

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario and with the TSX Venture Exchange Inc. (the "Exchange") but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the British Columbia, Alberta and Ontario securities commissions.*

*This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PRELIMINARY PROSPECTUS

Initial Public Offering

November 7, 2011

### GIDEON CAPITAL CORP. (a Capital Pool Company)

**Offering: \$250,000 or 2,500,000 Common Shares**

**Price: \$0.10 per Common Share**

The purpose of this offering (the "Offering") is to provide Gideon Capital Corp. (the "Corporation") with a minimum of funds in order to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the Exchange, as hereafter defined, and in the case of a Non Arm's Length Qualifying Transaction must also receive Majority of the Minority Approval, as hereafter defined, in accordance with the TSX Venture Exchange Policy 2.4 (the "CPC Policy"). The Corporation is a Capital Pool Company ("CPC") as such term is hereafter defined. It has not commenced commercial operations and has no assets other than a minimum amount of cash and other assets disclosed in the financial statements provided for in this prospectus. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds". The Corporation hereby offers through its agent, Raymond James Ltd. (the "Agent") 2,500,000 common shares in the capital stock of the Corporation (the "Common Shares") at a price of \$0.10 per Common Share for gross proceeds of \$250,000.

This Offering is made on a commercially reasonable efforts basis by the Agent and is subject to receipt by the Corporation of subscriptions of 2,500,000 Common Shares for total gross proceeds to the Corporation of \$250,000. This Offering is also subject to approval of certain legal matters by Garfinkle Biderman LLP on behalf of the Corporation and by Miller Thomson LLP on behalf of the Agent. The Offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from the sale of the Common Shares will be deposited and held by the Agent (the "Depository") pursuant to the terms of the Agency Agreement as hereafter defined. If subscriptions for 2,500,000 Common Shares have not been received within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period and agreed to by the Agent, all subscription proceeds will be returned to subscribers without interest or deduction unless the subscribers have otherwise instructed the Depository. See "Plan of Distribution."

	<b>Common Shares</b>	<b>Offering Price</b>	<b>Agent's Commission<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering <sup>(3)</sup>	2,500,000	\$250,000	\$25,000	\$225,000

#### Notes:

- (1) The Agent will receive a cash commission of 10% (\$25,000) of the gross proceeds of this Offering. In addition, the Agent will be granted a non-transferable option (the "Agent's Option") to purchase that number of Common Shares that is equal to 10% (250,000) of the total number of Common Shares sold under this Offering, at a price of \$0.10 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange. In addition, the Agent will be reimbursed by the Corporation for its reasonable expenses and legal fees (which are estimated to be \$20,000 (plus disbursements and tax)). See "Plan of Distribution".
- (2) Before deducting the expenses of this Offering, not including the Agent's commission, estimated at \$85,000, including the listing fee payable to the Exchange. See "Use of Proceeds".
- (3) A total of 2,500,000 Common Shares are offered hereunder. In addition, this prospectus qualifies for distribution the Agent's Option, and options to purchase 1,250,000 Common Shares which are to be granted to the directors and officers of the Corporation (the "Incentive Stock Options"). See "Options to Purchase Securities".

## **Market for Securities**

**There is currently no market through which these securities may be sold.** The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Incentive Stock Options and the grant of the Agent's Option, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the prospectus is issued by the regulatory securities authorities of the Provinces of British Columbia, Alberta and Ontario and the time the Common Shares are listed for trading on the Exchange, except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **Risk Factors**

**Investment in the Common Shares offered hereunder should be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

## **Maximum Investment**

Pursuant to the CPC Policy, the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to this Offering is 2% or 50,000 of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 100,000 Common Shares.

## **Receipt of Subscriptions**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery at the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

**For further information relating to the Offering, please contact:**

**Raymond James Ltd.  
Suite 2200 – 925 West Georgia Street  
Vancouver, British Columbia, V6C 3L2**

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## GLOSSARY

"**Affiliate**" means a Company that is affiliated with another Company as described below.

A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Agency Agreement**" means an agency agreement dated ● , 2011, among the Corporation and the Agent.

"**Agent**" means Raymond James Ltd.

"**Agent's Option**" means non-transferable options to be granted to the Agent upon completion of the Offering to purchase 250,000 Common Shares exercisable at a price of \$0.10 per Common Share for a period of 24 months from the date of listing the Common Shares on the Exchange.

"**Aggregate Pro Group**" has the meaning ascribed to such term in Policy 1.1 - *Interpretation* of the TSX Venture Exchange Inc.

"**Agreement in Principle**" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm's Length Parties to the CPC or the Non Arm's Length Parties to the Qualifying Transaction.

"**Associate**" when used to indicate a relationship with a Person or Company, means

- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him or her to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a Person, a relative of that Person, including

- (i) that Person's spouse or child, or
- (ii) any relative of the Person or of his or her spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**"Capital Pool Company" or "CPC"** means a corporation:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (b) in regard to which the Final Exchange Bulletin has not yet been issued.

**"Common Shares"** means the common shares in the capital stock of the Corporation.

**"Company"** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**"Completion of the Qualifying Transaction"** means the date the Final Exchange Bulletin is issued by the Exchange.

**"Control Person"** means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

**"Corporation"** means Gideon Capital Corp.

**"CPC Policy"** means Policy 2.4 - *Capital Pool Companies* of the TSX Venture Exchange Inc.

**"Depository"** means the Agent.

**"Discount Seed Shares"** means all of the Common Shares issued at a price less than \$0.10 per Common Share.

**"Escrow Agreement"** means an escrow agreement dated ●, 2011, among the Corporation, Computershare Investor Services Inc. and certain shareholders of the Corporation.

**"Exchange" or "TSX Venture Exchange"** means the TSX Venture Exchange Inc.

**"Final Exchange Bulletin"** means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

**"Incentive Stock Options"** means options to purchase 1,250,000 Common Shares which are to be granted to the directors and officers of the Corporation.

**"Insider"** if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

**"Majority of the Minority Approval"** means the approval of a Non Arm's Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm's Length Parties to the CPC;
- (b) Non Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction (as defined in Exchange Policy 1.1):
  - (i) if the CPC holds its own shares, the CPC; and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

at a properly constituted meeting of the common shareholders of the CPC.

**"Non Arm's Length Party"** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

**"Non Arm's Length Parties to the Qualifying Transaction"** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm's Length Parties of the Vendor(s), the Non Arm's Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**"Non Arm's Length Qualifying Transaction"** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

**"Offering"** means the offering of Common Shares pursuant to this prospectus.

**"Person"** means a Company or individual.

**"Principal"** means:

- (a) a Person or Company who acted as a promoter of the issuer within two years or their respective Associates or Affiliates before the initial public Offering ("IPO") prospectus or Final Exchange Bulletin confirming final acceptance of a transaction;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person or Company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a 10% holder - a Person or Company that
  - (i) holds securities carrying more that 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principal's securities of the entity and the total securities of the entity outstanding). Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

**"Qualifying Transaction"** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**"Resulting Issuer"** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

**"Sponsor"** has the meaning specified in Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

**"Target Company"** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**"Vendors"** means one or all of the beneficial owners of the Significant Assets (other than a Target Company).

