier and provides a competitive advantage.

Competitors

There continue to be three primary types of freight brokerage solutions available to those shipping freight by road, namely:

1. Traditional Brokerage: where the Shipper calls or faxes shipment details to the broker, who negotiates a shipping rate with the customer, then sources potential Carriers and negotiates rates with these parties, earning a commission on the spread between the two negotiated rates.

2. Digital Load Board: where Shippers or freighter brokers enter shipment details into a web-based platform, allowing each shipment to reach a wide-base of potential Carriers. The Carrier pays a subscription fee to access available loads but must manually negotiates rates with the Shipper.
3. Automated On-demand: where the Shipper enters load details into a web-based platform. The platform holds Carrier details and rates and an algorithm to match the two parties in seconds. No negotiating takes place. Freightera’s business model falls under the Automated On-demand category.

The freight brokerage solutions industry is highly competitive. The majority of Freightera’s competitors offer either a traditional brokerage solution and/or a digital load board with negotiated rates. Freightera is the only Automated On-demand system in the global Frost & Sullivan study designed to offer fixed-cost, all-inclusive rates direct from transport companies of all sizes and transport modes (road, rail, air and ocean). Few to none of the Company’s competitors offer the breadth of integrated services planned by Freightera to be delivered in a ‘single package’ including multi-modal national, regional and local coverage, handling accounting transactions (payable and receivable), shipping documentation and direct customer support services.

The following is a sample and brief profile of those offering a competitive service in North America to that of Freightera’s, i.e. provide some level of automated return of comparative choices (although not necessarily as comprehensive in content as planned by Freightera) and who can be considered dominant players. The statistical information for the following is sourced from “Frost & Sullivan, Global Digital Freight Brokerage Market Opportunities, Forecast to 2025” report, dated December 2018.

Uber Freight	Founded in 2017. Has 50-100 employees and 100,000 trucks. Forecasted revenue for 2018 is USD \$500m. Like Freightera, the platform offers a fixed price, with no counter-bidding.
Convoy	Founded in 2015. Convoy employs 250 people with 350 Shippers and 10,000 Carriers. It’s forecasted revenue for 2018 is USD \$300m.
Transfix	Founded in 2013. Employs 150 people, accessing 17,000 Carriers and 185,000 trucks. Forecasted 2018 revenue is USD \$100m.

Marketing Strategy

Freightera is designed to operate in the global Third Party Logistics (3PL) market. In 2017, the market for Road Freight Brokerage was valued at USD \$715 billion, and it is projected to grow to USD \$944 billion by 2025.² Of this market, Automated On-demand solutions accounted for only 0.2% in 2017. This figure may reach 3.7% by 2025.

Freightera began and will continue to expand its service offerings with lanes across North America. The North American 3PL market is estimated at approximately US\$205 billion of which US\$8 billion is considered Freightera’s *immediately addressable market*, that is, non-contractual freight movement for which shippers have the option to choose the mode and type of carrier or third party service provider, such as a freight broker or forwarder (see figures below). Within this market, Freightera has initially focused on the Canadian domestic and cross border (US/Canada) markets, and the U.S. domestic markets, primarily using highway and rail services.

Freightera’s sales and marketing efforts continue to focus on two main client components with indirect support from a third group of interested parties:

- a. Solicit the participation of every major national and regional Carrier in the U.S. and Canada (including certain Freight Forwarders and countries beyond) and upload their pricing and service criteria to the Freightera database.

2. “Frost & Sullivan, Global Digital Freight Brokerage Market Opportunities, Forecast to 2025” report, dated December 2018.

At the date of this Offering Memorandum, Freightera has over 800 Carriers in the U.S. and Canada signed up and supplying rates and/or freight transport services to Freightera shippers. Typically, firms sign up and start working with Freightera, then provide rates and gradually expanded coverage for the automated system. For the largest accounts it can take a year or more from signup before Freightera receives permission to provide their rates to Freightera shippers, and integration of the Freightera system with the largest LTL carriers and railroads can also take additional time. For the largest carriers, these rates are discounted from their 'standard' tariff to be competitive (see 'Revenue Model' below).

In 2017, Freightera signed an additional 232 Carriers, including all 7 Class 1 Railroads. This was further augmented in 2018 with the addition of 271 carriers.

- b. Execute a sales campaign targeting all levels of Shippers to sign up, try the service and secure their repeat orders with an aggressive approach to providing customer service and a complete suite of value-added program features.

As of December 31, 2018, 8,963 Shippers in the U.S. and Canada have opened accounts with Freightera, with approximately 1,770 revenue accounts and over 5,440 shipments in the year ended December 31, 2018. The company is tactically focused on increasing this number by regularly increasing service offerings, adding new carriers with better rates, and continuing to market to existing accounts via emailing, calling and targeted advertising.

- c. Partner with government, academic and industry agencies to support the supplementary goals of emissions reduction and improved freight transportation economics.

Government agencies have an interest in supporting commercial initiatives that will address the highly political and social issues around factors contributing to climate change and specifically air pollution. One of the largest contributors of air pollution in Canada's cities is by vehicles³. Federal, State and Provincial and municipal programs support such initiatives in two ways:

- **Legislation**, such as, in Canada, the Heavy-duty Vehicle and Engine Greenhouse Gas Emission Regulations (part of the Canadian Environmental Protection Act of 1999 and amended in July 2015)⁴ or, in the U.S. Heavy-Duty (Tractor-Trailer) Greenhouse Gas Regulations (2008) adopted by the California Environment Protection Agency⁵.
- **Funding**, such as, in Canada, Sustainable Development Technology Canada, a \$915 million fund supporting the development of 'clean-tech' solutions, and SmartWay, a cooperative emissions reduction program administered by the US Environmental Protection Agency and Natural Resources Canada.
- **Industry associations** exist to support businesses within their sector and there are trucking and other transportation sector associations in almost every Province and State, providing a wealth of resources for service providers. The information available will assist greatly in identifying potential Client partners, and providing statistical data on related environmental matters. Moreover, as an associate member of some key organizations, Freightera may use industry hosted events such as trade shows and conventions to build lasting relationships, foster good relations and further promote the business.

³ http://www.ec.gc.ca/scitech/4B40916E-16D3-4357-97EB-A6DF7005D1B3/EnvTech_Air_Story_8.5x11EN.pdf

⁴ <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2013-24/index.html>

⁵ <http://www.arb.ca.gov/newsrel/nr121208.htm>

2.3 *Development of Business*

The following outlines key milestones in the background and business development of the Issuer (see also Item 12: Financial Statements):

Operational Milestones:

2013

The software system, developed by Eric Beckwitt (joint patent holder) and currently owned by Freightera, was launched by Freightopolis, who generated approximately \$1.2m in revenue from the software system in fourteen (14) months.

2014

The Issuer was incorporated in May 1st, 2014 under the *Business Corporations Act* of British Columbia . The principal and sole Director is Eric Beckwitt (see Section 3.2 Management Experience). In July 2014, Freightera introduced the software system posting 10 million Carrier Lanes in the system and by November achieved \$22,758 in monthly revenue.

2015

Freightera copyrights the latest version of the software system source code in the U.S. and Canada. In April, Freightera posted 500 million Carrier Lanes in the software system and by June, Freightera offered 1 billion Carrier Lanes in the software system, achieving over 100 revenue generating, active Shipper accounts. By September, Freightera achieved \$62,708 in monthly revenue, 160 revenue producing Shipper accounts and 2.5 billion Carrier Lanes.

2016

In January, Freightera listed over 250 revenue producing Shipper accounts and 3 billion Carrier Lanes. In April, Freightera raised approximately \$0.9m, at a subscription price of \$0.40, bringing the total invested to date to \$2.1m. In September, Freightera was chosen by its first heavy haul client to manage a six-figure shipping project which boosted its annualized revenue by 50%. In October, Freightera passed 5 billion lanes and 466 revenue producing accounts. In November, Freightera executive were selected to present a freight industry perspective on greenhouse gas emission reduction at the COP22 Climate Change Conference.

2017

By March, Freightera had signed all 7 Class 1 Railroads in North America. In April, Freightera passed 6 billion lanes and 680 revenue producing accounts. By December 2017, Freightera had 6,173 Shipper accounts, 1,152 revenue producing accounts, and 14.5 billion lanes.

2018

The total funds raised to date was over \$4.2m. In April 2018, Freightera surpassed 10,000 bookings, with 600 carrier accounts and 16 billion lanes. In September, the Company completed the acquisition of Motherload. Shipper accounts surpassed 8,963 on Dec 31, 2018, with 1,770 revenue accounts and over 5,440 shipments in the year.

2019

In August 2019, Freightera completed the Restructuring Transaction and entered into the Business Combination Agreement.

As of December 12, 2019, Freightera had 11,339 shipper accounts, and 2,442 revenue accounts. Bookings had passed 21,531.

Acquisition of Motherload

On September 5, 2018, the Company acquired Motherload. The acquisition of Motherload gave Freightera access to new customers and relationships with new suppliers, as well as providing Freightera with a larger customer base.

The total consideration paid by Freightera for Motherload was \$2m, with further contingent consideration payable, based upon the financial performance of Motherload over the following two fiscal years. The consideration consisted of \$1.38m in cash (including a partial holdback), plus 516,666 Common Shares. The holdback is in the form of a two-year, 5%, semi-annual convertible debenture of \$280,000. The debenture was payable in two installments of \$140,000 due September 5, 2019 and September 5, 2020, however, the parties have agreed to amend the repayment terms of the debenture as follows: \$140,000 plus interest due December 31, 2019 and the remaining \$140,000 plus interest due on closing of the Going Public Transaction. In the event that the annual earnings before interest, tax, depreciation and amortization (EBITDA) of Motherload reaches an annual average of \$605,843, by December 31, 2020 (based upon the average of the EBITDA for the fiscal years ending December 31, 2019 and 2020), then the Company shall pay to the former shareholders of Motherload additional consideration of \$500,000.

Financial Milestones

The first transaction revenue was in July 2014. Some significant milestones include:

2016 Gross Revenue was \$1.6m from 2,829 transactions.

2016 Gross Margin was \$0.2m, or 12.3%.

2017 Gross Revenue was \$2.0m from 4,253 transactions.

2017 Gross Margin was \$0.3m or 14.96%

2018 Gross Revenue was \$5.3m from 5,440 transactions (excludes transactions from the Motherload division)

2018 Gross Margin was \$0.6m or 11.2%. (This lower margin is due in part to the high level of transactions from Motherload). Looking at the transactions from the Freightera division alone, Gross Revenue was \$2.95m, and Gross Margin \$0.4m or 13.6%

2019 Gross Revenue to November 30, 2019 (unaudited management statements) was \$11.74M. Looking at revenue from the Freightera division alone, Gross Revenue was \$4.17M during the same time period. Gross Margin in the most recent 4 months (August, September, October and November 2019) varied from 12.6% to 15.6%, with an average of 13.9%.

Funding

Seed capital for the commercialization of the application in the amount of approximately \$0.3m was provided by the Founder's family and friends. As of the date of this Offering Memorandum, subsequent funding has been provided by accredited investors and under four previous Offering Memoranda in the amount of approximately \$8.7m.

On August 30, 2019, Freightera completed the Restructuring Transaction to refinance its existing debt. As a result of the Restructuring Transaction, Freightera acquired all of the issued and outstanding shares of Holdco, a company controlled by Sheldon Pollack, the CEO and director of OV2. Holdco paid \$2m in cash to Freightera on closing of the Restructuring Transaction and will receive an additional \$2m on closing of the Going Public Transaction pursuant to a promissory note payable to Holdco by OV2 Capital Inc. (a company controlled by Sheldon Pollack). Freightera issued the Pollack Bridge Note, a \$2.5m secured non-convertible promissory note and the Pollack Convertible Debenture, a secured convertible debenture in the amount of \$1.5m.

The Pollack Bridge Note bears interest at a rate of 12% per annum and matures on the earlier of (i) May 30, 2020 and (ii) completion of the Going Public Transaction. The Pollack Convertible Debenture bears interest at a rate of 2% per annum until completion of Going Public Transaction, and 10% per annum thereafter, and matures on August 30, 2024. On completion of the Going Public Transaction, the debenture is convertible at the holder's option into Listed Company Shares at a price of \$0.75 per Listed Company Share. If the Going Public Transaction does not complete by May 29, 2020, the debenture is convertible into Common Shares at a price of \$0.53 per Common Share. The Pollack Bridge Note and Pollack Convertible Debenture are secured by a general security agreement over all of the assets of the Company.

The cash received as a result of the Restructuring Transaction was used to repay an outstanding US\$1m loan from Decathlon Alpha III, L.P., and the remainder for working capital.

On November 20, 2019, Freightera completed the last tranche of a private placement of \$750,800 in Private Placement Debentures. The Private Placement Debentures bear interest at the rate of 12% per annum until completion of the Going Public Transaction, and 10% per annum thereafter, and mature five years from the date of issuance. On completion of the Going Public Transaction, the debentures are convertible at the holder's option into Listed Company Shares at a price of \$0.75 per Listed Company Share. If the Going Public Transaction does not complete by May 29, 2020, the debentures are convertible into Common Shares at a price of \$0.53 per Common Share. The net proceeds of the private placement are being used for working capital.

The Company is conducting the current Offering and continues to seek additional grants and funding from private, industry and government sources (see *Marketing Strategy* above).

Going Public Transaction

On August 30, 2019, the Issuer entered into the Business Combination Agreement with OV2 and Subco, a company wholly-owned by OV2, pursuant to which the parties propose to complete the Going Public Transaction by way of three-cornered amalgamation. OV2 is a capital pool company listed on the TSX Venture Exchange with the symbol "OVO.P". Upon completion of the Going Public Transaction, the Company and Subco will amalgamate to continue as Amalco, which will be a wholly-owned subsidiary of OV2. OV2 proposes to change its name to "Freightera Logistics Inc." and to carry on the business of the Company.

Pursuant to the Business Combination Agreement, OV2 will, prior to completion of the Going Public Transaction, complete a share consolidation on the basis of one post-consolidated common share for every 5.227391531 pre-consolidated common shares. As a result of the consolidation, OV2 will have 2,200,000 post-consolidation common shares issued or issuable on a fully-diluted basis. On closing of the Going Public Transaction, OV2 will issue 19,000,000 Listed Company Shares to Shareholders on the basis of an exchange ratio to be calculated based on the number of Common Shares outstanding or issuable immediately prior to completion of the Going Public Transaction on a fully-diluted basis, excluding Common Shares and convertible securities issued in connection with the Restructuring Transaction, the Offering and other financings related to the Going Public Transaction. In consideration for the Listed

Company Shares, Amalco will issue to OV2 one common share of Amalco for each whole Listed Company Share issued. Following the amalgamation, the issued and outstanding Common Shares and Subco shares will be cancelled, Amalco will be a wholly-owned subsidiary of the OV2 and OV2 will carry on Freightera's business.

Certain warrants of the Company that are not exercised prior to closing of the Going Public Transaction will expire and be of no further force and effect in accordance with their terms. The convertible debentures of the Company, other than the Pollack Convertible Note and Private Placement Debentures, will be convertible into Listed Company Shares, adjusted in accordance with the exchange ratio. The Pollack Convertible Note, Private Placement Debentures and finders warrants issued in connection with the Private Placement Debentures and this Offering will be convertible into Listed Company Shares in accordance with their terms.

In connection with the Going Public Transaction, the Company must complete a concurrent private placement of securities of the Company for minimum aggregate gross proceeds of \$3.5m at a price and on terms and conditions to be mutually agreed upon by the Company and OV2.

Completion of the Transaction is subject to a number of conditions, including Shareholder approval and Exchange acceptance. There can be no assurance that the Going Public Transaction will be completed as proposed or at all.

Operating Expenses

The comments below are based upon the 2018 audited, consolidated financials, which include the results of Freightera for the year ended December 31, 2018, along with the results of Motherload for the period of September 6th to December 31, 2018.

Overall, expenses rose from \$2.1m to \$2.6m, or 24%. This compares to a 165% increase in Revenues and a 176% increase in Cost of Goods Sold. Significant expenditure included:

Expense Category	2015	2016	2017	2018
Advertising & Promotion	\$42,357	\$223,680	\$277,000	\$357,000
Investor Relations	\$0	\$125,541	\$222,000	\$404,000
Professional Fees	\$127,699	\$72,466	\$175,090	\$68,000
Salaries	\$33,212	\$330,360	\$531,000	\$639,000
Subcontractors	\$340,310	\$402,498	\$520,000	\$525,000

2.4 Long Term Objectives

Freightera has several goals in relation to its competitive position through achievement of securing the largest database of clients and users, delivering superior customer service, advancement of application technology and contribution to corporate social responsibility through its 'green freight' initiatives.

Freightera's long term objective is to achieve annualized gross revenues sufficient to position the company to maximize the returns on investment through any of its options for exit strategy and continuing operations. The following table summarizes the costs Freightera expects to incur in its efforts to achieve these goals and each category is described in detail thereafter:

Long-Term Objective	Target Completion	Estimated Cost
Shipper Marketing	3 years	\$3,840,000
Carrier Marketing	3 years	\$2,050,000

Long-Term Objective	Target Completion	Estimated Cost
Customer Service & Sales	Ongoing (annual estimate)	\$1,700,000
Technology Leadership	2 years	\$2,000,000
Pollution & Efficiency Initiative	4 years	\$1,000,000

The foregoing information is forward-looking information, and as such readers are cautioned that actual costs and target completion times may vary from the forward-looking information. In particular, material risk factors could cause actual results to differ materially from the forward-looking information (for more information on risks, please see “Item 8: Risk Factors”). Furthermore, there are material factors and assumptions used to develop forward-looking information including achieving the mentioned target completion dates on time and the costs remaining as estimated.

2.4.1 Shipper Marketing

Freightera’s goal is to scale up and gain prominence to be the ‘household name’ of freight marketplaces in the minds of all classes of commercial Shippers. The objective is to engage 80,000 or more Shippers and from them generate over 20,000+ revenue-producing accounts ongoing, within 4 years at an average cost of \$40 per engagement, or \$144-\$200 per conversion. This \$40 cost of engagement was the actual cost in August 2019, and the \$144 cost per conversion is based on the average conversion of engaged to revenue producing accounts to date in 2019 (27.7%). This may be achieved on an ongoing basis by:

- obtaining top positioning in both paid and organic visibility (web search optimization) on search engines, potentially reaching several million business-to-business (B2B) shippers;
- targeted cold and referred contacts solicited by additional in-house sales personnel and marketing partners hired under performance-based contracts.
- incentives to respondents, such as sign-up bonuses and a range of value-added services that require development;
- creating demand with thought leadership such as articles and papers about the economic benefits of Freightera’s services and becoming recognized as the authority in this segment of the industry; this has an indirect cost in terms of management and materials.
- ongoing public relations initiatives by the Company’s representatives to promote the brand and the message, such as media participation, trade shows and event sponsorship, each of which may cost up to \$20,000 per event.

The estimated cost of Shipper-focused programs, funding dependent, over the next 3 years (to late 2022) is \$3.84m.

2.4.2 Carrier Marketing

In a parallel campaign to securing Shippers, the number of Carriers engaged is targeted at 10,000 and from them generate 4,000 revenue-producing accounts ongoing, by December 2022. Onboarding a new Carrier involves costs such as technology interface with often incompatible systems and support personnel, estimated to be \$1000-\$2000 per carrier (for the largest 200 in North America only), lower for the thousands of carriers that have density based rates, and falling to near \$0 for carriers that sign up on their own and enter their own rates. The Carrier profile may be varied and ranging from:

- local and regional to national and international Carriers;

- b. trucking companies with fleets of as little as 5 vehicles to thousands;
- c. those with different types of highway equipment and rolling stock, for example, dry cargo van, parcel van, refrigerated, bulk, flatbed trailer, container-on chassis, etc.;
- d. size and capacity of individual units, such as trailer length or high cubic capacity; and
- e. other specialty services, such as LTL (less-than-trailer load) only, or TL (full trailer load), expedited or household moving.

The approach used for Carrier Marketing will be a combination of the following and other approaches:

- a. targeted cold calling (necessary for obtaining many of the Company's first clients and produces unexpected high conversion rate) and personal contact from in-house salaried personnel which will involve travel cost and industry conference participation.
- b. the use of web content that may be peripheral to the transaction itself but will be a source of informative and useful industry content for the client and a value-added service link for the Carrier.
- c. non-conflicting industry partnerships (negotiations have begun to form a strategic alliance with at least one provider). This could include an indirect cost of revenue-sharing.

The estimated cost of carrier-focused programs over the next 4 years (to end of 2021) is \$2.0m.

2.4.3 Customer Service and Sales

A sustained effort to excel in sales representation and customer service is and will continue to be one of the important components of the Company's culture.

It is critical to the success of the Freightera marketplace for a large number of Carriers to participate and thereby provide selection of competitive rates and services to the Shippers. They may have pressure to compete and the incentive to maximize load factors to do so. The resulting amount of discount in the rates provided to Freightera's database may also translate to be a cost-effective sales tool for them. An increase in load factors and reduction in overhead are both contributors to their profitability. Maintaining relationships with the Carriers to continually offer their best rates and be considered as their preferred marketplace for doing so will be a reflection on Freightera's good standing in the industry.

Shippers have different needs to be satisfied, that is, to ensure trouble-free and supportive service as well as the best value for their shipping dollar. The response from Freightera to a Shipper's request does not rest with a selection of rates and service timetables from the Carriers. The overall experience is key to their retention and their retention is in turn critical to maintaining a sustained growth of the client customer base and the objective of reaching the desired 16,000+ revenue-producing accounts in the shortest possible time.

Freightera will be creative in measuring its customer service performance in a number of different ways, including Carrier and Shipper retention rates, percentage increase in the number of transactions per Shipper and the nature of solicited feedback from Clients. The estimated cost of maintaining 16,000 revenue-producing customers per annum through sales and customer service personnel and value-added client support is \$3.4m, or 80 personnel handling an average of 200 customers per person.

2.4.4 Technology Leadership

Freightera intends to achieve and sustain a leader's role in the freight industry through offering the best-in-class web and mobile platforms. Currently, its application is proving to be stable and the features

compare favourably with its competitors. Also, there are a several initiatives that Freightera has designed, begun to develop or planned for new functionality and usability. For example,

- a. Carrier rates and services are often imported and updated with either an API, bulk upload or through the Freightera system and can easily be updated, although there is a cost associated with this method. Carriers without this technology use either third parties to execute, or as in the case of most small regional Carriers that Freightera will be targeting to expand their coverage, default to a manual process, which may be a higher initial cost of induction.
- b. Response time to search is in many cases 15 seconds or less and being maintained even with a rapidly expanding database.
- c. Combining multi-lane, multimodal rate combinations to enable a single response to any origin-destination rate request.

The estimated cost of creating and maintaining these industry-leading capabilities and developing first-to-market advancements is estimated at \$2.0m, 80% of which will be for salaried and contract programming personnel and the balance for development tools.

