

PRELIMINARY PROSPECTUS DATED JANUARY 18, 2012

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN EACH OF THE PROVINCES OF ALBERTA, BRITISH COLUMBIA AND ONTARIO, AS WELL AS WITH THE TSX VENTURE EXCHANGE INC., 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 FINAL PROSPECTUS IS OBTAINED FROM THE SECURITIES REGULATORY AUTHORITIES IN ALBERTA, BRITISH COLUMBIA AND ONTARIO.

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.

Initial Public Offering

●, 2012

SOUTHTECH CAPITAL CORPORATION

(a capital pool company)

\$200,000

2,000,000 common shares

Price: \$0.10 per common share

The purpose of this offering (the "Offering") is to provide Southtech Capital Corporation (the "Corporation") with a minimum of funds with which to identify and evaluate companies, businesses or assets with a view to completing a Qualifying Transaction (as hereinafter defined). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. ("TSX Venture" or the "Exchange"), and in the case of a Non Arm's Length Qualifying Transaction (as hereinafter defined), must also receive Majority of the Minority Approval (as hereinafter defined) in accordance with Policy 2.4 of the TSX Venture Corporate Finance Manual (the "CPC Policy"). The Corporation is a capital pool company ("CPC") that has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the completion of the Qualifying Transaction, the Corporation will not carry on business other than the identification and evaluation of companies, businesses or assets with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

This Offering is being conducted on a commercially reasonable efforts agency basis on behalf of the Corporation by Macquarie Private Wealth Inc. (the "Agent") in the Provinces of Alberta, British Columbia and Ontario and is subject to the receipt by the Corporation of subscriptions for a minimum of 2,000,000 common shares of the Corporation (the "Common Shares") at a price of \$0.10 per share (the "Offering Price") for gross proceeds to the Corporation of \$200,000 (the "Offering Amount"). See "Plan of Distribution". The Offering Price was determined arbitrarily by the directors of the Corporation. The Offering is subject to a minimum subscription which must be raised within 90 days of the issuance of a receipt for the Prospectus, or such time as may be consented to by persons or companies who subscribed within that period, or such other time as may be authorized by the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission (collectively, the "Commissions"), as well as agreed to by the Agent. The funds received from the sale of the Common Shares offered hereunder will be deposited with the Agent, and will not be released until a minimum of the Offering Amount has been deposited. If the minimum subscription is not raised, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "Plan of Distribution".

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the Offering, or 40,000 Common Shares. In addition, the maximum number of Common Shares that may be directly or indirectly purchased pursuant to the Offering by any purchaser, together with that purchaser's Associates and Affiliates (as hereinafter defined), is 4% of the Offering, or 80,000 Common Shares.

	<u>Common Shares</u>	<u>Price to the Public</u>	<u>Agent's Commission⁽¹⁾</u>	<u>Proceeds to the Corporation⁽²⁾</u>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering ⁽³⁾	2,000,000	\$200,000	\$20,000	\$180,000

Notes:

- (1) Pursuant to the Agency Agreement (as defined herein), the Agent has agreed to act as the agent of the Corporation in connection with the Offering, and will receive a commission of 10% of the gross proceeds of the Offering, which will amount to \$20,000 if the total Offering is sold. In addition, the Agent will receive a corporate finance fee of \$12,500 plus applicable taxes, and will be reimbursed for their legal fees incurred pursuant to this Offering, estimated to be \$15,000, plus applicable taxes and disbursements. The Corporation will also grant to the Agent, and to any sub-agents as the Agent may direct, upon completion of the Offering, non-transferable options to purchase up to 200,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for period of 24 months from the date of listing of the Common Shares on TSX Venture (the "Agent's Options"), which options are qualified for distribution under this Prospectus. See "Plan of Distribution".
- (2) Before deducting expenses of this Offering, estimated to be \$35,000, not including the commission, corporate finance fee or legal fees of the Agent.
- (3) A total of 2,000,000 Common Shares are offered hereunder, not including the Agent's Options or the incentive stock options to be granted to the directors and officers of the Corporation to purchase an aggregate of 600,000 Common Shares at a price of \$0.10 per Common Share (the "Incentive Stock Options"), which Incentive Stock Options are also qualified for distribution under this Prospectus. See "Incentive Stock Options". The Incentive Stock Options must be granted within 90 days of the issuance of a receipt for this Prospectus.

There is currently no market through which these securities may be sold and the purchaser may not be able to resell these securities. The Corporation has applied for the listing of the Common Shares on TSX Venture. Listing will be subject to the Corporation fulfilling all of the requirements of the TSX Venture, including the distribution of the Common Shares to a minimum number of public shareholders.

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 Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the Corporation's preliminary prospectus is issued by the securities commission that is designated the principal regulator for the Corporation pursuant to Multilateral Instrument 11-102 *Passport System* (the "Principal Regulator") and the time the Common Shares are listed for trading on TSX Venture except, subject to prior acceptance of TSX Venture, where appropriate registration and prospectus exemptions are available under securities legislation or pursuant to an order of the applicable securities regulatory authority.

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. See "Risk Factors".

The Agent hereby conditionally offers for sale, on a "commercially reasonable efforts" agency basis, 2,000,000 Common Shares without nominal or par value at a price of \$0.10 per Common Share. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued and delivered by the Corporation, and accepted in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval by Burstall Winger LLP, Calgary, Alberta, on behalf of the Corporation, and by Davis LLP, Calgary, Alberta on behalf of the Agent, of such legal matters for which approval is specifically sought by the Corporation or the Agent.

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 of the Offering 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.

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GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Prospectus.

"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 Corporation 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 Corporation.

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" has the meaning assigned thereto under the heading "Plan of Distribution".

"Agent" means Macquarie Private Wealth Inc.

"Agent's Option" has the meaning assigned thereto on page (ii).

"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 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 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 of TSX Venture with respect to that Member firm, Member corporation or holding company.

"Commissions" has the meaning assigned thereto on the face page of this Prospectus.

"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.

"CPC" means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada or in another acceptable jurisdiction;

- (b) 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
- (c) in regard to which the Final Exchange Bulletin has not yet been issued.

"CPC Filing Statement" means the disclosure document of the CPC prepared in accordance with the TSX Venture Form 3B2 which provides full, true and plain disclosure of all material facts relating to the CPC and the Target Company.

"CPC Information Circular" means the information circular of the CPC prepared in accordance with applicable securities laws and the TSX Venture Form 3B1 which provides full, true and plain disclosure of all material facts relating to the CPC and the Target Company.

"CPC Policy" means policy 2.4 of TSX Venture.

"Escrow Agreement" has the meaning assigned thereto under the heading "Escrowed Securities".

"Exchange" or "TSX Venture" 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.

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

"Issuer" means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

"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:

- (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.

"Member" means a Person who has executed a members' agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

"Members' Agreement" means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange.

"NEX" means the market on which former TSX Venture and Toronto Stock Exchange issuers that do not meet tier maintenance requirements may continue to trade.

"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, are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

"Offering" has the meaning assigned thereto on the first page of this Prospectus.

"Offering Amount" means \$200,000.

"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 the Final Exchange Bulletin;
- (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 than 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 principals' 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.

"Promoter" has the meaning specified in Section 1(rr) of the *Securities Act* (Alberta).

"Pro Group" means

- (a) Subject to subparagraphs (b), (c) and (d), "Pro Group" shall include, either individually or as a group:
 - (i) the Member;
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;
 - (iv) Affiliates of the Member; and
 - (v) Associates of any parties referred to in subparagraphs (i) through (iv);
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length to the Member;

- (d) The Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Member determines that:
- (i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;
 - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
 - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
 - (iv) the Member maintains a list of such excluded Persons.

"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.

"Related Party Transaction" has the meaning ascribed to that term under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions, together with the Companion Policy 61-101CP, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

"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 TSX Venture 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 the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

THE CORPORATION: Southtech Capital Corporation (the "Corporation").

BUSINESS OF THE CORPORATION:

The principal business of the Corporation will be the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations, has not identified any potential Qualifying Transactions and has no assets other than a minimum amount of cash. See "Business of the Corporation".

