



INFORMATION CIRCULAR

FOR

AN ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

IN RESPECT OF AN ARRANGEMENT

BETWEEN

Grand Peak Capital Corp.

AND

2801 Shangri-la Holdings Ltd.

May 18th, 2011

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**TO:** The Shareholders of Grand Peak Capital Corp.

**TAKE NOTICE** that pursuant to an order of the Supreme Court of British Columbia dated May 24, 2011, an annual general and special meeting (the "**Meeting**") of shareholders (the "**Company Shareholders**") of Grand Peak Capital Corp. ("**Grand Peak**" or the "**Company**") will be held at #200 8338-120<sup>th</sup> Street, Surrey, British Columbia, on June 30, 2011, at 2:00 PM (Vancouver time), for the following purposes:

1. to receive and consider the consolidated financial statements of the Company for the fiscal year ended September 30, 2010, and the report of the auditors thereon;
2. to set the number of directors for the ensuing year at five;
3. to elect directors of the Company for the ensuing year;
4. to appoint an auditor for the Company for the ensuing year and to authorize the directors to fix the auditor's remuneration;
5. to consider and, if thought fit, pass, with or without variation, a special resolution approving an arrangement (the "**Plan of Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**Act**") which involves, among other things, the distribution to the Company Shareholders shares of 2801 Shangri-La Holdings Ltd.. ("**2801 Shangri-La**"), currently a wholly-owned subsidiary of the Company, all as more fully set forth in the accompanying management information circular (the "**Circular**") of the Company;
6. to consider and, if thought fit, pass, with or without variation, a special resolution approving a forward split of the Company's common shares on a One-for-Four basis, to occur after 2801 Shangri-La Holdings Ltd. is fully spun-out and listed on the Canadian National Stock Exchange;
7. to consider and, if thought fit, pass, with or without variation, an ordinary resolution to approve, ratify and affirm a stock option plan for 2801 Shangri-La Holdings Ltd.; and
8. to transact such other business as may properly come before the Meeting or at any adjournment(s) or postponement(s) thereof.

**AND TAKE NOTICE** that Grand Peak Shareholders who validly dissent from the Arrangement will be entitled to be paid the fair value of their Company Shares subject to strict compliance with the provisions of the interim order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the Act. The dissent rights are described in Schedule "D" of the Circular. Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the Act may result in the loss of any right of dissent.

This Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Only Grand Peak Shareholders of record at the close of business on May 18, 2011 will be entitled to receive notice of and vote at the Meeting.

**Registered Grand Peak Shareholders unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy and deliver it in accordance with the instructions set out in the proxy and in the Circular. If you are a non-registered Grand Peak Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your shares of the Company not being voted at the Meeting.**

Dated at Surrey, British Columbia, this 18<sup>th</sup> day of May, 2011

**BY ORDER OF THE BOARD OF DIRECTORS**

**"Sonny Janda"**

Sonny Janda,  
President and CEO

## FORM 17

(RULES 4-6(1), 5-1 (4), 5-2 (4), 5-4 (1), 8-1 (21.1) and (22),  
8-5 (2), 9-4 (1), 12-2 (6), 13-3 (25), 16-1 (16.1) and (17),  
20-5 (3), 21-5 (4), 23-1 (9), 23-3 (10) and 23-5 (5))



No. S-113341  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

GRAND PEAK CAPITAL CORP.

Petitioner

and

IN THE MATTER OF AN ARRANGEMENT AMONG GRAND PEAK CAPITAL CORP.,  
2801 SHANGRI-LA HOLDINGS LTD.  
AND THE SHAREHOLDERS OF GRAND PEAK CAPITAL CORP.

Respondents

**REQUISITION - GENERAL**

Filed by: Grand Peak Capital Corp.

Required: **A HEARING OF AN APPLICATION FOR A FINAL ORDER** approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the Shareholders to be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on July 13th, 2011, at 9:45 a.m. (Vancouver time), (the "Final Application").

**AT THE HEARING OF THE FINAL APPLICATION** the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit. It is not known whether the matter will be contested and it is estimated that the hearing will take 15 minutes to be heard.

**THIS REQUEST FOR A HEARING OF THE FINAL APPLICATION** is being brought pursuant to a Petition filed by Grand Peak Capital Corp. (the "Petitioner") in the Supreme Court of British Columbia for approval of a plan of arrangement (the "Arrangement"), pursuant to the Business Corporations Act, S.B.C. 2002, Chapter 57, as amended.

**AT A HEARING** of the Supreme Court of British Columbia on May 24th, 2011 the Interim Order was pronounced, whereby the Court has given directions as to the calling of an annual and special meeting of the holders of common shares in the capital of the Petitioner (the "Shareholders"), for the purpose, inter alia, of considering and voting upon the Arrangement and approving the Arrangement. The Interim Order sets the date for the Final Application at July 13<sup>th</sup>, 2011.

**ANY SHAREHOLDER** affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response in the form prescribed by the Rules of Court of the Supreme Court of British Columbia and delivered a copy of the filed Response, together with all materials on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to

the Petitioner at its address for delivery set out below by or before 10:00 a.m. (Vancouver time) on July 2nd, 2011.

The Petitioner's address for delivery is: Grand Peak Capital Corp.  
8338-120<sup>th</sup> Street  
Surrey, BC V3W 3N4

Attention: Sandy Janda

ANY SHAREHOLDER WHO WISHES TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, MUST GIVE NOTICE by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at [www.ag.gov.bc.ca](http://www.ag.gov.bc.ca).

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Shareholders.

A copy of the said Petition and other documents in the proceedings will be furnished to any member of the Petitioner upon request in writing addressed to the Petitioner at its address for delivery as set out above.

This requisition is supported by the following:

Affidavit #1 of Sonny Janda made May 18, 2011.

Date: May 18, 2011

Signature of  
 filing party



Director  
Grand Peak Capital Corp.

Grand Peak Capital Corp.  
#200 8338 120 Street  
Surrey, British Columbia V3W 3N4  
Main: (604) 443-5059 Fax: (604) 592-6881  
E-mail: [info@grandpeakcapital.com](mailto:info@grandpeakcapital.com)

This Circular is furnished in connection with the solicitation of proxies by management of Grand Peak for use at the annual general and special meeting of shareholders of the Company to be held on June 30, 2011.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms beginning on page 9 of this Circular.

### **NOTICE TO UNITED STATES SHAREHOLDERS**

**The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.**

**This document does not address any income tax consequences of the disposition of Grand Peak Capital Shares by Shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of Grand Peak Capital Shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.**

The 2801 Shangri-La Shares to be issued under the Arrangement have not been registered under the U.S. Securities Act and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Court as described in this Circular.

**The securities issuable in connection with the arrangement have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or the securities regulatory authority in any state, nor has the SEC or the securities regulatory authority of any state passed on the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offense.**

Information concerning any properties and operations of the Company, including any to be transferred to 2801 Shangri-La as part of the Arrangement, has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with generally accepted accounting principles in Canada and are subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States. The Company Shareholders should be aware that the reorganization of the Company pursuant to the Plan of Arrangement as described herein may have tax consequences in both the United States and Canada. Such consequences for The Company Shareholders who are resident in, or citizens of, the United States may not be described fully in this Circular.

The enforcement by the Grand Peak Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and 2801 Shangri-La are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that all of the assets of the Company and 2801 Shangri-La are located outside the United States.

### **INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact contained herein, the information presented in this Information Circular and any information that constitutes "forward-looking statements" or "information" (collectively "**statements**") as such terms are used in the *Private Securities Litigation Reform Act of 1995* and similar Canadian laws relate to analyses and other information that are based on forecasts of future results, estimates are not yet determinable and assumptions of management and the Company undertakes no obligation to update any forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurances that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this Circular and any documents incorporated into this Circular.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

**INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular is given as at May 18, 2011, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and the Grand Peak Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. The Company Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as Schedule "B" and the Plan of Arrangement is attached as Exhibit II to the Arrangement Agreement.

## GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

"**2801 Shangri-La**" means 2801 Shangri-La Holdings Ltd., a private company incorporated under the Act;

"**2801 Shangri-La Commitment**" means the covenant of 2801 Shangri-La to issue 2801 Shangri-La Shares to the holders of the Company Share Commitments who exercise their rights thereunder after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and 2801 Shangri-La Shares upon such exercise;

"**2801 Shangri-La Stock Option Plan**" means the proposed common share purchase option plan of 2801 Shangri-La, which is subject to Shareholder approval;

"**2801 Shangri-La Option Plan Resolution**" means an ordinary resolution to be considered by the Company Shareholders to approve the 2801 Shangri-La Option Plan, the full text of which is set out in the this Circular;

"**2801 Shangri-La Shareholder**" means a holder of 2801 Shangri-La Shares;

"**2801 Shangri-La Shares**" means the common shares without par value in the authorized share structure of 2801 Shangri-La, as constituted on the date of the Arrangement Agreement;

"**Act**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

"**Arrangement**" means the arrangement under the Arrangement Provisions pursuant to which the Company proposes to reorganize its business and assets, and which is set out in detail in the Plan of Arrangement;

"**Arrangement Agreement**" means the agreement dated effective April 18, 2011 between the Company and 2801 Shangri-La Holdings Ltd., a copy of which is attached as Schedule "B" to this Circular, and any amendment(s) or variation(s) thereto;

"**Arrangement Provisions**" means Part 9, Division 5 of the Act;

"Arrangement Resolution" means the special resolution to be considered by the Grand Peak Shareholders to approve the Arrangement.

"**Assets**" means the assets of the Company to be transferred to 2801 Shangri-La pursuant to the Arrangement, being the Property and a loan in the amount of \$200,000.00 in Canadian Funds;

"**Beneficial Shareholder**" means any Company Shareholder who is not a Registered Shareholder;

"**Board**" means the board of directors of the Company;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;

"**Circular**" means this management information circular;

"**Company**" means Grand Peak Capital Corp.

"**Computershare**" means Computershare Trust Company of Canada;

"**Court**" means the Supreme Court of British Columbia;

"**Dissenting Shareholder**" means any Company Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its The Company Shares in accordance with the Interim Order and the Plan of Arrangement;

"**Dissenting Shares**" means the Company Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

"**Effective Date**" means the date upon which the Arrangement becomes effective;

"**Exchange**" means the Canadian National Stock Exchange;

"**Exchange Factor**" means the number arrived at by dividing 24,466,702 by the number of issued Company Shares as of the close of business on the Share Distribution Record Date;

"**Final Order**" means the final order of the Court approving the Arrangement;

"**Grand Peak Class A Shares**" means the renamed and re-designated Common Shares of the Company described in the Plan of Arrangement;

"**Grand Peak Share Commitments**" means an obligation of the Company to issue New Shares and to deliver 2801 Shangri-La Shares to the holders of Company Options and Warrants which are outstanding on the Effective Date, upon the exercise of such stock options and warrants;

"**Grand Peak Shares**" means the common shares without par value in the authorized share structure of the Company, as constituted on the date of the Arrangement Agreement;

"**Grand Peak Shareholder**" means a holder of the Company Shares;

"**Grand Peak Stock Option Plan**" means the share purchase option plan of the Company;

"**Grand Peak Stock Options**" means the common share purchase options issued pursuant to the Company Stock Option Plan which are outstanding on the Effective Date;

"**Grand Peak Warrants**" means the common share purchase warrants of the Company outstanding on the Effective Date;

"**Interim Order**" means the interim order of the Court dated the 24<sup>th</sup> day of May, 2011 pursuant to the Act in respect of the Arrangement dated April 18, 2011, a copy of which is attached to this Circular as Schedule "C";

"**Intermediaries**" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

"**Listing Date**" means the date the 2801 Shangri-La Shares are listed on the Exchange;

"**Meeting**" means the annual general and special meeting of the Company Shareholders to be held on June 30, 2011, and any adjournment(s) or postponement(s) thereof;

"**New Shares**" means the new class of common shares without par value which the Company will create pursuant to the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Company Shares;

"**Notice of Meeting**" means the notice of annual general and special meeting of the Company Shareholders in respect of the Meeting;

"**Plan of Arrangement**" means the plan of arrangement attached as Exhibit II to the Arrangement Agreement, which Arrangement Agreement is attached as Schedule "B" to this Circular, and any amendment(s) or variation(s) thereto;

"**Property**" means the residential unit with a civic address of 2801 - 200 University Avenue, Toronto, Ontario, Canada;

"**Proxy**" means the form of proxy accompanying this Circular;

"**Registered Shareholder**" means a registered holder of the Company Shares as recorded in the shareholder

register of the Company maintained by Computershare;

"**Registrar**" means the Registrar of Companies under the Act;

"**Resolution**" means the special resolution to be considered by the Company Shareholders to approve the Arrangement the forward split of the Company's common shares and the ordinary resolution to approve the Stock Option Plan;

"**SEC**" means the United States Securities and Exchange Commission;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

"**Share Distribution Record Date**" means the close of business on the day which is one month after the date of the Meeting or such other day as agreed to by the Company and 2801 Shangri-La, which date establishes the Grand Peak Shareholders who will be entitled to receive 2801 Shangri-La Shares pursuant to the Plan of Arrangement;

"**Share Subdivision**" means a forward split of the Grand Peak Shares on a One-for-Four basis.

"**Share Subdivision Resolution**" means the special resolution approving the Share Subdivision more particularly set out in this Circular;

"**Tax Act**" means the *Income Tax Act* (Canada), as may be amended, or replaced, from time to time;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as may be amended, or replaced, from time to time; and

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as may be amended, or replaced, from time to time.

## **SUMMARY**

The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Company by way of the Arrangement. This Circular also deals with the election of directors, the appointment of an auditor, the approval of the 2801 Shangri-La Option Plan and the Share Subdivision Plan, these items are not included in this summary. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms above. This summary is qualified in its entirety by the more detailed information and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.

### **The Meeting**

The Meeting will be held at #200 8338-120<sup>th</sup> Street, Surrey, British Columbia, June 30, 2011 2:00 pm (Vancouver time). At the Meeting, Grand Peak shareholders will be asked, in addition to voting on the election of directors and the re-appointment of an auditor, to consider and, if thought fit, to pass the Resolution approving the Arrangement among Grand Peak, 2801 Shangri-La and Grand Peak's Shareholders. Grand Peak's Shareholders will also be requested to consider and, if thought fit, to pass the 2801 Shangri-La Option Plan Resolution approving the 2801 Shangri-La Option Plan.

**By passing the Arrangement Resolution, the Grand Peak Shareholders will also be giving the authority to the Board to use its best judgment to proceed with and cause the Company the Arrangement without any requirements to seek or obtain any further approval of the Grand Peak Shareholders.**

### **The Arrangement**

The Company is a publicly traded company which conducts financial investments and other banking related activities within North and South America. The Arrangement has been proposed to facilitate the separation of the Company's primary business activities from the development of the Property. The Company believes that separating into two public companies offers a number of benefits to shareholders.

First, the Company believes that after the separation, each company will be better able to pursue its own specific operating strategies without being subject to the financial constraints of the other business. After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing both organizations to refine and refocus their business mix. Additionally, because the resulting businesses will be focused in their respective industries, they will be more readily understood by public investors, allowing each company to be in a better position to raise capital and align management and employee incentives with the interests of shareholders.

Pursuant to the Arrangement, Grand Peak will transfer to 2801 Shangri-La the sum of \$200,000 and all of the Company interest in and to the Property in exchange for 24,466,702 of 2801 Shangri-La Shares, which shares will be distributed to Grand Peak Shareholders who hold Grand Peak Shares on the Share Distribution Record Date.

Immediately after the Arrangement, each Grand Peak Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one New Share in the capital of the Company and its *pro-rata* share of the 2801 Shangri-La Shares to be distributed under the Arrangement for each currently held Grand Peak Share. The New Shares will be identical in every respect to the present Grand Peak Shares.

### **Effect of the Arrangement on Grand Peak Share Commitments**

As of the Effective Date, the Grand Peak Share Commitments will be exercisable, in accordance with the corporate reorganization provisions of such securities, into New Shares and 2801 Shangri-La Shares on the basis that the holder will receive, upon exercise, a number of New Shares that equals the number of Grand Peak Shares that would have been received upon the exercise of the Grand Peak Share Commitments prior to the Effective Date,

and a number of 2801 Shangri-La Shares that is equal to the number of New Shares so acquired. 2801 Shangri-La has agreed, pursuant to the 2801 Shangri-La Commitment, to issue 2801 Shangri-La Shares upon exercise of the Grand Peak Share Commitments and furthermore Grand Peak is obligated, as the agent of 2801 Shangri-La, to collect and pay to 2801 Shangri-La a portion of the proceeds received for each of the Grand Peak Share Commitment so exercised, with the balance of the exercise price to be retained by Grand Peak.

Any entitlement to a fraction of a 2801 Shangri-La Share resulting from the exercise of the Grand Peak Share Commitments will be cancelled without compensation.

### **Recommendation and Approval of the Board of Directors**

The directors of the Company have concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the Grand Peak Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the Company Shareholders and the Court for approval. The Board recommends that the Grand Peak Shareholders vote FOR the approval of the Arrangement.

### **Reasons for the Arrangement**

The decision to proceed with the Arrangement was based on the following primary determinations:

1. the Company's primary focus of investment and banking related activities;
2. The formation of 2801 Shangri-La to hold the Property will facilitate separate development strategies for the Property required to move the Property forward;
3. following the Arrangement, management of the Company will be free to focus entirely on its primary business activities, and new management for 2801 Shangri-La will be established which has knowledge and expertise specific to 2801 Shangri-La's industry;
4. the formation of 2801 Shangri-La and the distribution of 24,466,702 of 2801 Shangri-La Shares to the Company Shareholders pursuant to the Arrangement will give the Company Shareholders a direct interest in a new real estate development company that will focus on and pursue the development of the Property as well as potentially acquiring additional properties in high-growth locations;
5. as a separate real estate development company, 2801 Shangri-La will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of the Property and to finance the acquisition and development of any new properties 2801 Shangri-La may acquire on a priority basis; and
6. as a separate real estate development company, 2801 Shangri-La will be able to establish equity based compensation programs to enable it to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

### **Conduct of Meeting and Shareholder Approval**

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66 2/3rds of the eligible votes cast with respect to the Arrangement Resolution by Grand Peak Shareholders present in person or by proxy at the Meeting.

### **Court Approval**

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing for the Final Order is attached to the Notice of Meeting. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Grand Peak Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company and 2801

Shangri-La will rely on an exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act for the issuance of the New Shares and 2801 Shangri-La Shares to any United States based Grand Peak Shareholders. Assuming approval of the Arrangement by the Grand Peak Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on July 13<sup>th</sup>, 2011, at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any Company Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements.

### **Share Subdivision**

Grand Peak Shareholders are being asked to consider and, if thought fit, to pass a special resolution, the form of which is set out below, to subdivide the Grand Peak Shares at a ratio of 1 old share for 4 new shares, effective upon the listing of 2801 Shangri-La Holdings Ltd. on the Canadian National Stock Exchange, or such other date as may be determined by the Company. To be effective, the resolution approving the subdivision must be approved by at least two-thirds of the votes cast by the holders of Grand Peak Shares who vote in respect of the resolution, in person or represented at the meeting by proxy.

The proposed change will quadruple the number of Grand Peak Shares that are outstanding and is expected to initially reduce the price per share at which the Grand Peak Shares trade proportionately to the subdivision ratio. Management and the Board of Directors believe that the proposed share subdivision is in the best interests of the Company and its shareholders. The increased number of Grand Peak Shares and the initially reduced trading price per share should increase the liquidity of the Grand Peak Shares by facilitating more active trading in the shares of the Company. The subdivision of the Grand Peak Shares will not change a shareholder's proportionate ownership in the Company or the total value of its investment.

The Grand Peak Shares are listed on the TSX Venture Exchange (the "**Venture Exchange**"). Grand Peak has applied to have the Grand Peak Shares resulting from the subdivision listed on the Venture Exchange. Grand Peak has received conditional approval from the TSX.V for the listing of the additional Common Shares, subject to the Company delivering certain documents.

Grand Peak Shareholders of record at the close of business on the date that the share subdivision occurs will be entitled to receive the Grand Peak Shares resulting from the subdivision. It is anticipated that the shares will begin trading on the TSX.V on the next business day following the subdivision.

Certificates for the additional Grand Peak Shares resulting from the subdivision will be mailed to registered shareholders after the subdivision has received final approval from the TSX.V. Grand Peak Shareholders should retain their existing share certificates and not send them to the Company or its transfer agent.

### **Special Resolution**

The text of the Special Resolution to be considered at the meeting, for approval, confirmation and adoption with or without modification, is substantially as follows:

**"BE IT RESOLVED** as a special resolution of the Company that:

1. Pursuant to section 173(1) of the Canada Business Corporations Act (the "Act"), the Articles of the Company be amended to divide the issued and outstanding Grand Peak Shares on one-for-four basis;
2. Any one or more of the directors or officers of the Company is hereby authorized to sign all such documents, including without limitation, Articles of Amendment, and to do all such acts and things, including without limitation, delivering such Articles of Amendment to the Director under the Act, as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing; and
3. The directors of the Company may, in their discretion, without further approval of the

shareholders, revoke this special resolution at any time prior to the filing of Articles of Amendment giving effect to the foregoing.”

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the Special Resolution. In order to be effective, the Special Resolution must be passed by a majority of not less than 66% of the votes cast by shareholders who vote in respect of the Special Resolution.

### **Income Tax Considerations**

Canadian Federal income tax considerations for Grand Peak Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations", and certain United States Federal income tax considerations for Grand Peak Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary in this Circular.