2.4.5 Pollution Reduction and Efficiency

Freightera's corporate mission includes making a significant contribution to the reduction of greenhouse gases (GHG) generated by the consumption of fuel oils in the transportation sector, of which 22% on our continent comes from medium and heavy trucks⁶. To meet the terms of international agreements and the pressures of public concern, there is ongoing interest from both government and industry to identify opportunities and act in favour of controlling and reducing these emissions. Initiatives of this kind are also likely to achieve a better public relations profile and advantageous business consequences. Freightera would like to both fulfill its corporate responsibility and include this initiative in its marketing to reach those companies that have similar objectives. Freightera can and plans to:

- a. provide Carriers with the ability to maximize load factors through use of Freightera's existing marketplace, thereby reducing the overall number of trips;
- b. generate data that can be analyzed in terms of load consolidation, interline coordination, on-time performance and other measures of efficiency;
- c. create a rating system for 'Green Transport' as incentive to its Clients to take on a heightened role in corporate responsibility; and
- d. establish Freightera as a primary industry partner and public name associated with this goal. This has begun with the proposed SmartWay program partnership (see *Marketing Strategy above*).⁷

2.5 Short Term Objectives and How We Intend to Achieve Them

The following outlines the Company's short-term objectives for the next 12 months with some adjustment for what has been achieved year to date.

As of the date of this Offering Memorandum we currently have over 11,339 registered shippers. Our objective is to successfully sign up an additional 2,400-18,000 Shippers (based on the total amount of

⁶ Source: U.S. Department of Energy. *Transportation Energy Data Book*, Table 2.8, 2014. <http://cta.ornl.gov/data/chapter2.shtml> (15 Feb 2015)

⁷ <http://touchline.s3-website-eu-west-1.amazonaws.com/g7/climatechange2016/106-1>
<http://www.rtcc.org/magazine/respond2017/mobile/index.html#p=55>

funds raised and available for marketing) which, based on our current and projected conversion rate will produce 665-5,000 or more new revenue producing accounts;

- a. To successfully engage an additional 600 Carriers, including 50 more of the largest firms in North America with application programming interfaces. Based on our current estimates, this could also indirectly bring up to 300 revenue producing accounts with an estimated additional 10 billion lanes;
- b. Expand the shipper sales department from the current three (3) full-time logistics team to eight to twelve (8-12) to focus on larger targeted U.S. and Canadian Shippers.
- c. Expand the customer care staffing from the current department manager and six (6) part-time personnel as necessary to maintain a ratio of one (1) fulltime service person per 200 revenue accounts and ensure a rapid response to service issues and billing resolution and personal contact;
- d. Extend the product development of the software system and the Link2Rail system;
- e. Continue the existing quotation and booking software system development to enhance the existing categories and expand the range of services offered including:
 - Integrated door to door LTL and FTL by rail service from additional carriers
 - Automated flatbed and container shipments
 - Improved automated handling of quoting and booking for FTL services
- f. Ensure the Company's operations are well organized and administered, including the financial reporting, mitigation of risk and commercial liability, regulatory and government compliance, protection of intellectual property and a positive, inclusive company culture.
- g. Complete the Going Public Transaction.

The following table summarizes the costs Freightera expects to incur in its efforts to achieve these goals over the next 12 months. The funds raised in this offering will provide the resources we need for approximately the first 3 months of these programs.

What we must do and how we will do it	Number of months to complete	Our cost to complete
Sales & Marketing		
Add up to 18,000 new Shipper accounts, identified as prospects through search marketing, commercial data sources and digital marketing. Includes the use of direct referral and trial incentives to activate. Convert 5,000 or more new Shippers to ongoing revenue- producing accounts, maintained through superior customer service and other relationship building initiatives.	12 months	\$0.450m

What we must do and how we will do it	Number of months to complete	Our cost to complete
Engage 600 new Carriers, national, regional and local, identified through industry organizations, commercial data sources and insider knowledge base. This may include partnerships with one or more freight brokers and access to hundreds of additional carriers via integration with other air, ocean or rail aggregators.	12 months	\$0.203m
Product Development		
Complete development of the automated quote and booking system to include containers (overland and ocean), air and rail and complete automated booking of refrigerated freight and flatbed loads. Complete phase 1 of Link2rail, automatically linking road and rail rates into single quotes in North America.	12 months	\$0.6m
General & Administrative		
Manage expenditures prudently for General & Administrative including recruiting, rents, insurance, communications, professional fees, banking and finance. Includes establishment of float.	12 months	\$0.281m
Key executive personnel compensation	12 months	\$0.216m
Complete the Going Public Transaction	4 months	\$0.250m
Total		\$2.0m

2.6 *Insufficient Funds*

The funds available as a result of this Offering will not be sufficient to accomplish all of our objectives and there is no assurance that alternative financing will be available. As a condition of the Going Public Transaction, Freightera must complete a concurrent private placement of securities of the Company for minimum aggregate gross proceeds of \$3.5m at a price and on terms and conditions to be mutually agreed upon by the Company and OV2.

2.7 *Material Agreements*

There are no material agreements under which the Issuer has an obligation which is not made in the ordinary course of business except for:

1. Motherload convertible secured debenture dated August 31, 2018 issued by the Issuer to former shareholders of Motherload. See Item 2.3 – Development of the Business – Acquisition of Motherload for more information.
2. Pollack Bridge Note dated August 30, 2019 issued by the Issuer to 2008 Pollack Family Trust. See Item 2.3 – Development of the Business – Funding for more information.
3. Pollack Convertible Debenture dated August 30, 2019 issued by the Issuer to 2008 Pollack Family Trust. See Item 2.3 – Development of the Business – Funding for more information.
4. General Security Agreement dated August 30, 2019 between the Issuer and 2008 Pollack Family Trust. See Item 2.3 – Development of the Business – Funding for more information.

5. Business Combination Agreement dated August 30, 2019 between the Issuer, OV2 and Subco. See Item 2.3 – Development of the Business – Going Public Transaction for more information.
6. Private Placement Debentures dated between September 17, 2019 and November 20, 2019 for the total amount of \$750,800 with various holders. See Item 2.3 – Development of the Business – Funding.

ITEM 3: INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The names, municipalities of residence, offices held, during the past five years, and shareholdings of the directors, officers, promoters, and persons who, directly or indirectly, beneficially own or control 10% or more of any class of the voting securities of the Issuer (a “principal holder”) are:

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of the Minimum Offering	Number, type and percentage of securities of the Issuer held after completion of the Maximum Offering
Eric Beckwitt (Vancouver, BC)	CEO Company Director Company Secretary Since May, 2014	Monthly 2018: \$8,000 2019: \$8,000	8,275,211 Common Shares (24.19%)	8,275,211 Common Shares (24.19%)
Yevgeniya Ponarina aka Zhenya Beck (Vancouver, BC)	Brand, Marketing and Communications Since June 2014	Monthly 2018: \$7,000 2019: \$7,000	8,733,000 Common Shares (25.53%)	8,733,000 Common Shares (25.53%)

3.2 Management Experience

There is one company director at the date of this Offering Memorandum (Eric Beckwitt, CEO and Director). The Freightera management team and their advisors have a wealth of experience in the domestic and international freight industry, which it serves and in software development projects, which it has successfully executed to become a revenue producing commercial enterprise.

Each member has either founded or played a key role in start-up technology-based enterprises involving extensive private equity funding and cash-flow management. The following is a summary of the qualifications of those executives, their experience and activity in recent years.

Name

Principal occupation and related experience



Eric Beckwitt

Founder, CEO, and Director. Eric has successfully designed, obtained funding for and implemented large scale private and government resource management projects for 24 years. Eric has worked as a GIS Analyst, developed global business websites and reported on IT projects to international organizations, to Congress and the President of the U.S. Eric was the principal development team leader and patent holder of what has become the Freightera freight marketplace application.



Yevgeniya Ponarina (aka
Zhenya Beck)

Vice President, Marketing. Zhenya has a Master's degree in Journalism from Irkutsk State University and as Co-Founder of Centauria Design, she worked with large organizations and NGOs in web design, web development and online automation services. In 2013, she directed the design and content development process that won "Best Transportation Website" award among 66 countries in the Web Marketing Association's WebAwards. Zhenya is the recipient of the Award of Achievement in Digital Analytics from the University of BC and is responsible for Freightera's marketing with an emphasis on promotions and optimizing the company's exposure.



Robert Murray

Management Advisor. As an executive business strategist, Bob is able to see simple, executable and engaging solutions where others see only problems. Bob has worked with senior executives of multi-billion dollar ventures to improve their future, further engage their community stakeholders, and essentially fix their problems. Bob is experienced in virtually all areas of the corporate development, and he is passionate and energized about helping companies be the best they can be.

3.3 *Penalties, Sanctions and Bankruptcy*

There has been no penalty or sanction that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against:

- i. a director, executive officer or control person of the Issuer, or
- ii. an Issuer of which a person referred to in (i) above was a director, executive officer or control person at the time.

There has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets that has been in effect during the last 10 years with regard to any:

- i. director, executive officer or control person of the Issuer, or
- ii. Issuer of which a person referred to in (i) above was a director, executive officer or control person at the time.

3.4 *Loans*

There have been no debentures or long-term loans due to or from the directors, management, promoters and principal shareholders of the Issuer.

From time to time, directors, management, promoters or principal shareholders of the Issuer may provide short-term loans to the Issuer. These loans are unsecured and do not bear interest.

ITEM 4: CAPITAL STRUCTURE**4.1 Share Capital**

Pursuant to the terms of the Articles of Incorporation of the Issuer, the authorized capital of the Issuer consists of an unlimited number of common shares (the “Common Shares”), an unlimited number of Preferred shares (the “Preferred Shares”), and an unlimited number of Class “A” Preferred shares (the “Class A Preferred Shares”), all without par value.

The director of the Issuer has authorized the issuance of an unlimited number of Class “B” convertible preferred shares (the “Convertible Shares”), without par value and with special rights and restrictions, which special rights and restrictions are expected to be presented to the Shareholders for approval at the meeting scheduled for December 17, 2019.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at November 30, 2019	Number outstanding after Minimum Offering ⁽⁶⁾	Number outstanding after Maximum Offering
Common Shares	Unlimited	Fixed by the Directors	34,211,591	34,211,591	34,211,591
Preferred Shares	Unlimited	Fixed by the Directors	0	0	0
Class A Preferred Shares	Unlimited	Fixed by the Directors	0	0	0
Convertible Shares ⁽⁴⁾	Unlimited	Fixed by the Directors	0	0	500,000
Warrants	N/A	Fixed by the Directors	1,960,448 ⁽¹⁾	1,960,448	1,960,448
Options	N/A	Fixed by the Directors	0	0	0
Broker Warrants	N/A	Fixed by the Directors	79,743 ⁽²⁾	79,743	133,076 ⁽⁵⁾
Convertible Debentures	N/A	N/A	\$2,530,800 ⁽³⁾	\$2,530,800	\$2,530,800

Notes:

(1) Warrants outstanding to shareholders at an average price of \$0.64 per Common Share. The warrants have expiry dates of the earlier of May 29, 2020, October 31, 2021, May 7, 2028, and closing of a going public transaction.

(2) Broker warrants issued in connection with the offering of the Private Placement Debentures. The broker warrants have expiry dates of September 17, 2021 October 4, 2021, November 5, 2021, and November 20, 2021.

(3) Includes the Private Placement Debentures, Pollack Convertible Debenture, and convertible debenture issued to former shareholders of Motherload. See Item 2.3: Development of the Business for the terms of the outstanding convertible debentures.

(4) See Item 5: Securities Offered for the terms of the Convertible Shares. The special rights and restrictions of the Convertible Shares are subject to approval by the Shareholders.

(5) See Item 7: Compensation Paid to Sellers and Finders.

(6) There is no Minimum Offering. Numbers assume no securities are issued by the Issuer during the Offering.

4.2 Long Term Debt Securities

The following is the outstanding long term debt of Freightera.

Description of long term debt	Interest Rate	Repayment Terms	Amount outstanding as at November 30, 2019
Pollack Convertible Debenture (secured) ⁽¹⁾	2% per annum, increasing to 10% on closing of a Going Public Transaction	Matures on August 30, 2024. May be converted into Listed Company Shares or Common Shares by the holder following the Going Public Transaction or Termination Date.	\$1,500,000
Private Placement Debentures (unsecured) ⁽¹⁾	12% per annum, increasing to 10% on closing of a Going Public Transaction	Matures five years from date of issuance. May be converted into Listed Company Shares or Common Shares by the holder following the Going Public Transaction or Termination Date.	\$750,800

Note:

(1) See Item 2.3: Development of the Business – Funding for more information.

4.3 Prior Sales

The following table lists the outstanding securities of the Issuer issued within the past 12 months including options, warrants and any other securities convertible into shares.

Date	Type of Security	Number Issued	Price per Security/ Exercise Price ⁽⁸⁾	Total Funds Received
September 11, 2018 – February 18, 2019	Common shares	645,418	\$1.20	\$774,501.60
February 21, 2019 – April 1, 2019	Common shares	572,834	\$0.005 ⁽¹⁾	\$2,864.17
April 4, 2019	Common Shares	20,000	\$1.20	\$24,000.00
April 11, 2019	Common Shares	3,750	\$1.20	N/A ⁽²⁾
May 1, 2019	Common Shares	75,800	\$0.34375 ⁽³⁾	\$26,056.25
May 13, 2019	Common Shares	101,666	\$1.20	N/A ⁽⁴⁾
May 31, 2019 – June 14, 2019	Common Shares	23,334	\$1.20	\$28,000.80
June 14, 2019	Common Shares	20,000	\$0.005 ⁽¹⁾	\$100.00
July 23, 2019 – August 6, 2019	Common Shares	65,000	\$1.20	\$78,000.00
September 17, 2019	Common Shares	84,851	\$0.01 ⁽⁵⁾	\$848.51
September 17, 2019	Common Shares	781,552	\$0.005 ⁽¹⁾	\$3,907.76
November 19, 2019	Common Shares	80,000	\$1.20	N/A ⁽⁶⁾
	Total Common Shares	2,474,205		\$938,279.09

Date	Type of Security	Number Issued	Price per Security/ Exercise Price ⁽⁸⁾	Total Funds Received
September 11, 2018 to November 19, 2018	Warrants	101,207	\$1.80	N/A
September 11, 2018 to November 19, 2018	Warrants	130,900	\$2.40	N/A
November 6, 2018 to January 31, 2019	Warrants	215,500	\$1.20	N/A
October 31, 2021	Warrants	60,000	\$1.20	N/A
	Total Warrants	507,607		N/A
September 17, 2019	Broker Warrants	33,344	\$0.53 ⁽⁷⁾	N/A
October 4, 2019	Broker Warrants	3,733	\$0.53 ⁽⁷⁾	N/A
November 5, 2019	Broker Warrants	40,000	\$0.53 ⁽⁷⁾	N/A
November 20, 2019	Broker Warrants	2,666	\$0.53 ⁽⁷⁾	N/A
	Total Broker Warrants	79,743		N/A
August 30, 2019	Convertible Debenture ⁽⁹⁾	\$1,500,000	N/A	\$1,500,000
September 17, 2019 – November 20, 2019	Convertible Debentures ⁽¹⁰⁾	\$750,800	N/A	\$750,800
	Total Convertible Debentures	\$2,250,800		\$2,250,800

Notes:

- (1) Pursuant to previously issued warrants exercisable at \$0.005 per share.
- (2) Issued for consulting services in lieu of cash compensation.
- (3) Pursuant to previous issued warrants exercisable at \$0.34375 per share.
- (4) Issued as compensation and performance bonus to staff and consultants.
- (5) Pursuant to previous issued warrants exercisable at \$0.01 per share.
- (6) Issued as compensation pursuant to an advisory agreement.
- (7) If the Going Public Transaction completes by the Termination Date, then the broker warrants will be exercisable into Listed Company Shares at an exercise price of \$0.75 per share.
- (8) This column lists the price per security with respect of the common shares issued, and the exercise price of warrants with respect of warrants issued.
- (9) See details of the Pollack Convertible Debenture in Item 4.2 Long Term Debt Securities.
- (10) See details of the Private Placement Debentures in Item 4.2 Long Term Debt Securities.

ITEM 5: SECURITIES OFFERED**5.1 Terms of Securities**

Convertible Shares in the capital of the Issuer are being offered under this Offering Memorandum. The Offering is subject to Shareholder approval of the special rights and restrictions for the Convertible Shares, which are expected to be presented to the Shareholders at the meeting scheduled for December 17, 2019.

Pursuant to the Business Combination Agreement, if the Issuer completes the Going Public Transaction by the Termination Date, the Convertible Shares will be exchanged for Amalco Exchangeable Shares at the rate of one Amalco Exchangeable Share for each one Convertible Share held. The following is a summary of the terms of the Offering, including the Convertible Shares and Amalco Exchangeable Shares. Subscribers should review the full text of the special rights and restrictions of the Convertible Shares and Amalco Exchangeable Shares, which are attached as schedules to the Subscription Agreement.

The Convertible Shares and Amalco Exchangeable Shares will have the following rights and attributes:

- (a) Price per Convertible Share: \$1.00.
- (b) Dividend: The Convertible Shares will earn a cumulative dividend of \$0.12 per Convertible Share per annum, payable in cash or Common Shares. The Amalco Exchangeable Shares will earn a cumulative dividend of \$0.10 per Amalco Exchangeable Share per annum payable in cash or Listed Company Shares. The dividends on the Convertible Shares and Amalco Exchangeable Shares will be declared once per year, on the anniversary of the issuance of the Convertible Shares or Amalco Exchangeable Shares. The dividend will only be paid to holders of record on the record date. No dividends will be paid on Convertible Shares or Amalco Exchangeable Shares exchanged or converted prior to the record date.

On issuance of the Amalco Exchangeable Shares, a one-time dividend will be declared on the Amalco Exchangeable Shares in an amount calculated based on the dividend entitlement on the Convertible Shares, prorated for the amount of time the Convertible Shares were outstanding. The record date for such dividend will be the first anniversary of the issuance of the Amalco Exchangeable Shares.

Distributions made by way of dividends declared on the issued and outstanding Convertible Shares or Amalco Exchangeable Shares will be subject to the provisions of the *Business Corporations Act* (British Columbia).

- (c) Conversion/Exchange: The Subscriber may not convert the Convertible Shares prior to the earlier of the completion date of the Going Public Transaction and the Termination Date. If the Going Public Transaction is not completed by the Termination Date, the Convertible Shares may be converted, at the option of the holder, into Common Shares at a conversion rate of one Share for each 0.53 of a Convertible Share held.

The Amalco Exchangeable Shares may be exchanged, at the option of the holder, and subject to the approval or any requirements of the Exchange, for Listed Company Shares at an exchange rate of one Listed Company Share for each 0.75 of an Amalco Exchangeable Share held.

The holder must provide written notice of the conversion or exchange in accordance with the procedure set out in the special rights and restrictions.

- (d) Adjustment of exchange ratio: If the Issuer completes the Going Public Transaction and a lower priced financing prior to the Going Public Transaction, the number of Amalco Exchangeable Shares issuable for each Convertible Share held on closing of the Going Public Transaction will be increased to the number calculated by multiplying the number of Convertible Shares held by the quotient of the following:

$$\frac{\$0.53}{\text{Price of lower priced financing}}$$

- (e) Redemption: The Convertible Shares and Amalco Exchangeable Shares may be redeemed in whole or in part by the Issuer or Amalco, as applicable, on 14 days' written notice.

If the Going Public Transaction is not completed and the Convertible Shares are not earlier converted or redeemed, the Convertible Shares will be automatically redeemed by the Issuer on the date that is five years from the date of issuance. The Convertible Shares will be redeemed by payment of \$1.00 per Convertible Share or issuance of Common Shares at a rate of one

Common Share for each 0.53 of a Convertible Share held, together with an amount equal to all accrued dividends.

If issued and not earlier exchanged or redeemed, the Amalco Exchangeable Shares will be automatically redeemed by Amalco on the date that is five years from the date of issuance. The Amalco Exchangeable Shares will be redeemed by payment of \$1.00 per Amalco Exchangeable Share or issuance of Listed Company Shares at a rate of one Listed Company Share for each 0.75 of an Amalco Exchangeable Share held, subject to Exchange acceptance, together with an amount equal to all accrued dividends.

- (f) Voting rights: Holders of Convertible Shares and Amalco Exchangeable Shares do not have voting rights. Pursuant to the Subscription Agreement, Subscribers will grant the Chief Executive Officer or a director of the Issuer a power of attorney to sign a consent resolution or vote their Convertible Shares for the approval of the amalgamation agreement for the Issuer and Subco pursuant to the Business Combination Agreement. Subscribers also waive their right to dissent with respect to the adoption of such amalgamation agreement.
- (g) Other attributes: The Convertible Shares and Amalco Exchangeable Shares are non-transferable.

Underlying Securities

The Convertible Shares do not confer upon Holders any rights or interest as a Shareholder, and the Amalco Exchangeable Shares do not confer upon holders any rights or interest as a shareholder of Amalco or the Listed Company.

Each Listed Company Share or Common Share resulting from the conversion of the Convertible Shares or exchange of the Amalco Exchangeable Shares will entitle the holder to receive notice of and to attend and vote at all meetings of the shareholders of the Listed Company or Company, as applicable, and each Listed Company Share or Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders. The holders of the Listed Company Shares or Common Shares, subject to the prior rights, if any, of any other class of shares, are entitled to receive such dividends in any financial year as the board of directors may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Listed Company or Company, as applicable, whether voluntary or involuntary, the holders of the Listed Company Shares or Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares, the remaining property and assets of the Listed Company or Company.

If the Going Public Transaction is not completed by the Termination Date, and the Holder provides notice to the Issuer to convert all or any part of the outstanding amount into Common Shares, the Issuer may require the Holder to sign the Shareholders' Agreement as a condition to conversion of the Convertible Shares. Subscribers should review the Shareholders' Agreement, the form of which is attached as Appendix 1 to this Offering Memorandum.

5.2 Subscription Procedure

Subscription and Payment

You may subscribe for the Convertible Shares by returning to the Issuer the following:

- a. completed Subscription Agreement, including all applicable Schedules, in the form accompanying this Offering Memorandum, duly executed;

- b. wire transfer for the Subscription Price made payable to “Morton Law LLP in Trust” in accordance with the instructions set out in the Subscription Agreement.

You should keep a copy of the Subscription Agreement and the Offering Memorandum for your records. The Subscription Agreement and any related Schedules and Subscription Price will be retained in the possession of the Issuer until closing. The Issuer has the discretion to fully or partially accept or reject any subscription for the Convertible Shares by the applicable Date of Closing. In case of rejection of any subscription, the part of the Subscription Price not accepted by the Company for closing will be refunded to the prospective purchaser, less bank fees.

By signing the Subscription Agreement, the prospective purchaser authorizes the Issuer to perform certain functions, as described in this Offering Memorandum. A Subscriber will only be accepted as a Holder if on or before the Date of Closing the Issuer is in receipt of the Subscription Documents in accordance with the Subscription Agreement, including the Subscription Price.

Consideration to be held in trust

We will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed Subscription Agreement.

