

PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (MONTREAL TIME) ON FEBRUARY 26, 2019.

This rights offering circular (the “Rights Offering”) is prepared by Axe’s management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.

This is the circular we referred to in Rights Offering Notice (as hereinafter defined) dated November 8, 2018, which you should have already received. Your Rights Certificate and the documents established in accordance with the relevant annexes were attached to this notice. This Rights Offering circular should be read in conjunction with the Rights Offering Notice and the Corporation’s continuous disclosure prior to making an investment decision.

The offer of these securities is being made in all of the provinces and territories of Canada. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This Rights Offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

Rights Offering Circular

November 8, 2018

Axe Exploration Inc.



OFFERING OF RIGHTS TO SUBSCRIBE FOR COMMON SHARES AT A PURCHASE PRICE OF \$0.04 PER COMMON SHARE

References in this circular to **we, our, us** and similar terms mean to Axe Exploration Inc. (the “**Corporation**” or “**Axe**”). References in this circular to **you, your** and similar terms mean to holders of the Corporation’s share capital common shares (the “**Common Shares**”). Unless otherwise indicated, references herein to “\$” or “**dollars**” are to Canadian dollars.

SUMMARY OF THE RIGHTS OFFERING

Why are you reading this Rights Offering circular?

This Circular provides details about the Rights Offering and supplements the Rights Offering notice dated November 8, 2018 (the “**Notice**”) which you should have already received by mail.

The Corporation has announced the execution of a conditional letter of intent with the shareholders of Terranueva Pharma Corporation (“**Terranueva Pharma**”) for the acquisition of all Terranueva Pharma’s securities and upon which the Corporation will change its name for Terranueva Corporation (the “**Acquisition**”) as well as consolidate its Common Share on a ratio of one (1) new share per sixteen (16) previous shares (the “**Consolidation**”), the whole as described in the press release dated July 25, 2018 (the Acquisition and the Consolidation collectively referred to as the “**Transaction**”), (see www.sedar.com).

Concurrently, but independently with the completion or not of the Transaction, the Corporation issues, as of November 28, 2018 (the “**Effective Date**”), to the holders of our outstanding Common Shares of record at the close of business on October 25, 2018 (the “**Record Date**”) and who are resident in a province or territory of Canada (the “**Eligible Jurisdictions**”), a maximum of 62,932,645 Rights to subscribe for an aggregate maximum of 62,932,645 Common Shares on the terms set forth herein (the “**Rights Offering**”).

What is being offered?

Each holder of Common Shares on the Record Date who is resident in an Eligible Jurisdiction will receive one (1) Right for every Common Share held. No fractional Rights will be issued. In addition, Axe will not issue any fraction of Common Shares resulting from the Consolidation. As a result, the fractions of Common Shares resulting from the Consolidation will be rounded up to the next higher whole number when the resulting fraction is 0.5 or more. Otherwise, fractional shares will be canceled.

What does one Right entitle you to receive?

Each Right entitles you to subscribe for one (1) Common Share upon payment of the Subscription Price (as hereinafter defined) (the “**Subscription Privilege**”). In the event of the closing of the Consolidation, each Right entitles you to subscribe for one-sixteenth (1/16) Common Share on payment of the Subscription Price.

What is the Subscription Price?

The Subscription Price is \$ 0.04 per Common Share (the “**Subscription Price**”).

In the event of the closing of the Consolidation, the Subscription Price will be adjusted proportionately (16x) and will be equivalent to a price of \$ 0.64 per Common Share post-Consolidation.

When does the Rights Offering expire?

The Rights Offering expires at 5:00 pm (Montreal time) on February 26, 2019 (the “**Expiry Time**”), being 90 days after the Effective Date of the Rights Offering pursuant to paragraph (b) of the paragraph 6 of section 2.1 of *Regulation 45-106 respecting Prospectus Exemptions*. Rights not exercised before the Expiry Time will become void and of no value.

What are the significant attributes of the Rights issued under the Rights Offering and the securities to be issued upon the exercise of the rights?

Each Right entitles the holder thereof to purchase one (1) Common Share at the Subscription Price. The Rights are transferable. See “*How does a Rights holder sell or transfer Rights?*” Rights do not entitle the holder thereof to any rights whatsoever as a security holder of the Corporation other than the right to subscribe for and purchase Common Shares on the terms and conditions described herein.

The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders, and to one vote at all such meetings in respect of each Common Share held. The holders of Common Shares are entitled to receive dividends, if, as and when declared by the board of directors of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of Common Shares shall be entitled to participate ratably in any distribution of the assets of the Corporation.