OFFERING:

An aggregate of 2,000,000 Common Shares are being offered under this Prospectus at a price of \$0.10 per Common Share in the provinces of Alberta, British Columbia and Ontario. In addition, pursuant to the Agency Agreement, the Corporation will also grant to the Agent, and to any sub-agents as the Agent may direct, the Agent's Options to purchase 200,000 Common Shares at a price of \$0.10 per Common Share for a period of 24 months from the date of listing of the Common Shares on TSX Venture, which options are qualified under and distributed pursuant to this Prospectus. The Incentive Stock Options to be granted to the directors and officers of the Corporation to purchase an aggregate of 600,000 Common Shares at a price of \$0.10 per Common Share for a period of ten years from the date of grant are also to be qualified under and distributed pursuant to this Prospectus. See "Plan of Distribution" and "Incentive Stock Options".

USE OF PROCEEDS:

The net proceeds to the Corporation from the Offering and prior sales of Common Shares, after the payment of all costs in respect of the Offering, are estimated to be \$317,500. The net proceeds of this Offering and proceeds from prior sales of Common Shares will be used to provide the Corporation with a minimum of funds with which to identify and evaluate companies, assets and businesses with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such companies, assets or businesses 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: (i) 30% of the gross proceeds of the Offering and sales of Common Shares prior to the Offering; and (ii) \$210,000, may be used for purposes other than evaluating companies, businesses or assets. See "Use of Proceeds", "Business of the Corporation" and "Risk Factors".

DIRECTORS AND OFFICERS:

The directors and officers of the Corporation are: Wade J. Larson, President, Chief Executive Officer, Chief Financial Officer and Director; Paul S. Readwin, Director; Michael P. Kraft, Director; Dale P. Johnson, Director; Donald A. Whalen, Director and Douglas M. Stuve, Corporate Secretary.

**ESCROWED
SHARES:**

An aggregate of 4,000,000 Common Shares, being all of the currently issued and outstanding Common Shares, have been deposited into escrow pursuant to the terms of 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. See "Escrowed Securities".

RISK FACTORS:

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was recently incorporated, has no active business and owns no business operations or assets, other than cash, has not identified a potential company, asset or business as a proposed Qualifying Transaction and has not entered into an Agreement in Principle. The Corporation does not have a history of earnings, has not paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction. The Offering is suitable only to those investors who are willing to rely entirely on the directors and management of the Corporation and who can afford to risk the 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 33.3% or \$0.033 per Common Share. There can be no assurance that an active and liquid market for the 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 companies, 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. In the event that management of the Corporation resides outside of Canada or 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. See "Business of the Corporation", "Management and Key Personnel", "Directors and Officers", "Use of Proceeds", "Risk Factors" and "Conflicts of Interest".

THE CORPORATION

The Corporation was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on April 21, 2011. The articles of the Corporation were amended by Certificate of Amendment dated December 12, 2011 to delete the private company provisions and the restrictions on share transfers.

The head office of the Corporation is located at Suite 200, 5970 Centre Street S.E., Calgary, Alberta T2H 0N7. The registered and records office of the Corporation is located at Suite 1600, Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

BUSINESS OF THE CORPORATION

Proposed Operations of the Corporation

The Corporation has not conducted operations of any kind and does not own any assets, other than cash.

The Corporation proposes initially to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction. A Qualifying Transaction must be accepted by TSX Venture and in the case of a Non Arm's Length Qualifying Transaction is also subject to the Majority of the Minority Approval of the shareholders of the Corporation in accordance with the CPC Policy. The Corporation has not conducted commercial operations. Once a suitable company, asset or business is identified and evaluated, the Corporation will negotiate the terms under which such company, asset or business may be acquired or participated in by itself or jointly with others.

Until the Completion of a Qualifying Transaction, the Corporation shall not carry on any business, other than the identification and evaluation of companies, assets or businesses with a view to completing a potential Qualifying Transaction. With the consent of TSX Venture, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Use of Proceeds", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of a potential Qualifying Transaction and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

The Corporation is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Corporation anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical areas.

Preliminary Expenses of the Corporation

As at the date hereof, the Corporation has incurred or accrued preliminary expenses with respect to legal and auditing costs, as well as advances to the Agent and expenses of legal counsel to the Agent, of approximately \$35,500. See "Use of Proceeds" notes (3) and (4). Certain of the proceeds of the Offering may be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor's legal counsel and the Agent's legal counsel.

Method of Financing Qualifying Transaction

The Corporation will negotiate the terms of the Qualifying Transaction and may use cash, secured or unsecured debt, the issuance of treasury shares, a public equity or debt financing or a combination of

the foregoing for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issuance of shares from the treasury could result in a change of control of the Corporation and may cause shareholders to suffer further dilution to their investment.**

Criteria for Qualifying Transactions

A Qualifying Transaction may arise in numerous ways and management has not placed geographical restrictions on potential Qualifying Transactions. The Corporation has not established pre-determined criteria for potential Qualifying Transactions, other than sound business fundamentals. Such fundamentals include, but are not limited to:

- (a) the ratio of risk to reward;
- (b) the cost effectiveness of the participation or acquisition;
- (c) the length of the payout period; and
- (d) the rate of return.

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.

REGULATORY AND SHAREHOLDER APPROVAL

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 TSX Venture generally will halt trading in the Common Shares until the filing requirements of TSX Venture have been satisfied as set forth under the heading "Regulatory and Shareholder Approval - Trading Halts, Suspension and Delisting". Within 75 days after issuance of such news release, the Corporation is required to submit for review to TSX Venture either a CPC Information Circular that complies with applicable corporate and securities laws, or a CPC Filing Statement that complies with TSX Venture requirements. A CPC Information Circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A CPC Filing Statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction or where shareholder approval is not otherwise required. The CPC Information Circular or CPC Filing Statement, as applicable, must contain prospectus level disclosure of the Target Company, the Corporation, and assuming Completion of the Qualifying Transaction, and must be prepared in accordance with the CPC Policy and the TSX Venture Form 3B1/Form 3B2. Upon acceptance by TSX Venture, the Corporation must then either:

- (a) file the CPC Filing Statement at www.SEDAR.com at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction, as well as the fact that the CPC Filing Statement is available at www.sedar.com, or
- (b) mail the CPC 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 shareholders.

Unless waived by TSX Venture, the Corporation will also be required to retain a Sponsor, who must be a member of TSX Venture, and who will be required to submit to TSX Venture a report prepared in accordance with the Policies of TSX Venture. The Corporation will no longer be considered to be a

CPC upon TSX Venture having issued the Final Exchange Bulletin. TSX Venture will generally not issue the Final Exchange Bulletin until TSX Venture 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, if required by the CPC Policy;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with TSX Venture 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.

TSX Venture, in its sole discretion, may not approve a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the initial listing requirements of TSX Venture;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
 - (i) a Member and its Affiliates;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders, partners, officers and directors of the Member; and
 - (iii) Associates of any such persons,
 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 a mutual fund as defined under the *Securities Act* (Alberta), *Securities Act* (Ontario) or the *Securities Act* (British Columbia);
- (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.

Initial Listing Requirements

The Resulting Issuer must satisfy TSX Venture's continued listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of TSX Venture. The Resulting Issuer must also meet the tier maintenance public distribution requirements for an issuer in its first year of listing under the applicable Tier.

Trading Halts, Suspension and Delisting

TSX Venture 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 TSX Venture have been satisfied, which includes the submission by the Sponsor of a sponsorship acknowledgment form where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms and consent forms for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with TSX Venture and any preliminary background searches that TSX Venture considers necessary or advisable must also be completed, before the trading halt will be lifted by TSX Venture.

Even if all filing requirements have been satisfied and preliminary background checks completed, TSX Venture 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 TSX Venture that the halt should be reinstated or continued.

A trading halt may also be imposed by TSX Venture 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 Corporation 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.

TSX Venture may suspend from trading or delist the Common Shares where TSX Venture has not issued a Final Exchange Bulletin within twenty-four (24) months of the date of listing of the Common Shares on TSX Venture. In the event that the Common Shares of the Corporation are delisted by TSX Venture, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "Business of the Corporation - Filings and Shareholder approval of a Non-Arms Length Qualifying Transaction".