Conditions to closing

The Issuer reserves the right to accept or reject any Subscription Agreement in whole or in part and close the Offering at any time, without notice. If the Issuer rejects any Subscription Agreement (in whole or in part), the Issuer will return the Subscription Price (or part thereof in case of a partial acceptance), less bank fees, to the Subscriber, without interest payable to the Subscriber.

The Issuer shall, in its sole discretion, determine the Date of Closing.

Certificates or other instruments in lieu of certificates evidencing the Convertible Shares will be issued to investors after the Date of Closing for the Convertible Shares being issued.

ITEM 6. INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 Professional Advisor

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 Other Income Tax Disclosure

Not applicable

6.3 RRSP Eligibility

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Freightera may pay commission to finders in connection with the Offering. The commission will include cash in the amount of 8% of the gross proceeds from Subscribers identified by the finder, as well as broker warrants equivalent to 8% of the number of Listed Company Shares that would be issuable to such Subscriber if they exchanged the Amalco Exchangeable Shares. The broker warrants will expire 2 years

from the date of issuance, and will be exercisable into Listed Company Shares at \$0.75 per Listed Company Share, or, if the Going Public Transaction is not completed by the Termination Date, will be exercisable into Common Shares at \$0.53 per Common Share.

Assuming the Maximum Offering, Freightera may pay up to \$40,000 in cash commission and issue up to 53,333 broker warrants.

There is no other compensation in the form of securities paid to any seller or finder of the Convertible Shares offered under this Offering Memorandum.

ITEM 8. RISK FACTORS

8.1 Investment Risk

The purchase of the Convertible Shares and any subsequent exchange for Amalco Exchangeable Shares or Listed Company Shares, or conversion into Common Shares involves a high degree of risk. The following is a summary of only the material risk factors that may face the Issuer. However, additional risks that the Issuer does not currently know about or that it currently believes to be immaterial may also impair our business operations. If any of the following risks actually occurs, our business, results of operations and financial condition could be materially adversely affected. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective purchasers should consider the following:

Our Securities are Speculative: there is No Market for our Securities, and the Securities have Resale Restrictions.

The purchase of the Convertible Shares is highly speculative. You should buy them only if you are able to bear the risk of the entire loss of your investment and have no need for immediate liquidity in your investment. An investment in the Convertible Shares should not constitute a major portion of your portfolio. You should consult your own independent advisors as to the tax, business and legal considerations regarding an investment in our securities. Because there is no market for any of our securities you may not be able to sell your securities (including any Common Shares resulting from any conversion of the Convertible Shares). The securities you are buying and the underlying Common Shares they may be converted into are not listed on any stock exchange, and they may never be listed. You may never be able to sell your securities or such Common Shares and recover any part of your investment. In addition to restrictions on securities provided for under securities laws, the Common Shares are subject to additional restrictions on resale as set out in the Shareholders' Agreement and the Company's articles.

No Minimum Subscription

The Offering is subject to no minimum subscription level and, therefore, any funds received from an investor will be made available to the Issuer subject only to the purchaser's rights described in Item 14 and need not be refunded to the investor once the Company closes on the investor's subscription. On several dates prior to and upon completion of the Offering, all of the subscription funds will be advanced to the Issuer. In the event that the Issuer does not raise or invest the Maximum Offering, there may be insufficient funds to achieve all of the Issuer's objectives.

The Issuer has a limited Operating History

The Issuer has entered its fifth year of commercialization and therefore has a limited history of earnings. There is no assurance that Issuer will be able to achieve and then maintain sales or earnings.

Marketability of the Shares and Convertible Shares, No Listing, and Exit Strategy

There is currently no formal market for the Common Shares, Convertible Shares or Amalco Exchangeable Shares, nor is it expected that one will develop for any of them. The Convertible Shares and Amalco Exchangeable Shares are non-transferable. The Convertible Shares will be sold pursuant to exemptions from applicable securities laws and any disposition of the underlying Common Shares they may be converted to will require compliance with such laws, including resale restrictions. Consequently, it is possible that Holders (and such parties later as Shareholders, assuming conversion of their Convertible Shares into Common Shares) may not be able to liquidate their investment and that the Convertible Shares and/or the Common Shares and/or the Amalco Exchangeable Shares resulting from any conversion or exchange of such shares may not be readily acceptable as collateral for loans.

The Common Shares, Convertible Shares and Amalco Exchangeable Shares are not currently listed on any stock exchange, market, or quotation system, and the Issuer has no plans in place to list any of the Common Shares, Convertible Shares or Amalco Exchangeable Shares on any of the foregoing.

Tax Matters

The return on a Holder's investment in his/her/its Convertible Shares is subject to changes in Canadian Federal and Provincial tax laws, as well as any other tax laws applicable to the Holder. There can be no assurance that the tax laws will not be changed in a manner which will fundamentally alter the tax consequences to investors of holding or disposing of Convertible Shares or Amalco Exchangeable Shares, or exchanging or converting the Convertible Shares or Amalco Exchangeable Shares. No advance income tax ruling has been applied for or received with respect to the income tax consequences of holding, disposing of or converting the Convertible Shares or Amalco Exchangeable Shares. Each prospective investor and Holder must seek advice from their own legal, accounting, and financial advisors regarding tax matters applicable to such investor or Holder.

No Representation

The Issuer has not retained any independent professionals to review or comment on this Offering or otherwise protect the interests of the Subscribers. Although the Issuer has retained its own counsel, neither such firm nor any other firm has made, on behalf of the Purchaser, any independent examination of any factual matters represented by management herein, and purchasers of the Convertible Shares offered hereby should not rely on the firm so retained with respect to any matters herein described.

No Guarantee of the Completion of the Going Public Transaction

There is no guarantee that the Going Public Transaction will complete or complete on the terms currently contemplated or agreed upon between the parties. Should the Going Public Transaction not complete, then the Issuer will remain a private company and the Common Shares will continue to be unlisted and not trading on any public marketplace or stock exchange. As a result, there is a risk that the Issuer may never become a reporting issuer (a public company) and that the Common Shares (including any issued as a result of the conversion of the Convertible Shares) may never be eligible to be traded on any public marketplace or stock exchange. The Issuer currently has no alternative transaction planned for the listing of the Common Shares in the event of the Going Public Transaction not completing.

8.2 Issuer Risk

Dilution

Any conversion of the Convertible Shares into Common Shares will result in dilution to any existing Shareholders of the Issuer.

Moreover, warrants were issued in the past to acquire Common Shares. As of the date of this Offering Memorandum, there were 1,960,448 warrants issued and outstanding with an average exercise price of \$0.64 per Common Share.

Operational Risk

The Issuer is in an early commercial and continuing development phase of its operations. An investor must assess the impact of the limited business history of the Issuer. Investors in the Issuer will be required to rely upon the Issuer in its ability to develop the product, the selection of the geographical territories to be developed, the management and operation of the Issuer's proposed marketing to key partners, strategic alliances and end users and the general administration of its business.

The Issuer will rely to a significant extent on the expertise of its officers, employees and consultants. In addition, the overall performance of the business of the Issuer will be dependent upon the success of the sale of its Convertible Shares, since the Issuer will require significant percentage of the Maximum Offering to commence all of its projects.

The Issuer is not producing net income and the Issuer may not be able to fully execute its business plan, for any number of reasons, including (without limitation) lack of sufficient funding, lack of sufficient market acceptance, inability to develop or obtain contracts or relationships with key partners, strategic alliances or end users, execution risk, competition and all of the difficulties and challenges associated with being a new business.

The Issuer expects to continue to incur net losses because the Issuer is expending substantial resources on the following areas of its operation, to grow the business, achieve eventual profitability and the significantly improve company's valuation:

- (a) product development;
- (b) intellectual property portfolio development;
- (c) brand development;
- (d) general and administration expense; and
- (e) sales and marketing.

The Issuer's profitability depends on maintaining adequate volume of transactions at relatively low margins, particularly in light of operational risks faced from competitors. As a result, changes in the volume of transactions handled by the Issuer and other factors such as occurrence of bad debts can materially and adversely affect the Issuer's profitability. The Issuer cannot be certain that its business strategy or model will be successful or that target revenues or profitability will ever be achieved. Even if profitability can be achieved, the Issuer cannot be certain that it can be consistently sustained or increased in the future.

The Issuer has employees dedicated to collections activities and uses the services of a legal firm for this purpose if otherwise unsuccessful, however, it cannot guarantee that it will be able to collect 100% of its accounts receivable. Factors such as changing economic conditions, insolvency of customers, disputes over transaction charges, and other factors may prevent the Issuer from collecting 100% of its accounts receivable and may negatively impact the success of the Issuer. Bad debts including unrecoverable service failure costs are itemized on its financial statements.

Business Risks and Barriers to Entry

The Issuer cannot be certain that its business strategy or model will not be subject to current or future competition offering a similar product and service or that other competitors may gain an advantage over the Issuer.

The Issuer cannot assure that there will be sufficient industry demand for the Issuer's services from Clients and Users in each market that we choose to enter. Should there not be sufficient demand from Clients and Users, the Issuer may experience a barrier to entering the market, a delay in entering the market and/or an inability to enter the market and/or sustain and/or grow the business of the Issuer in the market.

The Issuer cannot assure that it will be able attract Clients to its website and/or service offerings and/or to convert them to Users and/or generate sufficient demand for the services of the Issuer. Should there not be sufficient demand for the Issuer's program, the Issuer may experience a barrier to entering the market, a delay in entering the market and/or an inability to enter the market and/or sustain and/or grow the business of the Issuer in the market.

The Issuer cannot assure that it will be able to ensure that the Freightera marketplace platform will continue to comply with laws, industry standards, rules or regulations for the jurisdictions in which we operate, which is an ongoing challenge both for existing markets and when entering new markets and could be a barrier to such markets.

The Issuer cannot assure that it will be able to build the Client and User base sufficiently to create the desired revenues, or it may take longer than anticipated to grow the Client and User base.

The Issuer cannot assure that it will be able to overcome resistance of Clients or User to adopting new technology, changing their business practices or accepting the costs of converting their existing systems and business practices.

The Issuer cannot assure that all Carriers will work with us or provide the most favourable rates.

Change in Technology

Ensuring that the Client and User experience and functionality is continuously improved and kept up to date with the fast pace of change in the technology industry is an ongoing challenge for the Issuer. The pace of change of technology and the requirement for the Issuer to continuously improve the system is an ongoing risk and the Issuer cannot assure that it will be able to keep up with the pace of change.

Additional Financing

The Issuer intends to use the net proceeds of this Offering for the purposes of continuing the Issuer's product and service development, hiring of new personnel, research and development, intellectual portfolio development, branding, marketing, promotions and sales and other activities necessary to operate the business and complete the Going Public Transaction. The Issuer will require additional funds to develop and grow its business. The Issuer cannot accurately predict the timing and amount of such capital requirements. The Issuer's future capital requirements will depend on numerous factors, including:

- a. the success in securing additional Clients, Users and strategic partners;
- b. the Issuer's ability to implement its marketing and sales strategy;
- c. the rate of market acceptance of the Issuer's product;
- d. the Issuer's ability to maintain and improve its gross margins; and
- e. the Issuer's ability to keep pace with advancing technology.

The Issuer presently has no contractual commitments for additional financing and it cannot give any assurance that any commitments can be obtained on favourable terms or at all.

The Issuer may have to sell a substantial number of its securities in order to obtain additional equity financing. Any additional equity financing, which may include the offering of preferred stock that the Issuer undertakes may dilute the Issuer's Shareholders.

In addition, debt financing, if available, may involve restrictive covenants with respect to distributions, raising future capital and other financial and operational matters, and may otherwise limit the Issuer's ability to raise additional equity capital.

Key Employees and Strategic Alliances

The Issuer's success will depend on its ability to attract, retain, train and motivate highly skilled employees, particularly systems development and sales and marketing professionals. The Issuer may not be able to attract the personnel it needs to execute its business plan. The Issuer's current management and/or key employees might not have the requisite skills to ensure the Company's financial success.

Further, the Issuer's success depends on a continuing and expanding its relationships with Clients, Users and other business partnerships. The Issuer also engages or will engage certain third parties for advice on technology, market data, legal, human resources, intellectual property and public relations and other areas where specialized expertise may be required and its success will depend on its ability to make such strategic alliances. The Issuer will depend substantially on the services of its executive team, management team, development team, sales and marketing team and its strategic alliances.

The Issuer's business may be harmed if it loses the services of any one of its key employees, strategic alliances or key partners and is unable to attract and retain qualified replacements.

The Issuer has no control over third party service or supplier providers on which it depends and may depend to run its business and should there be a change in the quality or level of service or supplies from such providers, then such change could materially adversely affect the Issuer.

Interests of Principals and Others in Material Contracts and Conflicts of Interest

The majority of the agreements and arrangements between the Issuer and its officer(s) and director(s), including management services contracts, have not been the result of arm's length negotiations but are believed to be reasonable in relation to the services performed. The Issuer will be relying on its respective officers and directors to advise it with respect to the development of its business. The officer(s) and director(s) of the Issuer are now or may become in the future officers and/or directors of other entities or act as principals, officers or directors of other businesses. They may have conflicts of interest in allocating management time, services and functions among the Issuer and any other present or future businesses which they may organize, or provide management services to, as well as other business ventures in which they are or may become involved. Management intends to handle conflicts of interest in accordance with applicable law.

Management of Growth

The Issuer anticipates rapid growth and plans to capitalize on this growth. The Issuer's future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees and strategic partners, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in expense growth could have a material adverse effect on the Issuer's business, results of operations, cash flows and financial condition.

Nature of the Underlying Businesses

The Issuer is establishing a business within a competitive industry. Its success will be dependent upon its ability to develop and market its product profitably in the domestic and international marketplaces. Also important will be the Issuer's ability to source and maintain adequate alternate investment and/or debt financing and/or government assistance to meet the cash flow requirements of its operations.

Cash Flow Deficiencies

The successful operation of the Issuer will be dependent on management's ability to attain and maintain sales revenue sufficient to meet expenditures. There is no assurance that the operations of the Issuer will provide any cash flow available for distribution to the Issuer.

Management by Others

All decisions with respect to the management of the Issuer will be made exclusively by the Board of Directors, subject only to limited protective provisions and voting rights in favour of subscribers required by law. Subscribers will have to rely on the judgment of the Board of Directors in the operation of the Issuer and errors in the Board of Directors' business judgment could have a material adverse effect on the Issuer and its results from operations. The Board of Directors and officers of the Issuer will have no liability for any obligation of the Issuer unless prescribed by applicable law. The Issuer will be required to indemnify the Board of Directors, the officers, and their respective affiliates for liabilities incurred in connection with the affairs of the Issuer. Such liabilities may be material and have an adverse effect on the returns to the subscribers. The indemnification obligation of the Issuer will be payable from the assets of the Issuer, including funds contributed by the subscribers. Applicable corporate and securities laws may impose liabilities under certain circumstances on persons who do not act in good faith, and nothing herein will waive or limit any rights that a Subscriber or a Shareholder may have against the Board of Directors under those laws. In addition, to the extent permitted by applicable law, the Issuer is permitted to advance funds for legal expenses and other costs incurred as a result of a legal action against persons entitled to indemnification if such persons agree in writing to repay the advanced funds to the Issuer if it is subsequently determined that such person is not entitled to such indemnification.

Continued Brand Recognition

The Issuer believes that developing and then maintaining its brand and being able to expand its Client and User base is critical to its success. The importance of brand recognition may become greater as competitors offer similar services. The Issuer's brand-building activities will involve increasing awareness of its brand, creating and maintaining brand loyalty and increasing the availability of its product and service offerings. If the brand-building activities are unsuccessful, the Issuer may never recover the expenses incurred in connection with these efforts, and it may be unable to implement its business strategy and increase its future sales, and may lose market share.

Adaption to Changing Preferences

The success of the Issuer's product development and sales and marketing efforts is affected by its ability to anticipate changes in industry trends, the technical capability of its product development staff in developing and testing the software, including complying with governmental regulations, and the success of its management and sales team in introducing, selling and marketing the product features, and securing financing to fund the business in pursuance of these activities. Failure to develop, add new features to and market the product may lead to a decrease in the Issuer's future growth, sales and profitability. Additionally, the development of the product requires substantial systems development and marketing expenditures, which the Issuer may not be able to finance and/or recoup if the product does not gain widespread market acceptance.

Intellectual Property

Freightera is the owner to the underlying source code and other Intellectual Property that forms the online marketplace software.

Patent and Copyright

The original patent was filed in 2012 (Precautionary Provisional Application) and 2013 (full filing) in the U.S. only. The inventors are (equally) Jack Pollack, Chaim Stern and Eric Beckwitt. In May 2014, on behalf of all three inventors, Eric Beckwitt filed under the Patent Cooperation Treaty (PCT) to reserve rights worldwide. The original patent (full filing) was abandoned and will almost certainly be rejected. New patent applications have been filed in Canada, the U.S. and the European Union, beginning in October 2015, in the name of the original inventors.

In 2017, the original patent was abandoned in the European Union. In 2019, the original patent was abandoned in the U.S. and Canada.

Independent of the original patent application, Freightera has developed extensive, new, patentable intellectual property and a new and separate patent owned solely by Freightera was filed in 2017. This new patent, if granted, would be the sole property of Freightera. Freightera filed new patent applications in the U.S. in 2019 and intends to file in Canada as well.

The source code for the application software is also copyrighted, in Canada and the U.S. Although the bankrupt entity filed a copyright on the original code in 2011, it only represents approximately 5% of the total system code being used in the Freightera freight marketplace. Freightera has successfully copyrighted the complete, current system code in April 2015. All rights previously held by Eric Beckwitt and Centauria Design were formally transferred to Freightera on May 8, 2017.

The patent and copyright filings and other legal activity pertaining to these matters and any related correspondence is being handled by the law firm of Norton Rose Fulbright Canada LLP. The code has been partially rewritten again with the new functionality and web interface design released Sept 1, 2017 and Freightera is now in the process of completely recoding the entire system for speed and efficiency.

Risk Related to Patent

Patent laws vary by country in relation to the rights of multiple inventors.

U.S. laws are specifically designed to provide equal rights to all inventors, to allow each inventor to fully use and profit from the invention. Any action by any one inventor to prevent another from using the invention in the marketplace is unlikely to be supported. As a result it is highly unlikely there would be any challenge from the other inventors under U.S. law. Under Canadian law, if two or more inventors were using the invention and working in a specific market, the courts may limit one or more parties from operating in the same market.

On June 5, 2018 all parties to the original patent signed a comprehensive release related to the Freightera IP. As of September 4, 2018, the final payment under the release agreement was made and Freightera has no liabilities going forward regarding the original patent.

Contingent Liability, Acquisition of Motherload

In the event that the annual Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Motherload reaches an annual average of \$0.6m, by December 31, 2020 (based upon the average of the EBITDA for the fiscal years ending December 31, 2019 and 2020), then the Company shall pay to the

former shareholders of Motherload additional consideration of \$0.5m with respect of the acquisition of Motherload.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand

If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be harmed. In addition, defending our intellectual property rights might entail significant expense. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. While we have U.S. and Canadian patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our service is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the U.S. and Canada, and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. We may be subject to litigation initiated by other parties challenging our intellectual property rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel and materially adversely affect our business and financial condition.

Disruptions in our service could diminish demand for our service and subject us to substantial liability

Because our service is complex and we have incorporated a variety of new computer hardware and software, both developed in-house and acquired from third party vendors, our service may have errors or defects that users identify after they begin using it that could result in unanticipated downtime for our users and harm our reputation and our business. Internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. We have from time to time found defects in our service and new errors in our existing service may be detected in the future. In addition, our customers may use our service in unanticipated ways that may cause a disruption in service for other customers attempting to access their data. Since our customers use our service for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our service could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, or delay or withhold payment to us, we could lose future sales, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation.

Interruptions or delays in service from our third-party data center hosting facilities could impair the delivery of our service and harm our business

We currently serve our customers from third-party data center hosting facilities. Any damage to, or failure of, our systems generally could result in interruptions in our service. As we continue to add data centers and add capacity in our existing data centers, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, our systems generally could result in interruptions in our service. Interruptions in our service may reduce our revenue, cause us to

issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable.

We do not control the operation of any of our hosting facilities, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. Even with the disaster recovery arrangements, our service could be interrupted. All of the foregoing could adversely affect our business and financial condition.

If our security measures are breached and unauthorized access is obtained to a customer's data or our data, our service may be perceived as not being secure, customers may curtail or stop using our service and we may incur significant legal and financial exposure and liabilities

Our service involves the storage and transmission of customers' proprietary information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. These security measures may be breached as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data to additional data centers or at any time, and result in someone obtaining unauthorized access to our data or our customers' data. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data or our customers' data. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

In addition, our customers may authorize third party technology providers to access their customer data. Because we do not control the transmissions between our customers and third-party technology providers, or the processing of such data by third-party technology providers, we cannot ensure the complete integrity or security of such transmissions or processing. Any security breach could result in a loss of confidence in the security of our service, damage our reputation, lead to legal liability and negatively impact our future sales.

Insufficient funds

We may have insufficient funds from time to time to fulfill our short-term and/or long-term objectives. Furthermore, proceeds from the Offering may not be sufficient for us to fulfill or even partially realize our objectives.

8.3 Industry Risk

Competition

The Issuer operates in a highly competitive industry in which it faces a number of well established, existing and emerging direct and indirect competitors. Competitors may be further along in their development or more established than the Issuer and may have access to more resources than the Issuer.

If the Issuer is unable to compete it could have a material adverse effect on the Issuer's business. The Issuer cannot be certain that it will successfully compete with its competitors that may have greater financial, sales and technical resources. As a result, the Issuer may need to increase its marketing, advertising and promotional spending to secure market share, which may adversely impact its revenues

and ultimately its profitability. The Issuer may not have the financial resources to increase such spending when necessary to compete. See Item 2.2: Our Business - Competitors, above for additional information.

Environmental and Industry Regulation

The Issuer's success may be affected by the ability of the Issuer to maintain its compliance with laws and regulations in respect of use of the internet as a platform for business-to-business or business-to-customer commercial transactions, or regulatory change affecting use by Clients and Users. Changes to any of these laws and regulations could have a significant impact on the Issuer's business. Also, changes to any laws and regulations related to Users, Clients, Carriers, and Shippers, including but not limited to environmental laws and laws related to transportation and shipping, may materially adversely affect the Issuer, its business and financial condition. There can be no assurance that the Issuer will be able to cost-effectively comply with all or any future laws and regulations.

Failure by the Issuer to comply with applicable laws and regulations may subject the Issuer to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Issuer's financial condition and results of operations.

Product or Service Obsolescence

If the Issuer is unsuccessful in meeting its objectives with respect to any of its service(s) and/or product(s), the Issuer's business will be harmed. There can be no assurance of the Issuer's ability to develop a product and/or service that is competitive with other similar applications or that it can then later develop a new version of the product or service that will meet changing Client and User preferences and receive widespread acceptance. Failure to develop and successfully market a 'User-friendly' product or service will have a material adverse impact on the Issuer's financial condition and results of operations.