As of the date hereof, there are 62,932,645 Common Shares issued and outstanding.

The number of Common Shares subject to the Rights Offering will be reduced proportionately upon the closing of the Consolidation of the Common Shares of the Corporation. In such a case, a corresponding adjustment will have to be made in order to change the number of Common Shares that may be issued upon the exercise of the Subscription Privilege. Axe will not issue any fraction of Common Shares resulting from the Consolidation.

What are the minimum and maximum number or amount of Common Shares that may be issued under the Rights Offering?

Assuming the exercise of all Rights, a maximum of 62,932,645 Common Shares will be issued under the Rights Offering for gross proceeds to the Corporation of \$2,517,305.80.

There is no minimum number of Common Shares that may be issued under the Rights Offering. See “*Insider Participation*”.

Where will the Rights and the securities issuable upon exercise of the Rights be listed for trading?

Before the closing of the Transaction, the Common Shares were listed on the TSX Venture Exchange (TSX-V) under the trading symbol “AXQ”.

The trading of the Common Shares of the Corporation was terminated at the request of the TSX-V on July 24, 2018, following the announcement of the Transaction, at a price of \$0.06. If the Transaction does not proceed, the Common Shares will trade on the TSX-V. If the Transaction goes ahead and takes place, the Common Shares will be listed on the Canadian Securities Exchange (the “CSE”) under the trading symbol “TEQ”.

FORWARD-LOOKING STATEMENTS

This circular contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this circular include, without limitation, statements with respect to our expectations regarding the estimated costs of the Rights Offering and the net proceeds to be available upon completion; the use of proceeds from the Rights Offering and the availability of funds from sources other than the Rights Offering; the listing of the Common Shares on the CSE or TSX-V as the case may be, and our ability to continue as a going concern.

The forward-looking statements are based on a number of key expectations and assumptions made by the Corporation's management relating to the Corporation including, but not limited to: the completion of the Rights Offering; the estimated costs of the Rights Offering; the estimated amount of funds raised under the Rights Offering; and the anticipated operating expenses of the Corporation for the 12 month period following the expiry of the Rights Offering.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the Corporation's actual results to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Corporation. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainties relating to the availability and cost of funds; closing of the Transaction; closing of the Rights Offering; the uncertainty associated with estimating costs to completion of the Rights Offering, including those yet to be incurred; dilution of the shareholdings of shareholders who do not exercise all of their rights under the Rights Offering; uncertainties relating to the trading market for rights; irrevocability of the exercise of rights by a shareholder; the Subscription Price is not necessarily an indication of value; if a shareholder fails to follow the subscription procedure and abide by the subscription deadline, their subscription may be rejected; and other risks and uncertainties related to the Corporation's business and the closing of the Transaction and the Rights Offering, including those described in the Corporation's public disclosure documents on SEDAR at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

USE OF AVAILABLE FUNDS

What will our available funds be upon closing of the Rights Offering?

Assuming the exercise of all rights, the maximum net proceeds to the Corporation from the Rights Offering will be approximately \$2,483,276.60 after deducting estimated expenses and selling fees of \$34,029.20 associated with the Rights Offering.

		Assuming 15% of offering	Assuming 50% of offering	Assuming 75% of offering	Assuming 100% of offering
A	Amount to be raised by this offering	377,595.87 \$	1,258,652.90 \$	1,887,979.35 \$	2,517,305.80 \$
B	Selling commissions and fees	N/A	N/A	N/A	N/A
C	Estimated offering costs (e.g., legal, Rights issue agent, filing fees)	\$30,416.70	\$31 904.20	\$32 966.70	\$34 029.20
D	Available Funds : D = A - (B+C)	\$347,179.17	\$1,226,748.70	\$1,855,012.65	\$2,483,276.60
E	Additional sources of funding required	N/A	N/A	N/A	N/A
F	Working capital deficiency	N/A	N/A	N/A	N/A
G	Total : G = (D+E) - F	\$347,179.17	\$1,226,748.70	\$1,855,012.65	\$2,483,276.60

How will we use the available funds?

The net proceeds generated by the Rights Offering (the “**Available Funds**”) will be used to further fund the Corporation's business and development strategy and to fund working capital for continuing operations, as shown in the table below.