### **Right to Dissent**

Grand Peak Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any Grand Peak Shareholder who dissents will be entitled to be paid in cash the fair value for their Grand Peak Shares held so long as such Dissenting Shareholder:

- (i) does not vote any of his, her or its Grand Peak Shares in favour of the Arrangement Resolution,
- (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at #200 8338-120<sup>th</sup> Street, Surrey, British Columbia V3W 3N4, at least two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and
- (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act..

### **Stock Exchange Listings**

Grand Peak Shares are currently listed and traded on the TSX Venture Exchange (the “Venture Exchange”) and will continue to be listed on the Venture Exchange following completion of the Arrangement. **The closing of the Arrangement is conditional upon the Exchange approving the listing of the 2801 Shangri-La Shares.**

### **Information Concerning the Company and 2801 Shangri-La after the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its primary business activities. The Grand Peak Shares will continue to be listed on the Venture Exchange. Each Grand Peak Shareholder will continue to be a shareholder of the Company with each currently held Company Share representing one New Share in the capital of the Company, and each Company Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 24,466,702 of 2801 Shangri-La Shares to be distributed to such Company Shareholders under the Arrangement.

Following completion of the Arrangement, 2801 Shangri-La will be a public company, the shareholders of which will be the holders of the Company Shares on the Share Distribution Record Date. 2801 Shangri-La will have all of the Company' interest in the Property and will have \$200,000 in cash. Closing of the Arrangement is conditional upon the 2801 Shangri-La Shares being listed on the Exchange.

### **Selected Unaudited *Pro-Forma* Financial Information**

The following selected unaudited *pro-forma* financial information for the Company and 2801 Shangri-La is based on the assumptions described in the notes to the Company's audited consolidated financial statements as at December 31, 2010, attached to this Circular as Schedule "E" and in the notes to the 2801 Shangri-La unaudited *pro-forma* consolidated balance sheet as at December 31, 2010, set out below.

	<b>Grand Peak Capital</b>	<b>Notes</b>	<b>Pro-Forma Adjustments</b>	<b>Pro-Forma 2801 Shangri-La</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	814,187	2a	\$ (200,000)	200,001
Accounts receivable	930			
Marketable securities	7,773,731			
Loans receivable	92,774			
HST/GST receivable	3,401			
	<u>8,685,023</u>		<u>\$ (200,000)</u>	<u>200,001</u>
Deposits on asset		2b	(276,250)	276,250
Equipment	2,768			
Non-Marketable Securities	919,972			
Incorporation costs	460			
	<u>\$ 9,608,223</u>		<u>\$ (476,250)</u>	<u>476,251</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts payable and accrued liabilities	\$67,588		-	1,000
	<u>67,588</u>			<u>1,000</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	8,454,159	2a	200,000	
		2b	276,250	476,251
Contributed surplus	1,505,448			
Accumulated other comprehensive income	3,296,294			
Deficit	(3,715,266)			(1,000)
	<u>9,540,635</u>		<u>476,250</u>	<u>475,251</u>
	<u>\$9,608,223</u>		<u>\$ 476,250</u>	<u>476,251</u>

	<b>Grand Peak Capital</b>	<b>Notes</b>	<b>Pro-Forma Adjustments</b>	<b>Pro-Forma 2801 Shangri-La</b>
<b>Revenue</b>				
Property management			-	
Interest and royalty income	2,700		-	-
	<u>2,700</u>			
<b>Expenses</b>				
Amortization	224		-	-

Bank charges, interest & brokerage fees	1,248	-	-
Incorporation	-	-	1,000
Management fees	-	-	-
Miscellaneous	-	-	-
Office, administration and travel	3,075	-	-
Professional fees	1,725	-	-
Rent	7,500	-	-
Transfer agent and regulatory filing fees	200	-	-
	<u>13,972</u>	-	<u>1,000</u>
<b>Income (loss) before other items:</b>	(11,272)	-	(1,000)
Gain on sale of marketable securities	639,711	-	-
Unrealized gain on marketable securities	-	-	-
Gain on debt settlements	-	-	-
	<u>628,439</u>	-	<u>(1,000)</u>
<b>Net income/loss for the period</b>	628,439	-	(1,000)
<b>Deficit, beginning of the period</b>	(4,343,705)	-	-
<b>Deficit, end of the period</b>	<u>(3,715,266)</u>	<u>\$</u>	<u>(1,000)</u>
Basic earnings per common share	\$0.03	-	n/a
<b>Weighted average No of common shares o/s</b>	<u>24,466,702</u>	-	<u>1</u>
<b>Comprehensive Income</b>			
Net income for the period	628,439	-	-
Other Comprehensive income (loss) in the period	(354,853)	-	-
Comprehensive income for the period	<u>273,586</u>	<u>\$</u>	<u>-</u>

## 1. PLAN OF ARRANGEMENT AND BASIS OF PRESENTATION

The accompanying pro-forma financial statements have been compiled for purposes of inclusion in the Information Circular of Grand Peak Capital Corp. (“Grand Peak”) dated May 18, 2011, which gives effect to a plan of arrangement (“Arrangement”), whereby a \$276,250 real estate deposit and \$200,000 in cash, of Grand Peak will be spun out to a new company, 2801 Shangri-La Holdings Ltd.. (“2801 Shangri-La”). 2801 Shangri-La was incorporated as a wholly-owned subsidiary of Grand Peak on June 18, 2007 with nominal cash and share capital and has remained inactive to date.

The unaudited pro-forma balance sheet as at December 31, 2010 and statement of operations for the three (3) months ended December 31, 2010 reflects the plan of arrangement as a spin out whereby Grand Peak will spin out its real estate deposit asset and \$200,000 in cash to 2801 Shangri-La, Grand Peak’s wholly-owned subsidiary, and 2801 Shangri-La will then seek a public listing. This plan of arrangement is subject to approval by the shareholders of Grand Peak and the appropriate regulatory authorities.

This pro-forma balance sheet and statements of operations has been prepared in accordance with Canadian generally accepted accounting principles and the accounting principles as disclosed in the audited financial statements of Grand Peak for the year ended September 30, 2010. In the opinion of management, the unaudited pro-forma financial statements includes the adjustments necessary for the fair presentation of the proposed reorganization in accordance with Canadian generally accepted accounting principles.

This pro-forma balance sheet is not necessarily indicative of 2801 Shangri-La as at the time of closing the transaction referred to above. The pro-forma financial statements should be read in conjunction with the audited financial statements of Grand Peak for the year ended September 30, 2010 which are incorporated by reference in the Information Circular.

## 2. PRO FORMA ASSUMPTIONS

The unaudited pro-forma financial statements gives effect to the partial accounting continuation of Grand Peak and 2801 Shangri-La, as described in the said Information Circular, as if the Arrangement had occurred as at December 31, 2010 for purposes of the financial statements. The unaudited pro-forma financial statements are based on the following assumptions:

- a) Grand Peak will transfer \$200,000 in cash to 2801 Shangri-La.
- b) Grand Peak will transfer a \$276,250 real estate deposit to 2801Shangri-La and the latter will assume total and irrevocable responsibility for the balance of \$828,750 due upon completion.
- c) 2801 Shangri-La will issue 24,466,702 million shares, having a value of \$476,250. These shares will be divided among the shareholders of Grand Peak Capital, on a pro rata basis and according to the regulations of the Venture Exchange.

## 3. SHAREHOLDERS EQUITY

Issued	No of Shares	Share Capital \$	Contributed Surplus \$	Acc. Comp. Income \$	Deficit \$	Total \$
Grand Peak Dec 31/ 10	24,466,702	8,930,409	1,505,448	3,296,294	(3,715,266)	10,016,885
Cash Spun Out		(200,000)				-
Deposit Spun Out		(276,250)				-
Pro-Forma Equity	24,466,702	8,454,159	1,505,448	3,296,294	(3,715,266)	9,540,635

### Risk Factors

In considering whether to vote for the approval of the Arrangement, The Company Shareholders should be aware that there are various risks, including those described in this Circular. The Company Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

This Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting, and at any adjournment(s) or postponement(s) thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Beneficial Shareholders held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

### **Currency**

In this Circular, except where otherwise indicated, all dollar amounts are expressed in the lawful currency of Canada.

### **Record Date**

The Board has fixed May 18<sup>th</sup>, 2011 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only Grand Peak Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their Company Shares voted at the Meeting.

## **PART 1 – VOTING**

### **HOW A VOTE IS PASSED**

All matters that will come to a vote at the Meeting, as described in the attached Notice of Meeting, are ordinary resolutions and can be passed by a simple majority – that is, if more than half of the votes that are cast are in favour, then the resolution is approved. Special resolutions require vote of 66 2/3% that are cast in favour, then the special resolution is approved.

### **WHO CAN VOTE**

If you are a registered shareholder of Grand Peak as at May 18th, 2011, you are entitled to notice of and to attend at the Meeting and cast a vote for each share registered in your name on all resolutions put before the Meeting. If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Meeting. If you are a registered shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxy holder to vote in accordance with your instructions (see "Voting By Proxy" below). If your shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "Beneficial Shareholders" set out below.

It is important that your shares be represented at the Meeting regardless of the number of shares you hold. If you will not be attending the Meeting in person, please complete, date, sign and return your form of proxy as soon as possible so that your shares will be represented.

### **VOTING BY PROXY**

If you do not come to the Meeting, you can still make your votes count by voting over the internet or via the telephone (*see proxy for instructions*) or by appointing someone who will be there to act as your proxy holder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by

completing a form of proxy.

**In order to be valid, you must return the completed form of proxy to Grand Peak’s transfer agent, Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 (Facsimile: 1-866-249- 7775) not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof.**

#### **WHAT IS A PROXY**

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. A form of proxy is enclosed with this Information Circular. You should use it to appoint a proxy holder, although you can also use any other legal form of proxy.

#### **APPOINTING A PROXY HOLDER**

**You can choose any individual or company to be your proxy holder.** The person whom you designate need not be a shareholder. To make such an appointment, simply fill in the person’s name in the blank space provided in the enclosed form of proxy. To vote your shares, your proxy holder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy will be deemed to be appointed to act as your proxy holder. Such persons are directors and/or officers of Grand Peak (the “Management Proxy holders”).

#### **INSTRUCTING YOUR PROXY**

You may indicate on your form of proxy how you wish your proxy holder to vote your shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxy holder must vote your shares in accordance with the instructions you have given.

**If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxy holder can vote your shares as he or she thinks fit. If you have appointed the Management Proxy holders as your proxy holder, they will, unless you give contrary instructions, vote your shares at the Meeting as follows:**

- FOR the election of the proposed nominees as directors;
- FOR the re-appointment of ACAL Group, Chartered Accountants, as the auditor of Grand Peak;
- FOR the resolution to authorize the directors to fix the remuneration to be paid to the auditor;
- FOR the resolution approving the Stock Option Plan.
- FOR the approval of the Arrangement.
- FOR the approval of the Share Subdivision

#### **CHANGING YOUR MIND**

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to Grand Peak at #200 8338-120th Street, Surrey, B.C., V3W 3N4; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 in the afternoon (Vancouver time) on the last business day before the day of the Meeting, or any adjournment thereof, or delivered to the person presiding at the Meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares but to do so you must attend the Meeting in person. Only registered shareholders may revoke a proxy. If your shares are not registered in your own name and you wish to change your vote, you must, at least 7 days before the Meeting, arrange for your nominee to revoke your proxy on your behalf.

## **BENEFICIAL SHAREHOLDERS**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.**

Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "Intermediary"). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every Intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "Communication with Beneficial Owners of Securities of a Reporting Issuer" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare Trust Company of Canada ("Computershare"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive."

These security holder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons

as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend and to vote your Common Shares at the Meeting.

## **REVOCAION OF PROXIES**

**In addition to revocation in any other manner permitted by law, a registered shareholder who has given a Proxy may revoke it by:**

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by Computershare or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or personally attending the Meeting and voting the registered shareholder's Common Shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as set out herein.

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of Grand Peak consists of an unlimited number of common shares. At the close of business on May 18, 2011, 24,466,702 common shares were outstanding. Each shareholder is entitled to one vote for each common share registered in his or her name at the close of business on May 18, 2011, the date fixed by the Board of Directors as the record date for determining who is entitled to receive notice of and to vote at the Meeting.

To the knowledge of the directors and officers of Grand Peak, no person beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of the common shares on that date.

## **PART 3 - THE BUSINESS OF THE MEETING**

### **REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

The audited financial statements of Grand Peak for the year ended September 30, 2010, will be placed before you at the Meeting. Grand Peak Shareholders who have previously requested a copy of our financial statements and related management discussion and analysis (the "MD&A") for the year ended September 30, 2010 will

receive a copy by mail or if eligible, by e-mail. Shareholders can request a copy of the Company's financial statements and MD&A by completing our supplemental request card which accompanies the Notice of Meeting and this Information Circular. Grand Peak Shareholders can also view these documents at [www.sedar.com](http://www.sedar.com)

## **STOCK OPTION PLAN**

Policy 4.4 of the Venture Exchange specifies that all listed issuers must implement a stock option plan.

The Company's Stock Option Plan, is currently a "rolling" plan as characterized by Venture Exchange policy reserving a maximum of 10% of the issued shares of the Issuer at the time of the stock option grant. Venture Exchange policy requires that shareholder approval for stock option plans must be obtained annually and that the Venture Exchange approve the stock option plan.

The principal purposes of the Company's stock option plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of those persons responsible for the success of the Company; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such persons to remain with the Company; to attract new talent to the Company; and to reduce the cash compensation the Company would otherwise have to pay.

The Grand Peak Stock Option Plan will be administered by the board of directors of Grand Peak (in this section, the "**Grand Peak Board**") or, if determined by the Grand Peak Board, by a committee of the Grand Peak Board (in this section, the "**Committee**"). A copy of the Stock Option Plan in its entirety may be obtained upon request.

The following is a description of the principal terms of the Stock Option Plan:

1. The maximum number of Grand Peak Shares that may be reserved for issuance of stock options ("**Grand Peak Options**") granted under the Stock Option Plan will be fixed at 10% of the issued Grand Peak Shares as at the date of the grant of any options.
2. Grand Peak Options under the Stock Option Plan may be granted by the Grand Peak Board or the Committee to:
  - (a) officers, directors or employees of Grand Peak or an affiliate of Grand Peak;
  - (b) consultants (other than an employee or director of Grand Peak) providing consulting, technical, management or other services to Grand Peak, or a consultant company excluding (unless an exemption from prospectus requirements is available under applicable securities laws) a consultant providing investor relations services; and
  - (c) an employee of a company providing management services to Grand Peak, which management services are required for the ongoing successful operation of the business enterprise of Grand Peak but excluding a person engaged in investor relations activities.
3. The aggregate number of Grand Peak Shares that may be reserved for issuance under the Stock Option Plan is restricted as follows:
  - (a) the aggregate number of Grand Peak Shares that may be reserved for issuance for a Grand Peak Option to any one individual in a 12 month period must not exceed 5% of the issued Grand Peak Shares at the time of grant of the Grand Peak Option;
  - (b) the aggregate number of Grand Peak Shares subject to a Grand Peak Option granted to a consultant in a 12 month period must not exceed 2% of the issued Grand Peak Shares at the time of grant of the Grand Peak Option; and
  - (c) the aggregate number of Grand Peak Shares subject to Grand Peak Options granted to employees involved in investor relations activities must not exceed 2% of the issued Grand Peak Shares in any 12 month period at the time of grant of the Grand Peak Options. The term for exercise of Grand Peak Options is a maximum of five years from the date of grant.

4. All Grand Peak Options will be non-assignable and non-transferable except as between an optionee and a wholly-owned personal corporation, with the consent of the Venture Exchange.
5. The decrease in the exercise price of Grand Peak Options previously granted to insiders requires approval by a "**disinterested shareholder vote**" prior to exercise of such re-priced Grand Peak Options.

**The Board unanimously recommends that shareholders vote FOR the Grand Peak Option Plan Resolution.**

At the Meeting, the shareholders will be asked to consider, and if deemed advisable, to pass the following resolutions:

**"RESOLVED**, as an ordinary resolution, **THAT**:

1. the Company's Stock Option Plan, in substantially the form attached to the Company's Information Circular dated May 18th, 2011 be and the same is hereby adopted and approved and that the directors of the Company be and are hereby authorized to make such amendments or revisions to the Stock Option Plan from time to time, without further shareholder approval, as may be required by the TSX Venture Exchange or any other stock exchange upon which the Company's shares may be listed for trading in order to cause the Stock Option Plan to fully comply with the requirements of the TSX Venture Exchange or such other exchange and to fully carry out this resolution;
2. all options to acquire common shares of the Company previously issued by the Company to directors, officers, employees and consultants of the Company or any subsidiary of the Company and currently outstanding shall be deemed to have been granted and issued under the Stock Option Plan and otherwise be governed by the terms and conditions of the Stock Option Plan, subject to the specific terms and conditions as to exercise price, vesting periods, if any, and expiry dates as are currently applicable to such options; and
3. the reservation under the Stock Option Plan of a maximum up to the amount of 10% of the issued shares of the Company on a rolling basis, at the time of granting of the stock option pursuant to the Stock Option Plan be and the same is hereby approved.

The Company's management recommends that shareholders vote in favour of the resolution to ratify and approve the Stock Option Plan.

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the approval and ratification of the Stock Option Plan.**

## **ELECTION OF DIRECTORS**

The Corporation's articles provide for the re-election or appointment of each director by the Shareholders every year. Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the bylaws of the Corporation or the provisions of the Act. Management hereby nominates the following individuals set out in the table below.

While management does not contemplate that the Nominees will be unable to serve as directors, if prior to the Meeting a vacancy occurs in the slate of such Nominees for any reason, the management representative(s) designated in the Proxy solicited in respect of the Meeting shall have the discretionary authority to vote for the election of any other person as director. Proxies received by the directors on which no designation is made will be voted for the Nominees for election as directors or any substitute nominee thereof as may be determined by management, if necessary.

It is proposed to fix the number of directors at five. This requires the approval of the shareholders of the Company by an ordinary resolution, which approval will be sought at the Meeting.

### **Nominees for Election**

The following table states the name of each person proposed to be nominated by management for election as a director and each director of the Corporation whose term will continue after the Meeting, his principal occupation,

the period of time for which he has been a director of the Corporation and the number of common shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Municipality, Province and Country of Residence and Position with the Corporation	Present Principal Occupation	Director Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Navchand Jagpal Vancouver, B.C. Canada. <i>Director</i>	Prior CEO & President of Grand Peak Capital Corp. and is currently a Director of Grand Peak Capital Corp.	July, 2006	Nil
Eugene Beukman Vancouver, B.C. Canada <i>Nominee</i>	Eugene Beukman is the Corporate Counsel of the Pender Group of Companies, a position he has held since January, 1994. He graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law Degree. Mr. Beukman is the President and CEO of Bard Ventures Ltd., a TSX.V company. He has over twenty years of experience in the acquisition of assets and joint ventures.	Nominee	Nil
Thomas J. Kennedy Vancouver, B.C. Canada <i>Director</i>	Providing legal management and financial services to several public companies, including Global Tree Technologies Inc. and Cache Exploration Inc.	March, 2008	Nil
Sonny Janda Vancouver, BC Canada <i>Director</i>	Management Consultant from 2008 to present, Director of Grand Peak Capital Corp., Lucky Minerals Inc., Desert Gold Ventures Inc., Cache Exploration Inc., EasyMed Services Inc., Maxtech Ventures Inc. and Grenville Gold Corp. Mr. Janda also holds a bachelor's Degree in Economics from Simon Fraser University.	April, 2010	Nil
Ayub Khan Geneva, Switzerland <i>Director</i>	Mr. Khan is an independent businessman who has been providing consulting services to public companies since 1995. Director and officer of Desert Gold Ventures, 2006 to present.	April, 2010	Nil

**The Company's management recommends that the shareholders vote in favor of the election of the**

**proposed nominees as directors of Grand Peak for the ensuing year. Unless you give instructions otherwise, the Management Proxy holders intend to vote FOR the nominees named in this Information Circular.**

#### **Corporate Cease Trade Orders and Bankruptcies**

No director or officer of Grand Peak is, or has been within the past ten years, a director or executive officer of any company (including Grand Peak) that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. Furthermore, no director or officer of Grand Peak has within the past ten years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### **Penalties or Sanctions**

Save and except as set forth below, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

#### **Personal Bankruptcy**

As of the date of this Information Circular, no proposed nominee for election as a director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### **Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as disclosed in this Information Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management may from time to time serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

#### **APPOINTMENT OF THE AUDITOR**

During the financial year ended September 30, 2010, ACAL Group, Chartered Accountants, 1850-1066 West Hastings Street, Vancouver BC, V6E 3X2 served as the Company's auditor and has served as auditor of the Company since April 1<sup>st</sup>, 2010.



Jamie Lewin CFO	2010 2010 2008	Nil Nil Nil							
Ayub Khan Director	2010 2009 2008	Nil Nil Nil							
Navchand Jagpal Director	2010 2009 2008	Nil Nil Nil							
Thomas Kennedy Director	2010 2009 2008	Nil Nil Nil							

### LONG TERM INCENTIVE PLAN AWARDS

Grand Peak does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance over a period greater than one financial year (whereby performance is measured by reference to financial performance or the price of Grand Peak's securities) was paid to any Named Executive Officers during the most recently completed financial year.