ITEM 9. REPORTING OBLIGATIONS

9.1 Reporting

The Issuer is not a "reporting issuer" as such term is defined in applicable securities legislation and accordingly is not subject to most of the continuous disclosure reporting obligations imposed on reporting issuers by such securities legislation. **We are not required to send you any documents on an annual or ongoing basis.**

As a Holder of Convertible Shares you are not entitled to the same rights as Shareholders such as receiving audited or unaudited financial statements at each annual general meeting; however, the Issuer will deposit copies of the financial statements in its corporate records maintained at its records office which are available for inspection by any Shareholders during normal business hours, given reasonable notice. Further, you will not be given notice of, will not be entitled to attend and vote at general meetings of the Shareholders of the Issuer and at any other meetings of Shareholders unless required by applicable laws.

Holders who are also Shareholders will continue to have the rights they have as Shareholders with respect of their Common Shares; however, Holders who are not also Shareholders will not have rights as Shareholders.

9.2 Information Available from Securities Regulator

Prospective purchasers can find information about the Issuer on the British Columbia Securities Commission website (<http://www.bccsc.bc.ca>), such as exempt distribution reports, offering memorandums, and other information that may be available there.

Prospective purchasers may find information on the Issuer on SEDAR (<http://www.sedar.com/>). Alternately, a list of all Provincial securities regulatory authority websites and contact numbers can be found in the Subscription Agreement.

ITEM 10. RESALE RESTRICTIONS

10.1 General Statement

With respect to trades in all Provinces and Territories of Canada other than Manitoba, the Convertible Shares (and any underlying Common Shares that may be issued as a result of their conversion) will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Furthermore, pursuant to the Company's articles, for so long as the Company is not a public company, no Common Share may be sold, transferred or otherwise disposed of without the consent of the Company's director(s). The directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition. Any sale, transfer or other disposition of the Common Shares may also be subject to the restrictions and other requirements in the Shareholders' Agreement.

Any Amalco Exchangeable Shares or Listed Company Shares issued as a result of the exchange of the Convertible Shares may be subject to resale restrictions imposed by securities legislation and/or the policies of the Exchange.

10.2 Restricted Period

With respect to trades in all Provinces and Territories of Canada other than Manitoba, unless permitted under securities legislation, you cannot trade the Convertible Shares or Common Shares issuable on conversion of the Convertible Shares issued under this Offering before the date that is 4 months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

Any Amalco Exchangeable Shares or Listed Company Shares issued as a result of the exchange of the Convertible Shares may be subject to resale restrictions imposed by securities legislation and/or the policies of the Exchange.

10.3 Manitoba Resale Restrictions

For subscribers in Manitoba or trades in Manitoba, unless permitted under securities legislation, you must not trade the Convertible Shares (and any underlying Common Shares that may be issued as a result of their conversion) issued under this Offering without the prior written consent of the regulator in Manitoba unless:

- a. the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- b. you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Any Amalco Exchangeable Shares or Listed Company Shares issued as a result of the exchange of the Convertible Shares may be subject to resale restrictions imposed by securities legislation and/or the policies of the Exchange.

ITEM 11. PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

11.2 Statutory Rights of Action in the Event of a Misrepresentation

For Subscribers Resident in British Columbia

The *Securities Act* (British Columbia) (the “B.C. Act”) provides purchasers resident in the Province of British Columbia (each a “B.C. Purchaser”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum, together with any amendments thereto, contains a misrepresentation.

In particular, section 132.1 of the B.C. Act provides that if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Convertible Shares), a B.C. Purchaser to whom this Offering Memorandum was delivered and who purchases the Convertible Shares offered hereunder shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has, subject as hereinafter provided, a right of action against the Issuer, every director of Issuer at the date of the Offering Memorandum and every person who signed the Offering Memorandum for damages, which liability if found or admitted will be joint and several, and a right of rescission against the Issuer, provided that if the B.C. Purchaser elects to exercise a right of rescission against the Issuer, the B.C. Purchaser has no right of action for damages against the Issuer, and provided that:

- a. an action to enforce such right or rights must not be commenced (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of an action other than for rescission, more than the earlier of (A) 180 days after the B.C. Purchaser first had knowledge of the facts giving rise to the cause of action, or (B) 3 years after the date of the transaction that gave rise to the cause of action;**
- b. no person will be liable if he, she or it proves that the B.C. Purchaser had knowledge of the misrepresentation;**
- c. in the case of an action for damages, no person will be liable for all or any part of the damages that it proves does not represent the depreciation in value of the Convertible Shares resulting from the misrepresentation; and**
- d. in no case will the amount recoverable in any action exceed the price at which the Convertible Shares were offered under the Offering Memorandum.**

For Subscribers Resident in Alberta

The *Securities Act* (Alberta) (the “Alberta Act”) provides purchasers resident in the Province of Alberta (each an “Alberta Purchaser”) with, in addition to any other right they may have at law, rights of rescission or damages, where an offering memorandum, together with any amendments thereto, contains a misrepresentation.

In particular, section 204 of the Alberta Act provides that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to an Alberta Purchaser and contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Convertible Shares), an Alberta Purchaser to whom this Offering Memorandum was delivered and who purchases the

Convertible Shares offered hereunder (without regard to whether the purchaser relied upon such misrepresentation) has, subject as hereinafter provided, a right of action against the Issuer, every director of the Issuer at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum for damages, which liability if found or admitted will be joint and several, or alternatively, a right of action against the Issuer for rescission, provided that if the Alberta Purchaser elects to exercise a right of rescission against the Issuer, the Alberta Purchaser has no right of action for damages against the Issuer or other above named person, and provided that:

- a. an action is commenced to enforce such right (i) in the case of an action for rescission, within 180 days after the date the transaction that gave rise to the cause of action or (ii) in the case of any action, other than an action for rescission, within the earlier of, (a) 180 days from the date that the Alberta Purchaser first had knowledge of the facts giving rise to the cause of action, or (b) 3 years from the date of the transaction that gave rise to the cause of action.
- b. no person will be liable if he, she or it proves that the Alberta Purchaser had knowledge of the misrepresentation;
- c. in the case of an action for damages, no person will be liable for all or any part of the damages that it proves does not represent the depreciation in value of the Convertible Shares as a result of the misrepresentation; and
- d. in no case will the amount recoverable in any action exceed the price at which the Convertible Shares were sold to the Alberta Purchaser.

For Subscribers Resident in Saskatchewan

The *Securities Act* (Saskatchewan) (the “Saskatchewan Act”) provides purchasers resident in the Province of Saskatchewan (each a “Saskatchewan Purchaser”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum, together with any amendments thereto contains a misrepresentation.

In particular, section 138 of the Saskatchewan Act provides that in the event that this Offering Memorandum together with any amendment hereto is delivered to a Saskatchewan Purchaser of the Convertible Shares contains a misrepresentation, if it was a misrepresentation at the time of purchase of the Convertible Shares, the Saskatchewan Purchaser will be deemed to have relied upon that misrepresentation and has either a right of action for damages against (i) the Issuer, (ii) every promoter and director of the Issuer at the time the Offering Memorandum or amendment thereto was sent or delivered, (iii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them, (iv) every person or company that, in addition to the persons or companies mentioned in (i) to (iii), signed the Offering Memorandum or the amendment to the Offering Memorandum; and (v) every person who or company that sells securities on behalf of the Issuer under the Offering Memorandum or amendment to the Offering Memorandum (which liability if found or admitted will be joint and several), or the Saskatchewan Purchaser may elect to exercise a right of rescission against the Issuer and when the Saskatchewan Purchaser so elects, the Saskatchewan Purchaser shall have no right of action for damages.

A Saskatchewan Purchaser will be entitled to enforce the foregoing rights, provided that:

- a. no person or company will be liable where the person or company proves that the Saskatchewan Purchaser purchased the Convertible Shares with knowledge of the misrepresentation;
- b. in an action for damages, the person or company is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the security from the misrepresentation relied on; and
- c. in no case shall the amount recoverable exceed the price at which the securities were offered to the public.

The Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser of a security that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the Saskatchewan Purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of the purchase and has a right of action for damages against that individual, provided that:

- a. no individual is liable if the individual proves that the Saskatchewan Purchaser purchased the securities with knowledge of the misrepresentation;
- b. no individual is liable if the individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation;
- c. no individual is liable if prior to the purchase of the securities by the Saskatchewan Purchaser, the individual notified the Saskatchewan Purchaser that the individual's statement contained a misrepresentation;
- d. in no case is the amount recoverable to exceed the price at which the securities were offered to the public; and
- e. in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation relied on.

No action shall be commenced to enforce the above Saskatchewan Act rights more than:

- a. in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- b. in the case of any action, other than an action for rescission, the earlier of one year after the Saskatchewan Purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

For Subscribers Resident in Manitoba

The *Securities Act* (Manitoba) (the "Manitoba Act") provides purchasers resident in the Province of Manitoba (each a "Manitoba Purchaser") with, in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum, together with any amendments thereto, contains a misrepresentation.

In particular, section 141.1 of the Manitoba Act provides that if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Convertible Shares, a Manitoba Purchaser to whom this Offering Memorandum was delivered and who purchases the Convertible Shares offered hereunder shall be deemed to have relied on the misrepresentation and has, subject as hereinafter provided, a right of action against the Issuer, every director of the Issuer at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum for damages, which liability if found or admitted will be joint and several, and a right of rescission against the Issuer, provided that if the Manitoba Purchaser elects to exercise a right of rescission against the Issuer the Manitoba Purchaser has no right of action for damages against the Issuer or any other person mentioned above, and provided that:

- a. an action to enforce such right or rights must not be commenced (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of an action other than for rescission, more than the earlier of (A) 180 days after the Manitoba Purchaser first had knowledge of the facts giving rise to the cause of action, or (B) 2 years after the date of the transaction that gave rise to the cause of action;
- b. no person will be liable if he, she or it proves that the Manitoba Purchaser had knowledge of the misrepresentation;

- c. in the case of an action for damages, no person will be liable for all or any part of the damages that it proves does not represent the depreciation in value of the Convertible Shares resulting from the misrepresentation; and
- d. in no case will the amount recoverable in any action exceed the price at which the Convertible Shares were offered under the Offering Memorandum.

For Subscribers Resident in Ontario

The *Securities Act* (Ontario) (the “Ontario Act”) provides purchasers resident in the Province (each an “Ontario Purchaser”) with, in addition to any other right they may have at law, rights of rescission or damages where an Offering Memorandum, together with any amendments thereto contains a misrepresentation.

In particular, section 130.1 of the Ontario Act provides that if this Offering Memorandum contains a misrepresentation, an Ontario Purchaser who purchases the Convertible Shares offered by this Offering Memorandum during the period of distribution has a right of action for damages against the Issuer or, alternatively, may elect to exercise a right of rescission against the Issuer, without regard to whether the Ontario Purchaser relied on the misrepresentation, provided that if the Ontario Purchaser exercises its right of rescission, it shall not have a right of action for damages against the Issuer, and provided that:

- a. no action shall be commenced to enforce these rights more than (i) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of any action, other than an action for rescission, the earlier of (A) 180 days after the Ontario Purchaser first had knowledge of the fact giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action;
- b. the Issuer will not be liable if it proves that the Ontario Purchaser purchased the Convertible Shares with knowledge of the misrepresentation;
- c. in an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Convertible Shares as a result of the misrepresentation relied upon; and
- d. in no case will the amount recoverable exceed the price at which the Convertible Shares were offered.

For Subscribers Resident in New Brunswick

The *Securities Act* (New Brunswick) (the “New Brunswick Act”) provides purchasers resident in the Province (each a “New Brunswick Purchaser”) with, in addition to any other right they may have at law, rights of rescission or damages where an Offering Memorandum, together with any amendments thereto contains a misrepresentation.

In particular, section 150 of the New Brunswick Act provides that if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Convertible Shares, a New Brunswick Purchaser to whom this Offering Memorandum was delivered and who purchases the Convertible Shares offered hereunder shall be deemed to have relied on the misrepresentation and has, subject as hereinafter provided, a right of action against the Issuer, and a right of rescission against the Issuer, provided that if the New Brunswick elects to exercise a right of rescission against the Issuer, the New Brunswick Purchaser has no right of action for damages against the Issuer, and provided that:

- a. no action shall be commenced to enforce these rights more than (i) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of any action for damages, the earlier of (A) one year after the New Brunswick Purchaser first had knowledge of the fact giving rise to the cause of action, or

- (B) six years after the date of the transaction that gave rise to the cause of action;
- b. the Issuer will not be liable if it proves that the New Brunswick Purchaser purchased the Convertible Shares with knowledge of the misrepresentation;
- c. in an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Convertible Shares as a result of the misrepresentation relied upon; and
- d. in no case will the amount recoverable exceed the price at which the Convertible Shares were offered.

Further, an Issuer shall not be liable where it is not receiving any proceeds from the distribution of the Convertible Shares being distributed and the misrepresentation was not based on information provided by the Issuer unless the misrepresentation

- a. was based on information that was previously publicly disclosed by the Issuer,
- b. was a misrepresentation at the time of its previous public disclosure, and
- c. was not subsequently publicly corrected or superseded by the Issuer before the completion of the distribution of the Convertible Shares being distributed.

Subscribers Resident in other Provinces

Subscribers resident in provinces other than those mentioned above may have statutory rights of action in the event of a misrepresentation and should refer to the applicable laws of their respective provinces and consult with their legal advisers with respect to such rights of action.

11.3 Contractual Rights of Action in the Event of a Misrepresentation

For Subscribers resident in a jurisdiction where the securities legislation does not provide a comparable statutory right of action in the event of a misrepresentation in this Offering Memorandum as indicated above, if there is a misrepresentation in this Offering Memorandum or any information or documents incorporated or deemed to be incorporated by reference into this Offering Memorandum, then, you have a contractual right to sue the Issuer:

- (a) for rescission (to cancel your agreement to buy these securities), or
- (b) for damages.

This contractual right to sue is available to a purchaser whether or not the purchaser relied on the misrepresentation. As part of this contractual right to sue, in an action for damages, the amount a purchaser may recover:

- (i) must not exceed the price that the purchaser paid for the purchaser's securities;
- (ii) does not include all or any part of the damages that the Issuer proves does not represent the depreciation in value of the securities resulting from the misrepresentation; and
- (iii) is in addition to, and does not detract from, any other right of the purchaser.

The Issuer has a defence if it proves that the purchaser knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in a. or b. above, you must do so within strict time limitations. These rights are enforceable by a purchaser by delivering a notice to the Issuer:

- (i) in the case of an action for rescission, within 180 days after the purchaser signs the agreement to purchase the security, or

(ii) in the case of an action for damages, before the earlier of

(A) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action, or

(B) 3 years after the date the purchaser signs the agreement to purchase the security.

ITEM 12. FINANCIAL STATEMENTS

Accompanying this Offering Memorandum are the following financial statements:

1. Condensed consolidated interim financial statements of Freightera for the three and nine months ended September 30, 2019 (unaudited).
2. Audited consolidated financial statements of Freightera for the years ended December 31, 2018 and 2017.
3. Audited financial statements of Motherload for the years ended September 30, 2018 and 2017.

FREIGHTERA LOGISTICS INC.
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2019
(Unaudited)

FREIGHTERA LOGISTICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019
(In Canadian Dollars)

	September 2019	December 31, 2018
		(Audited)
Assets		
Current		
Cash	\$ 226,187	\$ 439,387
Accounts receivable	1,210,409	800,153
Income tax recoverable	(713)	28,507
Prepaid expenses	17,080	27,635
	1,452,964	1,295,682
Capital assets	29,595	25,541
Intangible assets	200,070	200,070
Goodwill	1,655,707	1,655,707
	\$ 3,338,336	\$ 3,177,000
Liabilities		
Current		
Accounts payable & accrued liabilities	1,854,298	1,406,390
Due to Motherload Ex-shareholders	281,827	827,822
	2,136,125	2,234,212
Loan	2,000,000	395,626
Shareholders' equity		
Share capital	6,696,312	6,409,264
Contributed surplus		-
Retained earnings (Deficit)	(7,494,100)	(5,862,102)
	(797,789)	547,161
	\$ 3,338,336	\$ 3,177,000

FREIGHTERA LOGISTICS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS AND DEFICIT

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018

(In Canadian Dollars)

	Nine months ended September 30th		Three months ended September 30th	
	2019	2018	2019	2018
Revenue	\$ 9,514,078	\$ 2,068,496.57	\$ 3,347,928	\$ 773,010
COGS	8,193,836	\$ 1,816,755.05	2,858,951	\$ 671,349
Gross Profit	1,320,242	251,742	488,977	101,661
Expenses				
Advertising	159,626	\$ 216,496.07	56,469	68,135
Amortization	-		-	-
Bad debts	25,527	\$ 40,249.37	(44,981)	18,656
Computer software and supplies	86,807	\$ 148,274.15	33,188	50,165
Consulting	80,408		25,462	-
Insurance	67,903	\$ 9,313.62	56,320	6,630
Interest and bank charges	389,892	\$ 63,191.27	272,282	23,717
Investor relations	330,255	\$ 306,903.59	147,949	113,657
Management salaries	-		-	-
Membership fees and dues	1,962	\$ 5,442.11	196	2,939
Office	38,002	\$ 65,870.94	(38,410)	5,132
Professional fees	251,376	\$ 150,943.46	21,050	28,342
Rent	3,335		720	-
Repairs	1,526		806	(271,055)
Salaries and wages	1,149,777	\$ 409,176.11	376,867	180,750
Trade and sub-contracts	402,013	\$ 362,818.45	120,692	362,818
Training	1,240		448	(10,589)
Telephone	30,130	\$ 16,651.80	12,569	10,550
Travel	13,268	\$ 8,184.42	5,031	8,184
Utilities	1,323	\$ 6,101.99	614	6,102
Total Expenses	3,034,370	1,809,617	1,047,272	604,134
Loss before other items	(1,714,128)	(1,557,876)	(558,295)	(502,474)
Foreign Exchange	(49,865)	\$ 5,704.78	(3,412)	1,360
Other income	(32,703)	\$ 42,535.77	73,617	121
Net Loss for the period	(1,631,560)	(1,509,635)	(488,090)	(500,993)
Retained earnings, beginning of period	(5,862,102)	(3,816,292)	(7,005,572)	(4,824,934)
Retained earnings, end of period	\$ (7,493,663)	\$ (5,325,927)	\$ (7,493,663)	\$ (5,325,927)

FREIGHTERA LOGISTICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Canadian Dollars)

	Number of Shares	Amount	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2018	32,309,705	\$ 6,409,264	\$ -	-\$ 5,862,102	\$ 547,162
Shares issued for cash proceeds	98,834	\$ 118,610	-\$ 10,001		\$ 108,609
Cash received for shares to be issued		\$ 28,888			\$ 28,888
Shares issued for cash received previously		\$ -			\$ -
Other		3,625			3,625
Shares issued for warrants exercised	37,334	\$ 187			187
Net Loss for the period				-\$ 642,085	(642,085)
Balance at March 31, 2019	32,445,873	6,560,574	- 10,001	- 6,504,187	46,386
Shares issued for cash proceeds	32,084	\$ 38,501			\$ 38,501
Cash received for shares to be issued		\$ 86,056			\$ 86,056
Shares issued for cash received previously	594,667				
Other	101,666				
Shares issued for warrants exercised	20,000		\$ 10,001		\$ 10,001
Net Loss for the period				-\$ 501,383	-\$ 501,383
Balance at June 30, 2019	33,194,290	6,685,131	-	- 7,005,570	- 320,439
Shares issued for cash proceeds	5,000	\$ 6,000			\$ 6,000
Cash received for shares to be issued					
Shares issued for cash received previously	715,633				
Other		\$ 5,181			\$ 396,144
Shares issued for warrants exercised					
Net Loss for the period				-\$ 488,090	-\$ 1,579,112
Balance at September 30, 2019	33,914,923	6,696,312	-	- 7,493,660	- 1,497,407

FREIGHTERA LOGISTICS INC.
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Canadian Dollars)

	Nine months ended September 30, 2019	Three months ended September 30, 2019
Cash Flows from (used in) Operating Activities		
Net Loss	(1,631,560)	(488,092)
Amortization		
Accounts receivable	(410,257)	57,299
Accounts payable	447,908	(411,972)
Income tax recoverable	29,220	29,221
Prepays	10,555	0
	(1,554,135)	(813,545)
Cash used in Investing Activities		
Purchase of capital assets	(4,054)	-
Purchase of intangible assets	-	
	(4,054)	-
Cash from (used in) Financing Activities		
Issuance of shares	287,048	11,181
Loans	1,604,374	724,695
Due to related parties		
Repayments to Motherload Ex-shareholders	(545,995)	2,363
	1,345,427	738,239
Increase (decrease) in cash	(212,762)	(75,306)
Cash, beginning of period	439,387	301,931
Cash, end of Period	226,625	226,625

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

1. Nature of business

Freightera Logistics Inc. (the "Company") was incorporated under the laws of British Columbia on May 1, 2014 and operates from its main place of business at 200 – 375 Water Street, Vancouver, British Columbia. The Company runs an online freight marketplace by providing real-time fixed cost freight quotes, online bookings and document generation and storage. All of the Company's revenue is derived from transaction fees earned from successful bookings by customers.

On September 5, 2018, the Company acquired 100% of the common shares of Motherload Transport Services Inc. ("Motherload"), a freight brokerage business located in Nanaimo, British Columbia. See note 5.

On August 30, 2019, the Company completed a restructuring transaction to refinance its existing debt. As a result of the restructuring transaction the Company acquired all of the issued and outstanding shares of 10142743 Canada Ltd. ("Holdco"), a company incorporated under the federal laws of Canada. See note 6.

The Company is dependent on its ability to raise funds and there is no assurance that the Company will be able to raise the amount of funds required to finance its activities.

2. Statement of compliances

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required by IFRS for complete annual financial statements, and should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2018. Accounting policies applied herein are the same as those applied in the Company's annual financial statements.

The policies in these consolidated financial statements are based on IFRS issued and outstanding as of September 30, 2019.

3. Basis of accounting

a) Basis of measurement and functional currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements have been prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The estimates and judgements that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

3. Basis of accounting - continued

b) Use of estimates and judgements - continued

i) Financial instruments

The Company estimates and discloses the fair value of financial instruments. When fair value cannot be derived from an active market, it is determined using valuation techniques, namely the discounted cash flow method.

ii) Valuation of non-financial assets

The valuation of non-financial assets such as property and equipment, software under development and goodwill requires estimates relating to the future cash flows and the useful lives of the assets.

4. Significant accounting policies

The following is a summary of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied by the Company in the current year:

a) IFRS 9 – Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include, but are not limited to, (i) eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale, and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. The Company's new accounting policy, adopted January 1, 2017, for IFRS 9 is as follows:

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and reward of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

4. Significant accounting policies - continued

a) IFRS 9 – Financial instruments - continued

- i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) Amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified and subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company’s financial assets consist of cash and accounts receivable, which are classified and subsequently measured at amortized cost. The Company’s financial liabilities consist of accounts payable and accrued liabilities and loans, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in consolidated comprehensive loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

4. Significant accounting policies - continued

a) IFRS 9 – Financial instruments - continued

There was no material impact on the Company's consolidated financial statements upon adoption of this standard.

b) Property and equipment

Property and equipment are stated at cost less any accumulated depreciation and impairment losses. Cost includes the acquisition cost as well as any costs directly attributable to bringing the asset to the location and condition necessary for its use in operations.

