

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of Ontario, British Columbia and Alberta, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and, except to the extent permitted under the Underwriting Agreement (as hereinafter defined) may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the U.S. Securities Act). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, a U.S. person. See “Plan of Distribution.”

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Vogogo Inc. at 4600, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, telephone (403) 648-9292, and are also available electronically at www.sedar.com.

AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS (amending and restating the preliminary short form prospectus dated May 15, 2018)

New Issue

May 16, 2018

VOGOGO INC. \$30,000,000

8% Extendible Convertible Debenture Units (30,000 Units at a price of \$1,000 per Unit)

This short form prospectus qualifies the distribution of 30,000 units (the “**Units**”) of Vogogo Inc. (“**Vogogo**” or the “**Corporation**”) at a price of \$1,000 (the “**Offering Price**”) per Unit (the “**Offering**”). Each Unit will consist of one 8% extendible unsecured convertible debenture of the Corporation in the principal amount of \$1,000 (a “**Convertible Debenture**”) and 1,000 common share purchase warrants of the Corporation (each a “**Warrant**”). The Units will be issued pursuant to an underwriting agreement (the “**Underwriting Agreement**”), to be entered into between the Corporation, Canaccord Genuity Corp. and Beacon Securities Limited (the “**Underwriters**”).

Pursuant to a share purchase agreement dated April 19, 2018 among the Corporation and 828 LP the Corporation has agreed to acquire (the “**828 Acquisition**”) 14,000 newly installed cryptocurrency mining machines plus supporting electrical and HVAC infrastructure in facility near Montreal, and secured an option (the “**828 Option**”) to purchase additional electrical and HVAC equipment for \$20.0 million to be used for further expansion of its cryptocurrency mining activities, to be installed at a location to be determined (the 828 Option and the 828 Acquisition are collectively referred to as the “**828 Transactions**”). The purchase price for the 828 Acquisition is \$46 million, payable as to \$36 million in cash plus a \$10 million promissory note payable to the vendor. The Convertible Debentures have a maturity date (the “**Maturity Date**”) that will initially be the earlier of: (i) November 30, 2018; and (ii) the date at which the Corporation terminates the 828 Acquisition (the “**Initial Maturity Date**”). If the closing of the 828 Acquisition occurs on or before the Termination Date (as defined herein), the Maturity Date will be automatically extended from the Initial Maturity Date to June 30, 2020 (the “**Final Maturity Date**”). If (i) the 828 Acquisition closing does not occur on or before 5:00 p.m. (Toronto time) on the Initial Maturity Date; or (ii) the agreement providing for the 828 Acquisition is terminated at any earlier time (the “**Termination Date**”), the Maturity Date will remain the Initial Maturity Date. If the Convertible Debentures mature on the Initial Maturity Date, holders of the Convertible Debentures will receive, on or prior to the tenth business day following the Initial Maturity Date, an amount in lawful money of Canada equal to the Offering Price therefor plus accrued and unpaid interest thereon, provided that if the Corporation terminates the 828 Acquisition, holders of the Convertible Debentures will receive, on or prior to the third business day following the notice of termination, an amount in

lawful money of Canada equal to 104% of the Offering Price therefor and will retain ownership of any Warrants issued in connection with the Units.

The Convertible Debentures will bear interest from the date of issue at 8% per annum, which amount will be payable in cash, semi-annually in arrears on the last day of June and December each year (each an “**Interest Payment Date**”), commencing with the Initial Coupon Payment (as defined below). Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. In the event the 828 Acquisition occurs before the Initial Maturity Date, all accrued and unpaid interest from the Closing Date up to but not including the closing date of the 828 Acquisition will be paid in cash to holders of the Convertible Debentures on the third business day following the closing of the 828 Acquisition (the “**Initial Coupon Payment**”).

Debenture Conversion Privilege

In the event the Initial Maturity Date is extended to the Final Maturity Date, the principal amount of each Convertible Debenture will be convertible into common shares in the capital of the Corporation (each a “**Conversion Share**”) at the option of the holder of the Convertible Debenture at any time prior to the close of business on the business day immediately preceding the Maturity Date, at a conversion price of \$0.50 per Conversion Share (the “**Conversion Price**”), being a conversion rate of approximately 2,000 Conversion Shares per \$1,000 principal amount of Convertible Debentures, subject to adjustment in certain events as described in the Debenture Indenture (as defined herein). In the event that the Initial Maturity Date is extended to the Final Maturity Date in accordance with the terms of the Debenture Indenture (as defined below) and the conversion privilege is not exercised by any holders of Convertible Debentures, the Corporation may elect to satisfy its obligation to repay the principal amount of such Convertible Debentures which are due on the Maturity Date, in whole or in part, by issuing Common Shares to the holders of the Convertible Debentures. The Convertible Debentures will be governed by a debenture indenture (the “**Debenture Indenture**”) to be entered into on the Closing Date between the Corporation and AST Trust Company (Canada) as debenture trustee. See “Description of Securities Being Distributed”.

The Convertible Debentures may not be redeemed by the Corporation. However, they may be repurchased upon satisfaction of certain conditions after a Change of Control (as defined under “Description of Securities Being Distributed – Convertible Debentures – Offer upon Change of Control”) has occurred.

Each Warrant will entitle the holder thereof to acquire one common share in the capital of the Corporation (a “**Warrant Share**”) at an exercise price of \$0.70 per Warrant Share for a period of two years following the Closing Date, subject to adjustment in certain customary events. The Warrants will be governed by a warrant indenture (the “**Warrant Indenture**”) to be entered into on the Closing Date between the Corporation and AST Trust Company (Canada), as warrant agent. See “Description of Securities Being Distributed”.

The common shares of the Corporation (each a “**Common Share**”) are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “VGO”. On May 15, 2018, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the CSE was \$0.48 per Common Share. The Corporation has filed a notice of proposed prospectus offering with the CSE to issue the Convertible Debentures, the Warrants, the Conversion Shares and the Warrant Shares, including any such securities issued upon exercise of the Over-Allotment Option and the Broker Warrants. The Corporation has also applied to list the Convertible Debentures on the CSE. Listing will be subject to the fulfilment of all the listing requirements of the CSE, including any distribution requirements.

Price: \$1,000 per Unit

	<u>Price to the Public⁽¹⁾</u>	<u>Underwriters' Fee⁽³⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Unit.....	\$1,000	\$40	\$960
Total ⁽⁴⁾	\$30,000,000	\$1,200,000	\$28,800,000

Notes:

- (1) In certain circumstances, the Underwriters may decrease and further change the price at which the Units are sold to investors. The Offering Price and terms of the Convertible Debentures and Warrants were determined by arm's length negotiations between the Corporation and Underwriters. See "Plan of Distribution."
- (2) Before deducting the expenses of this Offering (estimated at \$500,000) which, together with the Underwriters' Fee, will be paid by the Corporation from the proceeds of the Offering. See "Plan of Distribution" and "Use of Proceeds".
- (3) The Corporation has agreed to pay the Underwriters a cash commission (the "**Underwriters' Fee**") equal to 4% of the total gross proceeds of the Offering (including any proceeds from the exercise of the Over-Allotment Option). See "Plan of Distribution".
- (4) The Corporation has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**") exercisable in whole or in part by the Underwriters at any time and from time to time for a period of 30 days from the Closing Date to sell up to an aggregate of 4,500 additional Units (the "**Over-Allotment Units**") (representing up to 15% of the number of Units sold pursuant to the Offering), on the same terms as the Offering. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" will be \$34,500,000, \$1,380,000 and \$33,120,000, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	4,500 Units	30 days from the closing of the Offering	\$1,000 per Unit
Broker Warrants	1,380 Units	12 months from the closing of the Offering	\$1,000 per Unit

In connection with the Offering, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than those that may otherwise exist in the open market. Such transactions, if commenced, may be discontinued at any time.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences in Canada. Such consequences for investors may not be described fully herein. See "Certain Canadian Federal Income Tax Considerations".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when, issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The Closing Date is expected to occur on or about May 31, 2018, or such other date as the Corporation and the Underwriters may agree, but, in any event, no later than 42 days after the receipt is obtained from the Alberta Securities Commission, as principal regulator, for the final short form prospectus filed in connection with this Offering.

