

**K.B. RECYCLING INDUSTRIES
LTD.
INITIAL PUBLIC OFFERING OF UNITS
April 8, 2021**

A prospectus (the “**prospectus**”) dated March 31, 2021, containing important information relating to the securities described in this document has been filed with the securities regulatory authority in each of the provinces and territories of Canada, except the province of Québec. A copy of the prospectus, and any amendment, if applicable, is required to be delivered with this document.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the prospectus, and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The prospectus constitutes a public offering of securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities of the Company (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities legislation and may not be offered or sold in the United States, or to or for the account or benefit of a U.S. Person, except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities legislation or pursuant to an exemption therefrom. The prospectus and this document each does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. Capitalized terms used, but not otherwise defined herein shall, have the respective meaning ascribed thereto in the prospectus.

- Issuer: K.B. Recycling Industries Ltd. carrying on business under the business name “Alkemy” (the “**Company**”).
- Offering: 6,282,984 units in the capital of the Company (“**Units**”), including the exercise in full of the Underwriters’ over-allotment option in respect of the Offering (the “**Over-Allotment Option**”).
- Each Unit is comprised of one ordinary share of the Company (an “**Ordinary Share**”) and one-half of one warrant to purchase an Ordinary Share (each whole warrant, a “**Warrant**”).
- Each Warrant will entitle the holder thereof to acquire one Ordinary Share (a “**Warrant Share**”) at a price of C\$0.51 per Ordinary Share for a period ending at 5:00 p.m. (Eastern Time) on the date that is 24 months following Closing.
- Gross Proceeds: Approximately C\$1,822,065, including the exercise in full of the Over-Allotment Option.
- Offering Price: C\$0.29 per Unit.
- Concurrent Private Placements: Concurrently with the Offering, the Company intends to issue approximately 14,358,545 Class A units (each, a “**Class A Unit**”) to specified investors resident in Israel by way of private placement (the “**Private Placement of Class A Units**”). The Class A Units will be issued by the Company at a price of C\$0.58 per Class A Unit for expected gross proceeds of approximately C\$8,327,956. Each Class A Unit shall consist of two (2) Ordinary Shares and one (1) Ordinary Share purchase warrant (each, a “**Class A Warrant**”). Each Class A Warrant is exercisable into one (1) Ordinary Share at a price of C\$0.51 for a period ending at 5:00 p.m. (Eastern Time) on the date that is 24 months following Closing.
- The Company has also issued, by way of private placement (the “**Private Placement of Subscription Receipts**”), 4,334,862 subscription receipts (the “**Subscription Receipts**”) to certain Canadian accredited investors. The Subscription Receipts were issued by the Company at a price of C\$0.29 per Subscription Receipt for aggregate gross proceeds of approximately C\$1,257,110. Each Subscription Receipt will be deemed exchanged, without payment of any additional consideration and without any further action by the holder thereof for one (1) unit (each, a “**Subscription Receipt Unit**”) upon Closing, with each Subscription Receipt Unit being comprised of one (1) Ordinary Share and one-half of one Warrant.