Depreciation is recognized in profit or loss using these methods and annual rates:

Computer equipment	- 55%	declining balance
Software	- 100%	declining balance
Furniture & Equipment	- 20%	declining balance
Leaseholds	- 5 years	straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Software under development includes all costs directly attributable to the development.

c) Impairment

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. An impairment loss in respect of intangible assets is not reversed. In respect to other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized in previous years.

d) Goodwill

Goodwill is not amortized; instead, it is evaluated for impairment annually and carried at cost less any accumulated impairment losses.

e) Revenue

The Company recognizes revenue at the time persuasive evidence exists that a customer's shipment has been picked up by a carrier and reasonable assurance exists regarding the consideration to be received and ultimate collection.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

4. Significant accounting policies - continued

f) Income tax

Income tax expense comprises current and deferred tax and is recognized in profit or loss. Current tax is the tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates enacted or substantially enacted. A deferred tax asset is recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets denominated in a foreign currency are translated in the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed.

h) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Motherload Transport Services Inc., a company incorporated in the province of British Columbia. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

i) Calculation of share-based compensation

The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected forfeiture rates, and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

j) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the time of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquire. Acquired assets and liabilities assumed are measured at their acquisition date fair values. Acquisition costs are expensed as incurred.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

4. Significant accounting policies - continued

k) Future accounting pronouncements

IFRS - 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers which provides a single revenue recognition standard to align the financial reporting of revenue from contracts with customers and related costs.

IFRS 16 – Leases

In January 2016, the IASB issued a new Leases standard, IFRS 16, which supersedes IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance lease for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. As a result, leases are “capitalized” by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the lessee also recognizes a financial liability representing its obligation to make future lease payments. Accordingly, the effect of the new requirements will result in an increase in lease assets and financial liabilities for the lessee. The Standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect any material impacts of IFRS 16 on the financial statements.

5. Acquisition of Motherload

On September 5, 2018, the Company acquired 100% of the shares of Motherload. The total consideration for this acquisition was \$2,000,000, with further contingent consideration payable, based upon the financial performance of Motherload over each of the next two fiscal years (see Note 11b).

The acquisition of Motherload was accounted for as a business combination under IFRS 3 *Business Combinations*. The assets acquired and liabilities assumed on September 5, 2018 are consolidated in the consolidated statements of financial position from September 5, 2018. Motherload's revenues and expenses prior to that date are not consolidated into the Company's consolidated statements of comprehensive loss.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

5. Acquisition of Motherload - continued

The goodwill allocated has given the Company access to new customers and relationships with new suppliers as well as providing the Company with a larger customer base.

The total purchase price was allocated as follows:

Cash	\$ 312,154
Amounts receivable	798,122
Prepays	27,635
Capital assets	14,481
Assumption of payables	(808,099)
Due to shareholders	(1,446,540)
Goodwill	<u>1,655,707</u>
	<u>\$ 553,460</u>

The total purchase price is comprised of: \$ 2,000,000

Cash payments	1,380,000
Issuance of 516,666 common shares of Freightera	620,000
Assumption of shareholder loans	<u>(1,446,540)</u>
	<u>\$ 553,460</u>

As at March 31, 2019, the total purchase price had been paid, excluding holdback. This holdback is in the form of a two-year, 5%, semi-annual debenture of \$280,000. The debenture was payable in two installments on September 5, 2019 and September 5, 2020, however, the parties have agreed to amend the repayment terms of the debenture as follows: \$140,000 plus interest due December 31, 2019 and the remaining \$140,000 plus interest due on closing of the business combination with OV2 Investment 1 Inc. (see note 6).

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

6. Amalgamation Agreement with OV2 Investment 1 Inc. and Restructuring Transaction

OV2 Investment 1 Inc. ("OV2") (TSXV: OVO.P), entered into a business combination agreement (the "Business Combination Agreement") dated August 30, 2019 with Freightera Logistics Inc. ("Freightera") and 1221126 B.C. Ltd. ("Subco"), a company wholly-owned by OV2, pursuant to which the parties will complete a business combination by way of three-cornered amalgamation (the "Transaction"). Upon completion of the Transaction, Freightera and Subco will amalgamate to continue as one corporation ("Amalco"), which will be a wholly-owned subsidiary of OV2. OV2 proposes to change its name to "Freightera Logistics Inc." and will carry on the business of Freightera. The Transaction is an arm's length transaction.

Pursuant to the Business Combination Agreement, OV2 will, prior to completion of the Transaction, complete a share consolidation on the basis of one post-consolidated common share for every 5.227391531 pre-consolidated common shares (the "Consolidation"). As a result of the Consolidation, OV2 will have 2,200,000 post-Consolidation common shares ("OV2 Shares") issued or issuable on a fully-diluted basis. On closing of the Transaction, OV2 will issue 19,000,000 OV2 Shares to Freightera shareholders on the basis of an exchange ratio (the "Exchange Ratio") to be calculated based on the number of Freightera Shares outstanding or issuable immediately prior to completion of the Transaction on a fully-diluted basis, excluding shares and convertible securities issued in connection with the Restructuring Transaction and Financings (described below). In consideration for the OV2 Shares, Amalco will issue to OV2 one common share of Amalco for each whole OV2 Share issued. Following the amalgamation, the issued and outstanding Freightera Shares and Subco shares will be cancelled, Amalco will be a wholly owned subsidiary of OV2 and OV2 will carry on Freightera's business.

Prior to the execution of the Business Combination Agreement, Freightera completed a transaction with a company ("Holdco") controlled by Sheldon Pollack, a director and Chief Executive Officer of OV2, to restructure Freightera's current debt (the "Restructuring Transaction").

In connection with the Restructuring Transaction, Freightera, through a series of steps, acquired all of the issued and outstanding shares of Holdco. Holdco paid \$2,000,000 in cash to Freightera on closing and will receive an additional \$2,000,000 on closing of the Transaction pursuant to a promissory note payable to Holdco by OV2 Capital Inc. OV2 Capital Inc. is controlled by Sheldon Pollack, a director of OV2. Pursuant to the Restructuring Transaction, Freightera issued to a trust controlled by Mr. Pollack (the "Pollack Trust") a \$2,500,000 secured non-convertible promissory note (the "Bridge Note") and a \$1,500,000 secured convertible promissory note (the "Convertible Note"). The Bridge Note bears interest at the rate of 12% per annum and matures on the earlier of (i) nine months from the date of issuance and (ii) completion of the Transaction. The Convertible Note bears interest at a rate of 2% per annum until completion of the Transaction (and 10% per annum thereafter) and matures on August 30, 2024. On completion of the Transaction, the Convertible Note is convertible at the Pollack Trust's option into OV2 Shares at a price of \$0.75 per OV2 Share. If the Transaction does not complete by May 29, 2020, the Convertible Note is convertible into Freightera Shares at a price of \$0.53 per Freightera Share.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In Canadian Dollars)

7. Loans

Effective December 21, 2018, the Company signed a loan agreement with Decathlon Alpha III, L.P. ("Decathlon") for a USD \$1,000,000 (CDN \$1,300,000) 53-month non-revolving term loan. As at June 30, 2019, the loan balance outstanding was CDN \$1,275,305. This loan was paid in full and discharged with final payments of \$1,388,370.79 USD on August 30, 2019 and \$13,169 USD on September 3, 2019.

Effective July 17, 2019, a \$20,000 CAD line of credit agreement was signed with Fundthrough of Toronto, ON. This LOC was paid in full and closed on September 4, 2019.

Effective August 29, 2019, Freightera, through Holdco, received \$2,000,000 cash and a \$2,000,000 promissory note from OV2 Capital Inc. OV2 Capital Inc. is controlled by Sheldon Pollack, a director of OV2. Pursuant to the Restructuring Transaction, on August 30, 2019 Freightera issued to the Pollack Trust the \$2,500,000 Bridge Note and \$1,500,000 Convertible Note. See note 6 for details.

Between September 11, 2019 and September 30, 2019, Freightera received an additional \$390,800.00 CAD in convertible debenture financing from 4 other investors (the "Convertible Debentures"). These Convertible Debentures mature 5 years from the date of issuance. The Convertible Debentures will bear interest at a rate of 12% per annum until completion of the Transaction with OV2, and at a rate of 10% thereafter. See note 6 for details of the Transaction.

Following completion of the Transaction on or before May 29, 2020, the Convertible Debentures may be converted, at the option of the Convertible Debenture holder, and subject to the approval or any requirements of the TSX Venture Exchange or such other stock exchange on which the resulting issuer's common shares are listed (the "Exchange"), into post-consolidated common shares of the resulting issuer at a conversion price of \$0.75 per share.

If the Transaction is not completed on or before May 29, 2020, then the Convertible Debentures may be converted, at the option of the Convertible Debenture holder, into shares of Freightera at a conversion price of \$0.53 per share.

FREIGHTERA LOGISTICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Canadian Dollars)

8. Property and equipment

	Computer Hardware	Computer Software	Furniture and Equipment	Leasehold Improvements	Total
Cost					
Balance at December 31, 2017	\$ 14,227	\$ 525	\$ ---	\$ ---	\$ 14,752
Acquisitions for 2017	<u>5,414</u>	<u>70</u>	<u>---</u>	<u>---</u>	<u>5,484</u>
Balance at December 31, 2017	19,641	559	---	---	20,236
Acquisitions for 2018	<u>7,711</u>	<u>1,673</u>	<u>6,471</u>	<u>6,198</u>	<u>22,053</u>
Balance at December 31, 2018	<u>\$ 27,352</u>	<u>\$ 2,268</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 42,289</u>
Acquisitions to March 31 2019	3,454	0	0	0	3,454
Balance at March 31, 2019	<u>\$ 30,806</u>	<u>\$ 2,268</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 45,743</u>
Acquisitions April-June 2019	0	600	0	0	600
Balance at June 30, 2019	<u>\$ 30,806</u>	<u>\$ 2,868</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 46,343</u>
Accumulated depreciation					
Balance at December 31, 2017	\$ 5,722	\$ 263	\$ ---	\$ ---	\$ 5,985
Depreciation for 2017	<u>6,167</u>	<u>262</u>	<u>---</u>	<u>---</u>	<u>6,429</u>
Balance at December 31, 2017	11,889	525	---	---	12,414
Depreciation for 2018	<u>4,264</u>	<u>70</u>	<u>---</u>	<u>---</u>	<u>4,334</u>
Balance at December 31, 2018					
September 30, 2019	<u>\$ 16,153</u>	<u>\$ 595</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 16,748</u>
Carrying amounts					
At December 31, 2017	\$ 7,752	\$ 70	\$ ---	\$ ---	\$ 7,822
At December 31, 2018	<u>\$ 11,199</u>	<u>\$ 1,673</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 25,541</u>
At March 31, 2019	<u>\$ 14,653</u>	<u>\$ 1,673</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 28,995</u>
At June 30, 2019	<u>\$ 14,653</u>	<u>\$ 2,273</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 29,595</u>
At September 30, 2019	<u>\$ 14,653</u>	<u>\$ 2,273</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 29,595</u>

FREIGHTERA LOGISTICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Canadian Dollars)

9. Share capital and contributed surplus

The authorized share capital consists of an unlimited number of common shares without par value and an unlimited amount of preferred shares.

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Issued and outstanding		
33,914,923	\$ 6,696,312	\$ 4,958,474
(2018 – 31,156,740) common shares		

During the three months ended September 30, 2019, 77,500 shares were issued for cash proceeds of \$11,181.00 CAD, and \$390,800.00 CAD in convertible debentures, compared with 371,250 shares issued for cash proceeds of \$410,501 CAD, and no convertible debentures, during the three months ended September 30, 2018.

During the nine months ended September 30, 2019, 1,605,218 shares issued for cash proceeds of \$287,048.00, and \$390,800.00 CAD in convertible debentures, compared with 1,930,089 shares and no convertible debentures issued for cash proceeds of \$1,405,581 CAD during the nine months ended September 30, 2018. 500,000 of the shares issued in the 9 months ending September 30, 2019 were warrants executed by a single capital company.

10. Capital management

The Company's objectives when managing its capital are to:

- a) maintain financial flexibility in order to preserve its ability to meet financial obligations;
- b) maintain a capital structure that provides financing options to the Company when the need arises to access capital;
- c) deploy capital to provide an adequate return to its shareholders; and
- d) ensure it has sufficient cash to pay declared dividends to shareholders.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above. The Company also responds to changes in economic conditions and the risk characteristics of the underlying assets and its working capital requirements. The Company is dependent on its ability to issue shares and raise funds in order to finance its activities.

11. Financial risk management

The Company, through its financial assets and liabilities, is exposed to various risks. The following provides an analysis of risks as at September 30, 2019.

a) Credit risk

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to meet its contractual obligations to the Company. The carrying amount of financial assets represents the Company's estimate of maximum credit exposure. The Company's credit risk is primarily attributable to its cash and accounts receivable. The Company places its cash with institutions of high creditworthiness. Based on experience, management believes its accounts receivable credit risk exposure is limited.

FREIGHTERA LOGISTICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Canadian Dollars)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is dependent on its ability to raise funds in order to finance its activities.

c) Currency risk

The Company is subject to currency risk through its cash held in foreign currencies. Unfavourable changes in the exchange rates may affect carrying amounts of the cash and receivables.

12. Other information

a) Related party transactions

In addition to transactions described elsewhere in the consolidated financial statements, the Company had the following balances with shareholders, officers and directors of the Company and parties related thereto:

	<u>Three months ended September 30, 2019</u>	<u>Three months ended September 30, 2018</u>
Subcontractors	\$ 90,382,79	\$ 32,297
	<u>Nine months ended September 30, 2019</u>	<u>Nine months ended September 30, 2018</u>
Subcontractors	\$ 90,382,79	\$ 60,464

All transactions with related parties are in the normal course of operations and are measured at fair value.

b) Contingencies

Acquisition of Motherload

In the event that the annual Earnings before Interest, Tax, Depreciation and Amortization [EBITDA] of Motherload reaches an annual average of \$605,843, by December 31, 2020 [based upon the average of the EBITDA for the fiscal years ending December 31, 2019 and 2020], then the Company shall pay to the former shareholders of Motherload additional consideration of \$500,000.

FREIGHTERA LOGISTICS INC.
CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

DECEMBER 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freightera Logistics Inc.

Opinion

We have audited the accompanying financial statements of Freightera Logistics Inc. which comprise the consolidated statement of financial position as at December 31, 2018 and 2017 and the consolidated statements of comprehensive loss and deficit, changes in equity and cash flows for the years then ended, 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 entity as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity 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.

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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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. Our responsibility is to express an opinion on these financial statements based on our audit. 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 scepticism 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 entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 entity 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.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
March 4, 2019

FREIGHTERA LOGISTICS INC.
(Incorporated under the laws of British Columbia)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

In Canadian Dollars)

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current assets			
Cash		\$ 439,387	\$ 171,477
Accounts receivable		800,153	225,622
Income tax recoverable		28,507	---
Prepaid expenses		<u>27,635</u>	<u>---</u>
		1,295,682	397,099
Non-current assets			
Property and equipment (note 7)		25,541	7,822
Software under development		200,070	---
Goodwill (note 5)		<u>1,655,707</u>	<u>---</u>
		<u>\$ 3,177,000</u>	<u>\$ 404,921</u>
 <u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,406,390	\$ 503,076
Loans (note 6)		<u>1,223,448</u>	<u>---</u>
		<u>2,629,838</u>	<u>503,076</u>
 <u>SHAREHOLDERS' EQUITY (DEFICIENCY)</u>			
Share capital (note 8)		6,409,264	3,693,825
Contributed surplus (note 8)		---	24,152
Deficit		<u>(5,862,102)</u>	<u>(3,816,132)</u>
		547,162	(98,155)
Contingent liabilities (note 11(b))		<u>---</u>	<u>---</u>
		<u>\$ 3,177,000</u>	<u>\$ 404,921</u>

Approved by the Director,

_____, Director

FREIGHTERA LOGISTICS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31,
(In Canadian Dollars)

	<u>2018</u>	<u>2017</u>
Sales	\$ 5,316,565	\$ 2,053,209
Cost of sales	<u>4,714,640</u>	<u>1,746,617</u>
	<u>601,925</u>	<u>306,592</u>
Expenses		
Advertising and promotion	357,211	277,135
Amortization	4,334	6,429
Bad debts	160,565	71,652
Computer software and supplies	103,905	211,836
Consulting	134,083	---
Insurance	27,325	12,528
Interest and bank charges	98,677	71,310
Investor relations	404,483	222,193
Management salaries	26,585	---
Membership fees and dues	5,845	5,663
Office expense (recovery)	41,031	30,193
Professional fees	68,035	175,090
Rent	2,659	172
Repairs	1,577	---
Salaries and wages	639,211	531,578
Subcontractors	525,230	520,340
Telephone and utilities	28,848	21,002
Travel	13,380	3,320
Utilities	<u>1,024</u>	<u>---</u>
	<u>2,644,008</u>	<u>2,160,441</u>
Loss before undernoted items	<u>(2,042,083)</u>	<u>(1,853,849)</u>
Other income		
Foreign exchange gain (loss)	(46,596)	6,815
Other income	<u>42,709</u>	<u>20,459</u>
	<u>(3,887)</u>	<u>27,274</u>
Net loss and comprehensive loss for the year	(2,045,970)	(1,826,575)
Deficit, beginning of the year	<u>(3,816,132)</u>	<u>(1,989,557)</u>
Deficit, end of the year	<u>\$ (5,862,102)</u>	<u>\$ (3,816,132)</u>

FREIGHTERA LOGISTICS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Canadian Dollars)

	Share Capital (Note 8)				
	Number of Shares	Amount	Contributed Surplus (note 8)	Deficit	Total Equity
Balance at December 31, 2017	26,782,491	\$ 2,042,754	\$ 126,416	\$ (1,989,557)	\$ 179,613
Shares issued and exercised, net	3,071,908	1,710,587	(102,264)	---	1,608,323
Issuance cost	---	(59,516)	---	---	(59,516)
Net loss for the year	---	---	---	(1,826,575)	(1,826,575)
Balance at December 31, 2018	<u>29,854,399</u>	<u>\$ 3,693,825</u>	<u>\$ 24,152</u>	<u>\$ (3,816,132)</u>	<u>\$ (98,155)</u>
Shares issued and exercised, net	2,455,306	2,715,439	(24,152)	---	2,691,287
Net loss for the year	---	---	---	(2,045,970)	(2,045,970)
Balance at December 31, 2018	<u>32,309,705</u>	<u>\$ 6,409,264</u>	<u>\$ ---</u>	<u>\$ (5,862,102)</u>	<u>\$ 547,162</u>

FREIGHTERA LOGISTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(In Canadian Dollars)

	<u>2018</u>	<u>2017</u>
Cash used in operating activities		
Net loss for the year	\$ (2,045,970)	\$ (1,826,575)
Amortization	4,334	6,429
Accounts receivable	(574,531)	(54,334)
Accounts payable	903,414	300,896
Income tax recoverable	(28,507)	---
Prepays	<u>(27,635)</u>	<u>---</u>
	(1,768,895)	(1,573,584)
Cash used in investing activities		
Purchase of property and equipment	(22,053)	(4,656)
Software under development	<u>(200,070)</u>	<u>---</u>
	<u>(222,123)</u>	<u>(4,656)</u>
Cash from financing activities		
Issuance of shares	2,071,286	1,548,807
Loans	<u>(124,512)</u>	<u>---</u>
	<u>1,946,774</u>	<u>1,548,807</u>
Increase (decrease) in cash during the year	(44,244)	(29,433)
Cash, beginning of the year	171,477	200,910
Cash acquired upon acquisition of Motherload	<u>312,154</u>	<u>---</u>
Cash, end of the year	<u>\$ 439,387</u>	<u>\$ 171,477</u>

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

1. Nature of business

Freightera Logistics Inc. (the "Company") was incorporated under the laws of British Columbia on May 1, 2014 and operates from its main place of business at 200 – 375 Water Street, Vancouver, British Columbia. The Company runs an online freight marketplace by providing real-time fixed cost freight quotes, online bookings and document generation and storage. All of the Company's revenue is derived from transaction fees earned from successful bookings by customers.

On September 5, 2018, the Company acquired 100% of the common shares of Motherload Transport Services Inc. ("Motherload"), a freight brokerage business located in Nanaimo, British Columbia. See note 5.

The Company is dependant on its ability to raise funds and there is no assurance that the Company will be able to raise the amount of funds required to finance its activities.

2. Statement of compliances

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

The policies in these consolidated financial statements are based on IFRS issued and outstanding as of March 4, 2019.

3. Basis of accounting

a) Basis of measurement and functional currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements have been prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The estimates and judgements that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

3. Basis of accounting - continued

b) Use of estimates and judgements - continued

i) Financial instruments

The Company estimates and discloses the fair value of financial instruments. When fair value cannot be derived from an active market, it is determined using valuation techniques, namely the discounted cash flow method.

ii) Valuation of non-financial assets

The valuation of non-financial assets such as property and equipment, software under development and goodwill requires estimates relating to the future cash flows and the useful lives of the assets.

4. Significant accounting policies

The following is a summary of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied by the Company in the current year:

a) IFRS 9 – Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include, but are not limited to, (i) eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale, and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. The Company's new accounting policy, adopted January 1, 2017, for IFRS 9 is as follows:

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and reward of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

4. Significant accounting policies - continued

a) IFRS 9 – Financial instruments - continued

- i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) Amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified and subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company’s financial assets consist of cash and accounts receivable, which are classified and subsequently measured at amortized cost. The Company’s financial liabilities consist of accounts payable and accrued liabilities and loans, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in consolidated comprehensive loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

4. Significant accounting policies - continued

a) IFRS 9 – Financial instruments - continued

There was no material impact on the Company's consolidated financial statements upon adoption of this standard.

b) Property and equipment

Property and equipment are stated at cost less any accumulated depreciation and impairment losses. Cost includes the acquisition cost as well as any costs directly attributable to bringing the asset to the location and condition necessary for its use in operations.

Depreciation is recognized in profit or loss using these methods and annual rates:

Computer equipment	- 55%	declining balance
Software	- 100%	declining balance
Furniture & Equipment	- 20%	declining balance
Leaseholds	- 5 years	straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Software under development includes all costs directly attributable to the development.

c) Impairment

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. An impairment loss in respect of intangible assets is not reversed. In respect to other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized in previous years.

d) Goodwill

Goodwill is not amortized; instead, it is evaluated for impairment annually and carried at cost less any accumulated impairment losses.

e) Revenue

The Company recognizes revenue at the time persuasive evidence exists that a customer's shipment has been picked up by a carrier and reasonable assurance exists regarding the consideration to be received and ultimate collection.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

4. Significant accounting policies - continued

f) Income tax

Income tax expense comprises current and deferred tax and is recognized in profit or loss. Current tax is the tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates enacted or substantively enacted. A deferred tax asset is recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets denominated in a foreign currency are translated in the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed.

h) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Motherload Transport Services Inc., a company incorporated in the province of British Columbia. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

i) Calculation of share-based compensation

The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected forfeiture rates, and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

j) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the time of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquire. Acquired assets and liabilities assumed are measured at their acquisition date fair values. Acquisition costs are expensed as incurred.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

4. Significant accounting policies - continued

k) Future accounting pronouncements

IFRS - 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers which provides a single revenue recognition standard to align the financial reporting of revenue from contracts with customers and related costs.