The Underwriters propose to offer the Units to the public initially at the Offering Price. After the Underwriters have made reasonable efforts to sell the Units at the Offering Price, the Underwriters may offer the Units to the public at prices lower than the Offering Price. Any such reduction will not affect the proceeds received by the Corporation. The Underwriters will inform the Corporation if the Offering Price is reduced. See "Plan of Distribution".

It is expected that the Corporation will arrange for an instant deposit of the Units to or for the account of Canaccord Genuity Corp. with CDS Clearing and Depository Services Inc. (“CDS”) or its nominee on the Closing Date, against payment of the aggregate purchase price for the Units. A purchaser of Units will receive only a customer confirmation from the registered dealer, which is a CDS participant (a “Participant”), and from or through which Units are purchased.

For the 12 months ended December 31, 2017 the Corporation had no interest expense. After giving effect to the Offering, the earnings coverage ratio for the 12 months ended December 31, 2017 is less than one-to-one. The Corporation would have required earnings of \$2.4 million in the numerator of this earnings coverage ratio in order to achieve an earnings coverage ratio of one-to-one for the 12 month period ended December 31, 2017.

The Convertible Debentures and the Conversion Shares are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

There is currently no market through which the Convertible Debentures or Warrants may be sold and purchasers may not be able to resell Convertible Debentures or Warrants purchased under this short form prospectus. There can be no assurance that an active trading market will develop for the Convertible Debentures and Warrants after the Offering, or if developed, that such market will be sustained at the price level of the Offering.

Investing in the Units involves significant risks. Prospective purchasers of the Units should carefully consider the risk factors described under the heading “Risk Factors” and elsewhere in this short form prospectus and in the documents incorporated by reference in this short form prospectus.

The Corporation’s head office address is P.O. Box 34023, Westbrook PO, Calgary, Alberta T3C 3W2 and the registered office address is 4600, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”) at the date hereof, the Convertible Debentures and Warrants offered pursuant to this short form prospectus, and the Common Shares issuable pursuant to the Convertible Debentures and the Warrants, will at the time of issuance be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), registered education savings plan (“**RESP**”), registered retirement income fund (“**RRIF**”), registered disability savings plan (“**RDSP**”), tax-free savings account (“**TFSA**”) (collectively, “**Registered Plans**”) or deferred profit sharing plan (“**DPSP**”) (other than, in the case of the Convertible Debentures, a trust governed by a DPSP to which the Corporation, or a corporation that does not deal at arm’s length with the Corporation, has made a contribution), provided that at that time:

- (a) in the case of the Convertible Debentures, either (i) the Convertible Debentures are listed on a designated stock exchange (as defined in the Tax Act), which currently includes the CSE, or (ii) the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes the CSE;
- (b) in the case of the Warrants, either (i) the Warrants are listed on a designated stock exchange (as defined in the Tax Act), which currently includes the CSE, or (ii) the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes the CSE, and the Corporation is not a “connected person” under the Registered Plan. For this purpose, a “connected person” under a Registered Plan is a person who is an annuitant, beneficiary, employer or subscriber under, or a holder of, the Registered Plan, and each person that does not deal at arm’s length with that person; and
- (c) in the case of the Common Shares issuable pursuant to the Convertible Debentures and Warrants, the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes the CSE.

Notwithstanding that the Convertible Debentures, the Warrants and/or the Common Shares, as the case may be, may be qualified investments for a trust governed by a Registered Plan, the annuitant, holder or subscriber of the particular Registered Plan will be subject to a penalty tax if such securities are a “prohibited investment” (as defined in the Tax Act). The Convertible Debentures, the Warrants and/or the Common Shares will generally not be a “prohibited investment” for a trust governed by a Registered Plan provided that the holder, subscriber or the annuitant of the particular Registered Plan, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Corporation. A Common Share will not be a “prohibited investment” if such Common Share is “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for a Registered Plan.

Prospective investors who intend to hold Convertible Debentures, Warrants or Common Shares in a Registered Plan are advised to consult their personal tax advisors.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this short form prospectus may constitute “forward-looking” statements, specifically relating to the anticipated closings of acquisitions described herein. When used in or in relation to this short form prospectus, such statements use words including, but not limited to, “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “future” and other similar terminology (including negative variations thereof). Forward-looking information in this short form prospectus may include, without limitation:

- expected timing of the acquisition of, and operational readiness of, additional cryptocurrency mining assets;
- the future price of cryptocurrencies;
- the costs associated with mining cryptocurrencies;
- the Corporation’s business plan and strategy;
- future transaction and operational plans and the timing associated therewith;
- the availability of operating cash flow and the ability to finance operations;
- the ability of the Corporation to obtain financing on acceptable terms, or at all;

- the Corporation's review of strategic alternatives and the timing associated therewith;
- future economic conditions;
- future liquidity, creditworthiness and financial capacity; and
- future interest rates

These forward-looking statements reflect the current expectations of the Corporation's management regarding future events, operating performance or other achievements, or potential matters relating to any of the foregoing of the Corporation, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements reflect management's current views and are based on certain assumptions. The reader must take note that there is no certainty that the Corporation will achieve or undertake any specific activity in respect thereto.

Some of the key assumptions include, without limitation:

- the Corporation's ability to complete the pending or proposed transactions described herein;
- the receipt of all required consents and approvals therefor;
- that the acquisitions will generate the financial results anticipated herein;
- that the acquired assets will be capable of running at full capacity in the timeframes contemplated herein;
- that current market conditions and current market prices do not change; and
- availability of power to operate at full capacity.

They are, by necessity, only estimates of future results, performance, achievements or developments and actual results, performance, achievements or developments may differ materially from these statements due to a number of known and unknown factors, uncertainties and risks, including the risks specified elsewhere in this short form prospectus and specified in the other documents incorporated by reference herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, and that the foregoing is not an exhaustive list of all factors and assumptions that have been used.

Any forward-looking information herein is qualified by these cautionary statements, and although any forward-looking information contained herein is based upon what management believes are reasonable assumptions, there can be no assurance that actual results or outcomes will be consistent with these forward-looking statements. Any forward-looking statements are made as of the date of this short form prospectus, and except as may be required by applicable law, the Corporation does not assume any obligation to update or revise them to reflect new information, events, circumstances or otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation at 4600, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, telephone (403) 648-9292, and are also available electronically at www.sedar.com.

The following documents of the Corporation, which have been filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the management information circular dated December 12, 2017 in connection with the January 12, 2018 annual and special meeting of the shareholders of Vogogo;
- (b) the annual information form of Vogogo dated May 11, 2018 (the "AIF") for the year ended December 31, 2017;
- (c) the audited consolidated financial statements of Vogogo and the notes thereto for the financial years ended December 31, 2017 and 2016 (the "Annual Financial Statements"), together with the Report of the auditors, as filed on February 21, 2018;

- (d) the management’s discussion and analysis of the Corporation for the year ended December 31, 2017 (the “**Annual MD&A**”);
- (e) the material change report dated May 11, 2018, regarding the acquisition of 14,000 cryptocurrency mining machines;
- (f) the material change report dated April 9, 2018, regarding the acquisition of Crypto 205 Inc., the appointment of John Kennedy FitzGerald as President and CEO of Vogogo, and the appointment of Jordan Greenberg as CFO of Vogogo; and
- (g) the material change report dated March 22, 2018, regarding the potential acquisition of Crypto 205 Inc. (“**Crypto 205**”).