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The Company did not issue grant any options during the year nor were any options exercised.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Sonny Janda CEO	Nil	Nil	Nil	Nil	Nil	Nil
Jamie Lewin CFO	Nil	Nil	Nil	Nil	Nil	Nil

### INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The Company did not issue any shares or grant any options during the year.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Sonny Janda CEO	Nil	Nil	Nil
Jamie Lewin CFO	Nil	Nil	Nil

**OPTION/STOCK APPRECIATION RIGHTS  
("SAR") GRANTS DURING THE MOST RECENTLY  
COMPLETED FINANCIAL YEAR**

Grand Peak does not have a "Stock Appreciation Rights" program.

**PENSION PLAN BENEFITS**

Grand Peak does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

**RESTRICTED SHARES**

Grand Peak has not issued any restricted shares or restricted share units nor are there any outstanding.

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Company does not have any contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in a Named Executive Officer's responsibilities.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The shareholders of the Company have adopted the Stock Option Plan for its directors, officers, employees and consultants. The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire Grand Peak Shares thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan currently provides that options to purchase Grand Peak shares may be granted to eligible persons on terms determined within the limitations set out in the Stock Option Plan. Under the current Stock Option Plan the maximum number of shares to be reserved for issuance at any one time under is ten (10%) percent of the issued and outstanding shares. As at the date hereof, an aggregate of 2,444,670 common shares are available for issuance under the Stock Option Plan. The Stock Option Plan is subject to the rules and policies of the Venture Exchange, including the requirement for annual shareholder approval.

**PART 5 – AUDIT COMMITTEE**

**AUDIT COMMITTEE CHARTER**

The text of Grand Peak's Audit Committee Charter is attached as Appendix "A" to this Circular.

**COMPOSITION OF AUDIT COMMITTEE**

The following are the members of the Audit Committee:

Navchand Jagpal	Independent	Financially Literate
Ayub Khan	Independent	Financially Literate
Thomas Kennedy	Independent	Financially Literate

**RELEVANT EDUCATION AND EXPERIENCE**

All of the Audit Committee members are senior-level businessmen with extensive experience in financial matters; each has a broad understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor. In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors of public companies other than the

Company.

### **EXTERNAL AUDITOR SERVICE FEES**

Set forth below are details of certain service fees paid to the Company's external auditor in each of the last two fiscal years:

<b>Financial Year End</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2010	\$19,000.00	Nil	Nil	Nil
December 31, 2009	\$24,000.00	Nil	Nil	Nil

### **AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Grand Peak's Audit Committee Charter attached as Appendix "A" to this circular.

### **EXEMPTION IN SECTION 6.1 OF MI 52-110**

As Grand Peak is a "Venture Issuer" pursuant to relevant securities legislation, the Company is relying on the exemption in Section 6.1 of Instrument 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## **PART 6 – CORPORATE GOVERNANCE**

The following description of the governance practices of the Company is provided in accordance with the guidelines of National Instrument 58-101 applicable to venture issuers, as set out in Form 58-101F2 (the "Form 58-101F2 Guidelines"). The Form 58-101F2 Guidelines address matters relating to constitution and independence of directors, the functions to be performed by the directors of a company and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The directors of the Company will continue to monitor the developments and the various changes to the proposed corporate governance guidelines and best practices and, where applicable, will amend its corporate governance guidelines accordingly.

### **BOARD OF DIRECTORS**

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board currently consists of four (4) directors, namely Sonny Janda, Navchand Jagpal, Ayub Khan and Thomas Kennedy of which three (3) directors are independent. None of the independent directors has any direct or indirect material relationship with the Company which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgment. If management's nominees for directors are elected at the Meeting, following the Meeting the Board will consist of five directors, of whom four will be independent.

### **MANDATE OF THE BOARD**

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees (see "Committees of the Board of Directors" below). In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate and securities legislation and regulatory policies.

In keeping with its overall responsibility for the stewardship of the Company, the Board is also responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

The Board delegates to management, through the President and Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

#### **DIRECTORSHIPS**

Navchand Jagpal Vancouver, BC, <i>Director</i>	Director of Grand Peak Capital Corp., Director of Lucky Minerals Inc., and Director of QMI Seismic Inc. all of which are publicly traded corporations.
Eugene Beukman, Vancouver, B.C. <i>Nominee</i>	Director, CEO and President of Bard Ventures Ltd.
Thomas J. Kennedy Vancouver, B.C. <i>Director</i>	Director of Global Tree Technologies Inc. and Cache Exploration Inc. both of which are publicly traded corporations.
Sonny Janda Vancouver, BC <i>Director</i>	Director of Grand Peak Capital Corp., Lucky Minerals Inc., Desert Gold Ventures Inc., Cache Exploration Inc., EasyMed Services Inc., Maxtech Ventures Inc. and Grenville Gold Corp.

<p>Ayub Khan Geneva, Switzerland <i>Director</i></p>	<p>Director and officer of Desert Gold Ventures, a publicly traded corporation.</p>
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## **ORIENTATION AND CONTINUING EDUCATION**

Orientation and education of new members of the Board is conducted informally by management and members of the Board. The orientation provides background information on the Company's history, performance and strategic plans.

## **ETHICAL BUSINESS CONDUCT**

The Board of Directors expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives; however, to date, the Board has not adopted a formal written Code of Business Conduct and Ethics. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate and securities legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company and its shareholders.

## **NOMINATION AND ASSESSMENT**

Given its current size, the Board has not appointed a nominating committee; these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the President, and proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individual directors on an ad hoc basis.

## **BOARD COMMITTEES**

At the present time there is only an audit committee. There are no other committees.

As the Company grows, and its operations and management structure become more complex, the Board will likely find it appropriate to constitute additional standing committees, such as a Governance and Ethics Committee,

a Compensation Committee and a Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

The Board has not adopted standard fees to be paid to the Company's non-management directors for their services, but may grant incentive stock options from time to time. See Part 4 "COMPENSATION – Compensation of Directors" above.

## **PART 7 – OTHER INFORMATION**

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No one director or executive officer, former director or executive officer, or proposed nominee for election as a Director of the Company, or any associate or affiliate of the foregoing was indebted to Grand Peak in the last completed financial year.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no person who has been a director or executive officer of Grand Peak at any time since the beginning of Grand Peak's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of a beneficial ownership or otherwise in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

Except as described below, no proposed nominee for election as a director, and no director or executive officer of Grand Peak (or of a person or company that is itself an "informed person" (as defined in NI 51-102) of the Company), and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of Grand Peak's outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had any interest in any transaction with Grand Peak or in any proposed transaction since the beginning of the last completed financial year that has materially affected Grand Peak or is likely to do so.

### **MANAGEMENT CONTRACTS**

The management functions of Grand Peak are performed by its directors and senior officers and it has no management agreements or arrangements under which such management functions are performed by persons other than the directors and senior officers of Grand Peak.

### **ADDITIONAL GRAND PEAK INFORMATION**

You may obtain the annual financial statements and Management Discussion and Analysis, for the year ended September 30, 2010 without charge upon request to Grand Peak at 8338-120<sup>th</sup> Street, Surrey, British Columbia, V3W 3N4 - Tel.: (604) 433-5059. You may also access Grand Peak's public disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com)

## **PART 8 - THE ARRANGEMENT**

### **General**

The Arrangement has been proposed to facilitate the separation of the Company's primary business activities from real estate development. Pursuant to the Arrangement, a separate company "2801 Shangri-La Holdings Ltd.", currently a wholly-owned subsidiary of the Company, will acquire the Property for aggregate consideration of 24,466,702 of 2801 Shangri-La Shares. Following the Arrangement, the Company will continue to carry on its primary business activities. Each Company Shareholder will, immediately after the Effective Date, hold one New Share for each Company Share held immediately prior to the Arrangement, which will be identical in every respect to the present The Company Shares, and each Company Shareholder on the Share Distribution

Record Date will receive its *pro-rata* share of the 24,466,702 2801 Shangri-La Shares that are acquired by the Company in exchange for the Property described herein.

### **Reasons for the Arrangement**

The Board has determined that the Company should concentrate its efforts on its primary business activities. To this end, the Board approved a reorganization of the Company pursuant to the Arrangement as described in this Circular.

The Board is of the view that the Arrangement will benefit the Company and the Company Shareholders. This conclusion is based on the following primary determinations:

1. the Company's primary focus is the on investment and other banking related activities.. The formation of 2801 Shangri-La to hold the Property will facilitate separate development strategies for the Property required to move the Property forward;
2. following the Arrangement, management of the Company will be free to focus entirely on its primary business activities, and new management for 2801 Shangri-La will be established which has knowledge and expertise specific to 2801 Shangri-La's industry;
3. the formation of 2801 Shangri-La and the distribution of 24,466,702 of 2801 Shangri-La Shares to the Company Shareholders pursuant to the Arrangement will give the Company Shareholders a direct interest in a new real estate development company that will focus on and pursue the development of the Property as well as potentially acquiring additional properties in high-growth locations;
4. as a separate real estate development company, 2801 Shangri-La will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of the Property and to finance the acquisition and development of any new properties 2801 Shangri-La may acquire on a priority basis; and
5. as a separate real estate development company, 2801 Shangri-La will be able to establish equity based compensation programs to enable it to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

### **Recommendation of Directors**

The Board approved the Arrangement and authorized the submission of the Arrangement to the Company Shareholders and the Court for approval. **The Board has concluded that the Arrangement is in the best interests of the Company and the Company Shareholders, and recommends that the Company Shareholders vote FOR the Arrangement Resolution at the Meeting.** In reaching this conclusion, the Board considered the benefits to the Company and the Company Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and 2801 Shangri-La.

### **Fairness of the Arrangement**

The Arrangement was determined to be fair to the Company Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for the approval of 66 2/3% of all shareholders attending the Meeting in person or by Proxy approval by the Court after a hearing at which fairness will be considered;
2. the proposed listing of the 2801 Shangri-La Shares on the Exchange and the continued listing of the New Shares on the Exchange;

3. the opportunity for Grand Peak Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their Grand Peak Shares; and
4. each Company Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro-rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro-rata* interest that such Grand Peak Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro-rata* interest in 2801 Shangri-La through its direct holdings of 2801 Shangri-La Shares rather than indirectly through the Company's holding of 2801 Shangri-La Shares.

### **Details of the Arrangement**

**The following description of the Arrangement is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is annexed as Schedule "B" to this Circular, and the Plan of Arrangement, which forms Exhibit II to the Arrangement Agreement. Each of these documents should be read carefully in their entirety.**

Pursuant to the Plan of Arrangement, save and except for Dissenting Shares, the following principal steps will occur and be deemed to occur in the following chronological order as part of the Arrangement:

- (a) The Company will transfer the Property and \$200,000 to 2801 Shangri-La in consideration for 24,466,702 of 2801 Shangri-La Shares (the "**Distributed 2801 Shangri-La Shares**") and the Company will be added to the central securities register of 2801 Shangri-La in respect of such 2801 Shangri-La Shares;
- (b) The authorized share capital of the Company will be changed by:
  - (i) altering the identifying name of the Company's shares to Class "A" common shares without par value, being the "Class A Shares";
  - (ii) creating a class consisting of an unlimited number of common shares without par value, being the "New Shares"; and
  - (iii) creating a class consisting of an unlimited number of class "B" preferred shares without par value having the rights and restrictions described in Exhibit III to the Arrangement Agreement, being the Class "B" Preferred shares;
  - (iv) Each issued Class A Common Share will be exchanged for one New Share and one Class "B" Preferred share and, subject to the exercise of a right of dissent, the holders of the Company's Class A Shares will be removed from the central securities register of the Company and will be added to that central securities register as the holders of the number of New Shares and Class "B" Preferred Shares that they have received on the exchange;
  - (v) All of the issued Class "A" Shares will be cancelled with the appropriate entries being made in the central securities register of the Company, and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the Class "A" Shares immediately prior to the Effective Date will be allocated between New Shares and the Class "B" Preferred shares so that the aggregate paid-up capital of the Class "B" Preferred Shares is equal to the aggregate fair market value of the Distributed 2801 Shangri-La Shares as of the Effective Date, and each Class "B" Preferred Share so issued will be issued by the Company at an issue price equal to such aggregate fair market value divided by the number of issued Class "B" Preferred Shares, such aggregate fair market value of the Distributed 2801 Shangri-La Shares to be determined as at the Effective Date by resolution of the directors of the Company;
- (c) the Company will redeem the issued Class "B" Preferred Shares for consideration consisting

solely of the Distributed 2801 Shangri-La Shares such that each holder of Class “B” Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of 2801 Shangri-La Shares that is equal to the number of Class “B” Preferred Shares held by such holder multiplied by the Exchange Factor;

- (d) the name of each holder of the Class “B” Preferred Shares will be removed as such from the central securities register of the Company, and all of the issued Class “B” Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of the Company;
- (e) the Distributed 2801 Shangri-La Shares transferred to the holders of the Class “B” Preferred Shares pursuant to step (c) above will be registered in the names of the former holders of the Class “B” Preferred Shares and appropriate entries will be made in the central securities register of 2801 Shangri-La;
- (f) the Class “A” Shares and the Class “B” Preferred Shares, none of which will be allotted or issued once the steps referred to above are completed, will be cancelled and the authorized share structure of the Company will be changed by eliminating the Class “A” Shares and Class “B” Preferred Shares therefrom;
- (g) the Notice of Articles and Articles of the Company will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and
- (h) after the Effective Date:
  - (i) all Grand Peak Share Commitments will be exercisable for New Shares and 2801 Shangri-La Shares in accordance with the corporate reorganization terms of such commitments, whereby the acquisition of one Company Share under Grand Peak Share Commitments will result in the holder of the Grand Peak Share Commitments receiving one New Share and such number of 2801 Shangri-La Shares equal to the number of New Shares so received multiplied by the Exchange Factor,
  - (ii) pursuant to the 2801 Shangri-La Commitment, 2801 Shangri-La will issue the required number of 2801 Shangri-La Shares upon the exercise of Grand Peak Share Commitments as is directed by the Company, and the Company will, as agent for 2801 Shangri-La, collect and pay to 2801 Shangri-La a portion of the proceeds received for each Grand Peak Share Commitment so exercised, with the balance of the exercise price to be retained by the Company, determined in accordance with the following formula:

$$A = B \times C/D$$

Where:

**A** is the portion of the proceeds to be received by 2801 Shangri-La for each Grand Peak Share Commitment exercised after the Effective Date;

**B** is the exercise price of the Grand Peak Share Commitments;

**C** is the fair market value of the Assets transferred to 2801 Shangri-La under the Arrangement, such fair market value to be determined as at the Effective Date by resolution of the board of directors of the Company; and

**D** is the total fair market value of all of the assets of the Company immediately prior to completion of the Arrangement on the Effective Date, which total fair market value shall include, for greater certainty, the Property.

In addition to the principal steps of the Arrangement occurring in the order set out above, the time of the redemption of the Class “B” Preferred Shares set out above will be deemed to occur immediately upon the listing

of the Class “B” Preferred Shares on the Exchange. Immediately after the time of redemption, the Class “B” Preferred shares will be delisted from the Exchange and the New Shares and the 2801 Shangri-La Shares will be listed on the Exchange.

### **Authority of the Board**

By passing the Arrangement Resolution, the Grand Peak Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the Grand Peak Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to the Grand Peak Shareholders. The Board has no current intention to amend the Plan of Arrangement, however, it is possible that the Board may determine that it is appropriate that amendments be made.

### **Conditions to the Arrangement**

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

The Arrangement must be approved by the Court in the manner referred to under "Court Approval of the Arrangement";

2. the Exchange must have conditionally accepted the Arrangement, including the listing of the Class A Shares, the listing of the Class B Preferred Shares, the delisting of the Class A Shares, the delisting of the Class B Shares, the listing of the New Shares and the listing of the 2801 Shangri-La Shares all as of the Effective Date, subject to compliance with the requirements of the Exchange;
3. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and 2801 Shangri-La; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or 2801 Shangri-La, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed with the Registrar under the Act, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

Management of the Company believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefore.

### **Shareholder Approval**

#### *The Company Shareholder Approval*

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66 2/3% of the eligible votes cast in respect of the Arrangement Resolution by Grand Peak Shareholders present in person or by proxy at the Meeting.

#### *2801 Shangri-La Shareholder Approval*

Grand Peak, being the sole shareholder of 2801 Shangri-La, has approved the Arrangement by consent resolution.

## **Court Approval of the Arrangement**

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as Schedule C to this Circular. The Notice of Hearing of for the Final Order is attached to the Notice of Meeting.

Assuming approval of the Arrangement Resolution by the Company Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on July 13<sup>th</sup>, 2011 at the Courthouse located at Law Courts, 800 Smithe Street, Vancouver, British Columbia or at such other date and time as the Court may direct. At this hearing, any security holder, director, auditor or other interested party of the Company who wishes to participate or to be represented or present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements.

The Court has broad discretion under the Act when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the Company Shareholders.

## **Proposed Timetable for Arrangement**

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows

Annual General and Special Meeting: June 30, 2011

Final Court Approval: July 13, 2011

Share Distribution Record Date: August 15, 2011

Effective date of completion: August 15, 2011

Mailing of Certificates for 2801 Shangri-La Shares: August 31, 2011

Notice of the actual Share Distribution Record Date and Effective Date will be given to the Company Shareholders through one or more press releases. The boards of directors of the Company and 2801 Shangri-La, respectively, will determine the effective date of completion depending upon satisfaction that all of the conditions to the completion of the Arrangement are satisfied.

## **2801 Shangri-La Share Certificates and Certificates for New Shares**

After the Share Distribution Record Date, the share certificates representing Company Shares will be deemed to represent only New Shares with no right to receive 2801 Shangri-La Shares. Before the Share Distribution Record Date, the share certificates representing Grand Peak Shares, will be deemed under the Plan of Arrangement to represent New Shares and an entitlement to receive 2801 Shangri-La Shares in accordance with the terms of the Arrangement. As soon as practicable after the Effective Date, share certificates representing the appropriate number of 2801 Shangri-La Shares will be sent to all Company Shareholders of record on the Share Distribution Record Date.

**No new share certificates will be issued for the New Shares created under the Arrangement and therefore holders of Company Shares must retain their certificates as evidence of their ownership of New Shares.** Certificates representing, on their face, Company Shares will constitute good delivery in connection with the sale of New Shares completed through the facilities of the Exchange after the effective date of completion.

## **Relationship between the Company and 2801 Shangri-La after the Arrangement**

On completion of the Arrangement, Ravinder Binpal, Eugene Beukman, Brian Findlay, directors of the Company will be directors of 2801 Shangri-La. It is expected that Eugene Beukman will serve as 2801

Shangri-La's Chief Executive Officer and President.

### **Effect of Arrangement on Outstanding Company Share Commitments**

The Grand Peak Share Commitments which are outstanding on the Effective Date will be exercisable, in accordance with the corporate reorganization provisions of such securities, for New Shares and 2801 Shangri-La Shares on the basis that the holder will receive, upon exercise, a number of New Shares that equals the number of Company Shares that would have been received upon exercise of the Company Share Commitments prior to the Effective Date, and a number of 2801 Shangri-La Shares that is equal to the number of New Shares so acquired multiplied by the Exchange Factor. 2801 Shangri-La has agreed, pursuant to the 2801 Shangri-La Commitment, to issue 2801 Shangri-La Shares upon exercise of Company Share Commitments and the Company is obligated, as the agent of 2801 Shangri-La, to collect and pay to 2801 Shangri-La a portion of the proceeds received for each 2801 Shangri-La Share so issued. Any entitlement to a fraction of a 2801 Shangri-La Share resulting from the exercise of any Company Share Commitment will be cancelled without compensation.

### **The Arrangement Resolution**

**The Board has concluded that the Arrangement is in the best interests of the Company and the Grand Peak Capital Corp. shareholders, and recommends that the Grand Peak Shareholders vote FOR the Arrangement Resolution at the Meeting:**

#### **“RESOLVED THAT”**

1. the Arrangement Agreement dated the 18<sup>th</sup> day of April, 2011, between the Company and 2801 Shangri-La Holdings Ltd. attached to the Circular as Exhibit “B” is hereby approved, ratified and confirmed;
2. the Arrangement under Division 5 of Part 9 of the Act, substantially as set forth in the Plan of Arrangement attached as Exhibit II to Exhibit “B” of the Circular is hereby approved and authorized;
3. notwithstanding that this special resolution has been passed by Grand Peak shareholders or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the Grand Peak shareholders; and
4. any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

### **Resale of New Shares and 2801 Shangri-La Shares**

#### ***Exemption from Canadian Prospectus Requirements and Resale Restrictions***

The issue of New Shares and 2801 Shangri-La Shares pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation in Canada. Under applicable provincial securities laws, such New Shares and 2801 Shangri-La Shares may be resold in Canada without hold period restrictions, except that any person, company or combination of persons or companies holding a sufficient number of New Shares or 2801 Shangri-La Shares to affect materially the control of the Company or 2801 Shangri-La, respectively, will be restricted from reselling such shares. In addition, existing hold periods on any Company Shares in effect on the Effective Date will be carried forward to the New Shares.

**The foregoing discussion is only a general overview of the requirements of Canadian securities laws for the resale of the New Shares and the 2801 Shangri-La Shares received upon completion of the Arrangement. All holders of The Company Shares are urged to consult with their own legal counsel to**

**ensure that any resale of their New Shares and 2801 Shangri-La Shares complies with applicable securities legislation.**

*Application of United States Securities Laws*

The New Shares and the 2801 Shangri-La Shares to be issued to the Company Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to Grand Peak Shareholders resident in the United States in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court's approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

*U.S. Resale Restrictions – Securities Issued to the Company Shareholders*

2801 Shangri-La Shares to be issued to any Company Shareholder who is an "affiliate" of either the Company or 2801 Shangri-La prior to the Arrangement or will be an "affiliate" of 2801 Shangri-La after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

**The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

*Additional Information for U.S. Security Holders*

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different than those of the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the Property and operations of the Company and 2801 Shangri-La have been prepared in accordance with Canadian standards, and may not be comparable to similar information for United States companies.

