

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

## **ZURI CAPITAL CORP.**

Three months ended January 31, 2012  
(unaudited)

Prepared by Management without Company's Auditors' Review

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Zuri Capital Corp. is prepared by management in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Zuri Capital CORP.  
 Statements of financial position  
 (Expressed in Canadian dollars – unaudited)

	Notes	January 31, 2012	October 31, 2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 57,038	\$ 81,137
HST receivables		4,041	860
		61,079	83,997
Deferred financing costs	5	42,490	28,939
<b>TOTAL ASSETS</b>		<b>\$ 103,569</b>	<b>\$ 112,936</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	6	\$ 12,340	\$ 20,999
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	100,000	100,000
Deficit		(8,771)	(8,063)
<b>TOTAL EQUITY</b>		<b>91,229</b>	<b>91,937</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 103,569</b>	<b>\$ 112,936</b>

Zuri Capital CORP.  
Statements of comprehensive loss  
(Expressed in Canadian dollars – unaudited)

	<b>Three Months Ended January 31, 2012</b>
<b>EXPENSES</b>	
Office and miscellaneous	\$ 708
	<u>708</u>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>\$ (708)</u>
<b>LOSS PER COMMON SHARE - BASIC AND FULLY DILUTED</b>	<u>\$ (0.00)</u>

Zuri Capital Corp  
Statement of changes in shareholders' equity  
(Expressed in Canadian dollars – unaudited)

	Notes	Share capital		Deficit	Total
		Number of shares	Amount		
<b>Shares Issued</b>					
Comprehensive income (loss)		-	\$ -	\$ (8,063)	\$ (8,063)
Shares issued for cash by private placement	7	2,000,000	100,000	-	100,000
<b>Balance at October 31, 2011</b>		<b>2,000,000</b>	<b>100,000</b>	<b>(8,771)</b>	<b>91,937</b>
Comprehensive income (loss)		-	-	(708)	(708)
<b>Balance at January 31, 2012</b>		<b>2,000,000</b>	<b>\$ 100,000</b>	<b>\$ (8,771)</b>	<b>\$ 91,229</b>

Zuri Capital Corp  
Statement of cash flows  
(Expressed in Canadian dollars – unaudited)

	<b>Three Months ended January 31, 2012</b>
<b>Operating activities</b>	
Loss for the period from operations	\$ (708)
Changes in non-cash working capital items:	
HST receivable	(3,180)
Accounts payable and accrued liabilities	(8,659)
<b>Net cash used in operating activities</b>	<b>(12,547)</b>
<b>Financing activities</b>	
Deferred financing costs	(13,552)
Proceeds on issuance of common shares	-
<b>Net cash generated by financing activities</b>	<b>(13,552)</b>
Increase in cash and cash equivalents for the period	(26,099)
Cash and cash equivalents, beginning of period	83,137
<b>Cash and cash equivalents, ending of period</b>	<b>\$ 57,038</b>

**1. Nature and continuance of operations**

Zuri Capital Corp. (the "Company") is a private company incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 1450, Vancouver, British Columbia, Canada.

The Company's principal business, upon successful completion of the Initial Public Offering ("IPO") described in Note 11, will be to identify and evaluate opportunities for an acquisition of an asset, assets or a business that will meet the definition of a "Qualifying Transaction" ("QT") as defined in Policy 2.14 as issued by TSX Venture Exchange (the "Exchange").

These financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge liabilities in the ordinary course of operations rather than through a process of forced liquidation. The Company's continued operations as intended will ultimately be dependent upon its ability to identify, evaluate and negotiate the acquisition of an interest in properties, assets, or business which is considered a QT. Such an acquisition will be subject to shareholder and regulatory approval. On December 19, 2011, the British Columbia Securities Commission and the Ontario Securities Commission receipted the Company's CPC Prospectus.

Should the Company be unable to complete such a transactions, its ability to raise sufficient financing to maintain operations may be impaired and accordingly the Company may be unable to realize on the carrying value of its net assets.

**2. Significant accounting policies and basis of preparation**

These financial statements were authorized for issue on March 13, 2012 by the directors of the Company.

***Statement of compliance and conversion to International Financial Reporting Standards***

These interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, functional currency of the Company.

***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the fair value measurements for financial instruments. Actual results may differ from those estimates and judgments.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Cash and cash equivalents are classified as fair value through profit and loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.



**2. Significant accounting policies and basis of preparation (cont'd)**

***Deferred financing costs***

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

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

***Share-based payments***

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Share capital***

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

***Loss per share***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Income taxes***

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets or liabilities.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

### 3. Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) Amendments to IAS 1. Presentation of Financial Statements: Other comprehensive income ("OCI")

On June 16, 2011, the IASB issued amendments to IAS 1, Presentation of Financial Statements, which require entities preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement and to separately group together items that will not be reclassified to the profit or loss section of the income statement.

The amendments also reaffirm existing requirements that profit or loss and OCI should be presented as either a single statement or two consecutive statements.

The amendments are effective for financial years commencing on or after July 1, 2012.

(ii) Amendments to IAS 19, Post-employment Benefits.

On June 16, 2011, the IASB issued amendments to IAS 19, Employee Benefit, in order to improve the accounting for pensions and other post-employment benefits. The amendments make important improvements by:

- Eliminating the option to defer the recognition of gains and losses, known as the 'corridor method' or the "deferral and amortization approach";
- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations;
- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendments are effective for financial years beginning on or after January 1, 2013. Earlier application is permitted.