Any document of the type referred to in Section 11.1 of Form 44-101F1 *Short Form Prospectus Distributions* (excluding confidential material change reports) filed by the Corporation with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and before the closing of the Offering are deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference is deemed to be modified or superseded, for purposes of this short form prospectus, to the extent its content is modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information contained in the document that it modifies or supersedes. The making of a modifying or superseding statement is not an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not, except as so modified or superseded, constitute a part of this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities regulatory authorities in Canada and also available electronically at www.sedar.com.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements*) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any other marketing materials filed on SEDAR at www.sedar.com after the date of this short form prospectus but before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the marketing materials) is deemed to be incorporated by reference in this short form prospectus.

CURRENCY PRESENTATION

Unless otherwise indicated, all dollar amounts in this short form prospectus are expressed in Canadian dollars.

SUMMARY DESCRIPTION OF THE BUSINESS

This summary does not contain all the information that may be important to you in deciding whether to invest in the Units. You should read the entire short form prospectus, including the section entitled “Risk Factors” and any documents incorporated by reference herein, before making such decision.

Overview

The Corporation is focused on opportunities that utilize the transformative blockchain technology, including cryptocurrency mining for its own account, mining as a service for third parties and supporting services such as payments and exchange. The Common Shares trade on the CSE under the trading symbol “VGO”. The Corporation intends to grow its cryptocurrency mining operations, as well as invest in supporting applications, including a cryptocurrency wallet technology.

On March 13, 2018, the Corporation entered into a share purchase agreement providing for the acquisition (the “**Crypto 205 Transaction**”) of all of the issued and outstanding shares of Crypto 205 Inc. (“**Crypto 205**”) in consideration for the issuance of an aggregate of 130,000,000 Preferred Shares in the capital of Vogogo. Prior to the completion of the Crypto 205 Transaction, Crypto 205 Inc. was a privately held company engaged in the business of mining for cryptocurrencies for its own account. The Corporation announced on April 3, 2018 that the Crypto 205 Transaction was completed, and as such, Crypto 205 became a wholly owned subsidiary of the Corporation and continues to carry on its business as carried on prior to the completion of the Crypto 205 Transaction. On April 10, 2018, the Corporation successfully installed and commenced operation of the additional 1,500 cryptocurrency miners that were acquired as part of the Crypto 205 Transaction, expanding its operations to 4,125 cryptocurrency miners. For financial information related to Crypto 205, please see the Crypto 205 Financial Statements attached hereto.

The Corporation’s head office address is P.O. Box 34023, Westbrook PO, Calgary, Alberta T3C 3W2 and the registered office address is 4600, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

As of the date hereof, the Corporation’s only subsidiary is set out below:

Name	Place of Incorporation	Ownership Interest
Vogogo Canada Inc.	Alberta, Canada	100%
Crypto 205 Inc.	Canada	100%

USE OF PROCEEDS

The net proceeds from the Offering are estimated to be approximately \$28,300,000, after deduction of the Underwriters’ Fee of \$1,200,000 and estimated expenses of the Offering of \$500,000 (assuming no exercise of the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation from the sale of the Units are estimated to be approximately \$32,620,000, after deduction of the Underwriters’ Fee of \$1,380,000 and estimated expenses of the Offering of \$500,000.

The Corporation intends to use the net proceeds from the Offering as follows:

Use of Proceeds	(\$)
Sources:	
Net proceeds of the Offering ⁽¹⁾	\$28,300,000
Cash on hand	\$6,000,000
Other sources of cash ⁽²⁾	\$7,000,000
Uses:	
Fund acquisition of the cryptocurrency mining assets ⁽³⁾	\$36,000,000
General working capital	\$5,300,000

Notes:

- (1) Assumes the Over-Allotment Option is not exercised.
- (2) Other sources of cash include conversion of cryptocurrency balances to fiat currency, proceeds from mining operations and proceeds expected to be received from the exercise of warrants.
- (3) See “Acquisition of Cryptocurrency Mining Assets”.

Acquisition of Cryptocurrency Mining Assets

On April 19, 2018, the Corporation announced that it has entered into an agreement with 828 LP to acquire 14,000 newly installed cryptocurrency mining machines plus supporting electrical and HVAC infrastructure (the “**828 Acquisition**”), in a facility near Montreal, and secured an option (the “**828 Option**”) to purchase additional electrical and HVAC equipment to be used for further expansion of its cryptocurrency mining activities, to be installed at a location to be determined (the 828 Option and the 828 Acquisition, the “**828 Transactions**”). The purchase price for the 828 Acquisition is \$46 million, payable as to \$36 million in cash plus a \$10 million promissory note payable to the vendor. The note bears interest at 8% per annum, for a two year term, with monthly interest payments during the term of the note. Principal is repayable as to \$5 million on the first anniversary date of the note and \$5 million at maturity. The promissory note will be secured by the mining machines and other assets acquired. If the option to purchase is exercised and the equipment is deployed in a suitable facility, in total the Corporation will have access to approximately 74 megawatts of low-cost electrical power. The Corporation can exercise the 828 Option within 180 days of closing the 828 Acquisition. The Corporation will be required to raise capital to fund the exercise price for the 828 Option, being \$20 million. The 828 Acquisition is expected to close in mid-June 2018.

The vendor is currently in the process of completing the build out of the facility that will house the mining machines and the installation of such mining machines. At the date of this prospectus, no mining machines have been installed and the target corporation has not yet been incorporated.

Business Objectives and Milestones

The Corporation’s next significant milestone is the acquisition of the corporation that will own the 14,000 newly installed cryptocurrency mining machines mentioned above.

Although the Corporation intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where for sound business reasons, a reallocation of funds becomes prudent or necessary, and may vary materially from that set forth above. Subject to its obligations under the Debenture Indenture, the Corporation may reallocate its spending on research and development and other items due to various factors including changes in the markets in which the Corporation operates and its products are sold, key customer requirements and responses to actions of its competitors. See “Risk Factors”.

CAPITALIZATION OF THE CORPORATION

There has been no material change in the share and loan capital of the Corporation since the date of the Annual Financial Statements except as follows:

- On March 13, 2018, the Corporation entered into a share purchase agreement providing for the acquisition of all of the issued and outstanding shares of Crypto 205 Inc. in exchange for an aggregate of 130,000,000 Preferred Shares in the capital of Vogogo (the “**Crypto 205 Acquisition**”).

The following table sets forth the capitalization of the Corporation as at December 31, 2017, and as at December 31, 2017 after giving effect to the Crypto 205 Acquisition and the Offering. The table should be read in conjunction with the Annual Financial Statements, which are incorporated by reference in this short form prospectus.

	As at December 31, 2017 (\$000s)	
	Actual	After giving effect to the Crypto 205 Acquisition and the Offering
Cash and cash equivalents	\$12,796	\$36,871
Long term debt	-	(\$23,166)
Net cash position	\$12,796	\$13,705
Shareholders’ equity		
Share capital – Common Shares	\$35,074	\$35,074
Share capital – Preferred Shares	-	\$51,350
Deficit	(\$30,971)	(\$30,971)
Reserves.....	\$6,059	\$6,059
Conversion Shares	-	\$1,294
Warrants	\$2,450	\$6,290
Total shareholders’ equity	\$12,612	\$69,096
Total capitalization	\$25,408	\$82,801

EARNINGS COVERAGE RATIOS

The following earnings coverages are calculated on a consolidated basis for the year ended December 31, 2017 and are derived from the financial information incorporated by reference in this short form prospectus.

The Corporation’s interest requirement amounted to nil for the year ended December 31, 2017. The Corporation’s pro forma interest requirement, after giving effect to the issue of the Convertible Debentures partially comprising the Units, was \$2.4 million for the year ended December 31, 2017. The Corporation would have required earnings of \$2.4 million for the year ended December 31, 2017 to achieve an earnings coverage ratio of one to one.