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on the NEX rather than be delisted. In order to be eligible to list on the NEX the Corporation must comply with the CPC Policy.

MANAGEMENT AND KEY PERSONNEL

The following is a brief description of the management and key personnel of the Corporation.

Wade J. Larson

Wade J. Larson, age 42, is the President, Chief Executive Officer, Chief Financial Officer and a Director of the Corporation.

Mr. Larson is currently the Vice-President of Business Development with MacDonald Dettwiler and Associates' Space Missions Division ("MDA") based in Vancouver, British Columbia. Mr. Larson heads up satellite systems and missions sales where he is responsible for managing strategy, business

development and sales for international satellite business opportunities, principally in space radar and electro-optical Earth observation. Since 2002, Mr. Larson has been involved in a broad range of business development initiatives at MDA, including new business ventures, developing synergies between space and other elements of the MDA corporate family, and overall government relations and marketing.

Prior to joining MDA in June 2002, Mr. Larson worked for over seven years at the Canadian Space Agency where he managed Canada's international partnerships in satellite-based Earth Observation and supported a broad range of international programs and partnerships.

Mr. Larson was frequently Canada's representative at the United Nations Committee on the Peaceful Uses of Outer Space ("COPUOS") and was involved in developing the country's regulatory framework governing the commercialization of remote sensing satellite systems.

Mr. Larson has a Masters of Business Administration degree from McGill University, a Masters of Arts degree from the University of British Columbia, and a Bachelor of Arts degree from Trinity Western University.

Dale P. Johnson

Dale P. Johnson, age 65, is a Director of the Corporation.

Mr. Johnson is currently the non-executive Chairman of Optimal Payments Plc, a public company listed in the United Kingdom, and a Director of CanElsion Drilling Inc., a public company listed on the Toronto Stock Exchange ("TSX").

Mr. Johnson has over 30 years of experience in corporate leadership, operations management, business development, project management and turnarounds for private and public companies. He was a founding member and a Principal of Tri Ocean Engineering Ltd., an oilfield engineering firm, from 1976 to 1987. He was a founder and Chief Executive Officer of Alpeco Limited, a specialized oilfield equipment packager, from 1988 to 1993, which was acquired by Taro Industries Ltd. where he continued as Senior Vice-President - Operations until 1997. More recently, he was President of Neovia Financial Plc's Asia Pacific operations, establishing the company's services in online payments in the region, from September 2005 to December 2006.

Mr. Johnson has Bachelor and Master's degrees in Applied Science from the University of British Columbia, and a Management Diploma from the University of Calgary.

Donald A. Whalen

Donald A. Whalen, age 70, is a Director of the Corporation.

Mr. Whalen is currently a self-employed business consultant and has been since January 2009.

Mr. Whalen was a Director of High River Gold Mines Ltd. ("High River"), a public gold mining company listed on the Toronto Stock Exchange, from December 1991 to September 2008. During this time frame, Mr. Whalen was Executive Chairman of the Board of Directors of High River from September 1993 to September 2008. Mr. Whalen was also the Senior Vice-President of High River from September 2008 to December 2008. Prior to joining High River, Mr. Whalen held numerous marketing, technical and management positions over a 29 year career with IBM Canada Ltd.

Mr. Whalen has been active in promoting Canadian-Russian business investment and trade relations and from 1998 to 2008, he held the position of Chairman of the Canada Eurasia Russia Business Association (CERBA) and was Co-Chair of the Canada Russia Business Council from 2005 to 2008.

Mr. Whalen is also a Director and Chairman of the Audit Committee for Pancontinental Uranium Corporation, Roscan Minerals Corporation and VMS Ventures Inc., all public companies listed on TSX Venture.

Mr. Whalen holds a Bachelor of Commerce Degree from the University of Toronto.

Paul S. Readwin

Paul S. Readwin, age 55, is a Director of the Corporation.

Mr. Readwin has been since October 2009 the founding partner and President of Business Instincts Group Inc. a Calgary, Alberta based management consulting firm which focuses on the strategic growth of start up and early stage companies.

Mr. Readwin was also been since January 2005 the founder of Perception Audit Research Corp., a marketing research and neuromarketing service firm.

Michael P. Kraft

Michael P. Kraft, age 48, is a Director of the Corporation.

Mr. Kraft has been since 1996 the President, CEO and a Director of Lingo Media Corporation, a public company listed on TSX Venture that offers online and print-based educational products and services company focused on English language learning on an international scale.

Mr. Kraft is also the Chairman of Buckingham Group Limited, a private merchant banking corporation. Mr. Kraft has also since 1994 been the President and CEO of MPK Inc., a private business-consulting corporation to private and public companies.

Mr. Kraft is currently a Director of Pioneering Technology Inc., a public company listed on TSX Venture, as well as a past director of several other public companies.

Mr. Kraft has a Bachelor of Arts degree in Economics from York University.

Douglas M. Stuve

Douglas M. Stuve, age 43, is Corporate Secretary of the Corporation.

Mr. Stuve is a partner with the law firm Burstall Winger LLP of Calgary, Alberta and has been with Burstall Winger LLP since July 1993. Mr. Stuve's principal area of practice is corporate finance and securities law, as well as general corporate commercial law. Mr. Stuve holds a Bachelor of Arts degree (with distinction) from the University of Alberta and a Bachelor of Laws degree (LL.B) from Queen's University, Kingston, Ontario.

Mr. Stuve served as a member of the advisory committee in Calgary, Alberta to the Canadian Venture Exchange Inc. (the predecessor to TSX Venture) to assist in formulating policy prior to and after its formation in November 1999.

Mr. Stuve has served as a Director and officer of several public companies and is currently the Chairman of the Board of Athabasca Minerals Inc. ("Athabasca") and a Director of Border Petroleum Corp. and New Sage Energy Corp., three public companies listed on TSX Venture, as well as Elkhorn Resources Inc., a private oil and gas company. Mr. Stuve is a past director of several public companies,

including Tesoro Energy Corp., Pelorus Energy Corp. and Regal Energy Ltd., three public companies that were listed on TSX Venture. He is also a past director of Deepwell Energy Services Ltd., the operating subsidiary of Deepwell Energy Services Trust, a public oil and gas services trust listed on TSX.

Mr. Stuve is also a past Director of Patfind Inc., the first capital pool company offering completed on the predecessor exchange to TSX Venture (that changed its name to Engineering.com Incorporated), and Canadian Public Venture Capital I Inc., two capital pool companies that completed their Qualifying Transactions. Mr. Stuve was also a Director of Sabrich Capital Corporation, Amalfi Capital Corporation and Lime Hill Capital Corporation, three CPCs listed on TSX Venture that completed their Qualifying Transactions.

USE OF PROCEEDS

The gross proceeds to be received by the Corporation from the combination of prior sales of Common Shares and the sale of the Common Shares offered by this Prospectus will be \$400,000.

The following indicates the uses to which the Corporation proposes to use the total funds available to it upon completion of this Offering:

Gross Cash Proceeds to the Corporation from sales prior to this Offering ⁽¹⁾	\$200,000
Cash Proceeds from this Offering ⁽²⁾	<u>\$200,000</u>
Total Gross Proceeds	\$400,000
Commission of the Agent	(\$20,000)
Corporate Finance Fee and Legal Expenses of the Agent ⁽³⁾	(\$27,500)
Legal, Accounting and Other Expenses Relating to the Offering ⁽⁴⁾	<u>(\$35,000)</u>
Estimated Funds Available on Completion of the Offering	<u>\$317,500</u>
Funds Available for Identifying and Evaluating Companies, Assets or Business Prospects ⁽⁵⁾	\$260,000
General and Administrative Expenses until Completion of a Qualifying Transaction	<u>\$57,500</u>
Total Use of Proceeds	<u>\$317,500</u>

Notes:

- (1) See "Prior Sales". There were no expenses or costs incurred with respect to these sales.
- (2) In the event the Agent (or a sub-agent, as applicable) exercises the Agent's Options and the holders exercise the Incentive Stock Options, there will be available to the Corporation a maximum of an additional \$80,000 which will be added to the working capital of the Corporation. There is no assurance that any of the options will be exercised. See "Plan of Distribution".
- (3) Of this amount, \$20,500 has been incurred or accrued to date.
- (4) Of this amount, \$15,000 has been incurred or accrued to date.
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$260,000 on identifying and evaluating companies, assets or businesses, the Corporation may use the remaining funds to finance or partially finance a Qualifying Transaction, or for working capital after Completion of the Qualifying Transaction.