Financial statements included herein have been prepared in accordance with generally accepted accounting principles and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements of United States companies. The Company Shareholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. See "Income Tax Considerations — Certain U.S. Federal Income Tax Considerations" for certain information concerning United States tax consequences of the Arrangement for investors who are resident in, or citizens of, the United States.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and 2801 Shangri-La are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and any experts named herein may be residents of a foreign country, and that all or a substantial portion of the assets of the Company and 2801 Shangri-La and said persons may be located outside the United States.

**Expenses of Arrangement**

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation,

financial, advisory, accounting, and legal fees will be borne by the party incurring them. The costs of the Arrangement to the Effective Date will be borne by the Company.

## INCOME TAX CONSIDERATIONS

### Certain Canadian Federal Income Tax Considerations

The following summary lays out, to the best of the Company's knowledge, the principal Canadian federal income tax considerations relating to the Arrangement applicable to a Grand Peak shareholder, and although this summary provides information based on the best of the Company's knowledge, readers are cautioned that this information is not necessarily exhaustive, in respect to a "Holder" who, at all material times for the purposes of the Tax Act:

- holds all Grand Peak Shares, and will hold all New Shares and 2801 Shangri-La Shares, solely as capital property;
- deals at arm's length with Grand Peak and 2801 Shangri-La;
- is not "affiliated" with Grand Peak or 2801 Shangri-La;
- is not a "financial institution" for the purposes of the mark-to-market rules in the Tax Act; and
- has not acquired Grand Peak Shares on the exercise of an employee stock option.

Grand Peak Shares, New Shares and 2801 Shangri-La Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**") and Management's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). It also takes into account specific proposals to amend the Tax Act and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form, and that there will be no other relevant change to any relevant law or administrative practice, although no assurances can be given in these respects. This summary does not take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter,

- the Company Shares and the Company Class B Preferred will be listed on the Exchange, and
- the paid-up capital of the Company Class A Shares (the re-designated Company Shares) as computed for the purposes of the Tax Act will not be less than the fair market value of the Assets to be transferred to 2801 Shangri-La pursuant to the Arrangement,

and is qualified accordingly.

**This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any Grand Peak Shareholder. Accordingly, Grand Peak Shareholders should each consult their own tax and legal advisers for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.**

### Holders Resident in Canada

The following portion of the summary is applicable only to Holders (each, in this portion of the summary, a "**Resident Holder**") who are or are deemed to be residents in Canada for the purposes of the Tax Act.

### **Exchange of Company Shares for New Shares and the Company Class A Preferred Shares**

A Resident Holder whose Class A Shares (the re-designated Company Shares) are exchanged for New Shares and Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Resident Holder will be required to allocate the adjusted cost base ("**ACB**") of the Holder's Shares, determined immediately before the Arrangement, *pro-rata* to the New Shares and the Class A Preferred Shares received on the exchange based on the relative fair market values of those New Shares and Class A Preferred Shares immediately after the exchange.

### **Redemption of Company Class B Preferred Shares**

Pursuant to the Arrangement, the paid-up capital of the Class A Shares immediately before their exchange for New Shares and the Class A Preferred Shares will be allocated to the Class A Preferred Shares to be issued on the exchange to the extent of an amount equal to the fair market value of the 2801 Shangri-La Shares to be issued to the Company pursuant to the Arrangement in consideration for the Assets and the balance of such paid-up capital will be allocated to the New Shares to be issued on the exchange.

The Company expects that the fair market value of the 2801 Shangri-La Shares to be so issued will be materially less than the paid-up capital of the Class A Shares immediately before the exchange, and has assumed for the purposes of this summary that the Company's expectation is correct. Accordingly, the Company is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of 2801 Shangri-La Shares on the redemption of the Class B Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose Class B Preferred Shares are redeemed for 2801 Shangri-La Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the 2801 Shangri-La Shares, less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described herein.

The cost to a Resident Holder of 2801 Shangri-La Shares acquired on the exchange will be equal to the fair market value of the 2801 Shangri-La Shares at the time of their distribution.

### **Disposition of New Shares and 2801 Shangri-La Shares**

A Resident Holder who disposes of a New Share or an 2801 Shangri-La Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

### **Taxation of Capital Gains and Losses**

To the knowledge of the Company, a Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain ("**taxable capital gain**") in income for the year, and may deduct one half of the capital loss ("**allowable capital loss**") against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

To the knowledge of the Company, the amount of any capital loss arising from a disposition or deemed disposition of Grand Peak Class B Preferred Share, New Share, or an 2801 Shangri-La Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

To the knowledge of the Company, a Resident Holder that is a "Canadian-controlled private corporation" for

the purposes of the Tax Act may be required to pay an additional 62,4% refundable tax in respect of any net taxable capital gain that it realizes on disposition of Grand Peak Class A Preferred Share, New Share or 2801 Shangri-La Share.

### **Taxation of Dividends**

A Resident Holder who is an individual will be required to include in income any dividend that the Resident Holder receives, or is deemed to receive, on New Shares or 2801 Shangri-La Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on New Shares or 2801 Shangri-La Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A "private corporation" (as defined in the Tax Act) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% on any dividend that it receives or is deemed to be received on New Shares or 2801 Shangri-La Shares to the extent that such dividends are deductible in computing the corporation's taxable income. Any such Part IV tax will be refundable to it at the rate of \$1 for every \$3 of taxable dividends that it pays on its shares.

### **Alternative Minimum Tax on Individuals**

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

### **Dissenting Resident Holders**

A Resident Holder who validly exercises Dissent Rights (a "**Resident Dissenter**") and consequently is paid the fair value for the Resident Dissenter's Company Shares in accordance with the Arrangement will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Resident Dissenter's Company Shares. Any such deemed dividend will be subject to tax as discussed above. The Resident Dissenter will also realize a capital gain (capital loss) equal to the amount, if any, by which the payment, less the deemed dividend (if any) and less reasonable costs of disposition, exceeds (is exceeded by) the ACB of the shares. The Resident Dissenter will be required to include any resulting taxable capital in income, and to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. The Resident Dissenter must also include in income any interest awarded by a court to the Resident Dissenter.

### **Eligibility for Investment**

The Class B Preferred Shares and New Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, and registered education savings plans ("**Registered Plans**") at any particular time provided that, at that time, either the shares are listed on a "prescribed stock exchange" or Grand Peak is a "public corporation" as defined for the purposes of the Tax Act.

2801 Shangri-La Shares will be qualified investments under the Tax Act for Registered Plans at any particular time provided that, at that time, either the 2801 Shangri-La Shares are listed on a "prescribed stock exchange" or 2801 Shangri-La is a "public corporation" as so defined.

The Company expects that the Class B Preferred Shares, New Shares and 2801 Shangri-La Shares will be listed on the Exchange, which is a prescribed stock exchange, at the Effective Date under the Arrangement. On March 19, 2007, the Government of Canada eliminated the concept of "prescribed stock exchange" for these purposes and replaced it with the concept of "designated stock exchange". The amendment, which provides that the list of designated stock exchanges includes all of the former prescribed stock exchanges, became effective on December 14, 2007.

### **Holdings Not Resident in Canada**

The following portion of this summary is applicable only to Holders (each in this portion of the summary a "Non-resident Holder") who:

- have not been, are not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act;
- do not and will not, and are not and will not be deemed to, use or hold Shares, New Shares, Class B Preferred Shares, or 2801 Shangri-La Shares in connection with carrying on a business in Canada; and
- whose Class A Shares (the re-designated The Company Shares), the Class A Preferred Shares, New Shares and 2801 Shangri-La Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute "taxable Canadian property" for the purposes of the Tax Act.

Generally, any Class A Share, Class B Preferred Share, New Share, or 2801 Shangri-La Share, as applicable, owned by a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at a particular time provided that, at that time, (i) the share is listed on a prescribed stock exchange (which includes the Exchange), (ii) neither the Non-resident Holder nor persons with whom the Non-resident Holder does not deal at arm's length alone or in any combination has owned 25% or more of the shares of any class or series in the capital of the issuing corporation within the previous five years, and (iii) the share was not acquired in a transaction as a result of which it was deemed to be taxable Canadian property of the Non-resident Holder. On March 19, 2007, the Government of Canada eliminated the concept of "prescribed stock exchange" for these purposes and replaced it with the concept of "designated stock exchange." The amendment, which provides that the list of designated stock exchanges includes all of the former prescribed stock exchanges, became effective on December 14, 2007.

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada.

### **Capital Gains and Capital Losses on Share Exchanges and Subsequent Dispositions of Shares**

A Non-resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Class A Shares (the re-designated Company Shares) for New Shares and Class B Preferred Shares, nor on the redemption of Class B Preferred Shares in consideration for 2801 Shangri-La Shares.

Similarly, any capital gain realized by a Non-resident Holder on the subsequent disposition or deemed disposition of a New Share or 2801 Shangri-La Share acquired pursuant to the Arrangement will not be subject to tax under the Tax Act, provided either that the shares do not constitute taxable Canadian property of the Non-resident Holder at the time of disposition, or an applicable income tax treaty exempts the capital gain from tax under the Tax Act.

Non-resident Holders will be exempt from the reporting and withholding obligations of §116 of the Tax Act in respect of the disposition of Class A Shares and Class B Preferred Shares pursuant to the Arrangement.

### **Deemed Dividends on the Redemption of Class A Preferred Shares**

For the reasons set out above, the Company expects that no Non-Resident Holder will be deemed to have received a dividend on the redemption of Company Class B Preferred Shares for 2801 Shangri-La Shares.

### **Taxation of Dividends**

A Non-resident Holder to whom a dividend on a New Share or 2801 Shangri-La Share is or is deemed to be paid, or credited, will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by an applicable income tax treaty, if any.

### **Dissenting Non-resident Holders**

A Non-resident Holder who validly exercises Dissent Rights (a "**Non-resident Dissenter**") and consequently is paid the fair value for the Non-resident Dissenter's The Company Shares in accordance with the Arrangement, will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-resident Dissenter's The Company Shares. Any such deemed dividend will be subject to tax as discussed above. The Non-resident Dissenter will not be subject to tax under the Tax Act on any capital gain that may arise in respect of the resulting disposition of the Company Shares.

The Non-resident Holder will also be subject to Canadian withholding tax on that portion of any such payment that is on account of interest at the rate of 25%, unless reduced by an applicable income tax treaty, if any.

## **Certain U.S. Federal Income Tax**

### ***Considerations Scope of This Disclosure***

#### ***Transactions Addressed***

The following discussion is a summary of the anticipated material U.S. federal income tax considerations arising from and related to the Distribution (as defined below) that are generally applicable to U.S. Holders (as defined below) of Grand Peak Shares.

**The following discussion of the anticipated material U.S. federal income tax considerations arising from and related to the Distribution is for general information only, and does not purport to be a complete analysis or description of all U.S. federal income tax consequences that may apply to a U.S. Holder of Grand Peak Shares as a result of the Distribution.**

**U.S. Holders of Grand Peak Shares are urged to consult their own tax advisors regarding the particular tax consequences of the Distribution, including the application and effect of U.S. federal, state, local and other tax laws.**

**Notice Pursuant to IRS Circular 230:** Anything contained in this summary concerning any U.S. federal tax issue is not intended or written to be used, and it cannot be used by a U.S. Holder, for the purpose of avoiding U.S. federal tax penalties under the Code (as defined below). This summary was written to support the promotion or marketing of the transactions or matters addressed by this Circular (including the Arrangement). Each U.S. Holder should seek U.S. federal tax advice, based on such U.S. Holder's particular circumstances, from an independent tax advisor.

#### ***Authorities***

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the Treasury Regulations (proposed, temporary and final) issued under the Code, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "**Canada-U.S. Tax Convention**") and judicial and administrative interpretations of the Code and Treasury Regulations, in each case as in effect and available as of the date of this Circular. However, the Code, Treasury Regulations and judicial and administrative interpretations thereof may change at any time, and any such change could be retroactive to the date of this Circular. The Code, Treasury Regulations and judicial and administrative interpretations thereof are also subject to various interpretations, and the U.S. Internal Revenue Service (the "**IRS**") or the U.S. courts could disagree with the explanations or conclusions contained in this summary. This summary does not consider the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied, possibly on a retroactive basis, at any time.

#### ***U.S. Holder***

For the purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Company shares that, for U.S. federal income tax purposes, is (a) a citizen or individual resident of the U.S., (b) a corporation created or organized in or under the laws of the U.S. or of any political subdivision thereof, (c) an estate whose income is taxable in the U.S. irrespective of source or (d) a trust subject to the primary supervision of a court within the U.S. and control of a U.S. fiduciary as described Section 7701(a)(30) of the Code. If a partnership or other "pass-through" entity holds

Company shares, the U.S. federal income tax treatment of the partners or owners of such partnership or other "pass-through" entity generally will depend on the status of such partners or owners and the activities of such partnership or "pass-through" entity.

#### *Non-U.S. Holders*

A "**non-U.S. Holder**" is a beneficial owner of Company Shares other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences arising from or related to the Arrangement (as hereinafter defined) with respect to non-U.S. Holders of The Company Shares.

**Non-U.S. Holders of The Company Shares are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the Distribution.**

#### *Transactions Not Addressed*

This summary does not address the U.S. federal income tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the Distribution (whether or not any such transactions are undertaken in connection with the Distribution), including, without limitation, the following transactions:

- any exercise of any stock option, warrant or other right to acquire Company Shares;
- any assumption by 2801 Shangri-La of Company Stock Options or Company Warrants;
- any conversion of any Company notes, debentures or other debt instruments into Company Shares;
- any transaction in which Company Shares are acquired (other than pursuant to the Distribution);
- or any transaction in which 2801 Shangri-La Shares are disposed of.

#### *Persons Not Addressed*

This summary does not address the U.S. federal income tax consequences arising from and related to the Distribution with respect to the following persons (including persons that are U.S. holders):

- the Company or 2801 Shangri-La;
- persons that may be subject to special U.S. federal income tax treatment, such as persons who are tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies or brokers or dealers in securities;
- persons that acquired Company Shares pursuant to the exercise of employee stock options or rights, or otherwise as compensation for services;
- persons having a functional currency for U.S. federal income tax purposes other than the U.S. dollar;
- persons that hold Company Shares as part of a position in a straddle or as part of a hedging or conversion transaction;
- persons subject to the alternative minimum tax provisions of the Code;
- persons that own, directly or indirectly (including through the application of ownership attribution rules under the Code), 10% or more of the Company Shares;
- U.S. expatriate or other former long-term resident of the United States;
- persons that are partners or owners of partnerships or other "pass-through" entities; or
- persons who own their The Company Shares other than as a capital asset, as defined in the Code.

**Such persons are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the Distribution, including the application of any special U.S. federal income tax rules in light of their particular circumstances.**

#### *State and Local Taxes, Foreign Jurisdictions Not Addressed*

This summary does not address U.S. state or local tax consequences, or tax consequences in jurisdictions other than the U.S., arising from or related to the Distribution. **Each U.S. Holder is urged to consult their own tax advisor regarding the U.S. state and local tax consequences, and the tax consequences in jurisdictions other than the U.S., of the Distribution.**

*Particular Circumstance of any Particular U.S. Holder Not Addressed*

This summary does not take into account the particular facts and circumstances with respect to U.S. federal income tax issues of any particular U.S. Holder.

**Each U.S. Holder is urged to consult their own tax advisor regarding the U.S. federal income tax consequences of the Distribution in light of their particular circumstances.**

*Distribution of 2801 Shangri-La Shares*

This summary assumes that the series of transactions undertaken pursuant to the Arrangement involving (a) the renaming and re-designation of Shares as Class A Shares, (b) the exchange of each issued and outstanding Class A Share for one New Share and one Class B Preferred Share, (c) the redemption by the Company of each issued and outstanding Class B Preferred Share for a *pro-rata* number of 2801 Shangri-La Shares and (d) the cancellation of each Class A Share and each Class B Preferred Share (collectively the "**Distribution**") will be treated by the IRS, under the step-transaction doctrine or otherwise, as if (i) the Company directly distributed the 2801 Shangri-La Shares to the holders of the Company Shares and (ii) the intervening steps of the Distribution (including those steps of the Distribution described in the preceding sentence) did not occur. However, because the Distribution will be effected under the applicable provisions of Canadian law that are technically different from analogous provisions of U.S. corporate law, there can be no assurances that the IRS or a U.S. court would not take a contrary view of the Distribution. In particular, it is possible that the IRS could analyze the various steps of the Distribution described above separately and independently, and could determine the U.S. federal income tax consequences of the various steps of the Distribution on such a separate and independent basis.

Assuming that the Distribution is treated for U.S. federal income tax purposes in the manner described in the paragraph immediately above, subject to the passive foreign investment company ("**PFIC**") rules discussed below, the Distribution will result in the following U.S. federal income tax consequences to U.S. Holders:

- U.S. Holders will be required to include in gross income as a dividend for U.S. federal income tax purposes the fair market value of the 2801 Shangri-La Shares received, determined as of the date of the Distribution, to the extent that the Company has current or accumulated "earnings and profits" as calculated for U.S. federal income tax purposes (without reduction for any Canadian income tax withheld). Dividend income recognized by a U.S. Holder as a result of the Distribution generally will be treated as "foreign source" income for purposes of applying the U.S. foreign tax credit rules. See "Foreign Tax Credit" below. A dividend resulting from the Distribution generally will be taxed at the preferential tax rates applicable to long-term capital gains if (a) the Company is a "qualified foreign corporation" (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on The Company Shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." The Company generally will be a "qualified foreign corporation" under Section 1(h)(11) of the Code (a "**QFC**") if (a) the Company is eligible for the benefits of the Canada-U.S. Tax Convention, or (b) the Company Shares are readily tradable on an established securities market in the U.S. However, even if the Company satisfies one or more of such requirements, the Company will not be treated as a QFC if the Company is a PFIC for the tax year during which the Distribution occurs or for the preceding tax year. As discussed below, the Company anticipates that it will qualify as a PFIC for the tax year that includes the date of the Distribution. Accordingly, the Company anticipates that it will not be a QFC. Assuming that the Company is not a QFC, a dividend resulting from the Distribution to a U.S. Holder, including a U.S. Holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). **The dividend rules are complex, and each U.S. Holder is urged to consult its own tax advisor regarding the application and effect of the dividend rules.**
- To the extent that the fair market value of the 2801 Shangri-La Shares received, determined as of the date of the Distribution, exceeds current and accumulated "earnings and profits" of the Company, such excess will be treated (a) first as a return of capital, up to the U.S. Holder's

adjusted tax basis in Company Shares (which will reduce a U.S. Holder's tax basis in such Company Shares), and (b) thereafter, as gain from the sale or exchange of Company Shares. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder that is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation (other than an S Corporation). Deductions for capital losses are subject to significant limitations. Capital gain recognized by a U.S. Holder as a result of the Distribution generally will be treated as "U.S. source" gain for purposes of applying the U.S. foreign tax credit rules. See "Foreign Tax Credit" below.

- A U.S. Holder's initial tax basis in the 2801 Shangri-La Shares received in the Distribution will be equal to the fair market value of such 2801 Shangri-La Shares, determined on the date of the Distribution.
- A U.S. Holder's holding period for the 2801 Shangri-La Shares received by a U.S. Holder will begin on the day after receipt.

## ***PFIC Rules***

### ***Definition of a PFIC***

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the U.S. and, for any taxable year, either (a) 75% or more of its gross income is "passive income" or (b) the average percentage, by fair market value (or, if the corporation is not publicly traded and either is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities and certain gains from commodities transactions.

For purposes of the PFIC income test and asset test described above, if the corporation owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another foreign corporation, such corporation will be treated as if it (a) held a proportionate share of the assets of such other foreign corporation and (b) received directly a proportionate share of the income of such other foreign corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by the corporation from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

### ***PFIC Status of the Company***

Based on the Company's current and projected income, assets and activities, the Company anticipates that it will qualify as a PFIC for the tax year that includes the date of the Distribution. In addition, the Company believes that it qualified as a PFIC for its most recent tax year ended on or prior to the date of the Distribution and in previous tax years. The determination of whether the Company will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company will be a PFIC for the taxable year that includes the date of the Distribution depends on the assets and income of the Company over the course of such taxable year and, as a result, cannot be predicted with certainty as of the date of this Circular. However, there can be no assurances that the Company's determination regarding its past, current or anticipated PFIC status will not be challenged by the IRS.

### ***Impact of PFIC Rules on U.S. Holders in the***

#### ***Distribution QEF Election***

The impact of the PFIC rules on a U.S. Holder in the Distribution will depend on whether the U.S. Holder has made a timely and effective election to treat the Company as a qualified electing fund under Section 1295 of the Code (a "**QEF Election**") for the tax year that is the first year in the U.S. Holder's holding period of the Company Shares during which the Company qualified as a PFIC. A U.S. Holder of the Company who made

such a QEF Election will be referred to in this summary as an "**Electing Shareholder**" and a U.S. Holder of the Company who did not make such a QEF Election will be referred to in this summary as a "**Non-Electing Shareholder**". The impact of the PFIC rules on a U.S. Holder in the Distribution may also depend on whether the U.S. Holder has made a mark-to-market election under Section 1296 of the Code. See "Mark-to-Market Election" below.