IFRS 16 – Leases

In January 2016, the IASB issued a new Leases standard, IFRS 16, which supersedes IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance lease for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. As a result, leases are “capitalized” by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the lessee also recognizes a financial liability representing its obligation to make future lease payments. Accordingly, the effect of the new requirements will result in an increase in lease assets and financial liabilities for the lessee. The Standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect any material impacts of IFRS 16 on the financial statements.

5. Acquisition of Motherload

On September 5, 2018, the Company acquired 100% of the shares of Motherload. The total consideration for this acquisition was \$2,000,000, with further contingent consideration payable, based upon the financial performance of Motherload over each of the next two fiscal years (see Note 11b).

The acquisition of Motherload was accounted for as a business combination under IFRS 3 *Business Combinations*. The assets acquired and liabilities assumed on September 5, 2018 are consolidated in the consolidated statements of financial position from September 5, 2018. Motherload’s revenues and expenses prior to that date are not consolidated into the Company’s consolidated statements of comprehensive loss.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

5. Acquisition of Motherload - continued

The goodwill allocated has given the Company access to new customers and relationships with new suppliers as well as providing the Company with a larger customer base.

The total purchase price was allocated as follows:

Cash	\$ 312,154
Amounts receivable	798,122
Prepays	27,635
Capital assets	14,481
Assumption of payables	(808,099)
Due to shareholders	(1,446,540)
Goodwill	<u>1,655,707</u>
	<u>\$ 553,460</u>

The total purchase price is comprised of: \$ 2,000,000

Cash payments	1,380,000
Issuance of 516,666 common shares of Freightera	620,000
Assumption of shareholder loans	<u>(1,446,540)</u>
	<u>\$ 553,460</u>

As at December 31, 2018, the 516,666 shares had been issued as partial consideration paid, with \$828,000 of the cash portion of the consideration remaining outstanding. Under the terms of the agreement, until such time as the shareholder loan is repaid in full [excluding hold-back and earn-in provisions], 67% of the Motherload share capital held by Freightera remains in escrow. Effective January 11, 2019, the remaining portion of the cash consideration, excluding holdback, was paid and the shares were released from escrow. This holdback is in the form of a two-year, 5%, semi-annual debenture of \$280,000. The debenture is payable under the following terms: \$140,000 due each of September 5, 2019 and 2020, plus interest in cash or 58,333 common shares [each year] of the Company, or a combination thereof. Choice of payment means is at the discretion of Motherload's former shareholders.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

6. Loans

Effective November 6, 2018, the Company signed a loan agreement with Old Kent Road Financial Loan Adminco Ltd. ("OKR"). The amount borrowed was \$83,848, excluding fees and the loan is secured by a General Security Agreement in the assets of the Company, along with an assignment by the Company to OKR of each of the Company's Scientific Research and Experimental Development (SR&ED) tax claims. The loan has an interest rate of 2.35% per month, compounded monthly, or 32.15% p.a. The loan is due for repayment by the earlier of receipt of the 2017 SR&ED claims and November 6, 2019. If the loan is repaid within three (3) months of the initial advance, then a minimum of three (3) months interest shall be charged to the Company. The loan was repaid in full on December 24, 2018 with proceeds from the Decathlon loan (see below). Total interest paid on this loan was \$3,070.

Effective December 21, 2018, the Company signed a loan agreement with Decathlon Alpha III, L.P. ("Decathlon") for a USD \$1,000,000 (CDN \$1,300,000) 53-month non-revolving term loan. The loan is secured by a General Security Agreement over all of the assets of the Company. Monthly repayments are required and are a blend of principal and interest, based upon the rate of 1.25% of revenue, each month, for the first 36 months, followed by 1.5% for months 37 to 53. The monthly payment is calculated as a function of the applicable interest rate multiplied by the prior month's revenues of the Company. Each calendar year is considered a "revenue test period". Where the actual revenues of the Company for any revenue test period are less than 80% of the projected revenues provided by the Company to Decathlon at the time of the loan agreement, then an adjustment to the next year's interest rate will be made. Specifically, the following year's interest will be increased by the fractional % that the prior year's actual revenues were less than the projected revenues. Should the Company's actual revenues for two or more consecutive periods be less than 80% of the projected revenues, then the interest rate adjustments will be cumulative. Prepayment of this loan is permitted, with minimum interest restrictions.

Should the Company achieve its forecasted revenues for each "revenue test period", then the blended interest and principal payments over the next five years would be:

2019: \$ 190,000
2020: \$ 350,000
2021: \$ 490,000
2022: \$ 680,000
2023: \$ 290,000

As at December 31, 2018, USD \$300,000 (CDN \$330,000) had been advanced on the loan. Following the year-end, the remaining USD \$700,000 (CDN \$1,000,000) was advanced to the Company.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

7. Property and equipment

	Computer Hardware	Computer Software	Furniture and Equipment	Leasehold Improvements	Total
Cost					
Balance at December 31, 2017	\$ 14,227	\$ 525	\$ ---	\$ ---	\$ 14,752
Acquisitions for 2017	<u>5,414</u>	<u>70</u>	<u>---</u>	<u>---</u>	<u>5,484</u>
Balance at December 31, 2017	19,641	559	---	---	20,236
Acquisitions for 2018	<u>7,711</u>	<u>1,673</u>	<u>6,471</u>	<u>6,198</u>	<u>22,053</u>
Balance at December 31, 2018	<u>\$ 27,352</u>	<u>\$ 2,268</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 42,289</u>
Accumulated depreciation					
Balance at December 31, 2017	\$ 5,722	\$ 263	\$ ---	\$ ---	\$ 5,985
Depreciation for 2017	<u>6,167</u>	<u>262</u>	<u>---</u>	<u>---</u>	<u>6,429</u>
Balance at December 31, 2017	11,889	525	---	---	12,414
Depreciation for 2018	<u>4,264</u>	<u>70</u>	<u>---</u>	<u>---</u>	<u>4,334</u>
Balance at December 31, 2018	<u>\$ 16,153</u>	<u>\$ 595</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 16,748</u>
Carrying amounts					
At December 31, 2017	<u>\$ 7,752</u>	<u>\$ 70</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 7,822</u>
At December 31, 2018	<u>\$ 11,199</u>	<u>\$ 1,673</u>	<u>\$ 6,471</u>	<u>\$ 6,198</u>	<u>\$ 25,541</u>

8. Share capital and contributed surplus

The authorized share capital consists of an unlimited number of common shares without par value and an unlimited amount of preferred shares.

	<u>2018</u>	<u>2017</u>
Issued and outstanding		
32,309,705 (2016 – 29,854,399) common shares	\$ 6,409,264	\$ 3,693,825

During the year ended December 31, 2017, the Company issued 2,066,290 (2016 – 4,232,166) common shares for cash of \$1,231,760 (2016 - \$1,390,148). During the year ended December 31, 2018, the Company issued 1,667,772 shares for cash proceeds of \$1,932,857.

In 2018, shares totalling 270,868 were issued for cash proceeds of \$162,521 upon the exercise of 270,868 warrants with an exercise price of \$0.60. During the year ended December 31, 2017, 394,798 warrants were exercised for 394,798 common shares for proceeds of \$236,879.

Furthermore, 516,666 shares were issued at \$1.20 per share for a value of \$620,000, as partial consideration for the acquisition of Motherload.

During the year ended December 31, 2017, in conjunction with the issuance of shares for cash, 367,478 (2016 – 605,639) warrants for 367,478 (2016 – 605,639) common shares were issued at weighted-average exercise price of \$0.60.

During the year ended December 31, 2018, 3,099,834 warrants were issued at a weighted-average exercise price of \$1.59.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

8. Share capital and contributed surplus - continued

During the year ended December 31, 2017, the Company issued 320,705 common shares to employees of the Company. The shares were issued at a value of \$139,684 which was allocated to share capital as a share-based payment. The related expense was recognized in profit or loss. During the year ended December 31, 2018, the Company issued 77,268 common shares worth \$77,202 to employees of the Company.

9. Capital management

The Company's objectives when managing its capital are to:

- a) maintain financial flexibility in order to preserve its ability to meet financial obligations;
- b) maintain a capital structure that provides financing options to the Company when the need arises to access capital;
- c) deploy capital to provide an adequate return to its shareholders; and
- d) ensure it has sufficient cash to pay declared dividends to shareholders.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above. The Company also responds to changes in economic conditions and the risk characteristics of the underlying assets and its working capital requirements. The Company is dependent on its ability to issue shares and raise funds in order to finance its activities.

10. Financial risk management

The Company, through its financial assets and liabilities, is exposed to various risks. The following provides an analysis of risks as at December 31, 2018.

a) Credit risk

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to meet its contractual obligations to the Company. The carrying amount of financial assets represents the Company's estimate of maximum credit exposure. The Company's credit risk is primarily attributable to its cash and accounts receivable. The Company places its cash with institutions of high creditworthiness. Based on experience, management believes its accounts receivable credit risk exposure is limited.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is dependent on its ability to raise funds in order to finance its activities.

c) Currency risk

The Company is subject to currency risk through its cash held in foreign currencies. Unfavourable changes in the exchange rates may affect carrying amounts of the cash and receivables.

FREIGHTERA LOGISTICS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Canadian Dollars)

11. Other information

a) Related party transactions

In addition to transactions described elsewhere in the consolidated financial statements, the Company had the following balances and transactions with shareholders, officers and directors of the Company and parties related thereto:

	<u>2018</u>		<u>2017</u>
Subcontractors	\$ 169,165	\$	59,670

All transactions with related parties are in the normal course of operations and are measured at fair value.

b) Contingencies

Acquisition of Motherload

In the event that the annual Earnings before Interest, Tax, Depreciation and Amortization [EBITDA] of Motherload reaches an annual average of \$605,843, by December 31, 2020 [based upon the average of the EBITDA for the fiscal years ending December 31, 2019 and 2020], then the Company shall pay to the former shareholders of Motherload additional consideration of \$500,000.

c) Income taxes

The Company has approximately \$5,000,000 in losses carried forward for which no tax benefit has been recognized. These losses begin to expire in 2034.

MOTHERLOAD TRANSPORTATION SERVICES INC.

Nanaimo, B.C.

FINANCIAL STATEMENTS

September 30, 2018 and 2017
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Motherload Transportation Services Inc.:

We have audited the accompanying financial statements of Motherload Transportation Services Inc., which comprise the statements of financial position as at September 30, 2018 and 2017, and the statement of earnings, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Motherload Transportation Services Inc. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Baker Tilly WM LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

January 18, 2019
Vancouver, B.C.

MOTHERLOAD TRANSPORTATION SERVICES INC.

STATEMENTS OF EARNINGS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 \$	2017 \$
Revenue		
Sales	9,869,808	10,952,902
Miscellaneous income	22,779	15,234
	<u>9,892,587</u>	<u>10,968,136</u>
Direct costs		
Direct salaries	291,381	316,241
Materials	8,778,608	9,680,528
	<u>9,069,989</u>	<u>9,996,769</u>
Gross earnings	<u>822,598</u>	<u>971,367</u>
Expenses		
Advertising and promotion	20,027	21,879
Amortization	3,596	6,466
Bad debts recovered	-	(994)
Insurance	12,545	13,314
Interest and bank charges	10,511	7,489
Life insurance	22,721	22,522
Management fees (Note 8)	302,000	241,500
Office	52,506	51,094
Professional fees	25,003	26,393
Rent (Notes 8 and 10)	48,438	37,750
Repairs and maintenance	6,400	2,792
Salaries and benefits	146,167	109,583
Telephone and utilities	4,933	4,812
Travel and automotive	28,515	19,499
Utilities	750	-
	<u>684,112</u>	<u>564,099</u>
Earnings before other items and income taxes	<u>138,486</u>	<u>407,268</u>
Other income (expenses)		
Gain (loss) on disposal of property, plant and equipment	(23,738)	13,591
Gain (loss) on foreign exchange	16,785	(13,899)
	<u>(6,953)</u>	<u>(308)</u>
Earnings before income taxes	<u>131,533</u>	<u>406,960</u>
Income taxes	<u>21,018</u>	<u>55,204</u>
Net earnings	<u>110,515</u>	<u>351,756</u>

The accompanying notes are an integral part of these financial statements.

MOTHERLOAD TRANSPORTATION SERVICES INC.

STATEMENTS OF CHANGES IN EQUITY

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 \$	2017 \$
Balance, beginning	725,031	688,712
Net earnings	110,515	351,756
Dividends paid	-	(12,498)
Share redemptions (Note 7)	(1,941,051)	(302,939)
Retained earnings (deficit), ending	(1,105,505)	725,031

The accompanying notes are an integral part of these financial statements.

MOTHERLOAD TRANSPORTATION SERVICES INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 \$	2017 \$
Assets		
Current		
Cash	308,834	443,837
Accounts receivable	743,269	895,499
Prepaid expenses	25,709	23,262
Income taxes receivable	<u>28,508</u>	<u>2,582</u>
	1,106,320	1,365,180
Property, plant and equipment (Note 6)	14,481	20,050
Cash surrender value of life insurance (Note 4)	-	13,591
	<u>1,120,801</u>	<u>1,398,821</u>
Liabilities		
Current		
Payables and accruals	765,490	645,639
Salaries payable	3,320	13,371
Government remittances payable	10,926	12,608
Due to related parties (Note 5)	<u>1,446,540</u>	<u>2,133</u>
	<u>2,226,276</u>	<u>673,751</u>
Shareholders' Equity (Deficit)		
Share capital (Note 7)	30	39
Retained earnings (deficit)	<u>(1,105,505)</u>	<u>725,031</u>
	<u>(1,105,475)</u>	<u>725,070</u>
	<u>1,120,801</u>	<u>1,398,821</u>

Approved by Directors:



MOTHERLOAD TRANSPORTATION SERVICES INC.

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 \$	2017 \$
Cash flows related to operating activities		
Net earnings	110,515	351,756
Adjustments for items which do not affect cash:		
Amortization	3,596	6,466
Loss on disposal of assets	23,738	-
	137,849	358,222
Change in non-cash working capital:		
Accounts receivable	152,230	(61,370)
Prepaid expenses	(2,447)	1,396
Income taxes	(25,926)	(6,946)
Payables and accruals	119,851	168,290
Salaries payable	(10,051)	(47,199)
Government remittances payable	(1,682)	(6,717)
Due to related parties	1,444,407	2,133
	1,814,231	407,809
Cash flows related to investing activities		
Purchase of property, plant and equipment	(8,174)	(3,799)
Cash surrender value of life insurance	-	(13,591)
	(8,174)	(17,390)
Cash flows related to financing activities		
Issuance (redemption) of share capital	-	29
Dividends paid	-	(12,498)
Share redemptions	(1,941,060)	(302,939)
	(1,941,060)	(315,408)
Net increase (decrease) in cash	(135,003)	75,011
Cash, beginning	443,837	368,826
Cash, ending	308,834	443,837

The accompanying notes are an integral part of these financial statements.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

Motherload Transportation Services Inc. was incorporated under the Business Corporation Act of British Columbia on July 19, 2001. The Company's principal business activity is freight brokering. The office address is 4-4890 Rutherford Rd., Nanaimo, BC V9T 4Z4.

1. 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 Interpretation of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies in these financial statements are based on IFRS issued and outstanding as of January 18, 2019.

2. Basis of Accounting

Basis of measurement and functional currency

The financial statements are presented in Canadian dollars, which is the company's functional currency. The financial statements have been prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

3. Significant accounting policies

The financial statements are prepared by management in accordance with International Financial Reporting Standards.

The significant accounting policies used are as follows:

Financial instruments

At initial recognition, financial instruments are classified in the following categories depending on the purpose for which the instruments were acquired.

Fair value through profit and loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term or if designated to be in this category at inception. Financial instruments in this category are measured at fair value upon initial recognition, with changes in fair value recognized in the statement of comprehensive income. Cash is classified as "fair value through profit and loss".

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at fair value upon initial recognition plus transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if necessary. Accounts receivable are classified as "loans and receivables"

Other liabilities

Other liabilities are measured at fair value upon initial recognition, net of any transaction costs incurred. Subsequently, other liabilities are measured at amortized cost using the effective interest method. Other liabilities includes accounts payable, salaries payable, government remittances payable, and due to related parties.

Share capital

The common shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity, net of any tax effects.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Furniture and fixtures	20%
Computer equipment	55%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Accounting estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Impairment

The carrying amount of the company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. An impairment loss in respect of intangible assets is not reversed. In respect to other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized in previous years.

Revenue recognition

Revenue from the sale of goods is recognized when the goods have been accepted by the customer and reasonable assurance exists regarding the consideration to be received and ultimate collection.

Income tax

Income tax expense comprises current and deferred tax and is recognized in profit or loss. Current tax is the tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates enacted or substantively enacted. A deferred tax asset is recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the translation date exchange rate. At each reporting date, monetary assets denominated in a foreign currency are translated in the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Future change in accounting policies

IFRS 9 Financial Instruments (IFRS 9)

In July 2014, the IASB issued IFRS 9 Financial Instruments, which will replace IAS 39. The standard covers three broad topics: Classification and Measurement, Impairment, and Hedging. IFRS 9 must be adopted retrospectively. Restatement of comparatives is not required, though it is permitted.

Stage 1 and Stage 2 credit loss allowances effectively replace the collectively-assessed allowance for loans not yet identified as impaired recorded under IAS 39, while Stage 3 credit loss allowances effectively replace the individually and collectively assessed allowances for impaired loans.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of expected credit losses.

The new classification and measurement and impairment requirements will be applied by adjusting the Statement of Financial Position on October 1, 2018, the date of initial application, with no restatement of comparative period financial information. The company does not anticipate any significant changes to the Statement of Financial Position or Retained Earnings due to the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers (IFRS 15)

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which provides a single revenue recognition standard to align the financial reporting of revenue from contracts with customers and related costs.

A company would recognize revenue when it transfers goods or services to a customer in the amount of consideration the company expects to receive from the customer. The revenue arising from financial instruments is not within the scope of IFRS 15.

The standard is effective October 1, 2018, with no restatement of comparative periods. The company does not expect any material impacts of IFRS 15 on the financial statement.

IFRS 16 – Leases

In January 2016, the IASB issued a new Leases standard, IFRS 16, which supersedes IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. As a result, leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the lessee also recognises a financial liability representing its obligation to make future lease payments. Accordingly, the effect of the new requirements will result in an increase in lease assets and financial liabilities for the lessee.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Future change in accounting policies (continued)

Lessees will also recognize depreciation expense on the lease asset and interest expense on the lease liability in the statement of income.

The standard is effective beginning January 1, 2019.

4. Cash surrender value of life insurance

During the year ended September 30, 2018, the Company disposed of the insurance policies held with London Life on Joe Tallieu, Erin Tallieu, and Jacklyn Locke for \$Nil proceeds. All policies accrued a cash surrender value based on the paid-up additions and cash accumulations in the policies over the years.

5. Due to related party

Advances from related parties

	2018 \$	2017 \$
Due to 1094710 B.C. Ltd	482,180	980
Due to Little Trucker Holdings Ltd.	482,180	579
Due to JJM Locke Holding Company Ltd.	482,180	574
	<u>1,446,540</u>	<u>2,133</u>

The amounts due to related parties do not bear interest, are unsecured, and do not have any fixed terms of repayment.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

6. Property and equipment

	Furniture and fixtures \$	Leasehold improvements \$	Computer equipment \$	Total \$
Cost	-	-	30,149	30,149
Balance at September 30, 2016	18,321	-	-	18,321
Acquisitions	<u>3,799</u>	<u>29,364</u>	<u>-</u>	<u>33,163</u>
Balance at September 30, 2017	22,120	29,364	30,149	81,633
Acquisitions	-	6,884	1,290	8,174
Disposals	-	(29,364)	-	(29,364)
Balance at September 30, 2018	<u>22,120</u>	<u>6,884</u>	<u>31,439</u>	<u>60,443</u>
	\$	\$	\$	\$
Accumulated depreciation				
Balance at September 30, 2016	12,063	14,868	28,186	55,117
Depreciation	<u>1,946</u>	<u>4,349</u>	<u>171</u>	<u>6,466</u>
	14,009	19,217	28,357	61,583
Depreciation	1,623	688	1,285	3,596
Adjustments	-	(19,217)	-	(19,217)
Balance at September 30, 2018	<u>15,632</u>	<u>688</u>	<u>29,642</u>	<u>45,962</u>
	\$	\$	\$	\$
Carrying amounts				
At September 30, 2017	8,111	10,147	1,792	20,050
At September 30, 2018	6,488	6,196	1,797	14,481

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

7. Share capital

Authorized:

Unlimited	Class A common, voting shares without par value
Unlimited	Class B common, voting shares without par value
Unlimited	Class C common, voting shares without par value
Unlimited	Class D preferred, non-voting shares without par value
Unlimited	Class E preferred, non-voting, redeemable shares without par value
Unlimited	Class F preferred, non-voting, redeemable shares without par value
Unlimited	Class G preferred, non-voting, redeemable shares without par value

Issued:

	2018 \$	2017 \$
100 Class A Shares	10	10
100 Class B Shares	10	10
100 Class C Shares	10	10
Nil Class E Shares	-	9
	<u>30</u>	<u>39</u>

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

7. Share capital (continued)

	2018		2017	
	Shares	Amounts (\$)	Shares	Amounts (\$)
Class E				
Shares outstanding at beginning of the year	2,595	9	-	-
Issued	-	-	3,000	10
Redeemed (September 30, 2017)	-	-	(405)	(1)
Redeemed (January 1, 2018)	(240)	(1)	-	-
Redeemed (June 15, 2018)	(2,355)	(8)	-	-
Shares outstanding at the end of the year	-	-	2,595	9

On September 30, 2017, 405 Class E shares were redeemed for the aggregate redemption proceeds of \$302,939.

On January 1, 2018, 240 Class E share were redeemed for the aggregate redemption proceeds of \$179,520.

On June 15, 2018, 2,355 Class E shares were redeemed for the aggregate redemption proceeds of \$1,761,540.

8. Related Party Transactions

The following is a summary of the Company's related party transactions:

	2018 \$	2017 \$
Erin Tallieu - Director		
Office rental expense	25,500	32,500
Jacklyn Locke - Director		
Rent expense	2,000	5,250
Little Trucker Holdings Ltd - Corporate Shareholder		
Management fees expense	152,000	99,000
JJM Locke Holding Company Ltd. - Corporate Shareholder		
Management fees expense	90,000	81,000
1094710 B.C. Ltd. - Corporate Shareholder		
Management fees expense	60,000	45,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

9. Capital management

The company's objectives when managing its capital are to:

- a) maintain financial flexibility in order to preserve its ability to meet financial obligations;
- b) maintain a capital structure that provides financing options to the company when the need arises to access capital;
- c) deploy capital to provide an adequate return to its shareholders; and
- d) ensure it has sufficient cash to pay declared dividends to shareholders.