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 thereof 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 minimum number of companies, assets or businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit. See "Business of the Corporation" and "Risk Factors".

Permitted Use of Proceeds

The CPC Policy requires that, until the Completion of the Qualifying Transaction and except as otherwise provided by the CPC Policy and as described in this Prospectus under the heading "Use of Proceeds - Prohibited Payments to Non Arm's Length Parties", the gross proceeds from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate companies, assets or businesses, and to obtain shareholder approval for a Qualifying Transaction, if required by the CPC Policy.

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 or geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services; and
- (h) agent's fees, costs and commissions;

relating to the identification and evaluation of companies, assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, obtaining of shareholder approval for the proposed Qualifying Transaction, if required by the CPC Policy.

In addition, with the prior acceptance of TSX Venture, 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 that 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 TSX Venture.

Restrictions on Use of Proceeds

Until completion by the Corporation of a Qualifying Transaction, not more than the lesser of: (i) 30% of the gross proceeds from the sale of all securities issued by the Corporation; and (ii) \$210,000, will

be used for purposes other than those described above, including the following expenditures which the CPC Policy specifies as not being expenditures to identify and evaluate companies, assets or businesses:

- (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: (i) office supplies, office rent and related utilities; (ii) printing costs (including the printing of this Prospectus and share certificates); (iii) equipment leases (provided that no proceeds shall be used to acquire or lease a vehicle); and (iv) fees for legal advice and audit expenses, other than those related to the Qualifying Transaction.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of TSX Venture is obtained before issuance. Prior to the Completion of the Qualifying Transaction, TSX Venture 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 a 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 permitted by the CPC Policy and described under the heading "Use of Proceeds - Restrictions on Use of Proceeds" and "Incentive Stock Options", the Corporation has not made and until the completion by the Corporation of a Qualifying Transaction, will not make any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or 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, finder's fees, loans, advances and bonuses; and
- (b) deposits and similar payments.

Further, no such payments shall be made on or after the Completion of a Qualifying Transaction if such payment relates 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), 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 the Completion of the Qualifying Transaction.

PLAN OF DISTRIBUTION

Agency Agreement, Agent's Compensation and Determination of Price

Pursuant to the agency agreement dated as of ●, 2012 between the Corporation and the Agent (the "Agency Agreement"), the Corporation has appointed the Agent as its agent to offer for distribution on a commercially reasonable efforts agency basis, in the Provinces of Alberta, British Columbia and Ontario to the public, an aggregate of 2,000,000 Common Shares, at a price of \$0.10 per Common Share for aggregate gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Offering Price of \$0.10 per Common Share was established arbitrarily by the Board of Directors of the Corporation. The Agent will receive a commission equal to 10% of the gross proceeds of the Offering, which will amount to \$20,000 if the total Offering is sold. In addition, the Agency Agreement provides that the Corporation will pay the Agent a corporate finance fee of \$12,500, plus applicable taxes and will reimburse the Agent for its legal fees incurred pursuant to the Offering, estimated to total \$15,000, plus applicable taxes and disbursements. As of the date hereof, the Corporation has paid to the Agent half of the corporate finance fee and applicable taxes, as well as a \$7,500 retainer for legal fees and expenses. The obligations of the Agent under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of financial markets or upon the occurrence of certain events stated in the Agency Agreement.

The Corporation will grant to the Agent, and to any sub-agents as the Agent may direct, upon the completion of the Offering, the non-transferable Agent's Options to purchase up to 200,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months following the date of listing of the Common Shares on TSX Venture. A total of fifty percent (50%) of the Common Shares issuable upon exercise of the Agent's Options may be sold by the Agent (or the sub-agent, as applicable) prior to the completion of the Qualifying Transaction by the Corporation. The remaining fifty percent (50%) may only be sold after the completion of the Qualifying Transaction. The Agent intends to sell to the public any Common Shares received by them upon the exercise of the Agent's Options.

Other Securities to be Qualified

The Common Shares to be issued upon the exercise of the Agent's Options and the Incentive Stock Options will be issued in addition to the 2,000,000 Common Shares being offered pursuant to this Prospectus. The Agent's Options and the Incentive Stock Options will be qualified for distribution under this Prospectus.

Offering and Distribution

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and, if necessary, to enter into co-brokerage arrangements with other investment dealers at no additional cost to the Corporation.

The total Offering is 2,000,000 Common Shares for total gross proceeds of \$200,000. The maximum number of Common Shares that may be purchased, directly or indirectly, by any single subscriber to the Offering is 2% of the Offering, or 40,000 Common Shares. In addition, the maximum number of Common Shares that may be directly or indirectly purchased pursuant to the Offering by any purchaser, together with any Associates and Affiliates of such purchaser, is 4% of the Offering, or 80,000 Common Shares.

The funds received from the Offering hereunder will be deposited with the Agent, and will not be released until a minimum of the Offering Amount has been deposited. The total subscription must be raised within 90 days of the date of issuance of a receipt for the Prospectus, or such other time as may be authorized by the Commissions, and agreed to by the Agent and by Persons who subscribed within that period, failing which the funds collected will be remitted to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Listing

The Corporation has applied for the listing of the Common Shares on TSX Venture. Listing will be subject to the Corporation fulfilling all of the requirements of TSX Venture, including the distribution of the Common Shares to a minimum number of public shareholders.

Subscriptions by and Restrictions on the Agent

The Agent has advised the Corporation that to the best of its knowledge and belief neither it nor any member of the Pro Group has subscribed for Common Shares.

The aggregate number of Common Shares permitted to be owned, directly or indirectly, by the Pro Group is 20% of the issued and outstanding Common Shares, exclusive of Common Shares reserved for issuance at a future date. The TSX Venture will require any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction to be subject to a four month hold period and the securities certificate(s) legended accordingly, as prescribed by TSX Venture Policy 3.2.

Restrictions on Trading

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 Options, trading in all securities of the Corporation is prohibited during the period between the date on which a receipt for the Corporation's preliminary prospectus is issued by the Principal Regulator and the time the Common Shares are listed for trading on TSX Venture except, subject to prior acceptance of TSX Venture, where appropriate registration and prospectus exemptions are available under securities legislation or pursuant to an order of the applicable securities regulatory authority.

DESCRIPTION OF SHARE CAPITAL

General

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date hereof, 4,000,000 Common Shares are issued and outstanding as fully paid and non-assessable, 10% of the issued and outstanding Common Shares from time to time are reserved under the incentive stock option plan of the Corporation and 200,000 Common Shares are reserved for issuance upon exercise of the Agent's Options. See "Incentive Stock Options" and "Plan of Distribution".

Common Shares

The holders of Common Shares shall be entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the holders of Common Shares and upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares to be issued and outstanding upon completion of the Offering will be issued as fully paid and non-assessable.

Preferred Shares

The Corporation is also authorized to issue an unlimited number of preferred shares without nominal or par value, of which, as at the date hereof, none have been issued. The preferred shares may be issued in one or more series, and the directors are authorized to fix the number of shares in each series, and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The preferred shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation of the Corporation.

CAPITALIZATION

The following table sets forth information respecting the capitalization of the Corporation as at the dates indicated:

<u>Capital</u>	<u>Authorized</u>	<u>Outstanding as at December 31, 2011⁽¹⁾⁽²⁾⁽³⁾</u>	<u>Outstanding as at the Date Hereof⁽²⁾⁽³⁾</u>	<u>Outstanding After Giving Effect to the Offering⁽²⁾⁽³⁾</u>
Common Shares	Unlimited	\$200,000 (4,000,000 Common Shares)	\$200,000 (4,000,000 Common Shares)	\$400,000 ⁽⁴⁾ (6,000,000 Common Shares)
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

- (1) The deficit of the Corporation as at December 31, 2011, the date of the balance sheet of the Corporation included in this Prospectus, was nil. As at December 31, 2011, the Corporation had not commenced commercial operations.
- (2) The Corporation has also reserved for issuance 10% of the issued and outstanding Common Shares from time to time for the incentive stock option plan of the Corporation. The Corporation intends to grant Incentive Stock Options to purchase 600,000 Common Shares. See "Incentive Stock Options".
- (3) The Corporation has also reserved for issuance up to 200,000 Common Shares to be issued upon exercise of the Agent's Options. See "Plan of Distribution".
- (4) This amount represents gross proceeds of this Offering and of prior issues of Common Shares, before the deduction of selling commissions and related expenses incurred by the Corporation. See "Use of Proceeds".