If a U.S. Holder has not made a timely and effective QEF Election with respect to the first year in the U.S. Holder's holding period in which the Company qualified as a PFIC, such U.S. Holder may qualify as an Electing Shareholder by filing on a timely filed U.S. income tax return (including extensions) a QEF Election and a "deemed sale election" to recognize, under the rules of Section 1291 of the Code, any gain that the U.S. Holder would otherwise recognize if the U.S. Holder sold his or her stock on the "qualification date". The qualification date is the first day of the Company's tax year in which the Company qualified as a "qualified electing fund" with respect to such U.S. Holder. The deemed sale election can only be made if such U.S. Holder held The Company Shares on the qualification date. By timely making such QEF and deemed sale elections, the U.S. Holder will be deemed to have made a timely QEF Election. In addition to the above rules, under very limited circumstances, a U.S. Holder may make a retroactive QEF Election if such U.S. Holder failed to file the QEF Election documents in a timely manner.

If a U.S. Holder has made a QEF Election with respect to the Company, then the Company would have to annually provide such U.S. Holder with certain information concerning the Company's income and gain, calculated in accordance with the Code, and also would have to comply with certain record-keeping requirements imposed on a QEF in order for such U.S. Holder to satisfy the QEF reporting rules. The Company has not provided its U.S. Holders with such QEF information in prior tax years and does not intend to provide such QEF information in the current tax year.

**U.S. Holders are urged to contact their own tax advisors regarding the advisability of and procedure for making the QEF election, and the U.S. federal income tax consequences of making the QEF election.**

#### ***Mark-to-Market Election***

U.S. Holders who hold, actually or constructively, "marketable stock" (as specifically defined in the Treasury Regulations) of a foreign corporation that qualifies as a PFIC may annually elect to mark such stock to the market (a "**Mark-to-Market Election**"). If a Mark-to-Market Election is made, a U.S. Holder generally will not be subject to the special taxation rules of Section 1291 of the Code discussed below. However, if the Mark-to-Market Election is made by a Non-Electing Shareholder after the beginning of the holding period for the Company Shares during a time in which the Company qualified as a PFIC, then the Section 1291 rules discussed below will apply to certain dispositions of distributions on and other amounts taxable with respect to such Company Shares.

**U.S. Holders are urged to contact their own tax advisors regarding the advisability of and procedure for making the Mark-to-Market Election, and the U.S. federal income tax consequences of making the Mark-to-Market Election.**

#### ***Taxation of Distribution under PFIC Rules***

With respect to a Non-Electing Shareholder, special rules under Section 1291 of the Code will apply to gains recognized by a Non-Electing Shareholder on disposition of the Company Shares and to "excess distributions" (generally, distributions received in the current tax year that are in excess of 125% of the average distributions received during the three preceding years or, if shorter, the U.S. Holder's holding period for the Company Shares) received by such Non-Electing Shareholder from the Company. A Non-Electing U.S. Holder generally would be required to pro-rate all such gains and "excess distributions" over the entire holding period for such The Company Shares. The portion of the gain or excess distribution allocated to prior years in such Non-Electing Shareholder's holding period for such The Company Shares (other than years prior to the first taxable year of the Company during such Non-Electing Shareholder's holding period and beginning after January 1, 1987 for which the Company qualified as a PFIC) will be taxed at the highest tax rate applicable to ordinary income for each such prior year. The Non-Electing Shareholder also will be liable for interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due with respect to each such prior year. A Non-Electing Shareholder that is not a Corporation must treat this interest charge as "personal interest" which is wholly non-deductible. The portion of the gain or excess distribution allocated to the

current tax year will be treated as ordinary income in the year of the disposition or "excess distribution," and no interest charge will be owed with respect to the resulting tax liability.

If and to the extent that the Distribution of the 2801 Shangri-La Shares constitutes an "excess distribution" under the PFIC rules with respect to a Non-Electing Shareholder, such Non-Electing Shareholder will be subject to the foregoing tax rules with respect to the receipt of the 2801 Shangri-La Shares in the Distribution. In addition, the Distribution of the 2801 Shangri-La Shares pursuant to the Arrangement may be treated, under proposed Treasury Regulations, as the "indirect disposition" by a Non-Electing Shareholder of such Non-Electing Shareholder's indirect interest in 2801 Shangri-La, which generally would be subject to the rules of Section 1291 of the Code discussed above.

Electing Shareholders generally will not be subject to the special taxation rules of Section 1291 applicable to "excess distributions" with respect to the Distribution. See "QEF Election" above. Also, as discussed above, a U.S. Holder who makes a Mark-to-Market Election with respect to Company Shares held, generally will not be subject to the special taxation rules of Section 1291 applicable to "excess distributions" with respect to the Distribution. However, if the Mark-to-Market Election is made by a Non-Electing Shareholder after the beginning of the holding period for the Company Shares during a time in which the Company qualified as a PFIC, then the Section 1291 rules may continue to apply to the Distribution. See "Mark-to-Market Election" above.

### *Lack of Guidance*

The PFIC rules are complex and subject to interpretation. The implementation of certain aspects of the PFIC rules requires the issuance of Treasury Regulations that, in many instances, have not been promulgated and that may have retroactive effect when promulgated. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this summary.

**Accordingly, and due to the complexity of the PFIC rules, U.S. Holders are urged to consult their own tax advisors concerning the impact of the PFIC rules on the Distribution, including, without limitation, whether a QEF Election or Mark-to-Market Election may be used to reduce the significant adverse U.S. federal income tax consequences of the PFIC rules.**

### *Dissenting U.S. Holders*

Subject to the PFIC rules discussed above, a U.S. Holder who exercises the right to dissent from the Distribution and receives cash in payment for all of such U.S. Holder's Grand Peak Shares will recognize gain or loss in an amount equal to the difference, if any, between (a) the amount of cash received (other than amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and (b) such U.S. Holder's adjusted tax basis in its Grand Peak Shares. Subject to the PFIC rules discussed above, such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder's holding period for such Grand Peak Shares is in excess of one year at the time of the Distribution.

Preferential tax rates for long-term capital gains are applicable to a U.S. Holder that is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation (other than an S Corporation). Deductions for capital losses are subject to significant limitations. Capital gains recognized by a U.S. Holder as a result of exercising the right to dissent from the Distribution generally will be treated as "U.S. source" gains for purposes of applying the U.S. foreign tax credit rules. See "Foreign Tax Credit" below.

### *Currency Gains*

The fair market value of any Canadian currency received by a U.S. Holder in the Distribution generally will be based on the rate of exchange on the date of the Distribution. A subsequent disposition of any Canadian currency received (including its conversion into U.S. currency) generally will give rise to gain or loss, treated as ordinary income or loss.

**U.S. Holders are urged to consult their own tax advisors concerning the U.S. federal income tax**

## **consequences of acquiring, holding and disposing of Canadian dollars.**

### ***Foreign Tax Credit***

A U.S. Holder who pays (or has withheld) Canadian income tax with respect to the Distribution may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for U.S. federal income tax purposes with respect to such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces U.S. federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by (or withheld from distributions to) the U.S. Holder during that year. There are significant and complex limitations that apply to the foreign tax credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's U.S. income tax liability that the U.S. Holder's "foreign source" income bears to his or its worldwide taxable income. In applying this limitation, the various items of income and deduction must be classified as either "foreign source" or "U.S. source". Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income.

**U.S. Holders who pay (or have withheld) Canadian income tax with respect to the Distribution are urged to consult their own tax advisors regarding the foreign tax credit rules and the potential benefits of the Canada-U.S. Tax Convention.**

### ***No Ruling or Legal Opinion***

No opinion of legal counsel and no ruling from the IRS concerning the U.S. federal income tax consequences of the Distribution has been obtained or will be requested. This summary is not binding on the IRS and the IRS is not precluded from taking a different position or positions. U.S. Holders should be aware that some of the U.S. federal income tax consequences of the Distribution are governed by provisions of the Code as to which there are no final Treasury Regulations and little or no judicial or administrative guidance.

### ***Backup Withholding Tax and Information Reporting Requirements***

Payments to certain U.S. Holders of dividends made on, or the proceeds of the sale or other disposition of, the Company Shares may be subject to information reporting and U.S. federal backup withholding tax at the rate of 28% (subject to periodic adjustment) if the U.S. Holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements (typically provided on IRS Form W-9). Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax, provided that the required information is furnished to the IRS.

**U.S. Holders are urged to consult their own tax advisors concerning the backup withholding tax rules and compliance with applicable certification requirements.**

## **RIGHTS OF DISSENT**

### **Dissenters' Rights**

The following description of the right to dissent (the "Dissent Right") and appraisal to which registered dissenting Company Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Company Shares, and is qualified in its entirety by the reference to the full text of the Interim Order and Sections 237 to 247 of the Act, **which are** attached to this Circular as Schedules "C" and "D", respectively. A registered Dissenting Shareholder who intends to exercise the Dissent Right and appraisal should carefully consider and comply with the provisions of Sections 237 to 247 of the Act as may be modified by the Interim Order. Failure to strictly comply with the provisions of Sections 237 to 247 of the Act and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Right described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order and the Plan of Arrangement, registered Grand Peak Shareholders are entitled, in addition to any other right such holder may have, to dissent and to be paid by Grand Peak, in the event the Arrangement becomes effective, the fair value of the Company Shares held by such holder in respect of which such holder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by Company Shareholders at the Meeting. A registered Grand Peak Shareholder may dissent only with respect to all of the Company Shares held by such holder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name.

**Only Registered Shareholders may dissent. Persons who are beneficial owners of Grand Peak Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that they may only do so through the registered owner of such securities. A registered holder, such as a broker, who holds Grand Peak Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such beneficial owners with respect to the Company Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Grand Peak Shares covered by it. Alternatively, such a Grand Peak Shareholder may wish to instruct the intermediary to cause such Grand Peak Shares to be registered in the holder's name so that the holder may exercise the Dissent Right directly.**

A Grand Peak Shareholder who wishes to exercise his, her or its Dissent Right must give written notice of his, her or its dissent (a "**Notice of Dissent**") to the Company by either delivering the Notice of Dissent to the Company at the Meeting, or to the Company's head office at 8338-120<sup>th</sup> Street, Surrey, British Columbia, V3W 3N4, marked to the attention of the President, before the Meeting or at or before any postponement(s) or adjournment(s) of the Meeting.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his, her or its right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in Schedule "D" must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

Grand Peak Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any Grand Peak Shares if they vote, either in person at the Meeting or by proxy, in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxy for a Grand Peak Shareholder whose proxy requires an affirmative vote on the Arrangement Resolution, without affecting his, her or its right to exercise the Dissent Right.

In the event that a Grand Peak Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each Grand Peak Share held by that Grand Peak Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

An application may be made to the Court by Grand Peak or by a Dissenting Shareholder after the adoption of the Arrangement Resolution to fix the fair value of the Dissenting Shareholder's Grand Peak Shares. If such an application to the Court is made by Grand Peak or a Dissenting Grand Peak Shareholder, The Company must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Board to be the fair value of the Grand Peak Shares, as applicable. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days after Grand Peak is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Grand Peak for the purchase of such holder's Grand Peak Shares in the amount of the offer made by Grand Peak, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Company Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special

circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Company Shares, as applicable, of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Grand Peak and in favour of each of those Dissenting Shareholders, and fixing the time within which Grand Peak must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any right as a Grand Peak Shareholder, until the date of payment.

Upon the Arrangement becoming effective, or upon the making of an agreement between Grand Peak and the Dissenting Shareholder as to the payment to be made by Grand Peak to the Dissenting Shareholder for its Grand Peak Shares, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a Grand Peak Shareholder other than the right to be paid the fair value of such holder's Grand Peak Shares, in the amount agreed to between the Company and the Dissenting Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw the Dissenting Shareholder's dissent, or if the Arrangement has not yet become effective, the Company may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

The Company shall not make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that the Company is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of The Company would thereby be less than the aggregate of its liabilities. In such event, The Company shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their Grand Peak Shares, in which case the Dissenting Shareholder may, by written notice to the Company within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the Company shall be deemed to consent to the withdrawal and such Dissenting Shareholder shall be reinstated with full rights as a Grand Peak Shareholder, failing which such Dissenting Shareholder retains its status as a claimant against the Company to be paid as soon as the Company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company but in priority to its Shareholders.

All Grand Peak Shares held by Dissenting Shareholders who exercise their right to dissent will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to the Company and cancelled in exchange for such fair value.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of their Grand Peak Shares. The Interim Order and Part 9 Division 5 of the Act require adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder.

**Accordingly, each Dissenting Shareholder who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the Interim Order, a copy of which is attached as Schedule "C" this Circular together with Part 9 Division 5 of the Act, the full text of which is set out in Schedule "D" to this Circular and should consult their own legal advisor.**

## **RISK FACTORS**

In evaluating the Arrangement, Grand Peak Shareholders should carefully consider, in addition to the other information contained in this Circular, the following risk factors associated with 2801 Shangri-La. These risk factors are not a definitive list of all risk factors associated with 2801 Shangri-La and the business to be carried out by 2801 Shangri-La.

### **General and Industry Risks**

In the normal course of business, 2801 Shangri-La will be subject to the risks and uncertainties common to the real estate development industry, which is by its nature a cyclical business. These risks include the supply and demand for real estate, interest rate increases and increased operating costs. Due to the recent economic climate, 2801 Shangri-La will also be impacted by the global credit crisis which creates additional credit liquidity risks to

manage for the future.

Real estate investments are subject to varying degrees of risk. These risks may include: (i) changes in general economic conditions such as the availability and cost of financing capital; (ii) changes in local conditions, including oversupply or reduction in demand for real estate in an area; (iii) changes to government regulations and (iv) competition from others. In addition, financial difficulties of other property owners, resulting in distress sales, may depress real estate values in the market(s) in which the Company operates.

### **Securities of 2801 Shangri-La and Dilution**

2801 Shangri-La plans to focus on investment in real estate properties and development, and will use its working capital to carry out such activities. However, 2801 Shangri-La will require additional funds to further such activities. To obtain such funds, 2801 Shangri-La may sell additional securities including, but not limited to, its common shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of 2801 Shangri-La Shares.

There is no assurance that additional funding will be available to 2801 Shangri-La to carry on its intended operations to purchase additional real estate properties or for the substantial capital that is typically required in order to develop a real estate project. There is no assurance that 2801 Shangri-La will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Property or any other property that 2801 Shangri-La may acquire.

### **Competition**

Significant and increasing competition exists for buyers and developers of real estate. Each segment of the real estate business is competitive. 2801 Shangri-La will compete with investors, developers, builders and owners of properties for the purchase and development of any desirable real estate properties it may wish to acquire. It is the strategy of 2801 Shangri-La to develop properties in premier locations in strong markets, although some of our competitors may be better located or better capitalized. The existence of competition could adversely affect the Company's ability to acquire attractive properties and could have a potential impact upon its revenues and ability to meet its debt obligations.

### **Conflicts of Interest**

Certain directors and officers of 2801 Shangri-La are, and may continue to be, involved in the real estate industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of 2801 Shangri-La. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of 2801 Shangri-La. The directors of 2801 Shangri-La are required by law, however, to act honestly and in good faith with a view to the best interests of 2801 Shangri-La and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with 2801 Shangri-La and to abstain from voting as a director for the approval of any such transaction.

### **No History of Earnings or Dividends**

As a newly formed company, 2801 Shangri-La has no history of earnings, and there is no assurance that the Property, or any other property that may be acquired by 2801 Shangri-La, will generate earnings, operate profitably or provide a return on investment in the future. 2801 Shangri-La has no plans to pay dividends for the foreseeable future.

### **Potential Profitability Depends Upon Factors beyond the Control of 2801 Shangri-La**

The potential profitability of the Property or any other property that may be acquired by 2801 Shangri-La is dependent upon many factors beyond 2801 Shangri-La's control. For instance, property and residential unit prices are subject to market conditions and availability of credit and respond to changes in domestic, international, political, social and economic environments. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in

ways 2801 Shangri-La cannot predict and are beyond 2801 Shangri-La's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, events which cause worldwide economic uncertainty may make raising of funds for development difficult. These changes and events may materially affect the financial performance of 2801 Shangri-La.

### **Property Approvals, Permits, Zoning, and Compliance**

The current or future operations of 2801 Shangri-La, including development activities, require permits and approvals from local governmental authorities. There can be no assurance that any or all permits and approvals which 2801 Shangri-La may require for the construction and development of the Property or other projects which 2801 Shangri-La may undertake will be given.

### **Dependency on Supply and Demand**

2801 Shangri-La's performance would be affected by the supply and demand for land, single-family housing, multi-family housing and commercial properties in a given geographic area. Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes over abundant thereby driving down prices for the Property or other properties that may be acquired from time to time.

### **Development and Construction Costs**

2801 Shangri-La may experience loss due to higher prices of labour and consulting fees and costs of materials. 2801 Shangri-La will closely monitor the costs of services and materials and look for long-term commitments for those prices whenever possible. Costs of development and building have fluctuated over the past several years, and 2801 Shangri-La intends to pass such additional costs to buyers through higher pricing. Any significant increase that 2801 Shangri-La can't pass on to buyers may have a negative material impact on 2801 Shangri-La and its business operations.

## **THE COMPANY AFTER THE ARRANGEMENT**

The following is a description of the Company assuming completion of the Arrangement.

### **Name, Address and Incorporation**

Upon completion of the Arrangement, the Company will continue to carry on its business under the name "GRAND PEAK CAPITAL CORP."

The Company's principal executive office is located at #200 8338-120<sup>th</sup> Street, Surrey, British Columbia, Canada V3W 3N4. The Company's registered and records office address is #200 8338-120<sup>th</sup> Street, Surrey, British Columbia, Canada V3W 3N4.

### **Directors and Officers**

The completion of the Arrangement will not cause any changes in the directors of the Company who are elected at the Meeting or of the current officers of the Company.

### **Business of the Company**

The Company is a publicly traded financial investment company.

### **Business of the Company Following the Arrangement**

Following completion of the Arrangement, the Company will continue to operate as a publicly traded financial investment company.

### **Description of Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares, of which

24,466,702 were issued and outstanding as at May 18<sup>th</sup>, 2011.

Grand Peak Shareholders are entitled to receive notice of any meeting of Grand Peak Shareholders and to attend and vote thereat, except those meetings at which only the holders of shares of another class or of a particular series are entitled to vote. Each Grand Peak Share entitles its holder to one vote at meetings at which they are entitled to attend and vote. The holders of Grand Peak Shares are entitled to receive, on a *pro rata* basis, such dividends as the Board may declare out of funds legally available for the payment of dividends. On the dissolution, liquidation, winding up or other distribution of the assets of the Company, Grand Peak Shareholders are entitled to receive on a *pro rata* basis all of the assets of the Company remaining after payment of all of the Company's liabilities and subject to the prior rights attached to any preferred shares of Grand Peak to receive a return of capital and unpaid dividends. Grand Peak Shares carry no preemptive or conversion rights.

The Board may issue preferred shares from time to time in one or more series with each series to consist of such number of preferred shares as may be determined by the Board. Before the issue of a series of preferred shares, the Board may, at its sole discretion, determine the designation, rights, privileges, restrictions and conditions attaching to the series of preferred shares.

### Trading Price and Volume

Grand Peak Shares trade on the Venture Exchange, in Canadian dollars, under the symbol "GPK". The following table sets out information relating to the trading of the Grand Peak Shares on the Exchange for the months indicated:

2011	TSX Venture Exchange		
	Sale Price		
	Low	High	Volume
	(CAD)		(#)
February	0.40	0.40	340
March .....	0.40	0.40	Nil
April .....	0.40	0.40	4,000

The price of the Grand Peak Shares as reported by the Exchange at the close of business on May 18th, 2011, was \$0.40.

### The Company's Year-End Audited Financial Statements

The Company's consolidated audited financial statements and the management's discussion and analysis for the year ended September 30, 2010 are attached hereto as Schedule E.

### Material Contracts

The following are the contracts material to The Company:

- the Arrangement Agreement; and
- the Company Stock Option Plan.

### 2801 SHANGRI-LA AFTER THE ARRANGEMENT

The following is a description of 2801 Shangri-La assuming completion of the Arrangement.

#### Name, Address and Incorporation

2801 Shangri-La was incorporated as "2801 Shangri-La Holdings Ltd." pursuant to the Act on June 18, 2007 and it is currently a private company and a wholly-owned subsidiary of Grand Peak. 2801 Shangri-La's head office is located at 8338-120<sup>th</sup> Street, Surrey, British Columbia, and its registered and records office is located at 8338-

120<sup>th</sup> Street, Surrey, British Columbia V3W 3N4.

### **Intercorporate Relationships**

2801 Shangri-La does not have any subsidiaries.

### **Significant Acquisition and Dispositions**

There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in 2801 Shangri-La acquiring the Company's interest in and to the Property and receiving funds necessary to commence operations. The future operating results and financial position of 2801 Shangri-La cannot be predicted. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in 2801 Shangri-La owing the Property having a market value of a conservatively estimated One Million Eight Hundred Thousand (\$1,800,000.00) (Cdn).

### **Trends**

Other than as disclosed in this Circular, 2801 Shangri-La is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### **General Development of 2801 Shangri-La's Business**

2801 Shangri-La was incorporated on June 18, 2007 and has not yet commenced commercial operations. 2801 Shangri-La will acquire the Property and \$200,000 as part of the Arrangement, and will commence operations as a real estate development company. The \$200,000 cash payment from Grand Peak should provide 2801 Shangri-La with the capital necessary to fulfill 2801 Shangri-La's short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Company Shareholders, the Court and the Exchange.