These coverage ratios reflect historical earnings adjusted for the net impact of interest on the Convertible Debentures, as noted. Under International Financial Reporting Standards as adopted by the International Accounting Standards Board, a portion of the Convertible Debentures will be classified on the balance sheet as a liability and a portion allocated to equity to reflect the conversion feature. For purposes of the pro forma calculations above, interest expense has been calculated using the effective interest method and also includes the amortization of debt issuance costs.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the CSE under the stock symbol “VGO”. The following table sets forth, for the periods indicated, the reported high and low prices and the trading volume of the Common Shares on the CSE (as reported by Bloomberg):

Month	High (\$)	Low (\$)	Volume
May 2017	\$0.16	\$0.125	1,018,964
June 2017	\$0.135	\$0.115	1,514,725
July 2017	\$0.13	\$0.105	459,350
August 2017	\$0.13	\$0.11	404,828
September 2017	\$0.195	\$0.10	1,343,434
October 2017	\$0.43	\$0.13	9,390,060
November 2017	\$0.65	\$0.35	11,080,369
December 2017	\$0.82	\$0.58	7,379,290
January 2018	\$0.97	\$0.62	20,304,511
February 2018	\$0.67	\$0.35	9,047,262
March 2018	\$0.49	\$0.235	20,490,378
April 2018	\$0.54	\$0.25	43,491,127
May 2018 (1-15)	\$0.51	\$0.385	102,662

As the close of business on May 15, 2018, the last trading day prior to the date of this short form prospectus, the price of the Common Shares as quoted by the CSE was \$0.48.

PRIOR SALES

The following table sets forth the date of issue, number of and prices at which the Corporation has issued Common Shares or securities that are convertible or exercisable into Common Shares in the 12 months preceding the date hereof:

Common Shares

<u>Date of Issue</u>	<u>Number of Common Shares</u>	<u>Issue Price</u>
October 31, 2017 ⁽¹⁾	60,000,000	\$0.0656
March 12, 2018	2,100,000	\$0.13
March 19, 2018	1,000,000	\$0.13
April 6, 2018	200,000	\$0.13
April 9, 2018	250,000	\$0.13
April 20, 2018	75,000	\$0.13
April 27, 2018	125,000	\$0.13
May 1, 2018	1,000,000	\$0.13
May 15, 2018 ⁽³⁾	750,000	\$0.13

Preferred Shares

<u>Date of Issue</u>	<u>Number of Preferred Shares</u>	<u>Issue Price</u>
April 4, 2018 ⁽²⁾	130,000,000	\$0.395

Warrants

<u>Date of Issue</u>	<u>Number of Common Shares Issuable on Exercise of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
October 31, 2017 ⁽¹⁾	60,000,000	\$0.13	October 31, 2019

Stock Options

<u>Date of Issue</u>	<u>Number of Common Shares Issuable on Exercise of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
November 7, 2017	60,000	\$0.38	November 7, 2022
April 4, 2018	6,595,951	\$0.35	April 4, 2023
May 7, 2018	6,000,000	\$0.445	May 7, 2023

Notes:

- (1) Issued pursuant to a non-brokered private placement offering of units consisting of a Common Share and one common share purchase warrant.
- (2) Issued pursuant to the acquisition of Crypto 205 Inc.
- (3) Issued pursuant to the exercise of 750,000 share purchase warrants.

DIVIDEND RECORD AND POLICY

The Corporation has never declared nor paid dividends on the Common Shares. Any issued and outstanding Preferred Shares have a right to receive dividends if, as and when declared on the Common Shares. Currently, the Corporation intends to retain its future earnings, if any, to fund the development and growth of its business, and the Corporation does not anticipate declaring or paying any dividends on the Common Shares in the near future, although the Corporation reserves the right to pay dividends if and when it is determined to be advisable by the board of directors of the Corporation. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in the Common Shares in the foreseeable future.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

This short form prospectus qualifies the distribution of Units. Each Unit consists of one Convertible Debenture in the principal amount of \$1,000 bearing interest at 8% per annum together with 1,000 Warrants. The Convertible Debentures and the Warrants comprising the Units will separate immediately upon closing of the Offering. In the

event the Initial Maturity Date is extended to the Final Maturity Date, the principal amount of each Convertible Debenture will be convertible at the holder's option into fully paid, non-assessable and freely-tradeable Conversion Shares in accordance with the terms of the Debenture Indenture at the Conversion Price of \$0.50 per Common Share. Each Warrant will entitle the holder thereof to acquire one Warrant Share at an exercise price of \$0.50 per Warrant Share at any time prior to 5:00 p.m. (Eastern time) on the date that is two (2) years following the Closing Date, subject to acceleration and adjustment in certain customary events, after which time the Warrants will expire.

Authorized Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series of which, as at May 15, 2018, 137,995,137 Common Shares and 130,000,001 Series 1 Preferred Shares were issued and outstanding.

Each Common Share entitles the holder thereof to one vote per Common Share at meetings of shareholders of the Corporation other than meetings of the holders of another class of shares. Each holder of Common Shares is also entitled to receive dividends if, as and when declared by the board of directors of the Corporation. Holders of Common Shares are entitled to participate in any distribution of the Corporation's net assets upon liquidation, dissolution or winding-up on an equal basis per share. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

The terms of the Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into Common Shares on a one for one basis, subject to customary adjustments on not less than 61 days prior notice to the Corporation; (iii) are eligible to participate in dividends if and when declared on the Common Shares; (iv) have priority rights on liquidation; and (v) are subject to a restriction that no holder of the Preferred Shares may convert into a number of Common Shares that would result in such holder beneficially owning greater than 9.9% of the Common Shares.

Convertible Debentures

The Convertible Debentures will be issued under and governed by the Debenture Indenture to be entered into between the Corporation and AST Trust Company (Canada), as debenture trustee (the "**Trustee**"). The following summary of certain anticipated provisions of the Debenture Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Debenture Indenture. Reference is made to the Debenture Indenture for the full text of the attributes of the Convertible Debentures which will be filed by the Corporation under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of the Trustee in Calgary, Alberta.

The Initial Maturity Date for the Convertible Debentures will initially be the earlier of: (i) November 30, 2018; and (ii) the date at which the Corporation terminates the 828 Acquisition. If the closing of the 828 Acquisition occurs on or before the Termination Date, the Maturity Date will be automatically extended from the Initial Maturity Date to the Final Maturity Date of June 30, 2020. If the Convertible Debentures mature on the Initial Maturity Date, holders of the Convertible Debentures will receive, on or prior to the tenth business day following the Initial Maturity Date, an amount in lawful money of Canada equal to the Offering Price therefor plus accrued and unpaid interest thereon, provided that if the Corporation terminates the 828 Acquisition, holders of the Convertible Debentures will receive, on or prior to the third business day following the notice of termination, an amount in lawful money of Canada equal to 104% of the Offering Price therefor and will retain ownership of any Warrants issued in connection with the Units.

The aggregate principal amount of the Convertible Debentures authorized for issue will be limited to the aggregate principal amount of \$35,880,000 (including Convertible Debentures issuable on exercise of the Over-Allotment Option and the Broker Warrants (as defined below)). The Convertible Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof. The Convertible Debentures will mature on the Maturity Date. The Convertible Debentures will bear interest from the date of issue at 8% per annum, which amount will be payable in cash, semi-annually in arrears on the last day of June and December each year (each an "**Interest Payment Dates**"), commencing with the Initial Coupon Payment. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. In the event the 828 Acquisition occurs before the Initial Maturity

Date, all accrued and unpaid interest from the Closing Date up to but not including the closing date of the 828 Acquisition will be paid in cash to holders of the Convertible Debentures on the third business day following the closing of the 828 Acquisition (the “**Initial Coupon Payment**”).

The Convertible Debentures will be direct, unsecured obligations of the Corporation, subordinate to other indebtedness of the Corporation for borrowed money and ranking equally with all other subordinated indebtedness. Other than in connection with the 828 Acquisition, the Corporation will not be entitled to incur any further indebtedness that ranks senior in right of repayment to the Convertible Debentures unless the consent of the holders of 2/3 of the principal amount of Convertible Debentures consent to such additional debt, other than in connection with the vendor take back note associated with the acquisition of 828 Acquisition. The Convertible Debentures will rank *pari passu* in right of payment of principal and interest with all other Convertible Debentures issued under the Offering.