Description of intended use of Available Funds listed in order of priority.	Assuming 15% of offering	Assuming 50% of offering	Assuming 75% of offering	Assuming 100% of offering
Fund the business and development strategy	\$72,179.17	\$241,748.70	\$870,012.65	\$1,498,276.60
Working Capital	\$275,000.00	\$985,000.00	\$985,000.00	\$985,000.00
TOTAL	\$347,179.17	\$1,226,748.70	\$1,855,012.65	\$2,483,276.60

The Corporation intends to spend the Available Funds as indicated. The Corporation will reallocate funds solely for legitimate business reasons.

How long will the Available Funds last?

Management of the Corporation anticipates that the Available Funds from the Rights Offering, assuming 100% participation, will be sufficient for the next eighteen (18) months.

In addition, the closing of the Transaction, whether the minimum offering or the maximum offering, would allow the Corporation to meet some of its short- and medium-term cash requirements and retain the ability to support its planned or future growth or to finance its development activities.

Refer to the latest Axe's Management Report (Risk Factors) and the "*Information Concerning the Transaction –Risk factors*" section of the Circular for a description of all situations that could jeopardize such sources of financing.

INSIDER PARTICIPATION**Will insiders be participating in the Rights Offering?**

To the knowledge of the Corporation, after reasonable inquiry, the only insiders of the Corporation who could be participating in the Rights Offering are Messrs. David McDonald and Pascal Ducharme. Their respective intended participations could be as follows, but no decision has been taken by them as of the date hereof: David McDonald, President and Chief Executive Officer of the Corporation, owns conditionally 5,500,000 Common Shares, therefore 5 500 000 possible Rights. Pascal Ducharme, a director of the Corporation, owns 140,731 Common Shares, therefore 140,731 possible Rights.

Who are the holders of 10% or more of our securities before and after the Rights Offering?

To the knowledge of the Corporation, after reasonable inquiry, as at the date hereof, no person currently (or will following the Rights Offering) beneficially owns, directly or indirectly, or controls or directs more than 10% of the issued and outstanding Common Shares.

DILUTION**If you do not exercise your Rights, by how much will your security holdings be diluted?**

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Common Shares to which you are entitled to subscribe for under the Subscription Privilege. If you do not exercise your Rights, the value of the Common Shares currently held by you will be diluted as a result of the exercise of Rights by others.

As an illustration, if you own 200,000 Common Shares on the Record Date but fail to exercise your Right to purchase 200,000 Common Shares under the Rights Offering pursuant to the Subscription Privilege, and all other Shareholders fully exercise their Subscription Privilege (i.e. the Corporation issues approximately 62,732,645 Common Shares) and if the Transaction does not occur, the percentage of Common Shares you hold will decrease from approximately 0.317% to 0.159%; or if the Transaction occurs, the percentage of Common Shares you hold will decrease from approximately 0.317% to 0.035%.

STAND-BY COMMITMENT

Who is the stand-by guarantor and what are the fees?

There is no stand-by guarantor.

MANAGING DEALER AND SOLICITING DEALER

Who is the managing dealer or soliciting dealer and what are its fees?

The Corporation has not retained any party to solicit subscriptions for Common Shares pursuant to the Rights Offering.

HOW TO EXERCISE THE RIGHTS

How does a security holder that is a registered holder participate in the Rights Offering?

If you are a registered holder of Common Shares in an Eligible Jurisdiction, a certificate representing the total number of transferable Rights to which you are entitled as at the Record Date has been mailed to you with a copy of the Notice (the “**Rights Certificate**”). To exercise the Rights represented by the Rights Certificate, you must complete and deliver the Rights Certificate in accordance with the instructions set out below. Rights not exercised after the Effective Date at or prior to the Expiry Time will become void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights Certificate and delivery to the Depository will only be effective when actually received by the Depository at its subscription office, see “*Appointment of Depository - Who is the Depository?*”. Rights Certificates and payments received after the Expiry Time will not be accepted.

In order to exercise your rights you must:

1. **Complete and sign Form 1 on the Rights Certificate.** The maximum number of Rights that you may exercise under the Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. If you complete the Form 1 so as to exercise some but not all of the Rights evidenced by the Rights Certificate, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Depository at the time the Rights Certificate is surrendered to the Depository.
2. **Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** (the “**Depository**”) To exercise the Rights pursuant the Subscription Privilege, you must pay \$0.04 (this price will be \$0.64 in the event of the closing of the Transaction).
3. **Delivery.** Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Depository so that it is received by the subscription office of the Depository set forth below before the Expiry Time. Please allow sufficient time to avoid late delivery.