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| Shares Outstanding: | Upon completion of the Offering (including the exercise in full of the Over-Allotment Option) and the Private Placement of Class A Units, an aggregate of 117,545,124 Ordinary Shares will be issued and outstanding. |
| Use of Proceeds: | The aggregate net proceeds to be received by the Company from the Offering, the Private Placement of Subscription Receipts and the Private Placement of Class A Units are estimated to be approximately C\$9,139,111 (including the exercise in full of the Over-Allotment Option), after deducting the fees payable to the Underwriters in connection with the Offering, Private Placement of Subscription Receipts and Private Placement of Class A Units and the expenses of the foregoing offerings which are estimated to be C\$1,761,000. The Company intends to use the net proceeds of the Offering, the Private Placement of Subscription Receipts and the Private Placement of Class A Units to develop production processes for new products, invest in the Company's current Israeli manufacturing facility (machinery and other equipment), form partnerships in other jurisdictions, and for working capital and general corporate expenses. |
| Principal Shareholders: | Upon completion of the Offering (including the exercise in full of the Over-Allotment Option), the Private Placement of Subscription Receipts and the Private Placement of Class A Units, it is expected that the Principal Shareholders, either directly or indirectly, will own an aggregate of 77,625,200 Ordinary Shares and 29,165,612 Warrants, representing an interest of approximately 58.29% in the Company on a fully diluted basis. |
| Description of Share Capital: | Upon completion of the Offering, the Company's authorized share capital will consist of 300,000,000 Ordinary Shares with a par value of NIS 0.01 per Ordinary Share. |
| Dividend Policy: | The Company currently intends to retain any future earnings to fund the development and growth of the Company's business and does not currently anticipate paying dividends on the Ordinary Shares. Any decision to pay dividends in the future will be determined by the Company's board of directors and will be based upon conditions then existing, including, among others, the Company's results of operations, financial condition, current and anticipated cash needs, contractual restrictions and other conditions and factors that the Board of Directors may deem relevant. |
| Lock-up Arrangements: | <p>Pursuant to the Underwriting Agreement, each of: (i) the Company; (ii) all existing securityholders of the Company holding, directly or indirectly, (together with that securityholder's associates and affiliates) Ordinary Shares outstanding prior to the Closing, excluding: (a) individual securityholders of the Company holding less than 5% of the Ordinary Shares outstanding prior to Closing (on an as-converted basis, if applicable), and (b) any purchasers of securities pursuant to the Private Placement of Subscription Receipts, and (iii) the Company's directors and officers, have agreed that they will not, directly or indirectly, without the prior written consent of the Underwriters, issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option for the sale of, or otherwise, directly or indirectly, dispose of, monetize or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in a public offering or by way of private placement or otherwise, any Ordinary Shares, retained interest securities, or any securities convertible or exchangeable into Ordinary Shares, for a period of 180 days after Closing without the prior written consent of the Underwriters, except, as applicable in the case of the Company or the applicable person, in conjunction with: (a) the issuance or sale of Units to the Underwriters pursuant to any exercise of the Over-Allotment Option, (b) the grant of stock options and other securities in the normal course pursuant to equity incentive plans of the Company existing as of Closing, and (c) the issuance of securities of the Company upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities existing on Closing or upon the exercise, redemption or settlement of stock options or other security-based compensation subsequently granted.</p> <p>Holders of approximately 77,625,200 Ordinary Shares, representing 66.03% of the Company's issued and outstanding Ordinary Shares after the completion of the Offering (including the exercise in full of the Over-Allotment Option) will be subject to these lock-up</p> |

arrangements.

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| Eligibility for Investment: | Eligible for RRSPs, RRIFs, RDSPs, RESPs, and TFSAs. |
| Listing: | The Company has applied to have the Ordinary Shares and the Warrants listed on the TSX Venture Exchange (the “ TSXV ”) under the symbols “AKMY” and “AKMY.WT”, respectively. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. |
| Form of Offering: | Initial public offering by way of a long form prospectus filed in all provinces and territories of Canada, except Québec. Private placement into the U.S. via Rule 144A and internationally as permitted. |
| Bookrunners: | INFOR Financial Inc. and Cormark Securities Inc. |
| Underwriting Fee: | <p>A cash commission equal to 7.0% of the gross proceeds of the Offering (including proceeds from the exercise in full of the Over-Allotment Option) and such number of broker warrants (the “Underwriters’ Warrants”) representing 7.0% of the number of Units sold under the Offering.</p> <p>Each Underwriters’ Warrant shall be exercisable at a price of C\$0.29 for one (1) Unit at the Offering Price and may be exercised in whole or in part by the Underwriter for a period of 24 months following Closing.</p> |
| Currency: | The term “NIS” refer to New Israeli Shekels, the lawful currency of the State of Israel and “C\$” or “Canadian dollars” means Canadian dollars. |
| Closing: | Expected on or around April 13, 2021. |