### **2801 Shangri-La's Business History**

Pursuant to the Arrangement, the Company will transfer to 2801 Shangri-La the sum of \$200,000 and all of the Company's interest in the Property in exchange for 24,466,702 of 2801 Shangri-La Shares, which shares will be distributed to the Company Shareholders who hold Company Shares on the Record Date. The funds to be received by 2801 Shangri-La pursuant to the Arrangement should provide 2801 Shangri-La with the capital for general and administrative expenses and for working capital purposes. Completion of the Arrangement is subject to the approval of the Arrangement by the Company Shareholders, the Court and the Exchange. On June 18, 2007, the Company entered into an agreement (the "**Purchase Agreement**") to purchase the Property on the terms and conditions set forth in the Purchase Agreement. Pursuant to the terms of the Purchase Agreement the Company is required to pay to the Seller a series of deposits (the "**Deposit**") in varying amounts up to the 18<sup>th</sup> month following June 18, 2007, totaling \$267,250.00, which have all been paid. The completion of the Purchase Agreement will be scheduled by agreement between the Seller and Grand Peak, or 2801 Shangri-La, assuming approval of the Arrangement by the Company's shareholders, regulatory authorities and the Courts (the "**Closing Date**"), at which time the balance of the purchase price in the aggregate amount of \$828,750 must be delivered to the seller of the Property.

### **Property Assessment and Appraisal**

The Property has been currently evaluated by a realtor familiar with the real estate market in Toronto, Ontario.

### **Selected Unaudited Pro-Forma Financial Information of 2801 Shangri-La**

2801 Shangri-La was incorporated on June 18, 2007. 2801 Shangri-La has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro forma* basis for 2801 Shangri-

La as at December 31, 2010, and should be read in conjunction with the accompanying notes set out below. The *pro forma* consolidated balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 1, 2010. In addition, the *pro forma* consolidated balance sheet is not necessarily indicative of the financial position that may be attained in the future.

**2801 SHANGRI-LA HOLDINGS LTD.  
BALANCE SHEET  
AS AT May 18, 2011**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	1
	<u>1</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable & accruals	1,000
	<u>1,000</u>
<b>SHAREHOLDERS DEFICIENCY</b>	
<b>SHARE CAPITAL</b> (Note 3)	1
<b>DEFICIT</b>	<u>(1,000)</u>
	<u>1</u>

**2801 SHANGRI-LA HOLDINGS LTD.  
STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT  
FOR THE PERIOD FROM June 18, 2007 TO May 18, 2011**

	\$
<b>EXPENSES</b>	
Incorporation fees	1,000
	<u>1,000</u>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>1,000</u>
<b>DEFICIT – BEGINNING OF PERIOD</b>	<u>-</u>
<b>DEFICIT – END OF PERIOD</b>	<u>1,000</u>

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM June 18, 2007 TO May 18, 2011**

<b>CASH PROVIDED FROM (used for)</b>	
<b>OPERATING ACTIVITIES</b>	
Net loss for the period	(1,000)
Changes in non-cash working capital balances	
Accounts payable and other accrued liabilities	1,000
	<u>1,000</u>

	-
<b>FINANCING ACTIVITIES</b>	
Share capital proceeds	1
<b>INCREASE IN CASH</b>	1
<b>CASH – BEGINNING OF PERIOD</b>	-
<b>CASH – END OF PERIOD</b>	1

### Share Capital

Authorized: unlimited common shares without par value

Issued:

	April 18, 2011	
	Shares	\$ Amount
Balance, beginning and end of period	1	1

The accompanying notes are an integral part of these financial statements

## 1. PLAN OF ARRANGEMENT AND BASIS OF PRESENTATION

The accompanying pro-forma financial statements have been compiled for purposes of inclusion in the Information Circular of Grand Peak Capital Corp. (“Grand Peak”) dated May 18th, 2011, which gives effect to a plan of arrangement (“Arrangement”), whereby a \$276,250 real estate deposit and \$200,000 in cash of Grand Peak Capital will be spun out to a new company, 2801 Shangri-La Holdings Ltd.. (“2801”). 2801 was incorporated as a wholly-owned subsidiary of Grand Peak on June 18, 2007 with nominal cash and share capital and has remained inactive to date.

The unaudited pro-forma balance sheet as at December 31, 2010 and statement of operations for the three months ended December 31, 2010 reflects the plan of arrangement as a spin out whereby Grand Peak will spin out its real estate deposit asset and \$200,000 in cash to 2801, Grand Peak’s wholly-owned subsidiary, and 2801 will then seek a public listing. This plan of arrangement is subject to approval by the shareholders of Grand Peak and the appropriate regulatory authorities.

This pro-forma balance sheet and statements of operations has been prepared in accordance with Canadian generally accepted accounting principles and the accounting principles as disclosed in the audited financial statements of Grand Peak for the year ended September 30, 2010. In the opinion of management, the unaudited pro-forma financial statements includes the adjustments necessary for the fair presentation of the proposed reorganization in accordance with Canadian generally accepted accounting principles.

This pro-forma balance sheet is not necessarily indicative of 2801 as at the time of closing the transaction referred to above. The pro-forma financial statements should be read in conjunction with the audited financial statements of Grand Peak for the year ended September 30, 2010 which are incorporated by reference in the Information Circular

## 2. PRO FORMA ASSUMPTIONS

The unaudited pro-forma financial statements gives effect to the partial accounting continuation of Grand Peak and 2801 Shangri-La as described in the Information Circular, as if it had occurred as at December 31, 2010 for purposes of the financial statements. The unaudited pro-forma financial statements are based on the following assumptions:

- a) Grand Peak will transfer \$200,000 in cash to 2801.

b) Grand Peak will transfer a \$276,250 real estate deposit to 2801 and the latter will assume total and irrevocable responsibility for the balance of \$828,750 due upon completion.

c) 2801 Shangri-La will issue 24,466,702 shares, having a value of \$476,250. These shares will be divided among the Grand Peak Shareholders, on a pro rata basis and according to the regulations of the Venture Exchange.

### **Dividends**

2801 Shangri-La does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the 2801 Shangri-La Shares in the future will be made by the board of directors of 2801 Shangri-La on the basis of the earnings, financial requirements and other conditions existing at such time.

### **Business of 2801 Shangri-La**

#### **General**

2801 Shangri-La is not carrying on any business at the present time. On completion of the Arrangement, 2801 Shangri-La will commence its business as a real estate investment and development company. The objectives of 2801 Shangri-La's management will be to develop any properties that it might deem fit to and to identify and acquire additional real estate properties for investment purposes. The Property is located in Ontario, having a civic address of: Suite 2801 Shangri-La, University Avenue, Toronto, Ontario

#### ***Business of 2801 Shangri-La Following the Arrangement***

2801 Shangri-La will evaluate and may acquire additional commercial, industrial or residential properties for development or re-sale from time to time.

#### **Liquidity and Capital Resources**

Pursuant to the Arrangement, The Company will transfer to 2801 Shangri-La \$200,000 and all of The Company's interest in the Property in exchange for 24,466,702 of 2801 Shangri-La Shares, which shares will be distributed to the Company Shareholders who hold Company Shares on the Share Distribution Record Date.

2801 Shangri-La is a start-up real estate investment and development company and therefore has no regular source of income. As a result, 2801 Shangri-La's ability to conduct operations, including the acquisition of the Property or the evaluation and acquisition of additional real estate properties, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that 2801 Shangri-La will be able to do so.

#### **Available Funds**

Pursuant to the Arrangement, The Company will transfer to 2801 Shangri-La \$200,000 and all of the Company's interest in the Property in exchange for 24,466,702 of 2801 Shangri-La Shares.

#### ***Principal Purposes for Available Funds***

Assuming completion of the Arrangement, 2801 Shangri-La will use the Available Funds as follows:

<b>Use of Available Funds</b>	<b>Amount Allotted</b>
Operating Capital	\$200,000.00
<b>Total.....</b>	<b>\$ 200,000</b>

2801 Shangri-La currently intends to spend the Available Funds as set out above. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary.

### Administration Expenses

The following table discloses the estimated aggregate monthly and yearly general and administrative expenses that will be incurred by 2801 Shangri-La:

Type of Administrative Expense	Monthly Estimated Expenditure	Twelve Month Estimated Expenditure
Rent and office services.....	\$5,416.66	\$ 65,000
Professional fees <sup>(1)</sup>	\$2,500.00	\$ 30,000
Regulatory filing fees.....	\$ 600.00	\$ 5,000
<b>Total anticipated administrative expenses</b>		<b>\$100,000.00</b>
<b>Balance of \$100,000.00 to be placed in an interest bearing account for unforeseen contingencies</b>		<b>\$100,000.00</b>
<b>Grand Total:</b>		<b>\$200,000.00</b>

(1) Legal, audit and accounting.

### Share Capital of 2801 Shangri-La

The following table represents the share capitalization of 2801 Shangri-La as at July 31, 2011, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 <sup>(1)</sup>	24,466,702

(1) One common share of the Company was issued on incorporation and will be redeemed and cancelled by the Company concurrent with the completion of the Arrangement.

2801 Shangri-La is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, of which 24,466,702 common shares and no preferred shares will be issued and outstanding following completion of the Arrangement.

### Common Shares

Holders of 2801 Shangri-La Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of 2801 Shangri-La and are entitled to one vote for each 2801 Shangri-La Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of 2801 Shangri-La, including without limitation the rights of the holders of preferred shares, any dividend declared by 2801 Shangri-La; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of 2801 Shangri-La shares, including without limitation the holders of preferred shares, the remaining property and assets of 2801 Shangri-La upon dissolution. Subject to the provisions of the Act, 2801 Shangri-La may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of 2801 Shangri-La Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

### Fully Diluted Share Capital of 2801 Shangri-La

The *pro-forma* fully diluted share capital of 2801 Shangri-La, assuming completion of the Arrangement and

the exercise of all The Company Share Commitments, is set out below:

Designation of 2801 Shangri-La Securities	Number of 2801 Shangri-La	Percentage of Total
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.01%
2801 Shangri-La Shares issued in exchange for Assets, which shares will be distributed to the Company Shareholders .....	24,466,701	0.99%
<b>Total .....</b>	<b>24,466,702</b>	<b>100%</b>

**NOTES:**

- (1) One common share of the Company was issued on incorporation and will be redeemed and cancelled by the Company concurrent with the completion of the Arrangement.

**Prior Sales of Securities of 2801 Shangri-La**

2801 Shangri-La issued one common share to the Company at a price of \$1.00 on incorporation on June 18, 2007.

**Options and Warrants**

*Stock Options*

The Company Shareholders will be asked at the Meeting to approve the 2801 Shangri-La Option Plan. As of the Effective Date, assuming approval of the 2801 Shangri-La Option Plan by the Company Shareholders, there will be 2,466,670 of 2801 Shangri-La Shares available for issuance under the 2801 Shangri-La Option Plan. As of the date of this Circular, 2801 Shangri-La has not granted any options under the 2801 Shangri-La Option Plan.

**Principal Shareholders of 2801 Shangri-La**

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued 2801 Shangri-La Shares as of the Effective Date.

**Directors and Officers of 2801 Shangri-La**

The following table sets out the names of the current and proposed directors and officers of 2801 Shangri-La, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of 2801 Shangri-La, and the number and percentage of 2801 Shangri-La Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
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<p>Brian Findlay Vancouver, B.C. Canada <i>Nominee</i></p>	<p>Current President &amp; CEO of Dajin Resources Inc. with over 25 years of experience in financing &amp; investment industry, with a strong background in managing, financing and administration of public companies. Brian as participated in the raising of over \$200 million in investment capital for a number of junior resource and technology companies.</p>	<p>Nominee</p>		<p>Nil</p>
<p>Eugene Beukman Vancouver, B.C. Canada <i>Nominee</i></p>	<p>Eugene Beukman is the Corporate Counsel of the Pender Group of Companies, a position he has held since January, 1994. He graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law Degree. Mr. Beukman is the President and CEO of Bard Ventures Ltd., a TSX.V company. He has over twenty years of experience in the acquisition of assets and joint ventures.</p>	<p>Nominee</p>		<p>Nil</p>
<p>Ravinder Binpal Vancouver, B.C. Canada <i>Nominee</i></p>	<p>Raj Binpal has been a practising lawyer since 1986. He obtained his LLB at the University of Lancaster in England and worked in London with Nabarro Nathanson, a pre-eminent law firm with its Head Office in London, before joining Pinsent and Company as a senior Associate in Birmingham, England. In 1993 he emigrated to Canada and worked in Vancouver and Surrey, BC before establishing his own Law Practice, Binpal and Associates, in 2003. His current area of practice is in Real Estate and Corporate law.</p>	<p>Nominee</p>		<p>Nil</p>

The members of 2801 Shangri-La's Audit Committee will be:

Eugene Beukman, Director, President/CEO  
 Brian Findlay, Director  
 Ravinder Binpal, Director

#### **Management of 2801 Shangri-La**

The following is a description of the individuals who will be directors and officers of 2801 Shangri-La following the completion of the Arrangement:

**Brian Findlay**, Director;  
**Jamie Lewin**, Chief Financial Officer;  
**Eugene Beukman**, Director, President and Chief Executive Officer  
**Ravinder Binpal**, Director

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer, promoter or other member of management of 2801 Shangri-La is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

### **Penalties or Sanctions**

No director, officer, promoter or other member of management of 2801 Shangri-La has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### **Personal Bankruptcies**

No director, officer, promoter or other member of management of 2801 Shangri-La has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Conflicts of Interest**

The directors of 2801 Shangri-La are required by law to act honestly and in good faith with a view to the best interest of 2801 Shangri-La and to disclose any interests which they may have in any project or opportunity of 2801 Shangri-La. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not 2801 Shangri-La will participate in any project or opportunity, that director will primarily consider the degree of risk to which 2801 Shangri-La may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among 2801 Shangri-La and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Approval of the 2801 Shangri-La Stock Option Plan**

In May 2011, the director of 2801 Shangri-La Holdings Ltd. established the Shangri-La Stock Option Plan as a rolling stock option plan in accordance with the policies of the Exchange. The maximum number of 2801 Shangri-La Shares reserved for issuance under the 2801 Shangri-La Stock Option Plan is 10% of the issued and outstanding 2801 Shangri-La Shares on a "rolling" basis. It is anticipated that 2801 Shangri-La will have 24,466,702 issued shares on the Effective Date such that the 2801 Shangri-La Stock Option Plan will initially have 2,466,670 shares reserved, being 10% of the issued and outstanding shares of 2801 Shangri-La Shares.

Under the 2801 Shangri-La Option Plan, options may be granted equal in number up to 10% of the issued 2801 Shangri-La Shares at the time of the grant of the stock option. The 2801 Shangri-La Option Plan will be required to be approved by the Shareholders of 2801 Shangri-La on a yearly basis at each annual general meeting of Shareholders of 2801 Shangri-La.

### **Purpose of the 2801 Shangri-La Option Plan**

The purpose of the 2801 Shangri-La Option Plan is to provide an incentive to 2801 Shangri-La's directors, senior

officers, employees and consultants to continue their involvement with 2801 Shangri-La, to increase their efforts on 2801 Shangri-La's behalf and to attract new qualified employees. The 2801 Shangri-La Option Plan is also intended to assist in aligning management and employee incentives with the interests of Shareholders.

### **General Description and Exchange Policies**

The 2801 Shangri-La Option Plan will be administered by the board of directors of 2801 Shangri-La or by a committee of the 2801 Shangri-La Board (in this section, the "**Committee**"). A full copy of the 2801 Shangri-La Option Plan is available upon request.

The following is a description of the principal terms of the 2801 Shangri-La Option Plan, which description is qualified in its entirety by the terms of the 2801 Shangri-La Option Plan:

### **Terms of the 2801 Shangri-La Option Plan**

The following is a summary of the material terms of the Stock Option Plan:

Number of Shares Reserved. The number of common shares which may be issued pursuant to options granted under the 2801 Shangri-La Option Plan (including all options granted by 2801 Shangri-La prior to the adoption of the 2801 Shangri-La Option Plan) shall equal 10% of the issued and outstanding shares of 2801 Shangri-La from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the 2801 Shangri-La Option Plan is fixed by the 2801 Shangri-La Board and may not exceed five years from the date of grant. The options are non-assignable and nontransferable.

Exercise Price. The exercise price of options granted under the 2801 Shangri-La Option Plan is determined by the 2801 Shangri-La Board, or, if the shares are no longer listed on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued under Exchange requirements. If an option is cancelled prior to the expiry date, 2801 Shangri-La shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the 2801 Shangri-La Board or senior officer to which such authority is delegated by the 2801 Shangri-La Board from time to time and in accordance with Exchange requirements.

Termination. Any options granted pursuant to the 2801 Shangri-La Option Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, or employee of 2801 Shangri-La or any of its affiliates, and within generally 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the 2801 Shangri-La Option Plan. The 2801 Shangri-La Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion, or exchange of Company's shares.

Administration. The 2801 Shangri-La Option Plan is administered by the 2801 Shangri-La Board or senior officer to which such authority is delegated by the Board from time to time.

Board Discretion. The 2801 Shangri-La Option Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the 2801 Shangri-La Board or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with Exchange requirements.

The Grand Peak Shareholders will be asked at the Meeting to approve by ordinary resolution the 2801 Shangri-La Option Plan Resolution, as follows:

**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

- 1) the 2801 Shangri-La Stock Option Plan adopted by 2801 Shangri-La be, and the same is, hereby approved, ratified and affirmed;
- 2) the directors of 2801 Shangri-La be, and are hereby, authorized to grant stock options pursuant to the terms and conditions of the 2801 Shangri-La Stock Option Plan entitling the holders to purchase up to a maximum of ten (10%) percent of the issued and outstanding 2801 Shangri-La Shares on a "rolling" basis at the time of each grant of stock options;
- 3) the granting of stock options to insiders of 2801 Shangri-La under the 2801 Shangri-La Stock Option Plan be, and is hereby, approved;
- 4) any director or officer of 2801 Shangri-La be and is hereby authorized, for or on behalf of 2801 Shangri-La, to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions, and, to the extent that any such documents and instruments were executed and delivered prior to the date hereof, the execution and delivery thereof by any director or officer be, and is hereby, approved, ratified and affirmed; and
- 5) notwithstanding this resolution having been duly passed by the shareholders of the Company, the directors of 2801 Shangri-La be, and are hereby, authorized and empowered to revoke this resolution at any time prior to it being acted upon without further approval of the shareholders of the Company.

**The Board unanimously recommends that shareholders vote FOR the 2801 Shangri-La Option Plan Resolution.**

**Executive Compensation of 2801 Shangri-La**

As of the date of this Circular, 2801 Shangri-La has one Director and president, namely Navchand Jagpal and no other executive officers. 2801 Shangri-La does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of 2801 Shangri-La.

**Indebtedness of Directors and Executive Officers of 2801 Shangri-La**

No individual who is, or at any time from the date of 2801 Shangri-La incorporation to the date hereof, that is a director or officer of 2801 Shangri-La, or an affiliated or related company, is or has been indebted to 2801 Shangri-La.

**2801 Shangri-La's Auditor**

ACAL, Chartered Accountants of 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2 are the auditors of 2801 Shangri-La.

**2801 Shangri-La's Material Contracts**

The following are the contracts which are material to 2801 Shangri-La:

- the Arrangement Agreement;
- the 2801 Shangri-La Option Plan;

The material contracts described above may be inspected at the registered office of 2801 Shangri-La at 8338-120<sup>th</sup> Street, Surrey, Street, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

**Promoters**

2801 Shangri-La is its own promoter.

**Transfer Agent and Registrar**

Prior to the Effective Date 2801 Shangri-La intends to appoint Computershare Investor Services Inc, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9 as its registrar and transfer agent.

**Legal Proceedings**

There are no pending legal proceedings to which the Company or 2801 Shangri-La is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company or 2801 Shangri-La, are likely to be subject.

**Additional Information**

Additional Information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders of the Company may contact the Company to request copies of the Company's financial statements and management's discussion and analysis by sending a written request to 8338-120<sup>th</sup> Street, Surrey, British Columbia, V3W 3N4. Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year.

**DIRECTORS' APPROVAL**

The Board of Directors of Grand Peak Capital Corp. has approved the contents of this Information Circular and its distribution to shareholders entitled to receive notice of the Meeting.

Dated at Surrey, British Columbia, this 18<sup>th</sup> day of May, 2011.

**GRAND PEAK CAPITAL CORP.**

By: "Sonny Janda"  
President

**CERTIFICATE OF THE COMPANY**

Date: May 18<sup>th</sup>, 2011

The foregoing management information circular constitutes full, true and plain disclosure of all material facts relating to the transactions contemplated in this management information circular as required by the securities legislation of the Provinces of British Columbia, Alberta, and Ontario.

By: "Sonny Janda"  
Sonny Janda,  
Chief Executive Officer

By: "Jamie Lewin"  
Jamie Lewin  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

By: "Navchand Jagpal"  
Director

By: "Sonny Janda"  
Director

By: "Ayub Khan"  
Director

By: "Thomas Kennedy"  
Director

**SCHEDULE "A"****GRAND PEAK CAPITAL CORP.  
(the "Company")  
AUDIT COMMITTEE CHARTER**

The Audit Committee is appointed by the Corporation's Board to assist the Board in monitoring:

(1) the integrity of the financial statements of the Corporation; (2) the compliance by the Corporation with legal and regulatory requirements; and (3) the independence and performance of the Corporation's external auditors, which external auditors shall report directly to the Audit Committee.

The members of the Audit Committee shall meet the independence and experience requirements of applicable securities laws and any exchange or quotation system upon which the Corporation's securities are listed or quoted. The members of the Audit Committee shall be appointed by the Board.