INCENTIVE STOCK OPTIONS

The Corporation has adopted an incentive stock option plan in accordance with the policies of TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to ten (10) years. In addition, the number of Common Shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to consultants or employees conducting Investor Relations Activities (as such term is defined by TSX Venture) will not exceed 2% of the issued and outstanding Common Shares in any twelve (12) month period. However, other than in connection with a Qualifying Transaction, during the time that the Corporation is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Stock Option Plan shall not exceed 10% of the Common Shares of the Corporation issued and outstanding at the closing of the Corporation's initial public offering. The Board of Directors determines the price per Common Share and the number of Common Shares which may be allotted to

each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture. Options are exercisable for a period of up to ten (10) years. If the holder ceases to be a director, officer, employee or consultant of the Corporation, such holder's options must also be exercised within the later of: (i) twelve (12) months after the Completion of the Qualifying Transaction; and (ii) ninety (90) days from the date of termination of employment or cessation of position with the Corporation, other than by reason of death. The price per Common Share set by the Board of Directors shall not be less than the last closing price of the Common Shares on TSX Venture prior to the date on which such option is granted, less the applicable discount permitted (if any) by TSX Venture. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

The Corporation intends to enter into stock option agreements granting the Incentive Stock Options concurrent with the completion of the Offering, and in any event within 90 days of the issuance of a receipt for this Prospectus, as follows:

<u>Name</u>	<u>Number of Common Shares Under Option</u>	<u>Exercise Price Per Common Share</u>	<u>Expiry Date</u>
Wade J. Larson	100,000	\$0.10	Ten years from the date of grant
Paul S. Readwin	100,000	\$0.10	Ten years from the date of grant
Michael P. Kraft	100,000	\$0.10	Ten years from the date of grant
Douglas M. Stuve	100,000	\$0.10	Ten years from the date of grant
Donald A. Whalen	100,000	\$0.10	Ten years from the date of grant
Dale P. Johnson	<u>100,000</u>	\$0.10	Ten years from the date of grant
Total	<u>600,000</u>		

The Incentive Stock Options to be granted to the directors and officers to purchase an aggregate of 600,000 Common Shares at a price of \$0.10 per Common Share are qualified under and distributed pursuant to this Prospectus.

Any Common Shares acquired pursuant to the exercise of stock options prior to the Completion of the Qualifying Transaction must be deposited into escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

PRIOR SALES

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

<u>Date</u>	<u>Number of Common Shares</u>	<u>Issue Price Per Common Share</u>	<u>Aggregate Issue Price</u>	<u>Nature of Consideration Received</u>
April 21, 2011	1	\$0.05	\$0.05	Cash
December 9, 2011	4,000,000	\$0.05	\$200,000	Cash

The 4,000,000 Common Shares issued at a price of \$0.05 per share will be held in escrow. See "Escrowed Securities".

ESCROWED SECURITIES

All 4,000,000 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 a Non Arm's Length Party of the Corporation, either under the Offering or otherwise prior to Completion of the Qualifying Transaction, will be deposited with CIBC Mellon Trust Company under an escrow agreement dated as of December 31, 2011 (the "Escrow Agreement"). The Escrow Agreement provides that the Common Shares held thereunder and the beneficial ownership of or interest in them may not be sold, assigned, hypothecated, transferred within escrow, or dealt with in any manner without the prior written consent of TSX Venture.

All Common Shares acquired on exercise of incentive stock options prior to the Completion of a Qualifying Transaction will be subject to escrow until the Final Exchange Bulletin is issued. In addition, all Common Shares acquired in the secondary market prior to the Completion of a Qualifying Transaction by any person or company who becomes a Control Person, as well as Common Shares acquired by members of the Pro Group prior to this Offering, are required, pursuant to the CPC Policy, to be deposited in escrow and will be deposited pursuant to the Escrow Agreement. Subject to certain exemptions permitted by TSX Venture all securities of the Corporation held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as at the date hereof, the number of Common Shares (the "Escrowed Shares"), which are held in escrow pursuant to the Escrow Agreement:

Name and Municipality of Residence	Number of Shares Held in Escrow ⁽¹⁾	Percentage of Shares Outstanding Prior to the Offering	Percentage of Shares After Giving Effect to the Offering ⁽¹⁾
Paul S. Readwin Calgary, Alberta	1,466,650	36.66%	24.44%
Wade J. Larson New Westminster, British Columbia	1,033,334	25.83%	17.22%
Michael P. Kraft Toronto, Ontario	800,016	20.00%	13.33%
Douglas M. Stuve Calgary, Alberta	300,000	7.50%	5.00%
Donald A. Whalen Unionville, Ontario	200,000	5.00%	3.33%
Dale P. Johnson Invermere, British Columbia	200,000	5.00%	3.33%
Total	4,000,000	100%	66.65%

Note:

- (1) Assuming the shareholders who are a party to the Escrow Agreement do not acquire any Common Shares pursuant to the Offering or exercise their Incentive Stock Options prior to the Final Exchange Bulletin.

Where the Escrowed Shares 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 of control of the holding company, without the consent of TSX Venture. Any holding company must sign an undertaking to TSX Venture that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities if such issuance or transfer could reasonably result in a change of control of the holding company. In addition, TSX Venture may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Pursuant to the Escrow Agreement the Escrowed Shares shall be released as to 10% immediately following the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are six months, twelve months, eighteen months, twenty-four months, thirty months and thirty-six months following the Initial Release.

In the event the Resulting Issuer meets TSX Venture's Tier 1 initial listing requirements either at the time of the Final Exchange Bulletin or thereafter, the release of the Escrowed Shares may be retroactively accelerated to be released as follows:

- (a) 25% immediately following the issuance of the Final Exchange Bulletin confirming the Corporation qualifies as a Tier 1 issuer on TSX Venture (the "Tier 1 Initial Release"); and
- (b) 25% on each of six months, twelve months and eighteen months after the Tier 1 Initial Release.

Any accelerated escrow release will not commence until the Resulting Issuer has made an application to TSX Venture for listing as a Tier 1 issuer and TSX Venture has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of TSX Venture.

The prior consent of TSX Venture must be obtained before a transfer within escrow of Escrowed Shares can be completed. Generally, TSX Venture will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the Escrowed Shares will not be released. Pursuant to the Escrow Agreement, each Non-Arm's Length Party to the Corporation who holds Escrowed Shares acquired at a price below the Offering Price under this Prospectus has irrevocably authorized and directed CIBC Mellon Trust Company to immediately:

- (a) cancel all of those Escrowed Shares upon the issuance by TSX Venture of a bulletin delisting the Common Shares; or
- (b) if the Corporation lists on NEX, either:
 - (i) cancel all Common Shares purchased by Non-Arm's Length Parties at a discount from the Offering Price in accordance with the CPC Policy; or
 - (ii) subject to the receipt of majority shareholder approval of the Corporation, cancel an amount of Common Shares purchased by Non-Arm's Length Parties so that the average cost of the remaining Common 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 the Qualifying Transaction are "Value Securities", then all 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 asset, using a valuation method acceptable to TSX Venture, or securities that are otherwise determined by TSX Venture to be Value Securities and required to be placed in escrow under a 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 on the date 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 is a Tier 2 issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with 5% of the escrowed securities releasable on the date of the Final Exchange bulletin, 5% on the date which is six 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 on the date 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 an 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 six 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 TSX Venture; 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 only Persons who own, legally or beneficially, directly or indirectly, more than 10% of the issued and outstanding Common Shares, are as follows:

Name and Municipality of Residence	Type of Ownership	Number of Shares ⁽¹⁾	Percentage of Shares Owned Before Giving Effect to the Offering	Percentage of Shares Owned After Giving Effect to the Offering ⁽²⁾
Paul S. Readwin Calgary, Alberta	Direct	1,466,650 ⁽³⁾	36.66%	24.44%
Wade J. Larson New Westminster, British Columbia	Direct	1,033,334 ⁽⁴⁾	25.83%	17.22%
Michael P. Kraft Toronto, Ontario	Direct	800,016	20.00%	13.33%

Notes:

- (1) These Common Shares are all held in escrow. See "Escrowed Securities".
- (2) Assuming the shareholders do not acquire any Common Shares pursuant to the Offering, which the shareholders have indicated they do not intend to do.
- (3) In the event the shareholder exercises all Incentive Stock Options proposed to be granted to the shareholder (see "Incentive Stock Options"), the shareholder will own, or exercise control or direction over, 1,566,650 Common Shares representing 23% of the issued and outstanding Common Shares, calculated on a fully-diluted basis.
- (4) In the event the shareholder exercises all Incentive Stock Options proposed to be granted to the shareholder (see "Incentive Stock Options"), the shareholder will own, or exercise control or direction over, 1,133,334 Common Shares representing 16.7% of the issued and outstanding Common Shares, calculated on a fully-diluted basis.