The company manages its capital structure and makes adjustments to it in accordance with the objectives stated above. The company also responds to changes in economic conditions and the risk characteristics of the underlying assets and its working capital requirements.

10. Lease Commitments

The Company entered into a lease on May 1, 2018 for the premises located at 4-4890 Rutherford Road, Nanaimo, B.C. The lease expires on May 31, 2023. In addition to the above base rent, the Company must pay for its proportionate share of utilities, property taxes, maintenance and other related cost for the leased premises.

	\$
2019	33,312
2020	33,312
2021	35,394
2022	35,394
2023	37,476

11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Foreign exchange risk

The company is exposed to foreign exchange risk related to United States dollars in that a part of its sales and direct costs are incurred in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the company by a customer, or that an obligation in a foreign currency was made to the company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the company. The company does not utilize financial instruments to manage its foreign exchange risk.

MOTHERLOAD TRANSPORTATION SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

11. Financial instruments (continued)

Credit risk

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to meet its contractual obligations to the company. The carrying amount of financial assets represents the company's estimate of maximum credit exposure. The company's credit risk is primarily attributable to its cash, and accounts receivable. The company places its cash with institutions of high creditworthiness. Based on experience, management believes its accounts receivable credit risk exposure is limited.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's primary source of liquidity is its cash reserves. The Company believes it has sufficient funds available to meet current and foreseeable financial requirements.

Price risk

The company is exposed to price risk. Price risk is the risk that the commodity prices that the company charges are significantly influenced by its competitors and the commodity prices that the company must charge to meet its competitors may not be sufficient to meet its expenses. The company reduces its exposure to price risk by ensuring that it obtains information regarding the commodity prices that are set by the competitors in the region to ensure that its prices are appropriate. In addition, management closely monitors expenses and matches capital outlays to its revenue stream. In the opinion of management the price risk exposure to the company is low and is not material.

ITEM 13. DATE AND CERTIFICATE

Dated: December 13, 2019

This offering memorandum does not contain a misrepresentation.

“Eric Beckwitt”

Eric Beckwitt, CEO

APPENDIX 1 - SHAREHOLDERS' AGREEMENT

Includes Schedule A "Form of Accession Agreement"

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SHAREHOLDERS' AGREEMENT

- AMONG -

FREIGHTERA LOGISTICS INC.

- AND –

[NAMES OF SHAREHOLDER]

NOTICE TO SHAREHOLDERS: This Agreement including any schedules and amendments to the foregoing will affect your rights and obligations as shareholders should you become a party to this Agreement. Please review this Agreement with your independent legal advisor prior to entering into this Agreement.

TABLE OF CONTENTS

Page

1. INTERPRETATION	1
1.1 Interpretation	1
1.2 Schedules	4
2. SCOPE, EFFECT AND PARTIES	4
2.1 Shareholders to Act in Support of Terms.....	4
2.2 Conflicts with Constatng Documents and Other Agreements.....	4
2.3 Ceasing to be a Party	5
2.4 Shareholder Representations & Warranties.....	5
2.5 Subsequent Parties	6
3. SHARE TRANSFERS	6
3.1 Restriction on Change of Control of Corporate Shareholders.....	6
3.2 Restriction on Transfer of Shares.....	6
3.3 Right of First Refusal	6
3.4 Tag Along Rights.....	7
3.5 Drag Along Rights.....	9
3.6 Permitted Transfers	10
3.7 Founders' Subordination.	11
3.8 Endorsement on Share Certificates	11
3.9 Waiver of Rights.....	11
3.10 Shareholder Transfer of Agreement Rights	11
3.11 Recognition of Transfers	11
4. PRE-EMPTIVE RIGHTS.....	11
4.1 Pro-Rata Pre-emptive Right	11
4.2 Permitted Non-Pro rata Offerings	13
5. AMENDMENT AND TERMINATION.....	13
5.1 Amendments.....	13
5.2 Termination Events.....	13
5.3 Surviving Obligations	14
6. GENERAL PROVISIONS.....	14
6.1 No Partnership or Joint Venture	14
6.2 Confidential Information	14

TABLE OF CONTENTS

	Page
6.3 Time of the Essence	15
6.4 Further Acts	15
6.5 Parties of Interest	15
6.6 Share Reorganizations	15
6.7 Governing Law	15
6.8 Entire Agreement.....	15
6.9 Notices	16
6.10 Waiver	16
6.11 Severability.....	16
6.12 Assignment	16
6.13 Aggregation of Shares.....	16
6.14 Counterparts	16
6.15 Independent Legal Advice.....	16
7. MUTUAL INDEMNIFICATION.....	17
SIGNATURE PAGE	18
SCHEDULE A - ACCESSION AGREEMENT	19

SHAREHOLDERS' AGREEMENT

THIS AGREEMENT is dated for reference as of the 19th day of November, 2015.

AMONG:

FREIGHTERA LOGISTICS INC., a corporation incorporated under the laws of the Province of British Columbia having an address at Office 8036, 200-375 Water Street, Vancouver, BC V6B 0M9

(the "**Corporation**")

AND:

The shareholders of the Corporation listed under Schedule "A" hereto and who are signatories to this Agreement

(each a "**Shareholder**")

AND:

the **Investors**, as defined below.

WHEREAS:

A. The Investors will be subscribing to common shares of the Corporation and wish to ascend to and be a party to this Agreement, with such agreement to take effect as to their shareholdings once they become shareholders ; and

B. The parties wish to establish certain rights and obligations in respect of the conduct of the affairs of the Corporation, the holding and sale of their respective securities, and certain other matters relating to the Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties hereby agree as follows:

1. INTERPRETATION

1.1 Interpretation

In this Agreement, unless otherwise provided:

"**Affiliate**" means:

- a. with respect to any entity, any Person that is directly or indirectly Controlled by such entity;
- b. with respect to an entity that is a corporation, any Person that is directly or indirectly Controlled by such entity or that Controls is or is under common Control with such corporate entity; and
- c. if a partnership or limited partnership, any partner of the partnership or any corporation which Controls that partner and any corporation which is directly or indirectly Controlled by a corporation that Controls that partner;

“Agreement” means this Shareholders’ Agreement, together with any amendments hereto or replacements hereof;

“Articles of Incorporation” means the Corporation’s articles in effect from time to time;

“Associate” means, if used to indicate a relationship with any Person:

- a. a partner, other than a limited partner, of that Person;
- b. a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity; or
- c. an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer;

“Board” means the board of Directors of the Corporation, as constituted from time to time;

“Business Corporations Act” means the *Business Corporations Act*, (British Columbia) as amended from time to time, and every statute that may be substituted therefor from time to time, and in the case of any such amendment or substitution, any reference in this Agreement to the *Business Corporations Act* will be read as referring to the such amended or substituted provisions;

“Business Day” means any day, other than a Saturday or Sunday, on which the chartered banks in Vancouver, British Columbia are open for business;

“Common Shares” means the Common shares in the capital of the Corporation;

“Corporation” means FREIGHTERA LOGISTICS INC. and includes any successor resulting from any amalgamation, merger, arrangement or other reorganization of or including the Corporation or any continuance under the laws of another jurisdiction;

“Constating Documents” means the Articles of Incorporation and Notice of Articles of the Corporation, together with any amendments thereto or replacements thereof;

“Control”, “Controlled” or “Controls” means, in relation to a corporation:

- a. the right to cast a majority of the votes which may be cast at a general meeting of that corporation; or
- b. the right to elect or appoint, directly or indirectly, a majority of the directors of that corporation;

“Directors” means the persons who are, from time to time, elected or appointed directors of the Corporation and **“Director”** means any one of them;

“Equity Securities” means:

- a. Shares or any other security of the Corporation that carries the residual right to participate in the earnings of the Corporation and, on liquidation, dissolution or winding-up, in the assets of the Corporation, whether or not the security carries voting rights;
- b. any warrants, options or rights entitling the holders thereof to purchase or acquire any such securities; or
- c. any securities issued by the Corporation which are convertible or exchangeable into such securities;

“Founders” means Eric Beckwitt, and Yevgeniya A. Ponarina (and/or their respective successors or permitted assigns) and **“Founder”** means any one of them, provided that if any of them ceases to be a

party to this Agreement without a successor or assignee, then **"Founders"** or **"Founder"** means the remaining parties or party alone;

"Fully Converted Basis" at any time means that all Shares convertible into Common Shares outstanding at that time will be deemed to have been fully converted, into Common Shares and Common Shares issuable as a result thereof will be deemed to have been issued and to form part of the holdings of the Person(s) entitled to receive such Common Shares;

"Going Public Transaction" has the meaning ascribed thereto under Section 5.2;

"Investors" means any party who has executed an accession to this Agreement substantially in the form attached as Schedule A that specifies that they should be considered an Investor (or their respective successors or permitted assigns) and **"Investor"** means any one of them, provided that if any of them ceases to be a party to this Agreement without a successor or assignee, then **"Investors"** or **"Investor"** means the remaining parties or party alone;

"IPO" means the Corporation's first underwritten public offering of its Shares pursuant to a registration statement that has been declared effective under the United States *Securities Act* of 1933 or a prospectus filed under applicable Canadian securities laws in respect of which a (final) receipt has been obtained, accompanied by the listing of the Shares on the Toronto Stock Exchange and/or the Nasdaq National Market and/or the New York Stock Exchange and/or any other stock exchange or market approved in writing by the Board;

"Liquidation Event" means the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary;

"Original Purchase Price" means, with respect to each Common Share, the purchase price paid to the Corporation for the Common Share;

"Person" means any individual, partnership, joint venture, syndicate, sole proprietorship, Corporation or corporation with or without share capital, trust, trustee, executor, administrator, or other legal personal representatives, regulatory body or agency, government or governmental agency, authority or entity howsoever designated or constituted;

"Public Company" means a corporation or other entity that is a reporting issuer in Canada (or has an equivalent status in any other jurisdiction) or that has any of its securities listed on any stock exchange or quotation system.

"Purchase" includes any purchase, acquisition or other arrangement by which a Person obtains beneficial ownership of a security from another Person, whether or not voluntarily and whether or not for value, and any agreement to effect any of the foregoing; and the words "purchased", "purchasing" and similar words have corresponding meanings;

"Sale" means:

- a. the acquisition of more than fifty percent (50%) of the voting securities of the Corporation by means of any transaction or series of related transactions (including without limitation, any and all reorganizations, mergers, consolidations, statutory share exchanges or similar transactions), or
- b. a sale of all or substantially all of the assets of the Corporation by means of any transaction or series of related transactions.

“Shareholders” means the Persons who hold securities of the Corporation who have executed this Agreement or who from time to time hold securities of the Corporation and have agreed to become bound by this Agreement in whole or in part (or their respective successors or permitted assigns), and a **“Shareholder”** means any one of them;

“Shares” means shares of any class in the share capital of the Corporation from time to time;

“Subsidiary” means a subsidiary within the meaning of the *Business Corporations Act* and **“Subsidiaries”** means more than one such subsidiary;

“Transfer” includes any sale, exchange, assignment, gift, bequest, disposition, or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntarily and whether or not for value, and any agreement to effect any of the foregoing; and the words **“Transferred”**, **“Transferring”** and similar words have corresponding meanings;

Words (including defined terms) using or importing the singular include the plural and vice versa and words importing one gender only will include all genders.

The headings used in this Agreement are for ease of reference only and will not affect the meaning or the interpretation of this Agreement.

All references to Article, Section and subsection numbers refer, unless expressly stated otherwise, to the Articles, Sections and subsections of this Agreement having those numbers.

All accounting terms not defined in this Agreement will have the meanings generally ascribed to them under the International Financial Reporting Standards (as revised from time to time).

Unless otherwise specified, all references to the symbol **“\$”** are to lawful money of Canada.

1.2 Schedules

The schedules attached to this Agreement form part of this Agreement.

2. SCOPE, EFFECT AND PARTIES

2.1 Shareholders to Act in Support of Terms

Except when prohibited by applicable laws, the Shareholders will at all times promptly:

- a. vote their respective Shares (or, if more convenient, execute written shareholder consent resolutions, provided they are executed by all shareholders of the Corporation); and
- b. take all such steps as may be reasonably within their powers,

to cause the Corporation to act in the manner contemplated by this Agreement and to fully implement the terms of this Agreement and, to the extent permitted by law, will cause their respective Director nominees to so act as well.

2.2 Conflicts with Constatting Documents and Other Agreements

- a. In the event of any conflict between the provisions of this Agreement and the Constatting Documents, the provisions in the Constatting Documents shall prevail, and the Shareholders will

promptly initiate all necessary actions, proceedings and/or vote their respective Shares, as applicable, to cause this Agreement to not be in conflict with the Constatng Documents.

- b. In the event of any conflict between the provisions of this Agreement and any agreement to which the Corporation or a Shareholder is or becomes a party, the provisions of this Agreement will prevail and govern to the extent permitted by law, except that should there also be a conflict with the Constatng Documents, then the Constatng Documents shall prevail. In case of a conflict only between this Agreement and any agreement to which the Corporation or a Shareholder is or becomes a party of, then the Shareholders will promptly initiate all necessary actions, proceedings and/or vote their respective Shares to cause such other agreement to be amended in order to resolve such conflict. In case of a conflict with the Constatng Documents, the Shareholders will promptly initiate all necessary actions, proceedings and/or vote their respective Shares, as applicable, to cause this Agreement or such agreements to be amended in order to resolve any conflict with the Constatng Documents in favour of the provisions of the Constatng Documents.

2.3 Ceasing to be a Party

Except as otherwise specifically provided herein, if a Person who was a Shareholder no longer holds any Equity Securities and is owed no monies by the Corporation or any of its Subsidiaries, from that point forward that Person will be deemed to no longer be a party to this Agreement, provided however that where such Person disposed of his Equity Securities in compliance with the provisions of this Agreement he will be entitled to the benefit of and be bound by the rights and obligations set forth in this Agreement in respect of matters occurring prior to such disposition.

2.4 Shareholder Representations & Warranties

Each Shareholder hereby represents and warrants to each other Shareholder and to the Corporation that the Shareholder, as of the date of this Agreement or the date of the instrument under which the Shareholder became party to this Agreement:

- a. is the registered and beneficial owner of the Shares shown beside the Shareholder's name in the Central Securities Register of the Company (or on the instrument under which the Shareholder became party to this Agreement) free and clear of any mortgage, lien or encumbrance or security interest, and the Shareholder is not subject to any agreement under which any mortgage, encumbrance, lien or security interest may be created upon any of the Shareholder's Shares other than this Agreement;
- b. is not in a relationship in respect of which a "triggering event" under Section 56 of the Family Relations Act (British Columbia), or any applicable similar legislation in any other jurisdictions has occurred;
- c. is not in any way subject or party to any unsatisfied judgments, consent decrees, injunctions, litigation, proceedings, actions or claims (and to the best of the knowledge of the Shareholder no such matters are pending or threatened against the Shareholder) which could result in a judgment against the Shareholder leading to the impairment or loss of the Shareholder's title to the Shares;
- d. is not violating, contravening, breaching, or creating a default under any law, statute, regulation, order, judgment or decree applicable to the Shareholder by becoming party to this Agreement or performing the provisions hereof; and
- e. if the Shareholder is not an individual, is duly created and validly exists under the laws of its jurisdiction of creation and has the legal power and capacity to own its assets and enter into and perform its obligations pursuant to this Agreement.

2.5 Subsequent Parties

Any holder of Shares who is currently not a signatory hereto or any future holder of Shares may, upon the written consent of the Corporation, become a party to this Agreement by executing an accession agreement substantially in the form attached as Schedule A, and upon such execution such shareholder will be entitled to all the rights of and subject to all the duties of an Investor or Shareholder, as the case may be, as if such shareholder had been an original signatory to this Agreement.

3. SHARE TRANSFERS

3.1 Restriction on Change of Control of Corporate Shareholders

No Shareholder, if such Shareholder is a corporation, may enter into any transaction or series of transactions that results in a Change of Control of such Shareholder, without the prior written consent of the Board which may be withheld in its sole discretion.

3.2 Restriction on Transfer of Shares

Subject to Section 3.6, no Shareholder shall Transfer, either directly or indirectly, any or all of its Shares to any Person, whether a Shareholder or not, except as otherwise provided for in this Agreement.

3.3 Right of First Refusal

Subject to Section 3.6, before a Shareholder may Transfer any Shares, the Shareholder (the “**Offeror**”) must comply with the following provisions, unless Sections 3.4 or 3.5 apply in which case this Section 3.3 will not apply and (and either of Sections 3.4 or 3.5 should be complied with as applicable):

- a. The Offeror desiring to Transfer any or all of its Shares (the “**Offered Shares**”) shall give written notice to the Corporation (the “**Transfer Notice**”) specifying the number of Offered Shares, the price, for the Offered Shares, and the terms of payment upon which the Offeror is prepared to Transfer the Offered Shares. The Transfer Notice shall appoint the Corporation as the agent of the Offeror for the sale of the Offered Shares to the other Shareholders (the “**Other Offerees**”) at the price and upon the terms of payment specified in the Transfer Notice. The Transfer Notice shall also state whether the Offeror has received an offer to purchase (the “**Third Party Offer**”) the Offered Shares, or any of them, from, or proposes to sell the Offered Shares, or any of them, to, any particular Person or Persons who are not Shareholders and, if so, the names and addresses of those persons shall be specified in the Transfer Notice.
- b. The Corporation shall forthwith, and no later than 2 business days after receiving the Transfer Notice, transmit a copy of the Transfer Notice to each of the Other Offerees and shall request that each such Other Offerees state in writing, within 7 calendar days from the date that the Transfer Notice is transmitted to the Other Offerees, whether the Other Offerees are willing to purchase any of the Offered Shares and, if so, the maximum number they are willing to purchase.
- c. Upon the expiration of the 7-day notice period provided for in subsection 3.3(b) above, if the Corporation has received from the Other Offerees entitled to receive the Transfer Notice sufficient acceptances to purchase all the Offered Shares, the Corporation shall thereupon apportion the Offered Shares among the Other Offerees so accepting pro rata in proportion to the number of Shares held by each of them respectively up to the number of Offered Shares accepted by each of them respectively. If the Corporation did not receive sufficient acceptances to purchase all of the Offered Shares, the Corporation may apportion the Offered Shares among

the Other Offerees accepting pro rata in proportion to the number of Shares held by each of them respectively, up to the number of the Offered Shares accepted by each of them respectively. Any time before or upon the expiration of the 7-day notice period provided in subsection 3.3(b), the Corporation shall forthwith, being no later than 1 calendar day after such expiration, notify the Offeror whether any of the Offered Shares will be purchased by the Other Offerees, and should the Corporation not provide such notice, the Offeror may Transfer the Offered Shares pursuant to subsection 3.3(e) unless prohibited to do so in accordance with other Sections of this Agreement.

- d. After an apportionment has been made pursuant to subsection 3.3(c). and upon payment to the Offeror or the Corporation (who accepts payment on behalf of the Offeror) of the price for the Offered Shares apportioned, the Offeror shall be bound to Transfer those Shares for which payment has been made, in accordance with that apportionment and, if the Offeror fails to do so, the Corporation shall cause the name of the purchasing Other Offerees to be entered in the register of shareholders of the Corporation as the holders of those Shares and shall cancel the share certificates previously issued to the Offeror representing those Shares, whether they have been produced to the Corporation or not. Payment to the Corporation, as agent for the Offeror, of the Purchase Price shall be sufficient payment by the purchasing Other Offerees, and entry of the Transfer in the register of shareholders of the Corporation shall be conclusive evidence of the validity of the Transfer. Upon completion of the Transfer, the Corporation shall pay the Purchase Price to the Offeror. Any Offered Shares not purchased by the Other Offerees ("**Residual Shares**") may be transferred pursuant to subsection 3.3(e).
- e. If, after compliance with the provisions of Sections 3.3(a) to 3.3(d) above, there are Residual Shares, then the Offeror will have the option to Transfer all of the Residual Shares to any Person, provided that the Offeror shall not sell any of the Offered Shares at a price less than that specified in the Transfer Notice or on terms more favourable to the purchaser than those specified in the Transfer Notice and the transfer of the Residual Shares or any of them takes place within 90 calendar days from the expiration of the 7-day notice period as provided for in subsection 3.3(b) above.

3.4 Tag Along Rights

With respect to the transfer of a particular class of Shares, if any Founder (a "**Piggyback Seller**" for the purposes of this Section) wishes to Transfer its Shares (the "**Offered Securities**") to a third party (a "**Piggyback Sale**"), then any Shareholder (the "**Other Holder**") shall have the right (the "**Piggyback Right**") to participate in any such Transfer of Shares by that Piggyback Seller on the following terms and conditions:

- a. Intended Sale Notice. If the Piggyback Seller intends to proceed with a Piggyback Sale, the Piggyback Seller shall immediately notify each Other Holder in writing specifying:
 - i. The name and address of the third party (the "**Third Party**") intended to purchase the Offered Securities;
 - ii. The purchase price the Third Party is to pay the Piggyback Seller for the Shares to be purchased (the "**Specified Prices**") and the other terms and conditions of the intended sale;
 - iii. The number and class of Equity Securities held by the Third Party and its Associates and Affiliates; and

- iv. That each Other Holder has the Piggy Right provided under this Section in respect of the proposed Transfer.
- b. Securities which can be Piggybacked. Each Other Holder shall be entitled to sell to the Third Party, in conjunction with the closing of the Third Party's purchase of Shares from the Piggyback Seller, such Other Holders pro rata portion of his, her or its Shares (or such lesser number of Shares as each Other Holder may determine) determined by the following formula, and for clarity such entitlement is only with respect to the particular class(es) of Shares that is/are part of the Piggyback Sale and the following formula is to be calculated for each such class separately:

$$\begin{array}{lcl}
 \text{Proportion of the class} & & \text{Number of such particular class of Shares on a Fully} \\
 \text{of Shares that is to be} & = & \text{Converted Basis held by the Other Holder for whom} \\
 & & \text{this formula is being used for} \\
 \text{Transferred in the} & & \\
 \text{Piggyback Sale an} & & \\
 \text{Other Holder may sell} & & \text{Total number of such particular class of Shares on a} \\
 & & \text{Fully Converted Basis then held by all Other Holders} \\
 & & \text{(including the Other Holder for whom this formula is} \\
 & & \text{being used for) and the Piggyback Seller as a group}
 \end{array}
 \times 100\%$$

- c. Exercise Notice. Each Other Holder shall have 14 calendar days after the receipt of the Piggyback Notice, to exercise its Piggyback Right by written notice to the Piggyback Seller specifying the number of Shares which each Other Holder elects to sell to the Third Party hereunder as applicable given the particular class of Shares the Third Party is intending to purchase from the Piggyback Seller.
- d. Piggyback Sale to Third Party. If an Other Holder exercises the Piggyback Right, the Piggyback Seller may not complete the Transfer of the Offered Securities to the Third Party unless the Third Party also purchases from the Other Holder all of the Shares (the "**Piggyback Securities**") in respect of which the Piggyback Right was exercised at the same time and on the same terms and conditions.