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

**ISSUER:** The Corporation was incorporated on June 15, 2011 under the name Gideon Capital Corp., pursuant to the *Business Corporations Act* (Ontario).

**OFFERING:** A total of 2,500,000 Common Shares in the capital of the Corporation are being offered under this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$250,000. This Offering is being made on a commercially reasonable efforts basis by the Agent. In addition, the Corporation will grant to the Agent the Agent's Option to purchase that number of Common Shares that is equal to 10% (250,000) of the total number of Common Shares sold pursuant to this Offering at a price of \$0.10 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange, which option is qualified under this prospectus. The Corporation also intends to grant the Incentive Stock Options to directors and officers of the Corporation to purchase up to 1,250,000 Common Shares at a price of \$0.10 per Common Share, which Incentive Stock Options are qualified for distribution under this prospectus. A total of 1,500,000 options, comprising the Agent's Option and the Incentive Stock Options, are qualified for distribution under this prospectus.

**PRICE:** \$0.10 per Common Share.

**BUSINESS OF THE CORPORATION:** Gideon Capital Corp. is a Capital Pool Company created pursuant to Exchange Policy 2.4. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the Exchange and in the case of a Non Arm's Length Qualifying Transaction must also receive Majority of the Minority Approval, in accordance with the CPC Policy. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash and other assets disclosed in the financial statements included in this prospectus. Except as specifically contemplated in the CPC Policy, until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets and businesses with a view to completing a Qualifying Transaction. To date, the Corporation has not yet identified a Company or assets for a Qualifying Transaction. Furthermore, the Corporation has not entered into an Agreement in Principle. See "Business of the Corporation" and "Use of Proceeds".

**USE OF PROCEEDS:** Assuming completion of this Offering, the net proceeds thereof to the Corporation will be \$225,000 (after deduction of the Agent's commission but before deduction of the issue costs). The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction, and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation and \$210,000 may be used for purposes other than evaluating businesses or assets, subject to the obtaining of a waiver of the Exchange. To date, the Corporation has not yet identified a Company or assets for a Qualifying Transaction. Furthermore, the Corporation has not entered into an Agreement in Principle. See "Use of Proceeds", "Risk Factors" and "Business of the Corporation".

**DIRECTORS AND MANAGEMENT:**

Martin J. Doane	- Chief Executive Officer, Chief Financial Officer, Promoter and Director
Richard A. Meloff	- Director
Bill G. Calsbeck	- Director
Laura C. Young	- Corporate Secretary

**ESCROWED SHARES:** All of the Common Shares of the Corporation issued at a price less than \$0.10 per Common Share ("Discount Seed Shares") will be deposited in escrow pursuant to an escrow agreement (the "Escrow Agreement") and will be released from escrow in stages



over a period of up to three years from the date of the Final Exchange Bulletin. The total number of Discount Seed Shares to be held in escrow subject to the Escrow Agreement is 10,000,000 Common Shares. See "Escrowed Securities".

**RISK FACTORS:**

**There is currently no market for the Common Shares. An investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This offering is suitable only to those investors who are prepared to risk the loss of their entire investment.**

The Corporation was incorporated on June 15, 2011 and does not have any business operations or assets other than cash and other assets disclosed in the financial statements included in this prospectus. It has not entered into an Agreement in Principle as defined in the CPC Policy and does not have a history of earnings nor has it paid any dividends, and will not generate any earnings or pay any dividends before Completion of the Qualifying Transaction.

If the Corporation identifies a suitable business or asset, the Exchange may not approve the transaction as a Qualifying Transaction or management may determine that market conditions make the terms of the acquisition uneconomic. Furthermore, the Corporation may require additional financing to both secure and exploit the business or asset and there is no guarantee that such financing will be available.

If the Corporation fails to complete a Qualifying Transaction acceptable to the Exchange within 24 months of the date of listing on the Exchange, or if the Corporation fails to comply with the Exchange's listing maintenance requirements, the Common Shares may be suspended from trading or delisted.

An acquisition financed by the issuance of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.

Without limiting the generality of the foregoing, this Offering is only suitable for those investors who are willing to rely solely on the directors and management of the Corporation and who are prepared to risk a loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 40% or \$0.04 per Common Share based on the gross proceeds of this issue, before the deduction of selling commissions or related expenses of the issue.

There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares.

Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of businesses or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such Persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "Business of the Corporation", "Risk Factors" and "Conflicts of Interest".

## THE CORPORATION

### Name and Incorporation

Gideon Capital Corp. (the "Corporation") was incorporated on June 15, 2011, under the *Business Corporations Act* (Ontario) under the name "Gideon Capital Corp.". On October 25, 2011, the Corporation's articles were amended by removing private company restrictions. The authorized share capital of the Corporation consists of an unlimited number of Common Shares, without nominal or par value. At the date hereof, the Corporation had 10,000,000 Common Shares issued and outstanding.

### Place of Business

The principal and registered office of the Corporation is located at 36 Lombard Street, Suite 700, Toronto, Ontario, M5C 2X3.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

The Corporation has incurred actual expenses to October 31, 2011 in the aggregate amount of \$28,595 in respect of a portion of the Agent's corporate finance fee and expenses, the fees related to the Corporation's listing application and expenses of its auditor. Part of the net proceeds of the Offering will be utilized to satisfy additional obligations of the Corporation related to this Offering, including the expenses of its auditor, legal fees, fees of the Agent and its legal counsel, and fees of the Exchange and securities regulatory authorities. See "Use of Proceeds".

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation is a CPC created pursuant to the CPC Policy. The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. To date, the Corporation has not conducted material operations of any kind. The Corporation does not own any assets, other than cash and other assets disclosed in the financial statements provided for in the present prospectus.

The management of the Corporation will evaluate a possible acquisition after the closing of the Offering. This possible Qualifying Transaction will be subject to due diligence relating to the business and to the legal affairs of the proposed Target Company.

Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a potential Qualifying Transaction. With the consent of the Exchange and of the securities regulatory authorities if required, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Private Placement for Cash", "Permitted Use of Funds" and "Restrictions on Use of Proceeds", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition. The Corporation has not yet entered into an Agreement in Principle.

### Method of Financing

The Corporation may use cash, bank financing and the issuance of treasury shares either by way of private placement or public offering or some combination thereof for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### Criteria for a Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances.

### Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after the issuance of such press

release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with the Exchange requirements. The information circular must be submitted where there is a Non Arm's Length Qualifying Transaction or where shareholders approval is otherwise required. A filing statement must be submitted where a Qualifying Transaction is not a Non Arm's Length Qualifying Transaction or where shareholders approval is not otherwise required. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven (7) business days prior to closing of the Qualifying Transaction, and issue a press release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR; or
- (b) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval at a meeting of the shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a member of the Exchange, and who will be required to submit to the Exchange a sponsor report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable or otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

#### **Initial Listing Requirements**

The Resulting Issuer must satisfy the Exchange's initial listing requirements for its particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

#### **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a sponsorship acknowledgement form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer; or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the date of listing. If the Common Shares of the Corporation are delisted by the Exchange, then within 90 days from the date of such delisting, the Corporation shall wind up and liquidate its assets pursuant to the *Business Corporation Act* (Ontario) and shall make a pro rata distribution of its remaining assets to its shareholders, unless, within that 90 day period and pursuant to a majority vote of shareholders, exclusive of the vote of Non Arm's Length Parties to the Corporation, the shareholders determine to deal with the remaining assets in some other manner. See "Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction."