As at the date hereof, the 4,000,000 Common Shares legally owned, directly or indirectly, or controlled by, all directors and officers as a group and their Associates and Affiliates, prior to giving effect to the Offering or the exercise of the Incentive Stock Options or Agent's Options, represents 100% of the issued and outstanding Common Shares. After giving effect to the Offering and assuming no exercise of Incentive Stock Options or Agent's Options, the directors and officers as a group and their Associates and Affiliates will own or control 4,000,000 Common Shares representing approximately 66.67% of the issued and outstanding Common Shares, assuming the directors, officers and their Associates and Affiliates do not acquire any Common Shares pursuant to the Offering.

DIRECTORS AND OFFICERS

General

The following are the names and municipalities of residence of the directors and officers of the Corporation, their position and offices with the Corporation, their principal occupations during the last five years and the number of Common Shares held by each such individual. See also "Management and Key Personnel".

Name, Municipality of Residence and Position	Present Occupation and Position During the Last Five Years	Number of Common Shares
Wade J. Larson New Westminster, British Columbia President, Chief Executive Officer, Chief Financial Officer, Director and Promoter	Vice-President, Business Development with MacDonald Dettwiler and Associates' - Space Missions Division ("MDA") since June 2002. Prior thereto, the Director of Business Development and Manager of Business Development with MDA.	1,033,334

<u>Name, Municipality of Residence and Position</u>	<u>Present Occupation and Position During the Last Five Years</u>	<u>Number of Common Shares</u>
Dale P. Johnson Invermere, British Columbia Director	Non-executive Chairman of Optimal Payments Plc since July 2007. Prior thereto, President of Asia Pacific operations for Neovia Financial Plc (a predecessor of Optimal Payments Plc) from September 2005 to December 2006. Director of CanElson Drilling Inc. since June 2009.	200,000
Donald A. Whalen ⁽¹⁾ Unionville, Ontario Director	Self-employed business consultant since January 2009; prior thereto Senior Vice-President of High River Gold Mines Ltd. ("High River") from September 2008 to December 2008. Executive Chairman of High River from June 1992 to September 2008.	200,000
Paul S. Readwin ⁽¹⁾ Calgary, Alberta Director	Founding partner and President of Business Instincts Group Inc. since October 2009. Founder and President of Perception Audit Research Corp. since January 2005.	1,466,650
Michael P. Kraft ⁽¹⁾ Toronto, Ontario Director	President, CEO and Director of Lingo Media Corporation since April 2006. President of MPK Inc. since 1989. Chairman of Buckingham Group Limited since January 1990.	800,016
Douglas M. Stuve Calgary, Alberta Corporate Secretary	Partner with Burstall Winger LLP, Barrister & Solicitors.	300,000

Note:

- (1) Member of the audit committee of the Corporation. The Corporation does not have a compensation committee or a corporate governance committee.

In addition to any other requirements of TSX Venture, TSX Venture 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". The directors and officers of the Corporation will devote the time required to achieve the goal of the Corporation to complete a Qualifying Transaction. It is anticipated Mr. Larson will dedicate approximately 10% of his working time and attention to the business activities of the Corporation and the balance of the directors will dedicate less than 5% of their working time and attention to the business activities of the Corporation. Time actually spent by the directors and officers of the Corporation will vary according to the needs of the Corporation.

Corporate Cease Trade Orders or Bankruptcies

Other than indicated below, no director, officer, Insider or Promoter or a shareholder holding a sufficient number of securities to affect materially the control of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Michael P. Kraft was a nominee director to represent Lingo Media Corporation's interest in A+ Child Development (Canada) Ltd. ("ACD"), a 70.33% subsidiary of Lingo Media Corporation, a reporting issuer whose shares are listed for trading on TSX Venture. On December 23, 2008, ACD filed a Notice of Intent to make a proposal under the *Bankruptcy and Insolvency Act* (Canada). On April 23, 2009 the proposal filed under the *Bankruptcy and Insolvency Act* (Canada) by ACD was approved by the Superior Court of Justice (Ontario). Upon final payment, Lingo Media Corporation received a Certificate of Full Performance of the Proposal.

Personal Bankruptcies

No director, insider, senior officer, executive officer or promoter of the Corporation, personal holding company of any such persons or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has within the 10 years before the date of this Prospectus, as applicable, been declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Penalties or Sanctions

Other than as indicated below, no director, senior officer, executive officer, promoter or 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 or securities regulatory authority or entered into a settlement agreement relating to securities legislation, promotion or management of a publicly traded issuer, or theft or fraud or been subject to any other penalties or sanctions imposed by a court or regulating body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Dale P. Johnson was a Director of NETeller Plc ("NETeller"), a public company listed in the United Kingdom, when charges were brought against NETeller by the United States Attorney's Office for the Southern District of New York. NETeller entered into a deferred prosecution agreement and, following satisfaction of certain conditions, the charges were withdrawn in August 2009.

Share Ownership

As at the date hereof, the 4,000,000 Common Shares legally owned, directly or indirectly, by the directors and officers as a group and their Associates and Affiliates, prior to giving effect to the Offering, represents 100% of the issued and outstanding Common Shares. After completion of the Offering, the 4,000,000 Common Shares to be legally owned, directly or indirectly, by the directors and officers as a group and their Associates and Affiliates will represent approximately 66.67% of the issued and outstanding Common Shares, assuming no directors or officers acquire any Common Shares pursuant to the Offering.

Positions with Reporting Issuers

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

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Douglas M. Stuve	Yangarra Resources Ltd. (formerly Yangarra Resources Inc.)	TSX Venture	Director	June 2003	August 2009
	International Technologies Corporation	TSX Venture	Director	November 2003	November 2007
	E.G. Capital Inc.	NEX	Director	July 2005	Present
	Galleria Opportunities Inc.	NEX	Secretary	August 2005	Present
	Deepwell Energy Services Trust	TSX	Director of Subsidiary	April 2006	June 2010
	Sabrich Capital Corporation	TSX Venture	Director	September 2006	May 2008
	Amalfi Capital Corporation	TSX Venture	Director	September 2007	August 2010
	New Sage Energy Corp.	TSX Venture	Director	June 2008	Present

