

**EARLY WARNING REPORT  
FILED UNDER NATIONAL INSTRUMENT 62-103**

*The following information is filed pursuant to the provisions listed above under applicable securities legislation:*

**1. Name and address of the Offeror:**

McLean Budden Limited (“**McLean Budden**”)  
145 King Street West  
25th Floor  
Toronto, ON  
M5H 1J8

**2. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

On April 14, 2011, McLean Budden acquired a total of 2,888,889 units (the “**Units**”) in the capital of Thelon Capital Ltd. (“**Thelon**”) at a price of \$0.45 per Unit for a total cash subscription price of \$1,300,000. Each Unit consisted of one previously unissued non-flow through common share (the “**Common Shares**”) of Thelon and one common share purchase warrant (the “**Warrants**”). As a result of the transaction, McLean Budden became the beneficial owner of 2,888,889 Common Shares and 2,888,889 Warrants. During the period commencing on the date of closing of the transaction and ending one year thereafter, the Warrants may be exercised at any time upon payment by McLean Budden of an exercise price of \$1.00. During the period commencing on the one year anniversary of the closing of the transaction and ending one year thereafter, the Warrants may be exercised at any time upon payment by McLean Budden of an exercise price of \$1.25.

A press release in connection with the foregoing was issued by McLean Budden prior to the opening of markets on December 12, 2011 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**3. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:**

After giving effect to the transaction referred to in Item 2 above, McLean Budden will beneficially own and control a total of 5,777,778 Common Shares of Thelon, representing approximately 12.76% of the outstanding Common Shares of Thelon.

**4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in question 3 over which:**

- (i) **the Offeror, either alone or together with any joint actors, has ownership and control:**

See Item 3.

- (ii) **the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor:**

Not applicable.

- (iii) **the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

5. **Name of the market in which the transaction or occurrence that gave rise to the news release took place:**

McLean Budden acquired the Units pursuant to a brokered private placement on April 14, 2011.

6. **Purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The Units were acquired in the ordinary course of business, for investment purposes only and not for the purpose of exercising control or direction over Thelon.

7. **General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

Not applicable.

8. **Names of any joint actors in connection with the disclosure required by Appendix E to NI 62-103:**

Not applicable.

9. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror:**

The Units were acquired on a private placement basis at a price of \$0.45 for each Unit for a total cash subscription price of \$1,300,000.

10. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of NI 61-103 in respect of the reporting issuer's securities:**

Not applicable.

11. **If applicable, a description of the exemption being relied on by the Offeror and the facts supporting that reliance.**

Not applicable.

*[Signature Page Follows]*

**DATED** at Toronto, Ontario, this 9<sup>th</sup> day of December, 2011.

**McLEAN BUDDEN LIMITED**

By: "Barbara Lockhart"

Name: Barbara S. Lockhart

Title: Senior VP, Finance &  
Administration

By: "Scott Mahaffy"

Name: Scott W. Mahaffy

Title: Vice President, Legal