The Convertible Debentures will not be convertible in the United States or by or on behalf of a U.S. Person, nor will the Conversion Shares issuable upon conversion of the Convertible Debentures be registered in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities law is available.

Payments

Payments of interest and principal on the Convertible Debentures will be made to the Trustee. The record date for the payment of interest will be the last business day (a business day being a day on which banking institutions are open in the City of Toronto, Ontario) of the month preceding the month of the applicable Interest Payment Date. Interest payments on Convertible Debentures will be made by electronic funds transfer on the Interest Payment Date and delivered to the Trustee.

As long as CDS is a registered holder of Convertible Debentures, CDS or its nominee will be considered the sole legal owner of such Convertible Debentures for the purposes of receiving payments of interest and principal on the Convertible Debentures and for all other purposes under the Debenture Indenture and such Convertible Debentures. Interest payments on Convertible Debentures registered in the name of CDS or its nominee will be made by electronic funds transfer or other means acceptable to the Trustee to CDS or its nominee, as the case may be. The Corporation understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of the Convertible Debentures registered in the name of CDS, and CDS will credit Participants’ accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Convertible Debentures as shown in the records of CDS or its nominee.

The Corporation also understands that payments of interest and principal by Participants to owners of beneficial interest in such Convertible Debentures held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name” and will be the responsibility of such Participants. The responsibility and liability of the Corporation in respect of payments on the Convertible Debentures is limited solely and exclusively to making payment of any interest and principal due on such Convertible Debenture to CDS or its nominee. If Convertible Debenture Certificates (as defined below) are issued instead of or in place of the Convertible Debentures, payments of interest on each Convertible Debenture Certificates will be made by electronic funds transfer, if agreed to by the holder of the Convertible Debenture Certificate, or by cheque dated the applicable Interest Payment Date and mailed to the address of the holder appearing in the register maintained by the registrar for the Convertible Debentures, at the close of business on the last business day of the month preceding the month of the applicable Interest Payment Date.

Conversion Privilege

In the event the Initial Maturity Date is extended to the Final Maturity Date, the principal amount of each Convertible Debenture will be convertible at the holder’s option into fully paid, non-assessable and freely-tradeable Conversion Shares at any time prior to 5:00 p.m. (Eastern time) on the business day prior to the Maturity Date, at the Conversion Price of \$0.50 per Common Share, being a conversion rate of approximately 2,000 Conversion Shares for each \$1,000 principal amount of the Convertible Debentures, subject to adjustment in certain events as described in the Debenture Indenture. No adjustment will be made for dividends or distributions (except as set forth below) on

Conversion Shares issuable upon conversion or for interest accrued on Convertible Debentures surrendered for conversion; however, the holder of a Convertible Debenture surrendered for conversion shall be entitled to receive, in cash, in addition to the applicable number of Conversion Shares, accrued and unpaid interest in respect thereof since the latest Interest Payment Date to but excluding the date of conversion.

If, following the closing of the Offering and the extension of the Initial Maturity Date to the Final Maturity Date and prior to the Maturity Date, there are an aggregate of 15 days on which the daily VWAP of the Common Shares on the CSE (or such other Canadian stock exchange on which the Common Shares may trade) equals or exceeds \$0.90, the Corporation may force conversion at the Conversion Price, upon giving Convertible Debenture holders 30 days advance written notice, in accordance with the conversion terms (a “**Forced Conversion**”). If Convertible Debentures are subject to a Forced Conversion in the 12 month period following the Closing Date, holders of Convertible Debentures will receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the Closing Date, provided such interest shall be limited to the maximum rate of interest permitted under the *Criminal Code* (Canada).

Subject to the provisions thereof, the Debenture Indenture will provide for the adjustment of the Conversion Price in certain events including: (a) the subdivision or consolidation of the outstanding Common Shares; (b) the distribution of Common Shares to all or substantially all of the holders of Common Shares as a dividend or distribution other than an issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of receiving cash dividends or distributions paid in the ordinary course; (c) the issuance of options, rights or warrants to all or substantially all of the holders of Common Shares in certain circumstances; and (d) the distribution to all holders of Common Shares of any securities (other than Common Shares), evidences of Indebtedness or assets (other than distributions paid in the ordinary course). No adjustment to the Conversion Price will be made for distributions or dividends on Conversion Shares issuable upon conversion of Convertible Debentures that have been surrendered for conversion, provided that holders converting their Convertible Debentures shall be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest payable in cash from, and including, the most recent interest payment date to, but excluding, the date of conversion.

In the case of any reclassification (other than a change resulting only from consolidation or subdivision) of the Common Shares or a capital reorganization of the Corporation or in case of any amalgamation, consolidation, arrangement or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation or in the case of a take-over bid resulting in the acquisition of all or substantially all of the outstanding Common Shares, the terms of the conversion privilege shall be adjusted so that each Convertible Debenture shall, after such reclassification, capital reorganization, amalgamation, consolidation, arrangement, merger, sale, liquidation, dissolution, wind-up or take-over bid, be exercisable for the kind and amount of securities or property (including cash) of the Corporation, or such continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, capital reorganization, amalgamation, consolidation, arrangement, merger, sale, liquidation, dissolution, wind-up or take-over bid if on the effective date thereof it had been the holder of the number of Common Shares into which the Convertible Debenture was convertible prior to the effective date of such reclassification, capital reorganization, amalgamation, consolidation, arrangement, merger, sale, liquidation, dissolution, wind-up or take-over bid.

No fractional Conversion Shares will be issued on any conversion of the Convertible Debentures. If any fractional interest in a Conversion Share would be deliverable upon the conversion of any principal amount of Convertible Debentures, the number of Conversion Shares so issuable shall be rounded down to the nearest whole number.

Purchase

Provided that no Event of Default has occurred and is continuing, the Corporation will be permitted to purchase for cancellation Convertible Debentures in the market, by tender or by private contract, subject to regulatory requirements.

Payment Upon Maturity

In the event the Initial Maturity Date is extended to the Final Maturity Date, at maturity, the Corporation will repay the indebtedness represented by the Convertible Debentures then outstanding by paying to the Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Convertible Debentures which have matured, together with all accrued and unpaid interest thereon, less any tax required by law to be deducted. The Company shall have the option to satisfy its obligation to repay the principal amount of the Convertible Debentures, in whole or in part, at the Final Maturity Date upon at least 30 days and not more than 60 days prior notice, by delivering to the holder that number of freely tradeable Common Shares obtained by dividing the principal amount of the Convertible Debentures being repaid by 95% of the Current Market Price on the date of maturity. “**Current Market Price**” is defined as the volume-weighted average trading price for the Common Shares on the CSE for the 20 consecutive trading days ending five trading days prior to the applicable date.

Offer upon Change of Control

Upon the occurrence of a change of control of the Corporation, being the acquisition of voting control or direction over more than 50% of the Common Shares by one or more persons acting jointly or in concert (a “**Change of Control**”), the Corporation will be required to make an offer, within thirty (30) days following the consummation of the Change of Control, to all of the holders of the Convertible Debentures to purchase in cash, all of the Convertible Debentures at a price equal to 100% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon and any interest the holder would have received had such holder been a holder of the Convertible Debentures up to the Final Maturity Date.