If the Third Party will not purchase the Piggyback Securities from the Other Holders on the terms and conditions provided for herein, then the Piggyback Seller shall not Transfer the Offered Securities to the Third Party. If the Piggyback Seller Transfers all or part of the Offered Securities to the Third Party in violation of the foregoing, then each Other Holder shall have the right to put (by notice in writing) its Piggyback Securities to the Piggyback Seller at the Specified Prices, in addition to any other rights or remedies it may have at law or equity.

For clarity, this Section gives the right to Other Holders to sell the particular Share class that is subject to the Piggyback Sale and not for other Share classes that were not subject to the Piggyback Sale.

For the purposes of Section 5.2 (below), "**Tag Along Transaction**" means the transactions described under this Section, and for clarity and for the purposes of Section 5.2, the consummation of a Tag Along Transaction occurs when either: (1) if the Piggyback Seller Transfers all or part of the Offered Securities to the Third Party in compliance with this Section, then the completion of such transfer, or (2) if the Piggyback Seller Transfers all or part of the Offered Securities to the Third Party in violation of this Section, then after each Other Holder has either put (by notice in writing) its Piggyback Securities to the Piggyback Seller at the Specified Prices or has indicated in writing that such holder would not exercise such put.

For clarity, the "put" or the "right to put" referred to in this Section, refers to a securityholder's right to sell its security to the person against whom they are exercising the put/right to put against.

3.5 Drag Along Rights

If:

- a. shareholders of the Corporation holding not less than 80% of the issued and outstanding Common Shares (on a Fully Converted Basis) (the “Selling Shareholders”) have agreed to Transfer to an arm’s-length Person or Persons acting in concert (the “**Purchaser**” for the purposes of this Section) pursuant to a bona fide offer all of the Common Shares of the Corporation held by the Selling Shareholders or the Selling Shareholders approve a sale of all or substantially all of the assets of the Corporation to the Purchaser; and
- b. in the case of an offer for all of the Common Shares of the Corporation as indicated in the subsection above, the Purchaser offers to each of the other shareholders of the Corporation (the “Other Shareholders”) to purchase the remaining Common Shares of such Other Shareholders (the “**Specified Securities**”) on equivalent terms and conditions, mutatis mutandis, as those agreed to by the Selling Shareholders, but subject to the rights and restrictions, including all liquidation preferences, attaching to the respective Shares as set out herein and in the Constatting Documents of the Corporation, and all of which terms and conditions are set out in writing and promptly delivered to the Other Shareholders (the “**Drag Along Offer**”),

then, in the case of an offer for all of the Common Shares of the Corporation, the Other Shareholders will be required to sell all of their Specified Securities to the Purchaser in accordance with the terms and conditions of the Drag Along Offer, and in the case of a sale of all or substantially all of the assets of the Corporation, the Other Shareholders shall consent to, vote for and raise no objection to such sale and shall do such additional acts as are necessary and desirable to give effect to such sale.

If any of the Other Shareholders (the “**Delinquent Holders**”) fail to sell their Specified Securities to the Purchaser in accordance with the terms and conditions of the Drag Along Offer, the Purchaser will have the right to deposit the applicable purchase price for those Specified Securities of the Delinquent Holders in a special account at any financial institution in Canada, to be paid proportionately with interest, to the respective Delinquent Holders upon presentation and surrender to such financial institution of the certificates or documents representing such Delinquent Holders’ Specified Securities duly endorsed for transfer to the Purchaser. Upon such deposit being made, the Specified Securities in respect of which the deposit was made will hereby automatically (without any further action of any kind on the part of the Delinquent Holders or the Purchaser unless required by applicable laws) be transferred to and purchased by the Purchaser and will be transferred on the books of the Corporation to the Purchaser and the rights of the Delinquent Holders in respect of those Specified Securities after such deposit will hereby be limited to receiving, with interest (this interest only relates to bank interest if the deposit was made to an interest bearing account), their respective portion of the total amount so deposited against presentation and surrender of the certificates or documents representing their respective Specified Securities duly endorsed for transfer to the Purchaser.

For the purposes of Section 5.2 (below), “**Drag Along Transaction**” means the transactions described under this Section, and for clarity and for the purposes of Section 5.2, the consummation of a Drag Along Transaction occurs when either: (1) in the case of an offer for all of the Common Shares of the Corporation, the Other Shareholders have sold all of their Specified Securities to the Purchaser in accordance with the terms and conditions of the Drag Along Offer as described under this Section (or if there are any Delinquent Holders, then consummation occurs when the Purchaser has deposited the applicable purchase price for such holders’ Specified Securities as described under this Section); or (2) in the case of a sale of all or substantially all of the assets of the Corporation, the Other Shareholders have consented to or otherwise voted in favour to such sale.

3.6 Permitted Transfers

Subsections 3.2 and 3.3, do not apply to the following Transfers of Equity Securities:

- a. **Transfer to Affiliates.** Any Shareholder may Transfer or otherwise dispose of all or any part of its Shares to an Affiliate of the Shareholder provided that, prior to any such Transfer, the Shareholder and the Affiliate enter into an agreement with the other parties to this Agreement, which provides that:
 - i. the Affiliate will remain an Affiliate of the Shareholder for so long as the Affiliate holds the Shares;
 - ii. prior to the Affiliate ceasing to be an Affiliate of the Shareholder, the Affiliate will Transfer its Shares to the Shareholder or to another Affiliate of the Shareholder, and that such other Affiliate will enter into an agreement similar to this Agreement with the other Shareholders and the Corporation;
 - iii. the Affiliate will otherwise be bound by and have the benefit of the provisions of this Agreement; and
 - iv. the obligations of the original Shareholder hereunder shall not in any way be released and shall continue in full force and effect.
- b. **Transfer to Family Trust, Spouse, Child or Registered Retirement Savings Plan.** Any Shareholder may Transfer or otherwise dispose of all or any part of its Shares to a Family Trust, spouse, child or a registered retirement savings plan or tax-free saving plan (or account) or any similar plan (or account) of the Shareholder, provided that prior to any such Transfer, the Shareholder and the Family Trust, the spouse or child of the Shareholder, or the trustee of the Shareholder's registered retirement savings plan enter into an agreement with the other parties to this Agreement, which provides that:
 - i. the transferee(s) will be bound by and have the benefit of the provisions of this Agreement; and
 - ii. the obligations of the original Shareholder hereunder shall not in any way be released and shall continue in full force and effect.
- c. **Death.** Any Shareholder may Transfer or otherwise dispose of all or any part of its Shares upon the death of a Shareholder, in which case that Shareholder's Shares may be Transferred in accordance with a probated will of the deceased or by operation of laws for the administration of estates upon intestacy, provided that each such transferee enters into an agreement under which the transferee becomes party to and bound by this Agreement.
- d. **Redemptions, Retractions, etc.** Any Transfer of Shares made in accordance with the special rights and restrictions (if any) attached to Shares, any Transfer(s) made in accordance with Section 3.4 or Section 3.5, or a Transfer of Equity Securities under a repurchase of Equity Securities by the Corporation itself.
- e. **Approval by the Board.** Any Person or Persons approved by the Board.

3.7 Founders' Subordination.

Notwithstanding anything to the contrary, if prior to an IPO, the Corporation undergoes a Sale, then if the aggregate proceeds from such Sale that are payable to each Shareholder for his or her Common Shares is less than the Original Purchase Price (as computed, the **"Shareholder Deficit"**), then each of the Founders shall forfeit and subordinate to such Shareholders, such portion of their proceeds that is in excess of their respective aggregate Original Purchase Price, to the extent of such Shareholder Deficit.

3.8 Endorsement on Share Certificates

Any and all certificates representing Equity Securities now or hereafter owned by Shareholders during the currency of this Agreement (whether such Equity Securities are issued initially or following a Transfer or otherwise) will have endorsed thereon in bold type the following legend:

"The securities represented by this certificate are subject to the provisions of a Shareholders Agreement dated for reference the [inset date of Shareholders Agreement], as amended, restated or replaced from time to time, and such securities are not transferable on the books of the Corporation except in accordance and compliance with the terms and conditions of such Agreement and Articles of Incorporation of the Corporation."

3.9 Waiver of Rights

Notwithstanding any other provision of this Article 3, any Person may waive its rights with respect to any particular offer or right given under, or provision contained in, this Article 3 by notice in writing to the Corporation and the Shareholder who is proposing to transfer Shares.

3.10 Shareholder Transfer of Agreement Rights

The Transfer of Equity Securities by a Shareholder pursuant to the provisions of Article 3 includes the transfer of such Shareholders' rights under this Agreement.

3.11 Recognition of Transfers

The Corporation will not recognize any Transfers of Shares made in violation of this Agreement unless mandated by an amendment to this Agreement or court order having jurisdiction over the Corporation.

4. PRE-EMPTIVE RIGHTS

4.1 Pro-Rata Pre-emptive Right

Subject to Section 4.2 and any applicable laws (including stock exchange rules or policies), each time the Corporation proposes to allot, issue, sell or resell any Equity Securities, the Corporation shall first offer (the **"Treasury Offer"**) the Equity Securities to the Shareholders (collectively the **"Treasury Offerees"** and individually a **"Treasury Offeree"**) on the following basis unless it is prohibited to do by applicable laws:

- a. **Pro Rata Portions.** The number of Equity Securities a particular Treasury Offeree shall be offered and may purchase shall be determined by the following formula:

$$\begin{array}{lcl}
 \text{Number of Equity Securities which the Treasury Offeree shall be offered and may purchase} & = & \frac{\text{Number of Common Shares (as calculated on a Fully Convertible Basis) held by the Treasury Offeree immediately prior to the Treasury Offer}}{\text{Number of Common Shares (as calculated on a Fully Convertible Basis) held by all Treasury Offerees immediately prior to the Treasury Offer}} \times \text{Total Number of Equity Securities being offered}
 \end{array}$$

- b. **Notice of Offer.** Each Treasury Offer shall be made by written notice to the Treasury Offerees specifying:
- i. the total number and class of Equity Securities offered;
 - ii. the price at which the Equity Securities are being offered;
 - iii. any other terms and conditions applicable to the offer not set out in this Section 4 and any documents that are required to be completed or signed by the Treasury Offeree; and
 - iv. that Treasury Offerees shall have 7 calendar days (the “**Acceptance Period**”) following receipt of the notice to accept the Treasury Offer.
- c. **Acceptance.** Acceptance of a Treasury Offer shall be made by: (i) notice in writing to the Corporation within the Acceptance Period specifying the number of Equity Securities up to the pro rata number determined under subsection (a) above that the Treasury Offeree wishes to purchase; (ii) the acceptance by the Treasury Offeree of any terms and conditions related to the Treasury Offer; and (iii) the signing or completion of any documents by the Treasury Offeree required by applicable laws (including stock exchange rules or policies) in relation to the Treasury Offer. The Treasury Offeree may also specify in such notice an additional number of the Equity Securities (“**Specified Additional Amount**”) offered for sale that the Treasury Offeree is prepared to purchase if any of the other Treasury Offeree fails to fully accept their offered portion of the Treasury Offer. If a Treasury Offeree does not accept the Treasury Offer by the expiration of the Acceptance Period, then such Treasury Offeree shall be deemed to have refused the Treasury Offer. Additionally, if all Treasury Offerees notify the Corporation in writing that they accept or decline the Treasury Offer before the end of the Acceptance Period, then the Acceptance Period shall be deemed to have ended on the date the last such notice is received by the Corporation.
- d. **Sale to Third Party.** The Corporation shall be entitled to allot, issue or sell the balance of any of the offered Equity Securities in the Treasury Offer which are not purchased by the Treasury Offerees upon completion of the above process in this Section to any Person(s), other than a Treasury Offeree who did not accept the Treasury Offer, provided that, unless required by applicable laws (including stock exchange rules or policies, such allotment, issuance or sale shall not be effected at a price which is less than the price or on terms and conditions which are more favourable (from the purchaser's perspective) than those set forth in the written notice to the Treasury Offerees concerning the Treasury Offer.

4.2 Permitted Non-Pro rata Offerings

The Corporation may directly allot, issue or sell Equity Securities without complying with Section 4.1 where the Equity Securities are being issued in any one or more of the following circumstances:

- a. the issuance is to employees, consultants, officers or directors of the Corporation pursuant to stock purchase or stock option plans or as otherwise approved by the Board;
- b. the issuance is in connection with bona fide acquisition transaction approved by a majority of the Board;
- c. the issuance is in pursuant to a duly approved subdivision, amalgamation, plan of arrangement, reorganization, or any similar transaction, or dividend payable in securities;
- d. the issuance is pursuant to the special rights and restrictions (if any) attached to the Equity Securities;
- e. the issuance of securities pursuant to currently outstanding options, warrants, notes, or other rights to acquire securities of the Corporation;
- f. the issuance is to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions approved by a majority of the Board; or
- g. the issuance is in connection with strategic collaborations, development agreements or licensing transactions, the terms of which are approved by a majority of the Board.

5. AMENDMENT AND TERMINATION

5.1 Amendments

Any term of this Agreement may be amended or waived only with the written consent of Shareholders holding not less than 70% of the Common Shares on a Fully Converted Basis, provided that any amendment or waiver which materially and adversely affects the rights of a Shareholder in a manner that discriminates against such Shareholder vis-à-vis the other Shareholders, shall also require the written consent of such Shareholder. Any amendment or waiver effected in accordance with this Section 5.1 shall be binding upon the Shareholders and each transferee of the Shares (or the Shares issuable upon conversion thereof), each future holder of all such securities, and the Corporation, provided that any amendment or waiver which materially and adversely affects the rights of a Shareholder in a manner that discriminates against such Shareholder vis-à-vis the other Shareholders, shall also require the written consent of such Shareholder.

5.2 Termination Events

This Agreement will terminate, except as provided in Section 5.3:

- a. if Shareholders holding not less than 80% of the Common Shares on a Fully Converted Basis agree in writing to terminate this Agreement;
- b. if a Liquidation Event occurs;
- c. upon the consummation of a Tag Along Transaction as described in Section 3.4 above or a Drag Along Transaction as described in Section 3.5;

- d. upon the completion of any of the following **“Going Public Transactions”**:
 - i. an initial public offering of any of the securities of the Corporation in any jurisdiction, whether or not such offering is followed by a listing of such securities and whether or not such offering is underwritten or not;
 - ii. the listing of any of the securities of the Corporation on any stock exchange or quotation system;
 - iii. an acquisition of the Corporation by, or a merger of or similar transaction involving the Corporation with a Public Company;
 - iv. any transaction, event or filing that makes the Corporation into a Public Company;
- e. a dissolution or windup of the Corporation.

5.3 Surviving Obligations

The termination of this Agreement will not affect the right of any party to whom money is owed hereunder at the time of termination to receive that money according to the provisions hereof or affect any other rights or obligations which arose hereunder in respect of matters occurring prior to or concurrent with such termination.

6. GENERAL PROVISIONS

6.1 No Partnership or Joint Venture

Nothing in this Agreement or in the relationship of the parties hereto will be construed as in any sense creating a partnership or joint venture among or between the parties or as giving to any party any of the rights or subjecting any party to any of the creditors of the other party.

6.2 Confidential Information

In this Section, **“Confidential Information”** will mean confidential or proprietary information of the Corporation, including information in respect of the business, work, inventions, patents, designs, methods, improvements, trade secrets, know-how, and information in respect of any other confidential or proprietary matters, but excluding information which:

- a. was in or comes into the public domain other than as a result of a breach of this Agreement;
- b. is disclosed with the permission of the Corporation;
- c. was in the possession of the Shareholder prior to its receipt thereof from the Corporation; or
- d. is required to be disclosed pursuant to applicable laws or policies or regulations of any government or regulatory authority.

Each Shareholder acknowledges that the Shareholder may come into possession of Confidential Information as a result of various disclosures or information provided by other Shareholders or by the Corporation pursuant to this Agreement, including through attendance at a Shareholders’ meeting, through a visit to the Corporation’s premises or through various notices or offers pursuant to Article 3 hereof.

Each Shareholder agrees that all such Confidential Information will, for all purposes, be maintained by the Shareholder as strictly confidential and the Shareholder will not reveal, or induce others to reveal, any of the Confidential Information to any Person (except, if the Shareholder is a corporation, limited liability Corporation or partnership, those of the Shareholder's employees, directors, officers, managers, advisors, counsel, consultants or agents with a definable need to know and who are subject to a duty of confidentiality).

6.3 Time of the Essence

Time will be of the essence of this Agreement.

6.4 Further Acts

Each of the parties to this Agreement will at the request of any other party, and at the expense of the Corporation, execute and deliver any further documents and do all acts and things as that party may reasonably require in order to carry out the true intent and meaning of this Agreement.

6.5 Parties of Interest

This Agreement and the rights of such party hereunder will enure to the benefit of and be binding upon the parties hereto, their permitted assigns, personal representatives, executors, administrators, heirs, and successors.

6.6 Share Reorganizations

The provisions of this Agreement relating to Equity Securities will also apply, with the necessary changes, to the following:

- a. any Shares or securities into which such Equity Securities may be converted, changed, reclassified, re-divided, re-designated, redeemed, subdivided or consolidated;
- b. any Shares or securities that are received by the shareholders of the Corporation as a stock dividend or distribution payable in Shares or securities of the Corporation; and
- c. any Shares or securities of the Corporation, or of any successor or continuing corporation to the Corporation, that may be received by the shareholders of the Corporation on a reorganization, amalgamation, consolidation or merger or otherwise, unless they are being received as part of a Going Public Transaction.

6.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and each party hereto irrevocably submits to arbitration for the resolution of any disputes between the parties, to be conducted by a single arbitrator chosen by the parties.

6.8 Entire Agreement

This Agreement constitutes the entire agreement between the parties to this Agreement with respect to the subject matter hereof and supersedes all prior negotiations, proposals and agreements, whether oral or written, with respect to the subject matter of this Agreement. The parties hereto hereby terminate all other shareholders' agreements between or among or between any of them which govern the voting, holding or sale of Equity Securities or the management of the affairs of the Corporation. The parties

represent that they are not aware of any outstanding breaches of any such other agreements now being terminated.

6.9 Notices

All notices and demands under this Agreement must be in writing and may be delivered personally, or by facsimile transmission, or by electronic mail to the addresses as first written above or on any document pursuant to which a Person becomes party hereto, or such other addresses as may from time to time be notified in writing by the parties. All notices will be deemed to have been given and received on the next Business Day following the date of transmission or delivery, as the case may be.

6.10 Waiver

Failure by any party hereto to insist in any one or more instances upon the strict performance of any one of the covenants contained herein will not be construed as a waiver or relinquishment of such covenant. No waiver by any party hereto of any such covenant will be deemed to have been made unless expressed in writing and signed by the waiving party.

6.11 Severability

If any provision of this Agreement is held to be unenforceable, then that provision will be construed by modifying it to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded. If an unenforceable provision is modified or disregarded in accordance with this Section, then the rest of this Agreement will remain in effect as written, and the unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.

6.12 Assignment

Except as otherwise provided in this Agreement, no party will be entitled to assign its rights under this Agreement to any Person without the prior written consent of the other parties.

6.13 Aggregation of Shares

All Shares held or acquired by Affiliate entities or Persons shall be aggregated together for the purpose of determining the rights available to any party under this Agreement.

6.14 Counterparts

This Agreement may be signed in counterparts, each of which will be deemed to be an original and together will be deemed to constitute the same instrument. This Agreement may be signed and delivered manually or electronically.

6.15 Independent Legal Advice

Each party acknowledges that it has had the opportunity to discuss this Agreement (including such party's rights and obligations under this Agreement) with such party's own independent legal advisor(s) or lawyer(s), or that it has based on its own volition decided not to seek such independent legal advice. Each Party acknowledges that the legal counsel for the Corporation being Nick Ayling Law Corporation and Nox Law Corporation do not represent any shareholder or other securityholder of the Corporation or any other party, and such counsel only represent the Corporation with respect of this Agreement.

7. MUTUAL INDEMNIFICATION

Each party to the Agreement (for the purposes of this Section the “**Indemnitor**”) agrees to indemnify, defend and hold harmless the other parties (each an “**Indemnitee**”, collectively the “**Indemnitees**”) from and against any and all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, and expenses (including reasonable attorney fees) actually made against or levied or charged to such Indemnitee(s) arising out of (a) a failure to act, omission, or misrepresentation by the Indemnitor, its officers, directors, employees, contractors, brokers or agents related to this Agreement; or (b) any breach by the Indemnitor of any of the terms, conditions, warranties or representations contained in this Agreement, or in any other instrument executed by the Indemnitor in connection with this Agreement..

[Signature Page appears on the next page]

With reference to the Shareholders' Agreement dated November 19th, 2015:

For FREIGHTERA LOGISTICS INC.

Per:

Authorized Signatory

on this date:

Day/Month/Year

For Shareholder if an Individual

Signed, Sealed and Delivered by
(Print name of Investor)

in his/her presence in the City of

in the Province/State of

on this date

Day/Month/Year

Witness signature

Witness name

Signature of Investor:

on this date

Day/Month/Year

For Shareholder if a Corporation

Signed, Sealed and Delivered by
(Print name of Investor)

in his/her presence in the city of

in the Province/State of

on this date

Day/Month/Year

Witness signature

Witness name

Signature of Authorized Person:

Title

on this date

Day/Month/Year

**SCHEDULE A
ACCESSION AGREEMENT**

Reference is made to the Shareholders' Agreement dated for reference as of the 19th day of November, 2015 among the Corporation, the Shareholders and Investors (as defined in the Shareholders' Agreement (as amended from time to time)).

_____ (the "**New Shareholder**") is the owner of [number] _____ of [specify class of shares] Common shares in the capital of the Corporation and has made a request to the Corporation to become a party to the Shareholders' Agreement as a Shareholder. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the New Shareholder, the New Shareholder hereby agrees to become a party to and be bound by all of the terms and conditions of the Shareholders' Agreement as a Shareholder and upon execution of this Accession Agreement will be entitled to all rights of and subject to the duties of a Shareholder as if it had been an original signatory to the Shareholder Agreement.

The Corporation hereby consents to the New Shareholder becoming a party to the Shareholder Agreement.

For FREIGHTERA LOGISTICS INC.

Per:

on this date:

Authorized Signatory

Day/Month/Year

For Shareholder if an Individual

Signed, Sealed and Delivered by
(Print name of Investor)

in his/her presence in the City of

Signature of Investor:

in the Province/State of

on this date

on this date

Day/Month/Year

Day/Month/Year

Witness signature

Witness name

For Shareholder if a Corporation

Signed, Sealed and Delivered by
(Print name of Investor)

Signature of Authorized Person:

in his/her presence in the City of

in the Province/State of

Title

on this date

on this date

Day/Month/Year

Day/Month/Year

Witness signature

Witness name