Delivery can be made as follows:

By mail:

Computershare Investor Services Inc.
P.O. Box 7021,
31 Adelaide Street E.,
Toronto ON M5C 3H2

Attention: Corporate Actions

or at

Computershare Investor Services Inc.
650 De Maisonneuve Ouest, 7e étage,
Montréal, QC H3A 3S8

Attention: Corporate Actions

By hand, courier or registered mail:

Computershare Investor Services Inc.
100 University Ave., 8th Floor
Toronto, ON M5J 2Y1

Attention: Corporate Actions

or at

Computershare Investor Services Inc.
650 De Maisonneuve Ouest, 7e étage,
Montréal, QC H3A 3S8

Attention: Corporate Actions

Delivery by hand, registered mail or courier service with return receipt requested and which is properly insured, allowing sufficient time to ensure delivery before the Expiry Date, is recommended. Deposit in the mail does not constitute delivery to the Depository.

Any eligible holder of Rights that fails to complete his subscription in accordance with the foregoing instructions from the Effective Date and prior to the Expiry Time will forfeit his rights under his Subscription Privilege.

Rights Certificates returned to the Depository as undeliverable will be held by the Depository until the Expiry Time, after which time the Rights represented by such Rights Certificate will be void and of no value. The Depository will not sell or attempt to sell such undelivered Rights and no proceeds of sale will be credited to holders of such Rights.

The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Depository. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion. Subscriptions Privilege are irrevocable. The Corporation reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Corporation also reserves the right to waive any defect in respect of any particular subscription. Neither we nor the Depository is under any duty to give any notice of any defect or irregularity in any subscription, nor will we be liable for the failure to give any such notice.

How does a security holder that is not a registered holder participate in the Rights Offering?

You are a beneficial eligible holder if you hold your Common Shares through a securities broker or dealer, bank or trust company or other CDS Participant (each, a “**CDS Participant**”) in the book-based system administered by CDS Clearing and depository Services Inc. (**CDS**). The total number of Rights to which all beneficial eligible holders as at the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Effective Date. We expect that each beneficial eligible holder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding rights.

Neither the Corporation nor the Depository will have any liability for (i) the records maintained by CDS or CDS Participants relating to the rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such rights, or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or CDS Participants.

If you are a beneficial eligible holder, to exercise your Rights held through a CDS Participant, you must instruct such CDS Participant to exercise all or a specified number of such Rights, and forward to such CDS Participant, the Subscription Price for each Common Share that you wish to subscribe for.

Any excess funds will be returned to the relevant CDS Participant for the account of the beneficial holder, without interest or deduction.

Who is eligible to receive Rights?

No offering outside of Eligible Jurisdictions. The Rights are being offered to shareholders (the “eligible holders”) in each of the provinces and territories of Canada. Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Corporation. This Rights Offering circular is not to be construed as a Rights Offering, nor are the Common Shares issuable upon exercise of the rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions.

For the purposes hereof, an “eligible holder” will include any person in respect of whom the Corporation recognizes, in its sole discretion, that the Rights Offering to such person and the subscription by such person of the Common Shares issuable upon the exercise of such rights (as applicable) is lawful and in compliance with all securities and other laws applicable in the

jurisdiction where such person resides, in particular, that it is the object of a prospectus exemption.

Ineligible holders may not acquire Rights or the Common Shares issuable upon exercise of the Rights. We will not issue or forward Rights Certificates to ineligible holders. Ineligible holders will be presumed to be resident in the place of their registered address.

A holder of rights not resident in an Eligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the rights provided the holder furnishes an investor letter, satisfactory to us, on or before February 12, 2019 representing to us that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfying us that such subscription is lawful and in compliance with all securities and other applicable laws, in particular, that it is the object of a prospectus exemption (an “approved eligible holder”).

CDS Participants receiving Rights on behalf of beneficial ineligible holders may not permit the exercise of such Rights by such ineligible holders, unless the holders are approved eligible holders.

Holders of Rights who are not resident in Canada should be aware that the acquisition and disposition of Rights or Common Shares may have tax consequences in the jurisdiction where they reside, which are not described herein. Accordingly, such holders should consult their own tax advisors about the specific tax consequences in the jurisdiction where they reside of acquiring, holding and disposing of Rights or Common Shares.

How does a rights holder sell or transfer Rights?

Registered holders of Rights

If you do not wish to exercise your rights, you may sell or transfer them directly or through your stockbroker or investment dealer at your expense, subject to any applicable resale restrictions. See *"How to exercise the rights- Are there restrictions on the resale of securities?"* You may elect to exercise a part only of your Rights and dispose of the remainder or dispose of all your Rights. Any fee payable in connection with the exercise of rights (other than the fee for services to be performed by the Depository as described herein) is the responsibility of the holder of such rights.