### **Refusal of a Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction if:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such member firm; and
  - (iii) Associates of any such Person,collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

- (a) The gross proceeds received by the Corporation from the sale of 10,000,000 Common Shares prior to the date of this prospectus amounted to \$500,000.
- (b) The Corporation has not incurred any expenses and costs related to the issuance of the above-mentioned shares.
- (c) The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$250,000.
- (d) The expenses and costs, including the Agent's fee and commission, related to the Offering referred to in (c) incurred to date and expected to be incurred in the future will total approximately \$110,000.
- (e) The Corporation expects the funds available to it from (i) the sale of Common Shares distributed under the prospectus, and (ii) the prior sale of Common Shares will be \$640,000.

The funds received from the Offering will be deposited with the Depository, and will not be released until a minimum of \$250,000 has been deposited. Minimum subscriptions of 2,500,000 Common Shares for total gross proceeds of \$250,000 must be raised within 90 days of the issuance of a final receipt for this prospectus, or such other time as may be consented to by the applicable securities regulatory authorities and Persons or Companies who subscribed within that period, failing which the Depository will remit the funds collected to the original subscribers without interest or deduction, unless the subscribers have otherwise instructed the Depository.

The following table indicates the principal uses to which the Corporation proposes to apply the funds available to it upon the completion of this Offering:

<b>Proceeds to the Corporation</b>	<b>Offering</b>
Cash proceeds raised from the sale of Common Shares prior to this Offering <sup>(1)</sup>	\$500,000
Expenses and costs relating to raising the cash proceeds above	NIL
Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>	\$250,000
Costs and expenses associated with this Offering (including listing fees, Agent's commission and fees, legal fees and audit fees)	\$(110,000)
<b>Estimated funds available (on completion of the Offering)</b>	<b>\$640,000</b>
Estimated funds available for identifying and evaluating assets or business <sup>(3)</sup>	\$575,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction <sup>(4)</sup>	(\$65,000)
<b>TOTAL NET PROCEEDS</b>	<b>\$640,000</b>

**Notes:**

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Option and the Incentive Stock Options are exercised, there will be available to the Corporation a maximum of an additional \$150,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire gross proceeds of \$575,000, on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.
- (4) Estimated expenses based on the completion of a Qualifying Transaction within 24 months of the date the Common Shares are listed for trading on the Exchange.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

**Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Restrictions on Use of Proceeds", "Private Placements for Cash" and "Prohibited Payments to Related Parties", the gross proceeds realized from the sale of all securities issued by the Corporation may only be used by the Corporation to identify and evaluate assets or businesses, and in the event of a Non Arm's Length Qualifying Transaction, obtain shareholder approval, for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering and geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services; and
- (h) Agents' fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction provided that the arm's length Qualifying Transaction has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been

engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

### **Restrictions on Use of Proceeds**

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000, subject to receiving a waiver from the Exchange, will be used for purposes other than those described above. For greater certainty, expenditures not included as "Permitted Uses of Funds", listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including office supplies, office rent and related utilities; printing costs (including the printing of this prospectus and share certificates); equipment leases (provided that no proceeds shall be used to acquire or lease a vehicle); and fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

No proceeds will be used to acquire or lease a vehicle.

### **Private Placements for Cash**

After the closing of this Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

### **Prohibited Payments to Non Arm's Length Parties**

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees, directors' fees, finders' fees, loans, advances and bonuses; and
- (b) deposits and similar payments.

Further, no such payments will be made on or after the Completion of the Qualifying Transaction if such payments relate to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and Persons engaged in investor relations activities continue to apply until Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Name of Agent and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for distribution to the public, on a commercially reasonable efforts basis, a total of 2,500,000 Common Shares, pursuant to this prospectus, at a price of \$0.10 per Common Share for total gross proceeds of \$250,000, subject to the terms and conditions of the Agency Agreement. The Agent will receive a commission of 10% (\$25,000) of the aggregate gross proceeds from the sale of the Common Shares. The Agent will be paid a corporate finance fee of \$10,000 (plus HST) pursuant to this Offering and the Agent will be reimbursed by the Corporation for its reasonable expenses and legal fees (which are estimated to be \$20,000 (plus disbursements and tax)).

In addition, the Agent will be granted the non-transferable Agent's Option to purchase 250,000 Common Shares exercisable at a price of \$0.10 per Common Share for a period of 24 months from the date of listing the Common Shares on the Exchange, which Agent's Option is qualified for distribution under this prospectus. The Agent's Option may be exercised in whole or in part by the Agent before the Completion of the Qualifying Transaction, provided that no more than 50% of the Common Shares received by the Agent on exercise of the option may be sold prior to the Completion of the Qualifying Transaction. The remaining 50% may only be sold after Completion of the Qualifying Transaction. As at the date hereof, the Agent does not own any Common Shares of the Corporation.

Other than as described in this prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other Person in connection with the Offering.

The Offering will be made in accordance with the rules and policies of the Exchange and with the consent of the Exchange. The closing of the Offering will take place at such time as the Corporation and the Agent may agree provided that the minimum subscriptions for 2,500,000 Common Shares have been received and that the withdrawal rights of the purchaser of Common Shares which are available pursuant to securities laws have expired. See "Purchasers' Statutory Rights of Withdrawal and Rescission".

The Agent has agreed to use commercially reasonable efforts to secure subscriptions for all of the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets or upon the occurrence of certain events as stated in the Agency Agreement, including the non-fulfillment of conditions of closing.

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The Offering consists of 2,500,000 Common Shares for total gross proceeds of \$250,000. Pursuant to the CPC Policy, the maximum number of Common Shares which may be directly or indirectly purchased by any one purchaser pursuant to this Offering is 2% of the Common Shares offered hereunder or 50,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser pursuant to this Offering, together with any Associates or Affiliates of that purchaser, is 4% or 100,000 Common Shares. The funds received from the Offering will be deposited with the Depository, and will not be released until a minimum of \$250,000 has been deposited. Minimum subscriptions of 2,500,000 Common Shares for total gross proceeds of \$250,000 must be raised within 90 days of the issuance of a final receipt for this prospectus, or such other time as may be consented to by the applicable securities regulatory authorities and Persons or Companies who subscribed within that period, failing which the Depository will remit the funds collected to the original subscribers without interest or deduction, unless the subscribers have otherwise instructed the Depository.