Events of Default

The Debenture Indenture provides that an event of default (“**Event of Default**”) in respect of the Convertible Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Convertible Debentures: (a) failure for thirty (30) days to pay interest on the Convertible Debentures when due; (b) failure to pay principal or premium, if any, on the Convertible Debentures when due whether at maturity, by declaration or otherwise; (c) default in the delivery, when due, of any Conversion Shares or other consideration, payable upon conversion with respect to the Convertible Debentures, which default continues for (fifteen) 15 days; (d) default in the observance or performance of any other material covenants or conditions of the Debenture Indenture and the failure to cure (or obtain a waiver for) such default for a period of thirty (30) days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of Convertible Debentures to the Corporation specifying such default and requiring the Corporation to rectify or obtain a waiver for same; (e) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; (f) if a resolution is passed for the winding up or liquidation of the Corporation except as permitted under the Debenture Indenture; or (g) any proceedings with respect to the Corporation are taken with respect to a compromise arrangement, with respect to creditors of the Corporation generally, under applicable legislation. If an Event of Default has occurred and is continuing, the Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of the Convertible Debentures then outstanding, declare the principal of and interest on all outstanding Convertible Debentures to be immediately due and payable. In certain cases, the holders of more than 51% of the principal amount of the Convertible Debentures then outstanding may, on behalf of the holders of all the Convertible Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Convertible Debentures

The Debenture Indenture will contain provisions to the effect that if an offer is made for all the Convertible Debentures (other than Convertible Debentures held by or on behalf of the offeror or associates or affiliates of the offeror) and the offer is accepted by the beneficial holders of at least 90% of the outstanding principal amount of the Convertible Debentures other than the offeror’s Convertible Debentures and the offeror takes up and pays for the Convertible Debentures of the holders who accepted the offer and the offeror complies with certain provisions of the Debenture Indenture, the offeror will be entitled to acquire the Convertible Debentures held by the holders of the Convertible Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of the Convertible Debentures as well as any other series of debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture. For that purpose, among others, the Debenture Indenture will contain certain provisions which will make binding on all holders of the Convertible Debentures resolutions passed at meetings of the holders of the Convertible Debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the then outstanding Convertible Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the then outstanding Convertible Debentures. In certain cases, the modification will, instead of or in addition to such approval, require assent by the holders of the required percentage of the Convertible Debentures of each particularly affected series.

Book-Entry System for Convertible Debentures

Except in certain limited circumstances, the Convertible Debentures issued pursuant to the Offering will be issued in “book-entry only” form and must be purchased or transferred through a Participant. On the closing of the Offering, the Trustee will cause the Convertible Debentures to be delivered to CDS and registered in the name of its nominee. It is anticipated that the Convertible Debentures will be deposited electronically with CDS or its nominees. Registration of interests in and transfers of the Convertible Debentures will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Convertible Debentures (a “**Beneficial Owner**”) will not be entitled to a certificate or other instrument from the Trustee or CDS evidencing that purchaser’s interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Underwriters or other registered dealer from whom Convertible Debentures are purchased.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Convertible Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Convertible Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Convertible Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Convertible Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Convertible Debentures registered in their name; (b) may not have physical certificates representing their interest in the Convertible Debentures; (c) may not be able to sell the Convertible Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Convertible Debentures as security.

The Convertible Debentures will be issued to Beneficial Owners in fully registered and certificate form (the “**Convertible Debenture Certificates**”) only if: (a) they are required to be so issued by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Convertible Debentures and the Corporation is unable to locate a qualified successor; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Owners representing, in the aggregate, not less than 50% of the aggregate principal amount of the Convertible Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, provided the Trustee has not waived the Event of Default in accordance with the terms of the Debenture Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph and receipt of a written notice from the Corporation confirming such event has occurred, the Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability of Convertible Debenture Certificates. Upon receipt of

instructions from CDS for the new registrations, the Trustee will deliver the Convertible Debentures in the form of Convertible Debenture Certificates and thereafter the Corporation will recognize the holders of such Convertible Debenture Certificates as Convertible Debenture holders under the Debenture Indenture.

Interest

Except in certain limited circumstances, interest on the Convertible Debentures will be paid directly to the Trustee who, in turn, will pay CDS while the book-entry only system is in effect. If Convertible Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal and premium and the interest due at maturity will be paid directly to CDS while the book-entry only system is in effect. If Convertible Debenture Certificates are issued, payment of principal and premium, if any, and interest due at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Debenture Indenture.

Warrants

The Warrants will be issued under and governed by the Warrant Indenture to be entered into between the Corporation and AST Trust Company (Canada), as warrant agent (the “**Warrant Agent**”). The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants, which will be filed by the Corporation under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of the Warrant Agent in Toronto, Ontario.

Each Warrant will entitle the holder thereof to acquire one Warrant Share at an exercise price of \$0.70 per Warrant Share at any time prior to 5:00 p.m. (Eastern time) on the date that is two (2) years following the Closing Date, subject to acceleration and adjustment in certain customary events, after which time the Warrants will expire.

If the maturity date is extended from the Initial Maturity Date to the Final Maturity Date, and prior to the Maturity Date, there are an aggregate of 15 days on which the daily VWAP of the Common Shares on the CSE (or such other Canadian stock exchange on which the Common Shares may trade) equals or exceeds \$1.10, the Corporation may accelerate the expiry date of the Warrants, upon giving Warrant holders 30 days’ advance written notice.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (b) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares;
- (c) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “Current Market Price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and

- (e) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares or other assets of the Corporation, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares, (b) consolidations, amalgamations, arrangements, mergers or other business combination of the Corporation with or into another entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or (c) any sale, lease, exchange or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another entity.

The Corporation will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants. Any fractions will be rounded down to the nearest whole number, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

From time to time, the Corporation and the Warrant Agent, without the consent of or notice to the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

None of the Units, the Common Shares, the Warrants or the Warrant Shares have been or will be registered under the U.S. Securities Act. The Warrants may not be transferred except (i) to the Corporation or (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act, and the Warrants may not be exercised by any U.S. person, any person in the United States or any person for the account or benefit of a U.S. person except by original purchasers of the Units in certain transactions exempt from the registration requirements of the *U.S. Securities Act*. The terms “United States” and “U.S. person” have the meanings ascribed to them in Regulation S under the *U.S. Securities Act*.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement among the Corporation and the Underwriters, the Corporation has agreed to issue and sell an aggregate of 30,000 Units to the Underwriters and the Underwriters have agreed to purchase, on the Closing Date, such Units, subject to the terms and conditions stated therein, at a price of \$1,000 per Unit, payable in cash to the Corporation against delivery. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of “disaster out”, “material change out” and “breach out” and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The Offering Price and terms of the Convertible Debentures and the Warrants were determined by arm’s length negotiations between the Corporation and Underwriters.

The Corporation has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 4,500 Over-Allotment Units at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for their services in connection with the Offering, the Underwriters will be paid the Underwriters' Fee equal to 4% of the gross proceeds of the Offering, being \$1,200,000 payable in cash (or up to \$1,380,000 in the event the Over-Allotment Option is exercised in full). As additional consideration for the services rendered in connection with the Offering, the Corporation has agreed to issue warrants to the Underwriters (the "**Broker Warrants**") exercisable to acquire, at any time prior to 5:00 pm (Eastern time) on the date which is twelve (12) months following the Closing Date, in the aggregate, that number of Convertible Debentures and Warrants that is equal to 4% of the number of Units sold pursuant to the Offering (including the Over-Allotment Option), at the Offering Price. This short form prospectus also qualifies the distribution of the Broker Warrants to the Underwriters (including those issuable on exercise of the Over-Allotment Option).

The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events.

The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make.

Pursuant to the Underwriting Agreement, during the period commencing on the date thereof until 90 days following the Closing Date, the Corporation will not, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Corporation convertible or exercisable into Common Shares or other equity securities of the Corporation, other than in connection with: (i) the grant or exercise of stock options, restricted share units or other similar issuances pursuant to the share incentive plans of the Corporation and other share compensation arrangements; (ii) Common Share transfers (e.g. sales and buy backs) related to fiscal tax planning and related tax shelter vehicles (e.g. TFSA's, RRSP's) for directors, officers and/or employees of the Corporation; (iii) the exercise of outstanding Common Share purchase warrants; (iv) the satisfaction of existing instruments and agreements executed and outstanding as of the date hereof; or (v) the issuance of securities in connection with acquisitions in the normal course of business.

It is a condition of closing of the Offering that each of the directors and officers of the Corporation will agree in a lock up agreement to be executed concurrently with the closing of the Offering, that for a period of 90 days from the Closing Date, each will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares or securities convertible into, exchange for, or otherwise exercisable to acquire Common Shares or other equity securities of the Corporation, whether owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of such securities, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the Shareholders or for fiscal purposes and using related tax shelter vehicles.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice.