If you wish to transfer your Rights, complete Form 3 (the transfer form) on the Rights Certificate, have the signature guaranteed by an eligible institution to the satisfaction of the Depository and deliver the Rights Certificate to the transferee. For this purpose, eligible institution means a Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP) or a member of the Stock Exchange Medallion Program (SEMP). Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights, but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Corporation and the Depository will treat the transferee as the absolute owner of the Rights Certificate for all purposes and the transferee will not be affected by any notice to the contrary. A Rights Certificate so completed should be delivered to the appropriate person in ample time for the transferee to use it before the expiration of the Rights.

Beneficial holders of rights

If you hold Common Shares through a CDS Participant, you must arrange for the exercise, transfer or purchase of Rights through that CDS Participant.

Are there restrictions on the resale of securities?

Rights, and the Common Shares issuable upon exercise of such Rights, distributed to shareholders in the Eligible Jurisdictions may be resold without hold period restrictions under the applicable securities laws of the Eligible Jurisdictions provided that: (i) the sale is not by a "control person" of the Corporation; (ii) no unusual effort is made to prepare the market or create a demand for the securities being resold; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (iv) if the selling security holder is an insider or officer of the Corporation, the selling security holder has no reasonable grounds to believe that the Corporation is in default of securities legislation.

The Rights and the Common Shares issuable on exercise of the Rights have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state of the United States. Accordingly, the Rights and Common Shares issuable upon exercise thereof may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, absent an exemption from United States federal and state registration requirements. "United States" and "U.S. person" are as defined in Regulations under the U.S. Securities Act.

Each holder is urged to consult their professional advisor to determine the exact conditions and restrictions applicable to the right to trade in securities.

Will we issue fractional underlying securities upon exercise of the Rights?

No fractional Common Shares will be issued. Axe will not issue any fraction of Common Shares resulting from the Consolidation. As a result, the fractions of Common Shares resulting from the Consolidation will be rounded up to the next higher whole number when the resulting fraction is 0.5 or more. Otherwise, fractional shares will be canceled.

APPOINTMENT OF DEPOSITORY**Who is the Depository?**

Computershare Investor Services Inc. is the Depository for the Rights Offering. The Depository has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

ADDITIONAL INFORMATION**Where can you find more information about the Corporation?**

You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at www.sedar.com.

MATERIAL FACTS AND MATERIAL CHANGES

Any material fact or material change on Axe Exploration Inc. has been made public.

RISK FACTORS

An investment in the Rights or Common Shares issuable upon exercise of the Right is subject to certain risks, including those described below, as well as in our continuous disclosure documents. You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at www.sedar.com.

Uncertainties Relating to the Availability and Cost of Funds

The Corporation may need to raise additional capital by way of an offering securities. If the Corporation needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Corporation, or that any future offering of securities will be successful.

Uncertainties Relating to Closing of the Rights Offering

The closing of the Rights Offering is subject to certain risks and uncertainties.

Costs to completion of the Rights Offering

There is uncertainty associated with estimating costs to completion of the Rights Offering, including those yet to be incurred.

Dilution

If you do not exercise all of your Rights pursuant to the Subscription Privilege, your current percentage ownership in the Corporation will be diluted by the issuance of Common Shares upon the exercise of Rights by other holders of Rights.

Trading Market for the Common Shares

Although the Common Shares issued upon the exercise of the Rights will be listed either on the TSX-V or on the CSE, there is no assurance that an active or any trading market will develop for the Common Shares.

Exercise of Rights Is Irrevocable

You may not revoke or change the exercise of your Rights after you deliver your Rights Certificate with the appropriate subscription form(s) thereon completed and signed, together with your payment in full. The Common Share trading price could decline below the Subscription Price for the Common Shares, resulting in a loss of some or all of your subscription payment.

Subscription Price Not Necessarily Indication of Value

You should not consider the Subscription Price to be an indication of the Corporation's value, and the Common Shares may trade at prices above or below the Subscription Price.

Responsibilities of Holders of Rights

If you fail to follow the subscription procedures and meet the subscription deadline your subscription may be rejected. None of the Corporation, the Depository or any CDS Participant undertakes to contact you concerning, or will attempt to correct, an incomplete or incorrect payment or subscription form. Whether a subscription properly follows subscription procedures is solely within our discretion.