### **Other Securities to be Distributed**

The Corporation also proposes to grant Incentive Stock Options to directors and officers to purchase up to 1,250,000 Common Shares, in accordance with the policies of the Exchange, which options are qualified under this prospectus. See "Options to Purchase Securities" and "Plan of Distribution".

### **Determination of Price**

The price of this Offering has been determined by negotiation between the Corporation and the Agent.

### **Listing Application**

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

## Subscriptions by and Restrictions on the Agent

The Agent has advised the Corporation that to the best of its knowledge and belief and except as described herein, neither it, nor any of its directors, officers, employees or contractors or any Associate or Affiliate thereof has subscribed for Common Shares of the Corporation, and until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the participants referred to above, is 20% of the issued and outstanding Common Shares of the Corporation, exclusive of Common Shares reserved for issuance at a future date.

## Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the Incentive Stock Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the British Columbia, Alberta and Ontario Securities Commissions and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## DESCRIPTION OF SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares of which 10,000,000 Common Shares were issued and outstanding as fully paid and non-assessable as at the date hereof. In addition, a maximum of 2,500,000 Common Shares are reserved for issuance pursuant to this Offering (plus 250,000 Common Shares reserved for issuance upon exercise of the Agent's Option and 1,250,000 Common Shares reserved for issuance upon exercise of Incentive Stock Options by directors and officers of the Corporation). All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable. See "Prior Sales", "Options to Purchase Securities" and "Plan of Distribution".

## Common Shares

The holders of the Common Shares are entitled to vote at meetings of the shareholders of the Corporation, except meetings at which only holders of a specified class of shares other than the Common Shares are entitled to vote; to receive dividends, if, as and when declared by the board of directors of the Corporation on the Common Shares; and subject to the rights, privileges and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution, liquidation or winding up of the Corporation.

## CAPITALIZATION

The table below shows the capitalization of the Corporation before and after giving effect to this Offering but prior to taking into account the costs of issue:

Designation of Securities	Amount Authorized	Amount outstanding as at the date hereof and the date of the most recent balance sheet (audited) <sup>(1)(4)</sup>	Amount to be outstanding after completion of the Offering <sup>(2)(3)(4)(5)</sup>
Common Shares	Unlimited	\$500,000 (10,000,000 Common Shares)	\$750,000 (12,500,000 Common Shares)

### Notes:

- (1) As at the date of such balance sheet, the Corporation had not commenced commercial operations.
- (2) The Corporation has reserved an aggregate of up to 1,250,000 Common Shares pursuant to Incentive Stock Options to be granted to the directors and officers of the Corporation immediately after closing of this Offering exercisable at \$0.10 per Common Share for ten years from the date of grant.
- (3) The Corporation has reserved a number of Common Shares equal to 10% (250,000) of the number of Common Shares to be issued under the Offering for issuance pursuant to the Agent's Option. The Agent's Option will have an exercise price of \$0.10 per Common Share exercisable for 24 months from the date the Common Shares are listed on the Exchange. See "Plan of Distribution."
- (4) All 10,000,000 Common Shares outstanding as at the date hereof, will be held in escrow in accordance with the CPC Policy. See "Escrowed Securities".
- (5) Before deducting the Agent's commission, fee and legal expenses and the Corporation's expenses of the issue estimated to be \$110,000.



## OPTIONS TO PURCHASE SECURITIES

### Options

The Incentive Stock Options to purchase up to 1,250,000 Common Shares to be granted immediately after closing of this Offering to directors and officers of the Corporation are subject to regulatory approval. The granting of the Incentive Stock Options described in the table below are qualified for distribution under this prospectus:

Name of Optionee <sup>(1)</sup>	No. of Common Shares reserved under Option after Completion of the Offering	Exercise Price	Expiration Date
Martin J. Doane	900,000	\$0.10	10 years from the date of grant
Richard A. Meloff	150,000	\$0.10	10 years from the date of grant
Bill G. Calsbeck	150,000	\$0.10	10 years from the date of grant
Laura C. Young	50,000	\$0.10	10 years from the date of grant
<b>Total</b>	<b>1,250,000</b>		

**Note:**

(1) All of the Incentive Stock Options are to be granted to officers and directors of the Corporation.

### Stock Option Terms

The policies of the Exchange and the stock option plan of the Corporation established by the directors of the Corporation on October 25, 2011 (the "Stock Option Plan"), provide that the board of directors of the Corporation may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers and employees of the Corporation as well as Management Company Employees and Consultants (as such terms are defined in the Exchange's Corporate Finance Manual Policy 4.4 as amended from time to time), non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares of the Corporation, exercisable for a period of up to ten (10) years from the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding Common Shares (2% in the case of all optionees providing investor relations services to the Corporation and 2% in the case of all technical consultants of the Corporation). The exercise price of any option granted pursuant to the Stock Option Plan shall be determined by the board of directors when granted, but shall not be less than the Discounted Market Price (as such term is defined by the Exchange). Notwithstanding the foregoing, until Completion of the Qualifying Transaction the exercise price shall not be less than the greater of \$0.10 and the Discounted Market Price. The options granted pursuant to the Stock Option Plan are non-assignable, except by means of a will or pursuant to the laws of descent and distribution.

If the tenure of an officer or Consultant of the Corporation or the employment of an employee of the Corporation is terminated for cause, no option held by such optionee may be exercised following the date upon which termination occurred. If termination occurs for any reason other than cause, then any option held by such optionee (including an optionee that is a director of the Corporation), which has vested, shall be exercisable, in whole or in part, for a period not later than one (1) year thereafter or prior to the expiry date of the option, whichever is sooner, or such shorter period of time as may be determined by the directors when the option is granted.

Notwithstanding anything to the contrary in the Stock Option Plan, any Options granted prior to the issuance of the Final Exchange Bulletin must comply with the CPC Policy, including, without limitation the restriction from granting options prior to the Completion of the Qualifying Transaction to optionees providing investor relations services to the Corporation.

Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

## PRIOR SALES

Since the date of incorporation of the Corporation, 10,000,000 Common Shares have been issued as follows:

Date Issued	Number of Common Shares <sup>(1)</sup>	Issue Price Per Common Share	Aggregate Issue Price	Nature of Consideration
October 24, 2011	2,000,000	\$0.05	\$100,000	Cash
October 25, 2011	8,000,000	\$0.05	\$400,000	Cash

**Note:**

(1) Subject to escrow. See "Escrowed Securities".

## ESCROWED SECURITIES

### Escrowed Securities prior to the Completion of the Qualifying Transaction

All of the 10,000,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share and all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under this Offering or otherwise prior to Completion of the Qualifying Transaction, and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering, will be deposited with Computershare Investor Services Inc. (the "Escrow Agent") under an escrow agreement dated the 1 day of 1, 2011 (the "Escrow Agreement").