The Audit Committee shall have the authority to retain independent legal, accounting or other consultants to advise the Committee as the Audit Committee determines necessary to carry out its duties and the Audit Committee shall have the authority to set and pay the compensation for any such advisors. The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall make regular reports to the Board.

The Audit Committee shall:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review the annual audited financial statements, the interim financial statements, management's discussion and analysis with management and annual and interim earnings press releases, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Corporation's financial statements. Such review must occur prior to the Corporation publicly disclosing any such information.
3. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements.
4. Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including an analysis of the effect of alternative GAAP methods on the Corporation's financial statements.
5. Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
6. Meet with management to review the Corporation's major financial risk exposures and the Corporation's internal controls.
7. Review major changes to the Corporation's internal controls and accounting principles and practices as suggested by the independent auditor, internal accounting or financial personnel or management.
8. Recommend to the Board the nomination and appointment of the independent auditor for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, which independent auditor is ultimately accountable to the Audit Committee and the Board.
9. Review the experience and qualifications of the senior members of the independent auditor team, the audit procedures of the independent auditor and the rotation of the lead partner and reviewing partner of the independent auditor.
10. Approve the compensation to be paid to the independent auditor for audit services.
11. Pre-approve the retention of the independent auditor for all audit and any non-audit services, including tax services, and the fees for such non-audit services which are provided to the Corporation or its subsidiary entities.

12. Receive periodic reports from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.
13. Evaluate together with the Board the performance of the independent auditor. If so determined by the Audit Committee, recommend that the Board replace the independent auditor.
14. Recommend to the Board guidelines for the Corporation's hiring of partners, employees and former partners and employees of the present and former independent auditor who were engaged on the Corporation's account.
15. Review the significant reports to management pertaining to the presentation and significant accounting policies of the Corporation's financial statements.
16. Obtain reports from management, the Corporation's senior accounting and financial personnel and the independent auditor that the Corporation and its subsidiaries are in conformity with applicable legal requirements, including disclosures of insider and affiliated party transactions.
17. Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee or anonymous complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
18. Review with the independent auditor any problems or difficulties the auditor may have encountered and any disagreements between the independent auditor and management of the Corporation and any management letter provided by the auditor and the Corporation's response to that letter. Such review should include:
  - (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management;
  - (b) The internal accounting and financial responsibilities; and
  - (c) The investigation and implementation of the resolution of any disagreement between the independent auditor and the management of the Corporation.
19. Advise the Board with respect to the Corporation's policies and procedures regarding compliance with applicable laws and regulations.
20. Meet at least quarterly with the Chief Financial Officer and the independent auditor in separate executive sessions.

**SCHEDULE B**  
**ARRANGEMENT AGREEMENT**

**THIS ARRANGEMENT AGREEMENT** dated as of the 18<sup>th</sup> day of April, 2011.

**BETWEEN:**

**GRAND PEAK CAPITAL CORP.**, a corporation existing under the laws of British Columbia, with a head office at 8338-120<sup>th</sup> Street, Surrey, British Columbia V3W 3N4

("GPK")

**AND:**

**2801 Shangri-La Holdings Ltd**, a corporation existing under the laws of British Columbia, with a head office at 8338-120<sup>th</sup> Street, Surrey, British Columbia, V3W 3N4

("2801")

**WHEREAS:**

A. GPK and 2801 have agreed to proceed with a corporate restructuring by way of a statutory plan of arrangement pursuant to which:

- (i) the Property will be transferred to in exchange for common shares of 2801 ;
- (ii) GPK will reorganize its capital; and
- (iii) GPK will distribute the common shares of 2801 which it receives in exchange for the to the GPK Shareholders;

B. GPK proposes to convene a meeting of the GPK Shareholders to consider the Arrangement pursuant to the Arrangement Provisions of the BCBA, on the terms and conditions set forth in the Plan of Arrangement attached as Exhibit II hereto; and

C. Each of the parties to this Agreement has agreed to participate in and support the Arrangement.

**NOW THEREFORE**, in consideration of the promises and the respective covenants and agreements herein contained, 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 covenant and agree as follows:

**ARTICLE 1**  
**DEFINITIONS, INTERPRETATION AND EXHIBITS**

1.1 **Definitions:** In this Agreement, including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) "**Agreement**" means this agreement including the exhibits attached hereto as same may be amended or restated from time to time;
- (b) "**Arrangement**" means the arrangement pursuant to the Arrangement Provisions of the BCBA as contemplated by the provisions of this Agreement and the Plan of Arrangement;

- (c) "**Arrangement Provisions**" means Division 5 – "Arrangements" of Part 9 – "Company Alterations" of the BCBCA;
- (d) "**GPK Class A Shares**" means the renamed and re-designated GPK Shares as described in §3.1(b)(i) of the Plan of Arrangement;
- (e) "**GPK Class B Preferred Shares**" means the Class "B" preferred shares without par value which GPK will create and issue pursuant to §3.1(b)(iii) of the Plan of Arrangement;
- (f) "**GPK Meeting**" means the annual general and special meeting of the GPK Shareholders to be held on June 30, 2011, and any adjournment(s) or postponement(s) thereof, to consider, among other things, and if deemed advisable approve, the Arrangement;
- (g) "**GPK Options**" means share purchase options issued pursuant to the GPK Stock Option Plan which are outstanding on the Effective Date;
- (h) "**GPK Share Commitments**" means an obligation of GPK to issue New Shares and to deliver Shares to the holders of GPK Options and GPK Warrants which are outstanding on the Effective Date, upon the exercise of such stock options and warrants;
- (i) "**GPK Shareholder**" has the meaning ascribed to such term in the Plan of Arrangement;
- (j) "**GPK Shares**" means the common shares without par value in the authorized share structure of GPK, as constituted on the date hereof;
- (k) "**GPK Stock Option Plan**" means the Stock Option Plan of GPK dated
- (l) "**GPK Warrants**" means share purchase warrants of GPK which are outstanding on the Effective Date;
- (m) "**Assets**" means the assets of GPK to be transferred to pursuant to the Arrangement as described in further detail in Exhibit I hereto;
- (n) "**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as may be amended or replaced from time to time.
- (o) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (p) "**Closing Date**" means the date on which the Shares are listed on the CNSX;
- (q) "**Court**" means the Supreme Court of British Columbia;
- (r) "**CNSX**" means the Canadian National Stock Exchange;
- (s) "**Effective Date**" shall be the Closing Date;
- (t) "**Exchange Factor**" means the formula more particularly set out in 4.4 herein below;
- (u) "**Final Order**" means the final order of the Court approving the Arrangement;
- (v) "**Commitment**" means the covenant of GPK whereby GPK is obligated to issue Shares to the holders of GPK Share Commitments who exercise their rights thereunder after the Effective Date, and who are entitled pursuant to the corporate reorganization terms thereof to receive New Shares and Shares upon such exercise;
- (w) "**Shareholders**" means the shareholders of the Shares;

- (x) "**Shares**" means the common shares without par value in the authorized share structure of 2801 as constituted on the date hereof;
- (y) "**Information Circular**" means the management information circular of GPK to be sent to the GPK Shareholders in connection with the GPK Meeting;
- (z) "**Interim Order**" means the interim order of the Court providing advice and directions in connection with the GPK Meeting and the Arrangement;
- (aa) "**Listing Date**" means the date the Shares are listed on the CNSX;
- (bb) "**New Shares**" means the new class of common shares without par value which GPK will create pursuant to the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the GPK Shares;
- (cc) "**Person**" means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (dd) "**Plan of Arrangement**" means the plan of arrangement attached to this Agreement as Exhibit II, as amended or restated from time to time;
- (ee) "**Registrar**" means the Registrar of Companies under the BCBCA; and
- (ff) "**Share Distribution Record Date**" means the close of business on the day which is four Business Days after the date of the GPK Meeting or such other date as approved by GPK and , which date establishes the GPK Shareholders who will be entitled to receive Shares pursuant to the Plan of Arrangement.

1.2 **Currency:** All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 **Interpretation Not Affected by Headings:** The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the exhibits hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

1.4 **Number and Gender:** In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter, and words importing a person shall include a partnership or corporation.

1.5 **Date for any Action:** In the event that any date on which any action is required to be taken hereunder by GPK or is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 **Meaning:** Words and phrases used herein (and not otherwise defined) and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.7 **Exhibits:** Attached hereto and deemed to be incorporated into and forming part of this Agreement is Exhibit I, being a description of the Assets, Exhibit II, being the Plan of Arrangement and Exhibit III, being the special rights and restrictions for the GPK Class A Preferred Shares.

## ARTICLE 2 ARRANGEMENT

- 2.1 **Arrangement:** The parties agree to effect the Arrangement pursuant to the Arrangement Provisions on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.
- 2.2 **Effective Date of Arrangement:** The Arrangement shall become effective on the Effective Date as set out in the Plan of Arrangement.
- 2.3 **Filing of Final Material with the Registrar:** Subject to the rights of termination contained in Article 6 hereof, upon the GPK Shareholders approving the Arrangement by special resolution in accordance with the provisions of the Interim Order and the BCBCA, GPK obtaining the Final Order and the other conditions contained in Article 5 hereof being complied with or waived, GPK on its behalf and on behalf of shall file the records and information required by the Registrar pursuant to the Arrangement Provisions in order to effect the Arrangement.

## ARTICLE 3 REPRESENTATIONS AND WARRANTIES

- 3.1 **Representations and Warranties:** Each of the parties hereby represents and warrants to the other that:
- (a) it is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
  - (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
  - (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
  - (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## ARTICLE 4 COVENANTS

- 4.1 **Commitment to Effect:** Subject to termination of this Agreement pursuant to Article 6, the parties shall each use all reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective as soon as possible after approval of the Arrangement by the GPK Shareholders at the GPK Meeting, or by such other date as GPK and may determine, and in conjunction therewith to cause the conditions described in §5.1 to be complied with or waived, as the case may be, prior to the Effective Date.
- 4.2 **Obligation to Execute Documents:** Each of the parties' covenants with the other that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.
- 4.3 **Giving Effect to the Arrangement:** The Arrangement shall be effected as follows:
- (a) the parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the GPK Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
  - (b) the Shareholder(s) shall approve the Arrangement by a consent resolution;

- (c) upon obtaining the Interim Order, GPK shall call the GPK Meeting and mail the Information Circular and related notice of meeting and form of proxy to the GPK Shareholders;
- (d) if the GPK Shareholders approve the Arrangement as set out herein, GPK shall thereafter (subject to the exercise of any discretionary authority granted to GPK' directors by the GPK Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) upon receipt of the Final Order, GPK shall, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 6 hereof, file the material described herein with the Registrar in accordance with the terms of the Plan of Arrangement.

4.4 **GPK Stock Options and Warrants:** covenants and agrees, upon the exercise after the Effective Date of any GPK Share Commitments, to issue to the holder of the GPK Share Commitments that number of Shares that is equal to the number of New Shares acquired upon the exercise of the GPK Share Commitments multiplied by the Exchange Factor, and GPK covenants and agrees to act as agent for to collect and pay to a portion of the proceeds received for each GPK Share Commitment so exercised, with the balance of the exercise price to be retained by GPK determined in accordance with the following formula:

$$A = B \times C/D$$

Where:

- A** is the portion of the proceeds to be received by for each GPK Share Commitment exercised after the Effective Date;
- B** is the exercise price of the GPK Share Commitment;
- C** is the fair market value of the Assets to be transferred to under the Arrangement, such fair market value to be determined as at the Effective Date by resolution of the board of directors of GPK; and
- D** is the total fair market value of all of the assets of GPK immediately prior to completion of the Arrangement on the Effective Date, which total fair market value shall include, for greater certainty, the Assets.

Fractions of Shares resulting from such calculation shall be cancelled as provided for in the Plan of Arrangement.

## **ARTICLE 5 CONDITIONS**

5.1 **Conditions Precedent:** The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to GPK and ;
- (b) the Arrangement and this Agreement, with or without amendment, shall have been approved at the GPK Meeting by the GPK Shareholders in accordance with the Arrangement Provisions, the constating documents of GPK, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Shareholders to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of ;
- (d) the Final Order shall have been obtained in form and substance satisfactory to GPK and ;

- (e) the CNSX shall have conditionally approved the Arrangement, including the listing of the GPK Class A Shares in substitution for the GPK Shares, the delisting of the GPK Class A Shares, the listing of the New Shares and the GPK Class B Preferred Shares, the delisting of the GPK Class B Preferred Shares upon their redemption and the listing of the Shares, as of the Effective Date, subject to compliance with the requirements of the Exchange;
- (f) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to GPK and ;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (h) this Agreement shall not have been terminated under Article 6.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by either GPK or , as the case may be, at its discretion.

5.2 **Closing:** Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of GPK at 8338-120<sup>th</sup> Street, Surrey, B.C., at 2:00 p.m. (Vancouver time) on the Closing Date, or at such other time or on such other date as they may mutually agree, and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 **Merger of Conditions:** The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 **Merger of Representations and Warranties:** The representations and warranties shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## ARTICLE 6 AMENDMENT AND TERMINATION

6.1 **Amendment:** Subject to any restrictions under the Arrangement Provisions or the Final Order, this Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the GPK Meeting, but prior to the Effective Date, be amended by agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the GPK Shareholders.

6.2 **Termination:** Subject to §6.3, this Agreement may at any time before or after the holding of the GPK Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of GPK without further action on the part of the GPK Shareholders, or by the board of directors of without further action on the part of the Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of GPK or , respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

6.3 **Cessation of Right:** The right of GPK or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §6.2 shall be extinguished upon the occurrence of the Effective Date.

**ARTICLE 7  
GENERAL**

7.1 **Notices**: All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered or telecopied, addressed as follows:

in the case of GPK:

8338-120<sup>th</sup> Street,  
Surrey, B.C.  
V3W 3N4

Attention: President  
Facsimile: (604) 592-6882

in the case of :

2801 Shangri-La Holdings Ltd.  
8338-120<sup>th</sup> Street  
Surrey, BC V3W 3N4

Attention: President  
Facsimile: (604) 592 6882

7.2 **Assignment**: None of the parties may assign its rights or obligations under this Agreement or the Arrangement without the prior consent of the other party.

7.3 **Binding Effect**: This Agreement and the Arrangement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

7.4 **Waiver**: Any waiver or release of the provisions of this Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.

7.5 **Governing Law**: This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

7.6 **Counterparts**: This Agreement may be executed in one or more counterparts and by facsimile or email transmission, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

7.7 **Expenses**: All expenses incurred by a party in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by the party that incurred the expense.

7.8 **Entire Agreement**: This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

7.9 **Time of Essence**: Time is of the essence of this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

**GRAND PEAK CAPITAL CORP.**

Per: \_\_\_\_\_  
Authorized Signatory

**2801 SHANGRI-LA HOLDINGS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT I**

**GPK ASSETS TO BE TRANSFERRED  
TO**

1. All of GPK's interest in and to the property having a civic address at: 2801 - 200 University Avenue, Toronto, Ontario.
2. \$200,000.00 (CDN) funds

## EXHIBIT II

TO THE ARRANGEMENT AGREEMENT  
DATED AS OF THE 18TH DAY OF APRIL , 2011 BETWEEN  
GRAND PEAK CAPITAL CORP.  
AND  
2801 SHANGRI-LA HOLDINGS LTD.

### PLAN OF ARRANGEMENT

UNDER DIVISION 5 OF PART 9 OF  
THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)  
S.B.C. 2002, c.57

#### ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this plan of arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) "**Arrangement**" means the arrangement pursuant to the Arrangement Provisions on the terms and conditions set out herein;
- (b) "**Arrangement Agreement**" means the arrangement agreement dated effective April 18, 2011 between GPK and 2801 Shangri-La Holdings Ltd. to which this Exhibit is attached, as may be supplemented or amended from time to time;
- (c) "**Arrangement Provisions**" means Division 5 of Part 9 of the BCBCA;
- (d) "**GPK**" means Grand Peak Capital Corp., a company existing under the BCBCA;
- (e) "**GPK Class A Shares**" means the renamed and re-designated GPK Shares as described in this Plan of Arrangement;
- (f) "**GPK Class B Preferred Shares**" means the Class B preferred shares without par value which GPK will create and issue pursuant to this Plan of Arrangement;
- (g) "**GPK Meeting**" means the annual general and special meeting of the GPK Shareholders and any adjournment(s) or postponement(s) thereof to be held to consider, among other things, and if deemed advisable approve, the Arrangement;
- (h) "**GPK Share Commitments**" means an obligation of GPK to issue New Shares and to deliver Shares to the holders of GPK Stock Options and GPK Warrants which are outstanding on the Effective Date, upon the exercise of such stock options and warrants;
- (i) "**GPK Shareholder**" has the meaning ascribed to such term herein set out;
- (j) "**GPK Shares**" means the common shares without par value in the authorized share structure of GPK, as constituted on the date hereof;
- (k) "**GPK Stock Option Plan**" means the stock option plan of GPK;
- (l) "**GPK Stock Options**" means share purchase options issued pursuant to the GPK Stock Option Plan which are outstanding on the Effective Date;
- (m) "**GPK Warrants**" means share purchase warrants of GPK that are outstanding on the Effective Date;

EXHIBIT II - 2

- (n) "**Assets**" means the assets of GPK described in Exhibit I to the Arrangement Agreement;
- (o) "**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C 2002, c.57, as may be amended or replaced from time to time.
- (p) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (q) "**Company**" means Grand Peak Capital Corp., a company existing under the BCBCA;
- (r) "**Court**" means the Supreme Court of British Columbia;
- (s) "**Depositary**" means GPK and ;
- (t) "**Distributed Shares**" means the Shares that are to be distributed to the GPK Shareholders pursuant hereto;
- (u) "**Effective Date**" means the date on which the Shares are listed on the CNSX;
- (v) "**Exchange Factor**" means the number arrived pursuant to the formula set out in 4.4 of the Arrangement Agreement;
- (w) "**Final Order**" means the final order of the Court approving the Arrangement;
- (x) "**Interim Order**" means the interim order of the Court providing advice and directions in connection with the GPK Meeting and the Arrangement;
- (y) "**2801 Shangri-La**" means , a company incorporated under the BCBCA;
- (z) "**Commitment**" means the obligation of 2801 Shangri-La described in the Arrangement Agreement, whereby is obligated to issue Shares to the holders of GPK Share Commitments who exercise their rights thereunder after the Effective Date, and who are entitled pursuant to the corporate reorganization terms thereof to receive New Shares and Shares upon such exercise;
- (aa) "**Shareholders**" means the holders of Shares;
- (bb) "**Shares**" means the common shares without par value in the authorized share structure of 2801 Shangri-La as constituted on the Share Distribution Record Date;
- (cc) "**New Shares**" means the new class of common shares without par value which GPK will create pursuant to this Plan of Arrangement and which, immediately after the Effective Date will be identical in every relevant respect to the GPK Shares;
- (dd) "**Plan of Arrangement**" means this Plan of Arrangement, as may be amended or restated from time to time;
- (ee) "**Registrar**" means the Registrar of Companies under the BCBCA;
- (ff) "**Share Distribution Record Date**" means the close of business on the day which is four Business Days after the date of the GPK Meeting or such other date as agreed to by GPK and , which date establishes the GPK Shareholders who will be entitled to receive Shares pursuant to this Plan of Arrangement;
- (gg) "**Tax Act**" means the *Income Tax Act* (Canada), as amended; and
- (hh) "**Transfer Agent**" means Computershare Trust Company of Canada at its principal office in Vancouver, British Columbia.

EXHIBIT II - 3

1.2 **Interpretation Not Affected by Headings:** The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms "this Plan of Arrangement", "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3 **Number and Gender:** Unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter, and words importing a person shall include a partnership or corporation.

1.4 **Meaning:** Undefined words and phrases used herein that are defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

**ARTICLE 2  
ARRANGEMENT AGREEMENT**

2.1 **Arrangement Agreement:** This Plan of Arrangement is made pursuant and subject to the Arrangement Agreement.

**ARTICLE 3  
THE ARRANGEMENT**

3.1 **The Arrangement:** On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the securities of GPK or , but subject to the provisions of Article 5:

- (a) the Company will transfer the Assets and \$200,000.00 to 2801 Shangri-La in consideration for 24,466,702 Shares (the "**Distributed Shares**") as set out herein, and the Company will be added to the central securities register of in respect of such Shares;
- (b) the authorized share capital of the Company will be changed by:
  - (i) altering the identifying name of the GPK Shares to class A common shares without par value, being the GPK Class A Shares,
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the "**New Shares**"), and
  - (iii) creating a class consisting of an unlimited number of class B preferred shares without par value, having the rights and restrictions described in Exhibit III to the Plan of Arrangement, being the GPK Class B Preferred Shares;
- (c) each issued GPK Class A Share will be exchanged for one New Share and one GPK Class B Preferred Share and, subject to the exercise of a right of dissent, the holders of the GPK Class A Shares will be removed from the central securities register of the Company and will be added to that central securities register as the holders of the number of New Shares and GPK Class B Preferred Shares that they have received on the exchange;
- (d) all of the issued GPK Class A Shares will be cancelled with the appropriate entries being made in the central securities register of the Company, and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the GPK Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the GPK Class B Preferred Shares so that the aggregate paid-up capital of the GPK Class B Preferred Shares is equal to the aggregate fair market value of the Distributed Shares as of the Effective Date, and each GPK Class B Preferred Share so issued will be issued by the Company at an issue price equal to such aggregate fair

EXHIBIT II - 4

market value divided by the number of issued GPK Class B Preferred Shares, such aggregate fair market value of the Distributed Shares to be determined as at the Effective Date by resolution of the board of directors of the Company;

- (e) the Company will redeem the issued GPK Class B Preferred Shares for consideration consisting solely of the Distributed Shares such that each holder of GPK Class B Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Shares that is equal to the number of GPK Class B Preferred Shares held by such holder multiplied by the Exchange Factor;
- (f) the name of each holder of GPK Class B Preferred Shares will be removed as such from the central securities register of the Company, and all of the issued GPK Class B Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of the Company;
- (g) the Distributed Shares transferred to the holders of the GPK Class B Preferred Shares will be registered in the names of the former holders of GPK Class B Preferred Shares and appropriate entries will be made in the central securities register of ;
- (h) the GPK Class A Shares and the GPK Class B Preferred Shares, none of which will be allotted or issued once the steps referred to hereinabove are completed, will be cancelled and the authorized share structure of the Company will be changed by eliminating the GPK Class A Shares and the GPK Class B Preferred Shares therefrom;
- (i) the Notice of Articles and Articles of the Company will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and
- (j) after the Effective Date:
  - (i) all GPK Share Commitments will be exercisable for New Shares and Shares in accordance with the corporate reorganization terms of such commitments, whereby the acquisition of one GPK Share under a GPK Share Commitment will result in the holder of the GPK Share Commitment receiving one New Share and such number of Shares equal to the number of New Shares so received multiplied by the Exchange Factor,
  - (ii) pursuant to the Commitment, will issue the required number of Shares upon the exercise of GPK Share Commitments as is directed by the Company, and
  - (iii) the Company will, as agent for , collect and pay to a portion of the proceeds received for each GPK Share Commitment so exercised, with the balance of the exercise price to be retained by GPK, as determined in accordance with the Arrangement Agreement.