It is expected that the Corporation will arrange for an instant deposit of the Units to or for the account of the Underwriters with CDS or its nominee on the Closing Date, against payment of the aggregate purchase price for the Units. A purchaser of Units will receive only a customer confirmation from the registered dealer, which is a CDS participant, and from or through which the Units are purchased.

The Offering is being made in the provinces of Ontario, British Columbia and Alberta. The Units have not been and will not be registered under *the U.S. Securities Act* or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States, except in transactions exempt from the registration requirements of the *U.S. Securities Act* and any applicable state securities laws. The Underwriters may re-offer and resell the Units that they have acquired pursuant to the Underwriting Agreement, through their United States registered broker-dealer affiliates, to persons who are “qualified institutional buyers”, as such term is defined in Rule 144A under the *U.S. Securities Act* (“**Qualified Institutional Buyers**”), in compliance with Rule 144A under the U.S. Securities Act and applicable U.S. state securities laws. In addition, the Underwriters will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Regulation S under the *U.S. Securities Act*. The Units that are sold in the United States will be restricted securities within the meaning of Rule 144(a)(3) of the *U.S. Securities Act* and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the *U.S. Securities Act*.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. In addition, until 40 days after the Closing Date, an offer or sale of Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration provisions of the U.S. Securities Act unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Units are terminated, bid for or purchase the Convertible Debentures or Warrants. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Convertible Debentures or Warrants if the bid or purchase is made through the facilities of the CSE in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client’s order was not solicited by the Underwriters or if the client’s order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. In connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Convertible Debentures or Warrants at levels other than those which otherwise might prevail on the open market, including: short sales; purchases to cover positions created by short sales; imposition of penalty bids; syndicate covering transactions and stabilizing transactions.

The Underwriters propose to offer the Units to the public initially at the Offering Price. After the Underwriters have made reasonable efforts to sell the Units at the Offering Price, the Underwriters may offer the Units to the public at prices lower than the Offering Price. Any such reduction will not affect the proceeds received by the Corporation. The Underwriters will inform the Corporation if the Offering Price is reduced.

No action has been taken in any jurisdiction by the Corporation or the Underwriters that would permit a public offering of the Units, other than in Canada. No offer or sale of the Units may be made in any jurisdiction except in compliance with the applicable laws thereof. Persons receiving this short form prospectus are responsible for informing themselves about and observing any restrictions as to the Offering and the distribution of this short form prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to the acquisition, holding and disposition of Warrants, Convertible Debentures, and Common Shares by a holder who acquires, as beneficial owner, Warrants or Convertible Debentures, pursuant to the Offering and Common Shares either pursuant to the exercise of such Warrants or on the

conversion or maturity of such Convertible Debentures (for purposes of this section, collectively, the “**Subject Securities**”) and who, for purposes of the Tax Act and at all relevant times, holds the Subject Securities as capital property, deals at arm’s length and is not affiliated with the Corporation, the Underwriters, and any person to whom such holder subsequently sells or otherwise transfers Subject Securities (a “**Holder**”). Generally, Subject Securities will be considered to be capital property to a Holder provided the holder does not hold the Subject Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a “tax shelter investment” (as defined in the Tax Act), (iii) that is a “specified financial institution” (as defined in the Tax Act), (iv) that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency, or (v) that has entered or will enter into a “derivative forward agreement” or “synthetic disposition arrangement” (as defined in the Tax Act) with respect to Subject Securities. **Any such Holder should consult its own tax advisor with respect to an investment in the Units.** In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Subject Securities.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) made publicly available prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Subject Securities, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders of Subject Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Units pursuant to this Offering, having regard to their particular circumstances.

Allocation of Purchase Price

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Convertible Debentures and the Warrants in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Corporation intends to allocate \$872 to each Convertible Debenture and \$128 to the Warrants. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the Holder.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder’s cost of the Warrant Share acquired thereby will be the aggregate of the Holder’s adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder’s adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately before such acquisition.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a “**Canadian Holder**”). Certain Canadian Holders of Convertible Debentures or Common Shares who might not otherwise be considered to hold their Convertible Debentures or Common Shares as capital property may, in certain circumstances, be entitled to have the Convertible Debentures and Common Shares, and all other “Canadian securities” (as defined in the Tax Act) owned by such Holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of Warrants. Canadian Holders should consult their own tax advisors regarding this election.

Taxation of Canadian Holders of Convertible Debentures

Taxation of Interest on Convertible Debentures

A Canadian Holder of Convertible Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Convertible Debentures (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year, or (ii) that has become receivable by or is received by the Canadian Holder before the end of that taxation year, including on a conversion or repayment at maturity, except to the extent that such interest was included in computing the Canadian Holder’s income for a preceding taxation year.

Any other Canadian Holder, including an individual (other than a unit trust or a trust of which a corporation or a partnership is a beneficiary), will be required to include in computing income for a taxation year all interest on the Convertible Debentures that is received or receivable by the Canadian Holder in that taxation year (depending upon the method regularly followed by the Canadian Holder in computing income), except to the extent that the interest was included in the Canadian Holder’s income for a preceding taxation year. In addition, if such Canadian Holder has not otherwise included all interest that accrued on the Convertible Debentures in computing the Canadian Holder’s income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Convertible Debenture up to the end of any “anniversary day” (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Canadian Holder’s income for that year or a preceding taxation year.

To the extent that the principal amount of a Convertible Debenture exceeds the portion of the Unit purchase price allocated to the Convertible Debenture, see “*Allocation of Purchase Price*”, the discount may be required to be included in computing a Canadian Holder’s income, either in each taxation year in which all or a portion of such amount accrues (in circumstances where the discount is or is deemed to be interest) or in the taxation year in which the discount is received or receivable by the Canadian Holder. If the discount is (or is deemed to be) interest to a Canadian Holder, such Canadian Holder would be required to include in income annually the portion of such interest (or deemed interest) that accrues to such Canadian Holder in the manner prescribed by the regulations under the Tax Act notwithstanding that the discount will not be received or receivable until maturity. **Canadian Holders are urged to consult their tax advisors as to the Canadian tax treatment of such discount, if any.**

A Canadian Holder of Convertible Debentures that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax of 10 2/3% on its “aggregate investment income”, which is defined in the Tax Act to include interest income.

Exercise of the Conversion Privilege

Generally, a Canadian Holder that converts a Convertible Debenture into Conversion Shares pursuant to its right of conversion under the terms of the Convertible Debenture and receives Conversion Shares upon such conversion will be deemed not to have disposed of the Convertible Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion.

The aggregate cost to a Canadian Holder of the Conversion Shares acquired upon conversion of a Convertible Debenture will generally be equal to the aggregate of the adjusted cost base to the Canadian Holder of the

Convertible Debenture immediately before the conversion. The adjusted cost base to a Canadian Holder of Conversion Shares acquired at any time will be determined by averaging the cost of such Conversion Shares with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property immediately before the time.

Upon conversion of a Convertible Debenture, interest accrued thereon will be included in computing the income of the Canadian Holder as described above under “*Holders Resident in Canada - Taxation of Canadian Holders of Convertible Debentures - Taxation of Interest on Convertible Debentures*”, to the extent that such interest has not otherwise been included in computing the Canadian Holder’s income for the taxation year or a previous taxation year.

Other Disposition of Convertible Debentures

A Canadian Holder that disposes of a Convertible Debenture (including due to a payment of the Convertible Debenture on maturity or purchase of the Convertible Debenture for cancellation, but not including conversion of a Convertible Debenture into Conversion Shares pursuant to the Canadian Holder’s conversion privilege as described above), will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Convertible Debenture (which excludes of any amount otherwise required to be included in the Canadian Holder’s income as interest), exceed (or are less than) the aggregate of the adjusted cost base of the Convertible Debenture to the Canadian Holder and any reasonable costs of disposition. The treatment of capital gains and losses is described below under the heading “*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*”.