All Common Shares acquired on exercise of Incentive Stock Options prior to Completion of the Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to Completion of the Qualifying Transaction by any Person or Company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as of the date of this prospectus, the number of Common Shares of the Corporation held in escrow:

Name and Municipality of Residence of Shareholder	Common Shares	Number of Escrowed Shares	Percentage of Shares Issued Before Offering	Percentage of Shares Issued After Offering <sup>(1)</sup>
Giuseppe Morra Richmond Hill, Ontario	8,000,000	8,000,000	80.0%	64.0%
Martin J. Doane Toronto, Ontario	1,700,000	1,700,000	17.0%	13.6%
Bill G. Calsbeck Burnaby, British Columbia	100,000	100,000	1.0%	0.8%
Richard A. Meloff Toronto, Ontario	100,000	100,000	1.0%	0.8%
Laura C. Young Toronto, Ontario	100,000	100,000	1.0%	0.8%
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>100.0%</b>	<b>80.0%</b>

#### Notes:

- (1) Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of the Agent's Option, and the Incentive Stock Options issued under the Stock Option Plan.

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a "holding company"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change in the beneficial ownership of the holding company without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

Under the Escrow Agreements, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange's Tier 1 initial listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made an application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If the Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Escrow Agent to immediately (a) cancel all of the

escrowed Common Shares upon issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation, or (b) if the Corporation lists on NEX, either (i) cancel all Discount Seed Shares purchased by Non-Arm's Length Parties to the Corporation at a discount from the Offering price, in accordance with section 11.2(a) of the CPC Policy, or (ii) subject to majority shareholder approval, cancel an amount of Discount Seed Shares purchased by Non Arm's Length Parties to the Corporation so that the average cost of the remaining Discount Seed Shares is at least equal to the Offering price.

### **Escrowed Securities on Qualifying Transaction**

Generally, if at least 75% of the securities issued pursuant to a Qualifying Transaction are "Value Securities", then all of the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the "Value Security Escrow Agreement"). "Value Securities" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the assets, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under the Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "Surplus Security Escrow Agreement").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 3 year escrow release mechanism with 5% of the escrowed securities releasable at the time of the Final Exchange bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 18 month escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and:
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer;
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period; and
  - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

## PRINCIPAL SHAREHOLDERS

The following table lists those Persons who beneficially own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence/Jurisdiction of the Shareholder	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned Before Offering	Percentage of Common Shares Owned After Offering <sup>(1)</sup>
Giuseppe Morra Richmond Hill, Ontario	Registered and Beneficial	8,000,000	80.0%	64.0%
Martin J. Doane Toronto, Ontario	Registered and Beneficial	1,700,000	17.0%	13.6%
<b>TOTAL</b>		<b>9,700,000</b>	<b>97.0%</b>	<b>77.6%</b>

**Notes:**

- (1) Assuming that no Common Shares are purchased by such shareholders under this Offering and before the exercise of the Agent's Option and Incentive Stock Options. In the event that the Agent's Option and the Incentive Stock Options are exercised, the interest of Giuseppe Morra will be decreased to 57.14%, and the interest of Mr. Doane will be increased to 18.57%. See "Options to Purchase Securities".

## DIRECTORS, OFFICERS AND PROMOTERS

### Name, Address, Occupation and Security Holding

The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years:

Name and Age	Municipality of Residence	Office Held with the Corporation <sup>(1)</sup>	Principal Occupation	Number of Common Shares Held Before Offering	Percentage of Common Shares Owned Before Offering
Martin J. Doane (Age 47) <sup>(2)</sup>	Toronto, Ontario	CEO, CFO, Promoter and Director	CEO of Ubequity Capital Partners Inc.	1,700,000	17%
Richard A. Meloff (Age 34) <sup>(2)</sup>	Toronto, Ontario	Director	Managing Director at Ubequity Capital Partners Inc.	100,000	1%
Bill G. Calsbeck (Age 54) <sup>(2)</sup>	Burnaby, British Columbia	Director	Global Managing Director at Ubequity Capital Partners Inc.	100,000	1%
Laura C. Young (Age 40)	Toronto, Ontario	Corporate Secretary	Lawyer (Sole Proprietor)	100,000	1%

**Notes:**

- (1) The term of office of each of the directors of the Corporation will expire at the next annual meeting of shareholders of the Corporation.  
 (2) Member of Audit Committee.

The following are brief resumes of the four foregoing individuals:

#### **Martin J. Doane**

Mr. Doane obtained a BA from the University of Western Ontario and an LL.B. from Osgoode Hall Law School. He is a founding partner and the CEO of Ubequity Capital Partners Inc., a boutique merchant bank, and he has over 18 years experience as a lawyer and two decades of activity in the corporate finance, mergers & acquisitions, financial services and venture capital fields. Mr. Doane is currently the Chairman of the Board of Directors of Two-West Wind and Solar Inc. and was the CEO, President and Chairman of Silverback Media PLC, a technology and digital media company (which was purchased by Adenyo Inc. which was purchased by Motricity, Inc. (Nasdaq:MOTR) in April 2011). In 2002, he was awarded the Golden Jubilee Medal for his public service to Canada.

#### **Richard A. Meloff**

Mr. Meloff holds a BA (Honours) from McGill University and a JD and MBA from the University of Toronto Faculty of Law and Rotman School of Management. Mr. Meloff is currently a member of the Board of Directors of Two-West Wind and Solar Inc. He is also a Managing Director at Ubequity Capital Partners Inc., a boutique merchant bank. Before joining Ubequity, he

served in various corporate development capacities at two large, publicly-traded companies. Prior to this, Mr. Meloff practiced corporate law in New York City, focusing on public mergers & acquisitions and strategic sourcing transactions.

**Bill G. Calsbeck**

Mr. Calsbeck has over 25 years of capital market and micro-cap experience. He is currently the founding partner and Global Managing Director of Ubequity Capital Partners Inc., a boutique merchant bank. He began his career in banking and trust services and after several years moved into the human resources field. Mr. Calsbeck has served on several boards of public companies

**Laura C. Young**

Ms. Young obtained an honours degree in business administration from Trent University and LL.B. from Osgoode Hall Law School. Ms. Young has been a self employed civil litigator since 2005. From 1997 to 2004 she was an associate at Gowling Lafleur Henderson LLP.

The directors and officers of the Corporation will devote the time required to achieve the goals of the Corporation, being the identification and completion of a Qualifying Transaction. Time actually spent may vary according to the needs of the Corporation.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

As a group, the directors and officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over 2,000,000 Common Shares, representing 20% of the issued and outstanding Common Shares of the Corporation before the Offering, and 16% after giving effect to the Offering, assuming that no Common Shares are purchased by such shareholders under this Offering or pursuant to Incentive Stock Options and no Common Shares are purchased pursuant to the Agent’s Option or Incentive Stock Options.

As a group, the directors and officers of the Corporation shall be entitled to a total of 1,250,000 Incentive Stock Options. See "Options to Purchase Securities".