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Michael P. Kraft	Lime Hill Capital Corporation	TSX Venture	Director	January 2010	May 2011
	Greenfields Petroleum Corporation	TSX Venture	Assistant Secretary	February 2010	Present
	Athabasca Minerals Inc.	TSX Venture	Chairman and Director	June 2010	Present
	Border Petroleum Corp.	TSX Venture	Secretary	February 2011	Present
	Border Petroleum Corp.	TSX Venture	Director	September 2011	Present
	Estrella Gold Corporation	TSX Venture	Director	August 1996	June 2005
	Estrella Gold Corporation	TSX Venture	Director	July 2007	July 2011
	Lingo Media Corporation	TSX Venture	Director, President and CEO	August 1996	Present
	Blacksteel Energy Inc.	TSX Venture	Director	October 2007	September 2008
	Stans Energy Corp. (formerly JM Capital Corp.)	TSX Venture	Director	June 2006	November 2008
	Digifonica International Inc.	TSX Venture	Director	December 2006	May 2007
	Grenville Gold Corp.	TSX Venture	Director	April 2007	December 2008
	Pioneering Technology Corp.	TSX Venture	Director	July 2006	Present
Dale P. Johnson	NETeller Plc	AIM of the London Stock Exchange	Executive Director	2005	April 2007
	Neovia Financial Plc	AIM of the London Stock Exchange	Non-executive Director	April 2007	July 2007
	Optimal Payments Plc (formerly Neovia Financial Plc)	AIM of the London Stock Exchange	Chairman	July 2007	Present
	CanElson Drilling Inc.	TSX	Director	June 2009	Present
Donald A. Whalen	High River Gold Mines Ltd.	TSX	Director	June 1992	September 2008
	High River Gold Mines Ltd.	TSX	Executive Chairman	September 1993	September 2008
	High River Gold Mines Ltd.	TSX	Senior Vice-President	September 2008	December 2008
	Pancontinental Uranium Corporation	TSX Venture	Director	April 2006	Present
	Roscan Minerals Corporation	TSX Venture	Director	April 2005	March 2008
	Roscan Minerals Corporation	TSX Venture	Director	April 2009	Present
	VMS Ventures Inc.	TSX Venture	Director	July 2010	Present
	Open Joint Stock Company (OJSC) Buryatzoloto	Russian RTS System	Director	June 2004	December 2008
	Open Joint Stock Company (OJSC) Buryatzoloto	Russian RTS System	Chairman	June 2007	December 2008
	Open Joint Stock Company (OJSC) Buryatzoloto	Russian RTS System	Chairman	February 2009	June 2009
Open Joint Stock Company (OJSC) Buryatzoloto	Russian RTS System	Director	February 2009	June 2009	

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, insiders and promoters are engaged and will continue to be engaged, directly or indirectly, with corporations or businesses which may be in competition with the Corporation for companies, businesses or assets in order to complete a Qualifying Transaction. Accordingly, situations may arise where some of the directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (Alberta). See "Interests of Directors, Officers and Others in Material Transactions".

REMUNERATION OF DIRECTORS AND OFFICERS

Except as set out below or otherwise disclosed in this Prospectus, prior to Completion of a 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 a Non Arm's Length Party for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"). No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers may also be granted stock options to purchase Common Shares. See "Directors and Officers", "Prior Sales", "Principal Shareholders", and "Incentive Stock Options".

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.

PROMOTER

Wade J. Larson may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. The promoter has subscribed for and received Common Shares and will be granted stock options to purchase Common Shares. See "Directors and Officers", "Prior Sales", "Principal Shareholders", and "Incentive Stock Options".

INTEREST OF DIRECTORS, OFFICERS AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, officers, and any shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares or any known Associates or Affiliates of such Persons, in any transaction since incorporation of the Corporation, or in any proposed transaction which has materially affected or would materially affect the Corporation, other than each of the directors has subscribed for common Shares and will be granted the Incentive Stock Options. Douglas M. Stuve, a Corporate Secretary of the Corporation is a partner with Burstall Winger

LLP who will be paid legal fees by the Corporation for services rendered. See "Escrowed Securities" and "Incentive Stock Options".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except:

1. The Escrow Agreement among the Corporation, CIBC Mellon Trust Company and certain shareholders of the Corporation. See "Escrowed Securities".
2. The Agency Agreement between the Corporation and the Agent. See "Plan of Distribution".
3. A registrar and transfer agency agreement dated as of October 1, 2011 between the Corporation and CIBC Mellon Trust Company. See "Auditors, Transfer Agent and Registrar".

Copies of these agreements will be available for inspection at the offices of the Corporation's counsel, Burstall Winger LLP, at Suite 1600, Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1, at any time during ordinary business hours while the securities offered by this Prospectus are in the course of distribution and for a period of 30 days thereafter.

DILUTION

Purchasers of Common Shares under this Prospectus will suffer an immediate dilution of 33.3% or \$0.033 per Common Share on the basis of there being 6,000,000 Common Shares issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by 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 Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. The Corporation has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction.

An investment in the Common Shares offered by the Prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development.

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

After completion of the Offering, an investor will suffer an immediate dilution to its investment of 33.3% or \$0.033 per Common Share.

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

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.

Completion of a Qualifying Transaction is subject to a number of conditions, including acceptance by TSX Venture and, in certain circumstances, Majority of the Minority Approval.

Unless the shareholder has the right to dissent and be paid fair value in accordance with 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 is required by CPC Policy and has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.

Upon the public announcement of a proposed Qualifying Transaction, trading in the Common Shares 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 will be reinstated to trading before TSX Venture has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Neither TSX Venture nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.

Trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to TSX Venture in the time periods required.

TSX Venture will generally suspend trading in the Common Shares or delist the Corporation in the event that TSX Venture has not issued a Final Exchange Bulletin within 24 months from the date of listing of the Common Shares.

In the event that management of the Corporation resides outside of Canada or 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.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.

Subject to prior TSX Venture acceptance, 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 that loan.

As a result of the above factors, the Offering is only suitable to 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.** See "Management and Key Personnel", "Directors and Officers", "Conflicts of Interest" and "Use of Proceeds".

LEGAL PROCEEDINGS

Management of the Corporation is not aware of any legal proceedings outstanding, pending, or threatened as at the date hereof, by or against the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are BDO Canada LLP, Chartered Accountants, Suite 620, 903 - 8th Avenue S.W., Calgary, Alberta, T2P 0P7.

CIBC Mellon Trust Company, through its principal offices at Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, is the transfer agent and registrar for the Common Shares.

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

The legal counsel of the Corporation is Burstall Winger LLP, Suite 1600, Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

Other than Douglas M. Stuve, who owns 300,000 Common Shares, the partners and associates of Burstall Winger LLP do not own any Common Shares, but may subscribe for Common Shares pursuant to the Offering.

Legal counsel to the Agent is Davis LLP, Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1.

The partners and associates of Davis LLP do not own any Common Shares, but may subscribe for Common Shares pursuant to the Offering.

The partners and associates of BDO Canada LLP, Chartered Accountants, do not own any Common Shares.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Agent for the Offering is Macquarie Private Wealth Inc., Suite 2200, 440 - 2nd Avenue S.W., Calgary, Alberta T2P 5E9.

The employees, officers and directors of the Agent do not own any Common Shares. The Corporation is not a "related issuer" or "connected issuer" of the Agent for the purposes of National Instrument 33-105 *Underwriting Conflicts*. The Agent was not involved in the decision by the Corporation to distribute Common Shares pursuant to the Offering, nor was the Offering requested or suggested to the Corporation by the Agent. The Agent, through its corporate finance department was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the Common Shares on a commercially reasonable efforts basis. The Agent does not, prior to completion of the Offering, own directly or indirectly, any securities of the Corporation and the only proceeds of the Offering to be received by it is the remuneration to be paid to it in connection with the sale of the Common Shares, which includes the Agent's commission, the corporate finance fee payable to it and the Agent's Options. See "Plan of Distribution".

ELIGIBILITY FOR INVESTMENT

In the opinion of Burstall Winger LLP, based on legislation in effect at the date hereof and if, as and when the Common Shares are listed on a designated stock exchange (as defined in the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder), the Common Shares will be qualified

investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts ("TFSA"). TSX Venture is a designated stock exchange for these purposes. Notwithstanding that the Common Shares may be qualified investments for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax on such Common Shares held in the TFSA if such Common Shares are a "prohibited investment" for purposes of section 207.01 of the Tax Act. The Common Shares will generally be a "prohibited investment" if the holder of the TFSA does not deal at arm's length with the Corporation for purposes of the Tax Act or the holder of the TFSA 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 purposes of the Tax Act. Prospective subscribers that intend to hold Common Shares in a TFSA are urged to consult their own tax advisors as to whether such shares would constitute a "prohibited investment".