(iii) IFRS 9. Financial Instruments.

This new standard replaces the requirements in IAS 39, Financial Instruments: Recognition and Measurements for classifying and measuring of financial assets and liabilities.

In June 2011, the IASB published a Staff Paper discussing the application date of IFRS 9. The paper is scheduled to be discussed at the IASB's meeting on July 20-22 2011. The Staff Paper notes that the impairment and hedging phases of the project to replace IAS 39 are not yet complete, not is the insurance project, and the staff recommends that on the basis of current circumstances the IASB should move mandatory effective date of IFRS 9 to annual periods beginning on or after January 1, 2015. IFRS 9 is currently required to be applied for annual reporting periods beginning on or after January 1, 2013.

**3. Recent accounting pronouncements (cont'd)**

(iv) IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the consolidation requirements in IAS 27. Consolidated and Separate Financial Statements, and SIC-12 Consolidation – Special Purpose Entities. It is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 11, IFRS 12 and the related amendments to IFRS 27 and 31 are adopted at the same time.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(v) IFRS 11, Joint Arrangements

IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venture. It is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 10, IFRS 12 and the amendments to IFRS 27 and 31 are adopted at the same time.

IFRS 11 improves on IAS 31 by requiring a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, namely the equity method.

(vi) IFRS 12, Disclosure of Interests in Other Entities.

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structures entities.

IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 12, IFRS 11 and the related amendments to IFRS 27 and 31 are adopted at the same time.

(vii) IFRS 13, Fair Value Measurement

IFRS 13 is a new standard that defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

The IASB is expected to publish new IFRSs on the following topics during 2011. The Company will assess the impact of these new standards on the Company's operations as they are published:

- Leases
- Revenue recognition
- Stripping costs

**4. Cash and cash equivalents**

The components of cash and cash equivalents are as follows:

	January 31, 2012	October 31, 2011
Cash at bank	\$ 57,038	\$ 81,137
	\$ 57,038	\$ 81,137

**5. Deferred financing costs**

The deferred financing costs consist of stock exchange, agency and other professional fees. This amount will be deducted against share capital when incurred.

**6. Accounts payable and accrued liabilities**

	January 31, 2012	October 31, 2011
Accounts payable and accrued liabilities	\$ 12,340	\$ 20,999
	\$ 12,340	\$ 20,999

**7. Share capital**

*a. Authorized share capital*

Unlimited number of common shares without par value.

*b. Issued share capital*

At January 31, 2012 there were 2,000,000 issued and fully paid common shares.

*c. Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the three month period ended January 31, 2012 was based on the loss attributable to common shareholders of \$708 and the weighted average number of common shares outstanding of 2,000,000.

**8. Related party transactions**

There are no related party transactions during the period.

**9. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

9. **Financial risk management** (cont'd)

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at January 31, 2012:

	Within one year	Between one and five years	More than five years
Trade payables	12,340	-	-
	\$ 12,340	\$ -	\$ -

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at January 31, 2012, all of the Company's cash is held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

**Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2012:

	As at January 31, 2012		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 57,038	\$ -	\$ -

**9. Financial risk management (cont'd)**

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

	<b>January 31, 2012</b>	<b>October 31, 2011</b>
Cash and cash equivalents	\$ 57,038	\$ 81,137
Loans and receivables:		
Other receivables	4,041	860
Available-for-sale financial instruments:		
Short-term investments	-	-
	<b>\$ 61,078</b>	<b>\$ 83,997</b>

Financial liabilities included in the statement of financial position are as follows:

	<b>January 31, 2012</b>	<b>October 31, 2011</b>
Non-derivative financial liabilities:		
Credit facility	\$ -	\$ -
Trade payables	12,340	20,999
	<b>\$ 12,340</b>	<b>\$ 20,999</b>

**10. Income Taxes**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Loss for the period	\$ (708)
Expected income tax recovery	\$ (188)
Unrecognized benefits of non-capital losses	188
Total income tax recovery	\$ -

The significant components of the Company's future income tax assets are as follows:

Future income tax assets	
Non-capital loss carry forwards	\$ 2,324
Valuation allowance	(2,324)
Net future income tax assets	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$8,063. These losses, if not utilized, will expire in 2031. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**11. Subsequent events**

The Company proposes to offer to the public, in the Provinces of British Columbia, Alberta and Ontario and in the Yukon Territories, an aggregate of 2,000,000 common shares at \$0.10 per share, to raise proceeds of \$200,000 before a 10% commission payable to the Agent. The Agent will also receive a \$10,000 corporate finance fee, be reimbursed for its reasonable expenses incurred pursuant to the Offering including legal fees, and be granted an option to acquire up to 200,000 common shares of the Company at \$0.10 per share for a two year period. On December 19, 2011, the British Columbia Securities Commission and the Ontario Securities Commission receipted the Company's CPC Prospectus.

Concurrent with the completion of the above noted IPO, the Company's shares will be listed for trading on the Exchange as a Capital Pool Company pursuant to the Provision of Exchange Policy 2.4. The IPO will also qualify the granting to the officers and directors of the Company an aggregate of 400,000 options to purchase common shares of the Company at \$0.10 per share, exercisable for a period of five years from the date of the listing of the common shares on the Exchange.