**Experience with Other Reporting Issuers**

The following table sets out the directors, officers and promoters of the Corporation that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Period
Martin J. Doane	Lemontonic Inc. <sup>(1)</sup>	TSXV	Director	Feb 2003 to Mar 2006
Bill G. Calsbeck	FirstGrowth Exploration & Development Services Corp. <sup>(2)</sup>	TSXV	Director	Mar 2005 to Aug 2009
	AXEA Energy Inc. <sup>(3)</sup>	TSXV	Director	Apr 2007 to Apr 2009
	Deloro Resources Ltd.	TSXV	Director	Nov 2007 to Aug 2011
	AXEA Capital Corp.	NEX	Director	Jan 2008 to Present

Notes:

- (1) Acquired by Pioneering Technology Corp. pursuant to a reverse take-over on February 16, 2006.
- (2) Changed its name to Kinetex Resources Corporation in August 2009 in connection with the completion of its Qualifying Transaction.
- (3) Changed its name to AgriMarine Holdings Inc. in April 2009 in connection with the completion of its Qualifying Transaction.

**Corporate Cease Trade Orders or Bankruptcies**

None of the directors, officers, Insiders and promoters of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, was a director, officer, Insider or promoter of any other issuer that was, during his or her tenure, the subject of a cease trade order or similar order or an order that denied that issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that issuer.

## **Penalties or Sanctions**

None of the directors, officers, Insiders and promoters of the Corporation or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority.

None of the directors, officers, Insiders and promoters of the Corporation or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

## **Personal Bankruptcies**

None of the directors, officers, Insiders and promoters of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has, during the past ten years, been declared bankrupt, made a voluntary assignment in bankruptcy, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

## **Conflicts of Interest**

There are potential conflicts of interest to which some or all of the directors, officers, Insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some or all of the directors, officers, Insiders and promoters have been and will continue to be engaged in activities on their own behalf and on behalf of other Companies, and situations may arise where the directors, Insiders, promoter and officers will be in direct competition with the Corporation's efforts to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. Conflicts, if any, will be subject to the procedures and remedies prescribed by the *Business Corporations Act* (Ontario), the Exchange, and applicable securities laws, regulations and policies.

## **Promoter**

Martin J. Doane may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Doane will not receive any compensation in his capacity as the promoter of the Corporation. See also "Prior Sales", "Principal Shareholders" and "Directors, Officers and Promoters".

## **EXECUTIVE COMPENSATION**

### **Remuneration**

Except as set out below or otherwise permitted by the CPC Policy and disclosed in this prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any Person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;
  - (ii) consulting fees;
  - (iii) management contract fees or directors' fees;
  - (iv) finders' fees;
  - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursements"). No reimbursement may be made for any payment made to lease or buy a vehicle.

The Corporation has reserved an aggregate of up to 1,250,000 Common Shares pursuant to Incentive Stock Options to be granted to directors and officers of the Corporation. All of the Incentive Stock Options have an exercise price of \$0.10 per Common Share. See "Options to Purchase Securities".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Corporation or by any party on behalf of the Corporation after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

### **DILUTION**

Purchasers of the Common Shares offered hereunder will suffer an immediate dilution of 40% or \$0.04 per Common Share if the Offering is completed, on the basis of there being 12,500,000 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised under this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

### **RISK FACTORS**

**The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares, which list is not exhaustive:**

Investing in the Common Shares involves a high degree of risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this prospectus before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Corporation could be harmed. In such an event, the trading price of the Common Shares could decline and prospective investors may lose part or all of their investment.

#### **No Operating History**

This Offering should be considered highly speculative due to the proposed nature of the Corporation's business, its present stage of development and the fact that it has not carried out any activities since its incorporation. The Corporation does not own any assets, other than cash and other assets disclosed in the financial statements included in this prospectus and does not own any property or businesses. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. Until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction.

#### **No Market**

There is currently no market through which the Common Shares of the Corporation may be sold and there is no assurance that an active and liquid market for the Corporation's Common Shares will develop. Investors may not be able to resell the Corporation's Common Shares acquired under this prospectus.

#### **Possible Trading Suspension or Delisting**

The Exchange may suspend from trading or delist the securities of the Corporation where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing or if the Corporation fails to meet initial listing requirements of the Exchange upon completion of the Qualifying Transaction. Suspension from trading of the Common Shares may, and delisting of the Common Shares will, result in the regulatory securities authorities issuing a cease trade order against the Corporation. In addition, delisting of the Common Shares will result in the cancellation of all of the currently issued and outstanding Common Shares of the Corporation held by Insiders. Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.

#### **Halt of Trading**

Upon public announcement of a potential Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurances

with respect to the merits of the transaction or the likelihood of the Corporation completing the potential Qualifying Transaction. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Qualifying Transaction.

### **Exchange May Not Approve a Qualifying Transaction**

Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval.

Notwithstanding that a transaction may meet the definition of a Qualifying Transaction, the Exchange may not approve a Qualifying Transaction:

- (a) if the Corporation fails to meet the initial listing requirements prescribed by Policy 2.1 of the Exchange upon Completion of the Qualifying Transaction;
- (b) if, following Completion of the Qualifying Transaction, the Corporation will be a finance company or a mutual fund as defined under applicable securities laws;
- (c) the consideration proposed to be paid by the Corporation in connection with the Qualifying Transaction is not acceptable to the Exchange; or
- (d) for any other reason at the sole discretion of the Exchange.

### **Approval by the Majority of the Minority**

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.

### **Dilution**

Shareholders acquiring Common Shares under this Offering will experience an immediate dilution of 40% or \$0.04 per Common Share if the Offering is completed based on gross proceeds of this Offering and prior issue by the Corporation, without taking account of deductions such as selling commissions or related expenses of issue.

If the Corporation issues treasury shares to finance acquisition or participation opportunities, control of the Corporation may change and subscribers may suffer dilution of their investment.

### **Directors and Officers**

The directors and officers of the Corporation currently own 20% of the issued and outstanding Common Shares and will own 16% of the issued and outstanding Common Shares if the Offering is completed.

The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation but will be devoting such time as required to effectively manage the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Corporation may be exposed to liability and its ability to achieve its business objectives may be impaired. See "Conflicts of Interest".

### **Reliance on Management**

The Corporation is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Corporation is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Corporation.

### **Foreign Acquisition**

In the event the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.



## **Loans or Advances**

Subject to prior acceptance from the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover the loan or advance.

## **Tax-Free Savings Accounts**

If the Corporation does not make an election to be a public corporation in the manner contemplated in this prospectus, the purchasers may be penalized by the Canada Revenue Agency with respect to any Common Shares held in TFSAs (as defined hereafter under the heading "Eligibility for Investment").

**As a result of these factors which are not exhaustive, this Offering is only suitable for investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.**

## **LEGAL PROCEEDINGS**

The Corporation is not aware of any legal proceedings in which it is involved and any such proceedings are not known by the Corporation to be contemplated.

## **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The agent for the Offering is Raymond James Ltd. Legal counsel to the Agent is Miller Thomson LLP. The employees, officers and directors of the Agent do not own any Common Shares. The partners and associates of Miller Thomson LLP do not own any Common Shares, but may subscribe for Common Shares pursuant to the Offering.

The Offering price of the Common Shares was determined by negotiation between the Corporation and the Agent, however the Agent was not involved in the decision by the Corporation to offer the Common Shares pursuant to this prospectus. The Offering was not required or suggested by the Agent.