3.2 **No Fractional shares:** Not fractional Shares shall be distributed to the GPK Shareholders or the holders of GPK Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the next whole number. Any Distributed Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of GPK in its absolute discretion.

3.3 **GPK Shareholder:** The holders of the GPK Class A Shares and the holders of New Shares and GPK Class B Preferred Shares shall mean in all cases those persons who are GPK Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.

3.4 **Deemed Time for Redemption:** In addition to the chronological order in which the transactions and events set out herein shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the GPK Class B Preferred Shares set out herein shall occur and shall be deemed to occur immediately after the time of listing of the GPK Class B Preferred Shares on the TSX.V on the Effective Date.

## EXHIBIT II - 5

3.5 **Deemed Fully Paid and Non-Assessable Shares:** All New Shares, GPK Class B Preferred Shares and Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

3.6 **Arrangement Effectiveness:** The Arrangement shall become final and conclusively binding on all of the parties hereto and the Shareholders of GPK and 2801 Shangri-La on the Effective Date.

3.7 **Supplementary Actions:** Notwithstanding that the transactions and events set out in herein shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of GPK and 2801 Shangri-La shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in herein, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

### ARTICLE 4 CERTIFICATES

4.1 **GPK Class A Shares:** Recognizing that the GPK Shares shall be renamed and re-designated as GPK Class A Shares pursuant and that the GPK Class B Shares shall be exchanged partially for New Shares, GPK shall not issue replacement share certificates representing the GPK New Shares.

4.2 **GPK Distributed Shares:** Recognizing that the Distributed Shares shall be transferred to the GPK Shareholders as consideration for the redemption of the GPK Class B Preferred Shares, 2801 Shangri-La shall issue one share certificate representing all of the Distributed Shares registered in the name of GPK, which share certificate shall be held by the Depository until the Distributed Shares are transferred to the GPK Shareholders and such certificate shall then be cancelled by the Depository. To facilitate the transfer of the Distributed Shares to the GPK Shareholders as of the Share Distribution Record Date, GPK shall execute and deliver to the Depository and the Transfer Agent a Treasury Order authorizing them to distribute and transfer the Distributed Shares to such GPK Shareholders in accordance with the terms of this Plan of Arrangement and shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.

4.3 **GPK Class B Preferred Shares:** Recognizing that all of the GPK Class B Preferred Shares issued to the GPK Shareholders will be redeemed by GPK as consideration for the distribution and transfer of the Distributed Shares, GPK shall issue one share certificate representing all of the GPK Class B Preferred Shares in the name of the Depository, to be held by the Depository for the benefit of the GPK Shareholders until such GPK Class B Preferred Shares are redeemed, and such certificate shall then be cancelled.

4.4 **Delivery of Share Certificates:** As soon as practicable after the Effective Date, shall cause to be issued to the registered holders of GPK Shares as of the Share Distribution Record Date, share certificates representing the Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates to be mailed by regular post to such registered holders.

4.5 **New Share Certificates:** From and after the Effective Date, share certificates representing GPK Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.

4.6 **Interim Period:** GPK Shares traded after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed Shares.

### ARTICLE 5 RIGHTS OF DISSENT

5.1 **Dissent Right:** Holders of GPK Shares may exercise rights of dissent (the "**Dissent Right**") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 - 247 of the BCBCA (collectively the "**Dissent Procedures**").

EXHIBIT II - 6

5.2 **Dealing with Dissenting Shares:** GPK Shareholders who duly exercise Dissent Rights with respect to their GPK Shares ("**Dissenting Shares**") and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to GPK for cancellation immediately before the Effective Date; or
- (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting GPK Shareholder and shall receive New Shares and Shares on the same basis as every other non-dissenting GPK Shareholder, and in no case shall GPK be required to recognize such persons as holding GPK Shares on or after the Effective Date.

5.3 **Reservation of Shares:** If an GPK Shareholder exercises the Dissent Right, GPK shall on the Effective Date set aside and not distribute that portion of the Distributed Shares that is attributable to the GPK Shares for which the Dissent Right has been exercised. If the dissenting GPK Shareholder is ultimately not entitled to be paid for their Dissenting Shares, GPK shall distribute to such GPK Shareholder his *pro-rata* portion of the Distributed Shares. If a GPK Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then GPK shall retain the portion of the Distributed Shares attributable to such GPK Shareholder (the "**Non-Distributed Shares**"), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of GPK in its absolute discretion.

**ARTICLE 6**  
**REFERENCE DATE**

6.1 **Reference Date:** This plan of arrangement is dated for reference the 18<sup>th</sup> day of April, 2011

## EXHIBIT III

### SPECIAL RIGHTS AND RESTRICTIONS FOR GPK CLASS B PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

#### Definitions

- (1) In these Special Rights and Restrictions,
  - (a) "**Arrangement**" means the arrangement pursuant to Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of April 18th, 2011, between GPK Resources Inc. (the "**Company**") and 2801 Shangri-La Holdings Ltd. ("2801 Shangri-La")
  - (c) "**Old Common Shares**" means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
  - (d) "**Effective Date**" means the date upon which the Arrangement becomes effective,
  - (e) "**New Shares**" means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
  - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Exhibit II to the Arrangement Agreement.
- (2) The holders of the class B preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Shares shall only be issued on the exchange of Class "A" common shares for New Shares and class B preferred shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the class B preferred shares shall be the amount determined in accordance with the Plan of Arrangement.
- (5) The class B preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any class B preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

SCHEDULE "C"



FORM35

(RULES 8-4 (1), 13-1 (3) AND 17-1 (2))

No. S-113341

Vancouver Registry

In the Supreme Court of British Columbia

Between

GRAND PEAK CAPITAL CORP.

Petitioner

IN THE MATTER OF AN ARRANGEMENT AMONG GRAND PEAK CAPITAL CORP. THE SHAREHOLDERS OF GRAND PEAK CAPITAL CORP. AND 2801 SHANGRI-LA HOLDINGS LTD.

ORDER MADE AFTER APPLICATION

[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]

BEFORE THE HONOURABLE

BEFORE A JUDGE OF THE COURT

BEFORE A MASTER OF THE COURT MASTER TOKAREK MAY 24, 2011

Vancouver JJC

THE APPLICATION of the Petitioner for an interim order for directions of the Court in connection with a proposed arrangement pursuant to Sections 288 and 291 of the Business Corporations Act (British Columbia), S.B.C. 2002 c. 57 as amended, without a hearing, at New Westminster, British Columbia on the day of June, 2011 AND UPON READING the Petition herein dated May 18, 2011 and Affidavit #1 of Sonny Janda sworn on the 18th day of May, 2011 and filed herein

THIS COURT ORDERS that:

THE MEETING

A Grand Peak Capital Corp. ("GPK") is authorized and directed to call, hold and conduct an annual and special meeting (the "Meeting") of the common shareholders of GPK (the "GPK Shareholders") to be held at 2:00 P.M on June 30, 2011, at 8338-120th Street, Surrey, B.C. or at such other location to be determined by GPK.

- B. At the Meeting, GPK Shareholders will, *inter alia*, consider, and if deemed advisable, approve, with or without variation, a special resolution (the "**Arrangement Resolution**") adopting, with or without amendment, the arrangement (the "**Arrangement**") involving GPK, GPK Shareholders and 2801 Shangri-la Holdings Ltd. ("2801 Shangri-La") as set forth more particularly in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "A" to the Affidavit #1 of Sonny Janda sworn the 18<sup>th</sup> day of May, 2011 (the "**Affidavit**") and filed herein.
- C. The Meeting will be called, held and conducted in accordance with the Notice of Annual and Special Meeting to be delivered to the GPK Shareholders in substantially the form attached to and forming part of the Management Information Circular attached as Exhibit "C" to the Affidavit (the "**Circular**"), and in accordance with applicable provisions of the *Business Corporations Act* (British Columbia) (the "**Corporations Act**") the Articles of GPK, the *Securities Act* (British Columbia) (the "**Securities Act**"), and related rules and policies, the terms of this Order (the "**Interim Order**") and any further Order of this Court, the rulings and directions of the Chairman of the Meeting, and, to the extent of any inconsistency or discrepancy between the Interim Order and the terms of any of the foregoing, the Interim Order will govern.

#### **RECORD DATE FOR NOTICE**

- D. The record date for determination of the GPK Shareholders entitled to receive the notice of Meeting, the Circular and a form of proxy (the "**Meeting Materials**") will be the close of business (PST) on May 18, 2011 (the "**Record Date**") or such other date as the directors of GPK may determine in accordance with the Articles of GPK, the Corporations Act and the Securities Act, and disclosed in the Meeting Materials.

#### **NOTICE OF MEETING**

- E. The Meeting Materials, with such amendments or additional documents GPK may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, and a copy of this Interim Order, will be sent at least twenty-one (21) days prior to the date of the Meeting, to:
- (a) GPK Shareholders who are registered shareholders on the Record Date and to brokerage intermediaries on behalf of beneficial GPK Shareholders where applicable, by prepaid ordinary mail addressed to each registered GPK Shareholder at his, her or its address as maintained by the registrar and transfer agent of GPK or delivery of same by courier service or by facsimile transmission or e-mail transmission to any such GPK Shareholder who identifies himself, herself or itself to the satisfaction of GPK and who requests such courier, facsimile or e-mail transmission; and
- (b) the directors and auditors of GPK by prepaid ordinary mail, facsimile or e-mail transmission.
- F. The accidental failure or omission by GPK to give notice of the Meeting or the Petition to any person in accordance with this Interim Order, as a result of mistake or of events beyond the reasonable control of GPK (including, without limitation, any inability to utilize postal services due to a postal strike or otherwise) shall not constitute

a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceedings taken at the Meeting, but if any such accidental failure or omission is brought to the attention of GPK, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances. Such rectified notice shall be deemed to be good and sufficient notice of the Meeting and/or this Petition, as the case may be.

- G. The distribution of the Meeting Materials pursuant to paragraph E of this Interim Order shall constitute good and sufficient notice of the Meeting to registered and non-registered Shareholders, to the directors of GPK and to the auditors of GPK.
- H. GPK is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials ("**Additional Information**") in accordance with the terms of the Arrangement as GPK may determine to be necessary or desirable and notice of such Additional Information may be communicated to GPK Shareholders by news release, newspaper advertisement or one of the methods by which the Meeting Materials will be distributed.

#### **DEEMED RECEIPT OF MEETING MATERIALS**

- I. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the GPK Shareholders:
  - a. In the case of mailing to registered GPK Shareholders or, in the case of delivery by courier of materials to brokerage intermediaries, five days after delivery thereof to the post office or acceptance by the courier service, respectively; and
  - b. In the case of delivery by courier, facsimile transmission or e-mail transmission directly to a registered GPK Shareholder, the business day after such delivery or transmission of same.
- J. Subject to other provisions of this Interim Order, no other form of service or delivery of the Meeting Materials or any portion thereof need be made, or notice given, or other material served in respect of the Meeting to any persons described in paragraph E of this Interim Order or to any other persons.

#### **PERMITTED ATTENDEES**

- K. The persons entitled to attend the Meeting will be GPK Shareholders of record as of the close of business (PST) on the Record Date, their respective proxies, the officers, directors and advisors of GPK and such other persons who receive the consent of the Chairman of the Meeting to attend.

#### **VOTING AT THE MEETING**

- L. The only persons permitted to vote at the Meeting will be the registered GPK Shareholders as of the close of business (PST) on the Record Date or their valid proxy holders as described in the Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined).
- M. The requisite approval of the Arrangement Resolution will be 66 2/3% of the votes

case on the resolution by the GPK Shareholders present in person or by proxy at the Meeting. Each common share of GPK voted will carry one vote.

- N. A quorum for the Meeting will be the quorum required by the Articles of GPK.
- O. In all other respects, the terms, restrictions and conditions of the constating documents of GPK will apply in respect of the Meeting.
- P. For the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

#### **ADJOURNMENT OF MEETING**

- Q. Notwithstanding any provision of the Corporations Act or the Articles of GPK, the board of directors of GPK shall be entitled if it deems advisable, to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the GPK Shareholders respecting the adjournment or postponement and without the need for approval of the Court.
- R. The Record Date for GPK Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

#### **AMENDMENTS**

- S. GPK is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

#### **SCRUTINEER**

- T. A representative of GPK'S registrar and transfer agent (or any agent thereof) (the "Scrutineer"), will be authorized to act as scrutineer for the Meeting.

#### **PROXY SOLICITATION**

- U. GPK is authorized to permit the GPK Shareholders to vote by proxy using the form of proxy, in substantially the same form as attached as Exhibit "B" to the Affidavit. GPK is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communications as it may determine.
- V. GPK may in its discretion waive the time limits for deposit of proxies by GPK Shareholders if GPK deems it reasonable to do so.

## DISSENT RIGHTS

- W. The GPK Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Division 2 of Part 8 of the Business Corporations Act, strictly applied and as may be modified by the Plan of Arrangement.

## SERVICE OF COURT MATERIALS

- X GPK will include in the Meeting Materials a copy of this Interim Order and the Notice of Hearing of Petition and will make available to any GPK Shareholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit (collectively, the "**Court Materials**"). The service of the Petition and Affidavit in support of the within proceedings to any GPK Shareholder requesting same is hereby dispensed with.
- Y. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

## FINAL APPROVAL HEARING

- Z. Upon the approval by the GPK Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, GPK may apply for an order of this Honourable Court approving the Plan of Arrangement (the "**Final Order**") and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9:45 a.m. on July 13th, 2011 or such later date as directed by this Honourable Court.
- AA The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.
- BB Any GPK Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such GPK Shareholder shall file an Appearance, in the form prescribed by the Civil Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Appearance together with a copy of all materials on which such GPK Shareholder intends to rely at the application for the Final Order, including an outline of such GPK Shareholder's proposed submissions to the Petitioner at 8338-120th Street, Surrey, British Columbia, V3W 3N4 Attention: Sonny Janda at or before 10:00 a.m. on July 2, 2011, subject to the direction of this Honourable Court.
- CC If the application for the Final Order is adjourned, only those persons who have filed and delivered an Appearance, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

DD The Petitioner shall not be required to comply with Rules 8-1, 8-2 and 16-1 of the Civil Rules of Court in relation to the hearing of the Final Order approving the Plan of Arrangement and such rules will not apply to any application to vary this Interim Order.

**VARIANCE**

EE GPK is at liberty to apply to this Honourable Court to vary this Interim Order or for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order and such further and other relief as this Honourable Court may consider just.

Signature of party

Grand Peak Capital Corp.



Date: May 24th, 2011



By the Court.



Registrar

## SCHEDULE “D”

### Division 2 – Dissent Proceedings

#### Definitions and application

#### 237 (1) In this division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 381(1)(g), the resolution provides otherwise.

#### Right to dissent

**238** (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the power of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must:

- (a) prepare a separation notice of dissent under section 242 for

- (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

- 240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

**243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

**Completion of dissent**

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

**Payment for notice shares**

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those

notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with this division.

**SCHEDULE “E”**

**GRAND PEAK CAPITAL CORP.**

**Consolidated Financial Statements  
For the Years Ended  
September 30, 2010 and 2009**

**Stated in CDN\$**

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**ACAL GROUP**  
**CHARTERED ACCOUNTANTS**  
**PCAOB & CPAB Registrant**

## AUDITORS' REPORT

To: the Shareholders of  
Grand Peak Capital Corp.

We have audited the consolidated balance sheet of Grand Peak Capital Corp. as at September 30, 2010 and the consolidated statements of operations, deficit, comprehensive income and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2010, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at September 30, 2009 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated February 3, 2010.

***"ACAL Group"***  
Chartered Accountants

Vancouver, British Columbia  
January 26, 2011

	2010		2009
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 471,839	\$	264,859
Accounts receivable	930		565,000
Marketable securities (Note 11)	8,820,367		4,154,950
Loans receivable (Note 4)	237,419		37,527
HST/GST receivable	2,232		8,956
	9,532,787		5,031,292
Deposits on asset (Note 5)	276,250		276,250
Equipment (Note 6)	2,993		4,275
Incorporation costs	460		460
	\$ 9,812,490	\$	5,312,277
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	\$ 69,191	\$	292,804
Loan payable (Note 13)	-		536,373
	69,191		829,177
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 7)	8,930,409		6,263,880
Contributed surplus	1,505,448		1,505,448
Accumulated other comprehensive income (Note 8)	3,651,147		2,042,260
Deficit	(4,343,705)		(5,328,488)
	9,743,299		4,483,100
	\$ 9,812,490	\$	5,312,277

Continuance of Operations (Note 1)

***Approved by the Board:***

"Navchand Jagpal", Director

"Sonny Janda", Director

	<b>2010</b>	<b>2009</b>
<b>Revenue</b>		
Property management	\$ -	\$ 391,552
Consulting fees	87,926	-
Finder fee revenue	-	147,509
Rent revenue	23,860	25,576
Interest and royalty income	13,027	41,076
	<u>124,813</u>	<u>605,713</u>
<b>Expenses</b>		
Amortization	1,282	3,239
Bank charges and interest	593	37,066
Consulting	-	44,696
Foreign exchange loss	16,900	-
Management fees	-	28,900
Miscellaneous	8,170	41,143
Office, administration and travel	25,923	55,565
Professional fees	49,733	165,228
Rent	72,200	137,760
Telephone	-	4,514
Transfer agent and regulatory filing fees	15,521	45,980
	<u>190,322</u>	<u>564,091</u>
<b>Income (loss) before other items:</b>	(65,509)	41,622
Gain on sale of marketable securities	876,039	184,944
Unrealized gain on marketable securities	80,000	-
Write-off deferred exploration cost	-	(164,523)
Gain on debt settlements	94,253	-
	<u>984,783</u>	<u>62,043</u>
<b>Net income for the year</b>	984,783	62,043
<b>Deficit, beginning of the year</b>	(5,328,488)	(5,138,359)
<b>Spin off equity distribution</b>	-	(252,172)
<b>Deficit, end of the year</b>	<u>\$ (4,343,705)</u>	<u>\$ (5,328,488)</u>
Basic earnings per common share	\$0.05	\$0.00
<b>Weighted average No of common shares o/s</b>	<u>21,428,346</u>	<u>13,439,305</u>
<b>Comprehensive Income</b>		
Net income for the year	984,783	62,043
Other Comprehensive income in the year	1,608,887	1,819,293
Comprehensive income for the year	<u>\$ 2,593,670</u>	<u>\$ 1,881,336</u>

	2010	2009
<b>Operating Activities</b>		
Net income for the year	\$ 984,783	\$ 62,043
Adjustment for items which do not involve cash:		
Unrealized gain on marketable securities	(80,000)	-
Amortization	1,282	3,239
Interest on loan payable	-	35,780
Gain on sale of marketable securities	(876,039)	(184,944)
Gain on disposition of truck	-	(9,678)
Write-off of deferred exploration costs	-	164,523
Gain on debt settlements	(94,253)	-
	<u>(64,227)</u>	<u>70,963</u>
Changes in non-cash working capital components:		
Prepaid	-	44,767
Accounts receivable	570,902	(448,360)
Accounts payable and accrued liabilities	(49,360)	102,080
	<u>457,315</u>	<u>(230,550)</u>
<b>Investing Activities</b>		
Deposit on asset	-	(56,927)
Marketable securities	(2,100,491)	(1,284,582)
Equipment	-	24,366
Loan receivable	(200,000)	(41,302)
	<u>(2,300,491)</u>	<u>(1,358,445)</u>
<b>Financing Activities</b>		
Loan payable	(616,373)	-
Common shares issued for cash	2,666,529	1,129,151
Share issue costs	-	(55,168)
	<u>2,050,156</u>	<u>1,073,983</u>
<b>Effect of foreign exchange on cash</b>	<u>-</u>	<u>14,124</u>
<b>Net cash provided (used) during the year</b>	206,980	(500,888)
<b>Cash and equivalents, beginning of year</b>	<u>264,859</u>	<u>765,747</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 471,839</u>	<u>\$ 264,859</u>