PURCHASERS' STATUTORY RIGHTS

Securities legislation in the provinces of Alberta, British Columbia and Ontario 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. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price 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 purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the prospectus of Southtech Capital Corporation (the "Corporation") dated ●, 2012 relating to an offering of 2,000,000 Common Shares of the Corporation. 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 prospectus of our report to the directors of the Corporation on the balance sheet of the Corporation as at December 31, 2011 and the statement of cash flows for the period from incorporation on April 21, 2011 to December 31, 2011, which report is dated December 31, 2011.

Calgary, Alberta
●, 2012

"●"
BDO Canada LLP,
Chartered Accountants

FINANCIAL STATEMENTS OF THE CORPORATION**AUDITORS' REPORT**

To: The Directors of
Southtech Capital Corporation

We have audited the statement of financial position for Southtech Capital Corporation (the "Corporation") as at December 31, 2011 and the statement of cash flows for the period from incorporation on April 21, 2011 to December 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.

Auditors' 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 auditors' 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 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 the Company as at December 31, 2011 its cash flows for the period from incorporation on April 21, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which describes the uncertainty as to whether the Corporation will complete a Qualifying Transaction within twenty-four months from the date the Corporation's shares are listed on the TSX Venture Exchange.

Calgary, Alberta
●, 2012

"●"
BDO Canada LLP
Chartered Accountants

SOUTHTECH CAPITAL CORPORATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

ASSETS	
CURRENT	
Cash (note 2)	\$ 185,938
DEFERRED COSTS (NOTE 3)	<u>35,500</u>
	\$ 221,438

LIABILITIES	
CURRENT	
Accrued liabilities	\$ 21,438

SHAREHOLDERS' EQUITY	
SHARE CAPITAL (note 4)	<u>200,000</u>
	\$ 221,438

Nature of operations (note 1)
Subsequent event (note 7)

The financial statements were approved and authorized for issue by the Board of Directors on ●, 2012 and were signed on its behalf by:

"●"

Wade J. Larson, Director

"●"

Paul S. Readwin, Director

The accompanying notes are an integral part of the financial statements.

SOUTHTECH CAPITAL CORPORATION
STATEMENT OF CASH FLOWS

For the period from incorporation on April 21, 2011 to December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ -
	-
 CASH FLOWS FROM FINANCING ACTIVITY	
Issuance of share capital	200,000
Share issue costs	(14,062)
	185,938
 INCREASE IN CASH POSITION FOR THE PERIOD	 185,938
 CASH – BEGINNING OF PERIOD	 -
CASH – END OF PERIOD	\$ 185,938
 SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION	
Income taxes paid	\$ -
Interest paid	\$ -

The accompanying notes are an integral part of the financial statements.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

1. NATURE OF OPERATIONS

Southtech Capital Corporation (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on April 21, 2011 and is in the process of applying for status as a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. The Corporation has not commenced operations and as a result no statements of earnings nor retained earnings are presented in this financial statement.

As at December 31, 2011, the Corporation had no business operations and its only significant asset was cash. During the period from incorporation on April 21, 2011 to December 31, 2011, the Corporation did not enter into any agreements to acquire an interest in a business or assets. As a CPC, the Corporation's principal business will be the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX Venture. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing. There is no assurance that the Corporation will complete a Qualifying Transaction within twenty-four months from the date the Corporation's shares are listed on the TSX Venture, at which time the TSX Venture may suspend or de-list the Corporation's shares from trading.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Adoption of IFRS

The Corporation has adopted International Financial Reporting Standards ("IFRS") with an adoption date of April 21, 2011, the incorporation date of the Corporation.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Corporation's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

Use of Estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year in these financial statements are prepayments and accrued liabilities.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

These financial statements have been prepared using the historical cost basis. The Corporation's principal accounting policies are outlined below:

Functional and Presentation Currency

The financial statements are presented in Canadian Dollars, which is the Corporation's functional currency and presentation currency.

Cash

Cash is held in a lawyers trust which is comprised of proceeds from the issuance of share capital.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSX Venture.

Prepayments

Direct costs incurred to prepare the Prospectus and perform the public offering (the "Offering") have been deferred and recognized as a prepayment. Upon completion of this transaction a charge to share capital will be made for the balance. Failure to complete the Offering will result in a charge to profit or loss.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Accounting Standards Issued but Not Yet Applied

The following new standards which have not been applied within these financial statements, will or may have an effect on the Corporation's future financial statements:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IFRS 9: Financial Instruments (Effective for periods beginning on or after July 1, 2013)
- IFRS 10: Consolidation which replaces SIC-12, Consolidation - Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements (Effective for periods beginning on or after January 1, 2013)
- IFRS 11: Joint Arrangements which supersedes IAS 31, Interest in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Ventures (Effective for periods beginning on or after January 1, 2013)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) (Effective for periods beginning on or after January 1, 2012)
- IFRS 13: Fair Value Measurement (Effective for periods beginning on or after January 1, 2013)

The Corporation has not yet assessed the impact of these standards or determined whether they will adopt the standards early.

Financial Instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables are comprised of cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss, or other financial liabilities, as appropriate.

The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Corporation's other financial liabilities include accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Share Based Payments

Equity-settled share based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period based on the Corporation's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Corporation had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

3. PREPAYMENTS

Deferred charges consists of professional fees incurred related to the proposed public offering described in note 7.

\$ 35,500

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

4. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

Issued

4,000,000 common shares	\$ <u>200,000</u>
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On December 9, 2011 the Corporation issued 4,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$200,000.

Escrowed shares

Pursuant to an escrow agreement dated as of December 31, 2011 among the Corporation, CIBC Mellon Trust Company and certain shareholders of the Corporation, 4,000,000 common shares, being all of the issued and outstanding common shares prior to the completion of the Offering, have been deposited in escrow. Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, common shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of the TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% shall be released every six months commencing six months following the Initial Release.

Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

5. FINANCIAL INSTRUMENTS

Fair Values

At December 31, 2011, the Corporation's financial instruments consist of cash and cash equivalents and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as loans and receivables, and its accrued liabilities as other financial liabilities.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution. In addition \$185,938 is held within a lawyers trust account.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

6. MANAGEMENT OF CAPITAL

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

SOUTHTECH CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

For the period from incorporation on April 21, 2011 to December 31, 2011

7. SUBSEQUENT EVENTS

Prospectus

The Corporation intends to file a Prospectus with the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission to issue 2,000,000 common shares at a price of \$0.10 per share. Pursuant to an agency agreement between the Corporation and Macquarie Private Wealth Inc. (the "Agent"), the Corporation will agree to issue a minimum of 2,000,000 common shares at a price of \$0.10 per share (the "Offering") and the Corporation will appoint the Agent as its agent for the Offering. The Corporation has agreed to pay the Agent a commission of 10% of the gross proceeds of the Offering; a corporate financing fee of \$12,500; and will reimburse the Agent for its legal fees estimated to be \$15,000 plus disbursements and applicable taxes. The Agent, and any sub-agents as the Agent may direct, will also be granted non transferable options to purchase up to 10% of the common shares sold under the Offering at a price of \$0.10 per common share, which will expire 24 months from the date the common shares are listed for trading on TSX Venture.

Stock Option Grants

The Corporation intends to enter into stock option agreements at the closing of the Offering granting stock options to officers and directors to collectively acquire 10% of the outstanding common shares of the Corporation, at a price of \$0.10 per share and expiring ten years from the date of grant.

CERTIFICATE OF THE CORPORATION

Dated: January 18, 2012

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 the Provinces of Alberta, British Columbia and Ontario and the regulations thereto.

"Wade J. Larson"
Wade J. Larson
Chief Executive Officer and Chief Financial Officer

ON BEHALF OF THE BOARD

"Paul S. Readwin"
Paul S. Readwin
Director

"Michael P. Kraft"
Michael P. Kraft
Director

CERTIFICATE OF THE PROMOTER

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 the Provinces of Alberta, British Columbia and Ontario and the regulations thereto.

"Wade J. Larson"
Wade J. Larson

CERTIFICATE OF THE AGENT

Dated: January 18, 2012

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 the Provinces of Alberta, British Columbia and Ontario and the regulations thereto.

MACQUARIE PRIVATE WEALTH INC.

Per: "Jeff German"
Jeff German, CA, CBV
Vice-President, PVC Corporate Finance

Per: "Brent Larkan"
Brent Larkan
Head of Syndication and PVC