## **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

The Corporation's legal advisors are Garfinkle Biderman LLP. None of the partners or associates of Garfinkle Biderman LLP, hold any beneficial interest, direct or indirect, in any securities or properties of the Corporation or of an Associate or Affiliate of the Corporation, but may subscribe for Common Shares pursuant to the Offering, and none are expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Schwartz Levitsky Feldman LLP, Chartered Accountants and Licensed Public Accountants, 2300 Yonge Street, Suite 1500, Toronto, Ontario, M4P 1E4.

The transfer agent and registrar of the Corporation is Computershare Investor Services Inc., at its principal offices in Vancouver, British Columbia.

## **MATERIAL CONTRACTS**

The Corporation has not entered into any material contracts and will not enter into any material contracts prior to the closing of this Offering, other than:

- (a) Transfer Agent, Registrar and Disbursing Agent Agreement dated the ● day of ●, 2011, between the Corporation and Computershare Investor Services Inc.;
- (b) Escrow Agreement dated the ● day of ●, 2011, between the Corporation, Computershare Investor Services Inc. and those shareholders that executed the Escrow Agreement (see "Escrow Securities"); and
- (c) Agency Agreement dated the ● day of ●, 2011, between the Corporation and the Agent.

Copies of the foregoing agreements will be available for inspection while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter at the offices of Garfinkle Biderman LLP, Dundee Place, 1 Adelaide

Street East, Suite 801, Toronto, Ontario, M5C 2V9, counsel to the Corporation, during ordinary business hours, and may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **OTHER MATERIAL FACTS**

There is no other material fact relating to this Offering which has not been otherwise disclosed hereunder. This prospectus contains full, true and plain disclosure of all material facts relating to the securities being distributed.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Garfinkle Biderman LLP, counsel to the Corporation, the Common Shares, if, as and when listed on a “designated stock exchange” (which includes the Exchange), will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan or a tax-free savings account (“TFSA”) as defined under the Tax Act and the regulations made under the Tax Act.

Notwithstanding that the Common Shares may be a qualified investment for a tax-free savings account, a holder will be subject to a penalty tax if the Common Shares held in a tax-free savings account are a “prohibited investment” under the Tax Act. The Common Shares generally will not be a “prohibited investment” unless the holder of the tax-free savings account does not deal at arm’s length with the Corporation, or the holder has a “significant interest” (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm’s length for the purposes of the Tax Act.

Such holders are advised to consult their own tax advisors.

If the Common Shares are not listed on a prescribed stock exchange at the time of issue hereunder, the Company will file an election to be a public corporation with the Canada Revenue Agency in its tax return for its first taxation year such that the Common Shares will be qualified investments for such plans, notwithstanding that the Common Shares were not listed on a prescribed stock exchange at the time of issue hereunder.

The Minister of Finance (Canada) has proposed to extend the concept of “prohibited investment” rules to registered retirement savings plans and registered retirement income funds, with the penalty imposed on the annuitant thereof, for transactions occurring and investments acquired after March 22, 2011, with certain transitional provisions. There is no guarantee that the proposals will be enacted in their current form or at all. Holders should consult their own tax advisors in this regard.

#### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser of Common Shares with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser of Common Shares, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS  
TORONTO • MONTREAL



### AUDITOR'S CONSENT

We have read the Preliminary Prospectus of Gideon Capital Corp. (the "Corporation") dated November 7, 2011 with respect to the Corporation's Initial Public Offering. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Preliminary Prospectus of our auditor's report dated November 7, 2011, to the directors of the Corporation, on the statements of financial position as at October 31, 2011, the statements of operations and comprehensive loss, statement of changes in deficit, and statements of cash flows for the period June 15, 2011 to October 31, 2011.

*Schwartz Levitsky Feldman llp*

Toronto, Ontario  
November 7, 2011

Chartered Accountants  
Licensed Public Accountants

**GIDEON CAPITAL CORP.**  
( A CAPITAL POOL COMPANY)

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2011**

**(Expressed in Canadian Dollars)**

**GIDEON CAPITAL CORP.**  
**( A CAPITAL POOL COMPANY)**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2011**

**(Expressed in Canadian Dollars)**

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# Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS  
TORONTO • MONTREAL

## INDEPENDENT AUDITORS' REPORT



To the Directors of  
Gideon Capital Corp.  
(A Capital Pool Company)

We have audited the accompanying financial statements of Gideon Capital Corp., which comprise the statements of financial position as at October 31, 2011, the statements of operations and comprehensive loss, statement of changes in deficit, and statements of cash flows for the period June 15, 2011 to October 31, 2011 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gideon Capital Corp. as at October 31, 2011 and its financial performance and its cash flows for the period from June 15, 2011 (date of incorporation) to October 31, 2011 in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(a) of these financial statements which describes material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

A handwritten signature in cursive script that reads 'Schwartz Levitsky Feldman llp'.

Toronto, Ontario  
November 7, 2011

2300 Yonge Street  
Toronto, Ontario M4P 1E4  
Tel: 416 785 5353  
Fax: 416 785 5663

Chartered Accountants  
Licensed Public Accountants

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Balance Sheet

As at October 31, 2011

(Expressed in Canadian Dollars)

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### ASSETS

CURRENT		
Cash	\$	478,750
DEFERRED FINANCING COSTS		21,250
	\$	500,000

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### LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$	7,345

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GOING CONCERN (note 2(a))

### SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 6)		500,000
DEFICIT		(7,345)
		492,655
	\$	500,000

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

APPROVED ON BEHALF OF THE BOARD

"Martin J. Doane" Director

"Richard A. Meloff" Director

# GIDEON CAPITAL CORP.

(A CAPITAL POOL COMPANY)

## Statement of Operations and Comprehensive Loss

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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REVENUE	\$	-
<hr/>		
EXPENSES		
Professional fees		7,345
<hr/>		
Net loss and comprehensive loss for the period	\$	(7,345)
<hr/>		
Basic and diluted loss per share	\$	(0.00)
<hr/>		
Weighted average number of shares outstanding		10,000,000
<hr/>		

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



# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Statement of Changes in Deficit

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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	Share Capital	Deficit	Total
Balance, June 15, 2011	\$ -	\$ -	\$ -
Issuance of common shares	500,000	-	500,000
Net loss and comprehensive loss for the period	-	(7,345)	(7,345)
<hr/>			
Balance, October 31, 2011	\$ 500,000	\$ (7,345)	\$ 492,655

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

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Statement of Cash Flows

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period	\$	(7,345)
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### CASH FLOWS FROM FINANCING ACTIVITIES

Increase in deferred financing costs		(13,905)
Proceeds from issuance of common shares		500,000

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486,095

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NET INCREASE IN CASH DURING THE PERIOD		478,750
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Cash, beginning of the period		-
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CASH, END OF THE PERIOD	\$	478,750
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### Supplementary cash flow information:

Income taxes paid	\$	-
Interest paid	\$	-

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

# **GIDEON CAPITAL CORP.**

**( A CAPITAL POOL COMPANY)**

**Notes to Financial Statements**

**For the period from June 15, 2011 (date of incorporation) to October 31, 2011**

**(Expressed in Canadian Dollars)**

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## **1. NATURE OF OPERATIONS**

Gideon Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Ontario) on June 15, 2011. The Company intends to carry on business as a capital pool company ("CPC"), pursuant to policy 2.4 of the TSX Venture Exchange (the "Exchange"). As at October 31, 2011, the Company has not commenced commercial operations and has no assets other than cash. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined under the policies of the TSX Venture Exchange.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of Presentation and Going Concern**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is recently incorporated, has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its capacity to raise financing and to commence profitable operations in the future. These financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business.

### **(b) Statement of Compliance**

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are expressed in Canadian dollars.

### **(c) Deferred Financing Costs**

Costs directly attributable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing fees. These fees are deferred until the issuance of the shares to which the fees related to, at which time the fees will be charged against the related share capital or charged to operations if the shares are not issued.

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):

#### (d) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables;
- or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at fair value through profit or loss;
- or other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and de-recognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

# **GIDEON CAPITAL CORP.**

( A CAPITAL POOL COMPANY)

Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):**

### (d) Financial Instruments (cont'd)

#### Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial Instruments recorded at Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is level 1 for purposes of the fair value hierarchy and accounts payable and accrued liabilities are classified using level 3 of the hierarchy.

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):

#### (d) Financial Instruments (cont'd)

##### Financial Instruments recorded at Fair Value (cont'd)

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

The Company has elected to apply the following classifications to each of its significant categories of financial instruments:

Financial instrument:	Classification
Cash	Held for trading
Accounts payable and accrued liabilities	Other financial liabilities

#### (e) Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at October 31, 2011.

# **GIDEON CAPITAL CORP.**

( A CAPITAL POOL COMPANY)

## **Notes to Financial Statements**

**For the period from June 15, 2011 (date of incorporation) to October 31, 2011**

**(Expressed in Canadian Dollars)**

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### **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):**

(f) Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(g) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):

#### (h) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Recording of accrued liabilities.
- the valuation of income tax accounts.

#### (i) Future Accounting Pronouncements

##### (i) International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is effective for the Company's 2013 financial statements and the extent of impact has not yet been determined.



# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd):

(i) Future Accounting Pronouncements (cont'd)

(ii) Amendments to International Financial Reporting Standard 7, Financial Instruments ("IFRS 7"): Disclosures

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

The Company has not applied the new and revised standards in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for IFRS 9, which becomes mandatory for the Company's 2013 financial statements and is expected to impact classification and measurement of financial assets. The extent of the impact has not yet been determined.

(iii) IFRS 13 Fair Value Measurement

On May 12, 2011, the International Accounting Standards Board has issued IFRS 13 Fair Value Measurement ("IFRS 13"). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements.

### 3. CAPITAL RISK MANAGEMENT

The Company is pursuing a listing on the TSX Venture Exchange with the objective of reviewing investment opportunities and considers the items included in Shareholders' Equity as capital. The Company's objective in managing capital is to ensure sufficient liquidity to pursue potential investments and may raise additional capital through the equity markets as additional capital is required. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

### 4. CATEGORIES OF FINANCIAL INSTRUMENTS

October 31,  
2011

Financial Assets:

Held for Trading  
Cash

\$ 478,750

Financial liabilities:

Other financial liabilities  
Amounts payable and other liabilities

\$ 7,345

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 5. CASH RESTRICTION

The proceeds raised from the issuance of common shares under a prospectus may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

### 6. SHARE CAPITAL

Authorized

An unlimited number of Common shares

Issued common shares	Number of shares	Amount
Balance, June 15, 2011 (incorporation)	-	-
Shares issued for cash (i)	10,000,000	\$ 500,000
Balance, October 31, 2011	10,000,000	\$ 500,000

(i) Effective October 25, 2011, the Company issued 10,000,000 seed shares at a price of \$0.05 per common share.

### 7. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There were no significant related party transactions during the period.

# GIDEON CAPITAL CORP.

( A CAPITAL POOL COMPANY)

## Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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### 8. INCOME TAXES

(i) Income Tax Expense

There is no current income tax expense. The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 29.0% to the amount recognized in the statement of operations:

Net loss for the period	\$ (7,345)
Expected income tax recovery at Canadian statutory income tax rates	\$ (2,130)
Tax benefit of non-capital losses not currently recognized	<u>2,130</u>
Income tax expense	<u>\$ -</u>

(ii) Deferred Income Taxes

The temporary differences that give rise to future income tax assets and future income tax liabilities at the substantively enacted tax rate of 25% are as follows:

Amounts related to tax loss carry-forwards	\$ 1,836
Less: Valuation allowance	<u>(1,836)</u>
Net deferred income tax asset	<u>\$ -</u>

(iii) Tax Losses

As at October 31, 2011, the Company had non-capital losses of approximately \$7,345 which are available to reduce future taxable income. These losses expire in 2031 to the extent unutilized. The future benefit of these losses has not been recognized in these financial statements.

### 9. FINANCIAL INSTRUMENT AND RISK FACTORS

The Company's financial instruments consisting of cash and accounts payable and accrued liabilities approximate their fair value due to the relatively short term maturities of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at October 31, 2011, the Company had working capital of \$471,405. As a result, the Company is not exposed to any liquidity risk, and has sufficient funds to meet its ongoing obligations and meet its objective of completing its initial public offering.

### 10. SEGMENTED INFORMATION

The Company operates in only one business segment, namely the pursuit of a public listing and the eventual pursuit of a Qualifying Transaction. All of the Company's assets are located in Canada.

# **GIDEON CAPITAL CORP.**

( A CAPITAL POOL COMPANY)

Notes to Financial Statements

For the period from June 15, 2011 (date of incorporation) to October 31, 2011

(Expressed in Canadian Dollars)

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## **11. PROPOSED INITIAL PUBLIC OFFERING**

Pursuant to an engagement letter dated August 23, 2011, between the Company and Raymond James Ltd. (the "Agent"), the Company intends to file a prospectus, offering 2,500,000 common shares at a price of \$0.10 per common share by way of an Initial Public Offering (the "Offering") pursuant to the policies of the TSX Venture Exchange governing CPCs. The Company has agreed to pay the Agent a commission of 10% of the gross proceeds raised under this Offering, a work fee of \$10,000 plus HST and the Agent's expenses. The Agent will also be granted, at closing of the Offering, non-transferable agent options to purchase common shares that are equal to 10% of the total number of common shares issued pursuant to the Offering at a price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on the TSX Venture Exchange.

**CERTIFICATE OF THE CORPORATION**

Date: November 7, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

(signed) Martin J. Doane  
Chief Executive Officer

(signed) Martin J. Doane  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) Richard A. Meloff  
Director

(signed) Bill G. Calsbeck  
Director

**CERTIFICATE OF THE PROMOTER**

Date: November 7, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

(signed) Martin J. Doane

**CERTIFICATE OF THE AGENT**

Date: November 7, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

**Raymond James Ltd.**

Per: (signed) David Melillo  
Senior Vice-President – Venture Corporate Finance