Upon a disposition or deemed disposition of a Convertible Debenture by a Canadian Holder, the Canadian Holder will be required to include in computing income the amount of interest accrued on the Convertible Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in computing the Canadian Holder’s income for the taxation year or a previous taxation year, and such amount will be excluded in computing the Canadian Holder’s proceeds of disposition of the Convertible Debenture as described above.

If the Corporation pays any amount upon the purchase or maturity of a Convertible Debenture by issuing Common Shares to the Canadian Holder (but not including by the conversion of a Convertible Debenture into Conversion Shares pursuant to the Canadian Holder’s conversion privilege as described above), the Canadian Holder’s proceeds of disposition of the Convertible Debenture will be equal to the fair market value, at the time of disposition of the Convertible Debenture, of the Common Shares and any other consideration so received (except consideration received in satisfaction of accrued interest). The cost to the Canadian Holder of the Common Shares so received will be equal to the fair market value of such Common Shares. The adjusted cost base to a Canadian Holder of Common Shares acquired at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property immediately before the time.

Taxation of Canadian Holders of Warrants

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Canadian Holder generally will realize a capital loss equal to the Canadian Holder’s adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under “*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*”.

Dispositions of Warrants

Upon a disposition (or a deemed disposition) of a Warrant (other than on the exercise thereof), a Canadian Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Warrant, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such Warrant, to the Canadian Holder. The tax treatment of capital gains and capital losses is discussed in greater detail

below under “*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*”.

Taxation of Canadian Holders of Common Shares

Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Canadian Holder will be included in the Canadian Holder’s income for the purposes of the Tax Act.

Such dividends received by a Canadian Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as “eligible dividends”.

Taxable dividends received by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. A “private corporation” as defined in the Tax Act or any other corporation controlled for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 38 1/3% on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder’s taxable income.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Canadian Holder (except to the Corporation) will generally result in the Canadian Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Canadian Holder in a taxation year must be included in the Canadian Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized by the Canadian Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax of 10 2/3% on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act (i) is neither resident nor deemed to be resident in Canada, (ii) does not, and is not deemed to, use or hold Subject Securities, in a business carried on in Canada and (iii) is entitled to receive all payments (including all principal and interest) made on a Convertible Debenture (a “**Non-Canadian Holder**”). In addition, this discussion does not apply to: (i) an insurer who carries on an insurance business in Canada and elsewhere; (ii) an “authorized foreign bank” (as defined in the Tax Act); or (iii) a Non-Canadian Holder that is, or does not deal at arm’s length with, a “specified shareholder” (as defined in subsection 18(5) of the Tax Act) of the Corporation. A “specified shareholder” for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm’s length for the purposes of the Tax Act) owns or has the right to acquire or control 25% or more of the Corporation’s shares determined on a votes or fair market value basis. **Such Non-Canadian Holders should consult their own tax advisors.**

Taxation of Non-Canadian Holders of Convertible Debentures

Taxation of Interest on Convertible Debentures

A Non-Canadian Holder generally should not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Corporation as, on account or in lieu of payment of, or in satisfaction of, interest or principal on the Convertible Debentures. See “*Risk Factors - Debentures may be Subject to Withholding Tax and Participating Debt Interest*”.

Exercise of the Conversion Privilege

Generally, a Non-Canadian Holder that converts a Convertible Debenture into Conversion Shares pursuant to its right of conversion under the terms of the Convertible Debenture will be deemed not to have disposed of the Convertible Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion.

Other Disposition of Convertible Debentures

On the disposition or deemed disposition of a Convertible Debenture (otherwise than on the conversion of a Convertible Debenture into Conversion Shares pursuant to the Non-Canadian Holder’s conversion privilege as described above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder, unless the Convertible Debenture constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the CSE), the Convertible Debentures will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Convertible Debentures the following conditions are satisfied concurrently: (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm’s length, (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class of the capital stock of the Corporation, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (w) real or immovable property situated in Canada; (x) Canadian resource properties; (y) timber resource properties; and (z) options in respect of, or interests in or for civil law rights in, property described in (w) to (y) (the “**TCP Conditions**”). A Non-Canadian Holder contemplating a disposition of Convertible Debentures that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Taxation of Non-Canadian Holders of Warrants

Dispositions of Warrants

On a disposition of a Warrant (other than on the acquisition of a Warrant Share pursuant to the terms of Warrants as discussed above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder, unless the Warrant constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are listed on a designated stock exchange (which currently includes the CSE), the Warrants will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Warrant the TCP Conditions (as discussed above) are met. A Non-Canadian Holder contemplating a disposition of Warrants that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Taxation of Non-Canadian Holders of Common Shares

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Canadian Holder is entitled to the benefits of, between Canada and the Non-Canadian Holder’s country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Common Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition of a Common Share issuable pursuant to the terms of the Warrants or the Convertible Debentures, unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the CSE), Common Shares generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Common Shares the TCP Conditions (as discussed above) are met. A Non-Canadian Holder contemplating a disposition of Common Shares that might constitute taxable Canadian property should consult a tax advisor prior to such disposition.

RISK FACTORS

An investment in the Units is subject to a number of risks that should be carefully considered by a prospective purchaser. Before deciding whether to invest in the Units, prospective investors should carefully consider, in light of their own financial circumstances, the risks described below and those incorporated by reference into this short form prospectus, including those described in the Corporation's AIF and Annual MD&A. See "Documents Incorporated by Reference". The risks discussed below also include forward-looking statements and the Corporation's actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Information."

Risks Related to the Offering

Failure to Close the 828 Acquisition

There is no guarantee that the contemplated 828 Acquisition will be implemented on the targeted closing date or that it will be implemented at all. Several factors may delay or prevent the closings of the 828 Acquisition.

Volatile Market Prices

The market price for the Convertible Debentures, the Warrants and the Common Shares into which they are convertible may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the following: (a) actual or anticipated fluctuations in the Corporation's results of operations, financial performance and future prospects; (b) recommendations by securities research analysts; (c) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Corporation; (d) addition or departure of the Corporation's executive officers or other key personnel; (e) sales or perceived sales of additional Common Shares or the Convertible Debentures; (f) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; (g) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry; (h) liquidity of the Convertible Debentures; (i) prevailing interest rates; (j) the market price of Common Shares; and (k) general economic conditions. See "Earnings Coverage Ratios", which is relevant to an assessment of the risk that the Corporation may be unable to pay interest or principal on the Convertible Debentures when due.

The market price of the Common Shares may be adversely affected by a variety of factors relating to the Corporation's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by the Corporation and the Corporation's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Corporation's performance. Additionally, the value of the Common Shares is subject to market value fluctuations based upon factors that influence the Corporation's operations, such as legislative or regulatory developments, competition, technological change, global capital market activity and changes in interest and currency rates. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

The value of Common Shares will be affected by the general creditworthiness of the Corporation. The AIF and the Corporation's management's discussion and analysis are incorporated by reference in this short form prospectus and discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Corporation's business, financial condition or results of operations.

The market value of the Common Shares may also be affected by the Corporation's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Corporation is a part.

Market for Convertible Debentures and Warrants

There is currently no market through which the Convertible Debentures and Warrants may be sold. The Corporation has filed a notice of proposed prospectus offering with the CSE to issue the Convertible Debentures, the Warrants, the Conversion Shares and the Warrant Shares, including any such securities issued upon exercise of the Over-Allotment Option and the Broker Warrants. The Corporation has also applied to list the Convertible Debentures on the CSE. Listing will be subject to the fulfilment of all the listing requirements of the CSE, including any distribution requirements. There can be no assurance that an active or liquid market for the Convertible Debentures or the Warrants will develop following the Offering, or if developed, that such market will be maintained. If an active public market does not develop or is not maintained, purchasers may not be able to resell the Convertible Debentures and/or Warrants purchased under this short form prospectus.

Return on Investment in the Units

There is no guarantee that an investment in the Units will earn any positive return in the short term or long term. A purchase under the Offering involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Convertible Debentures. Assuming all other factors remain unchanged, the market value of the Convertible Debentures will decline as prevailing yields for similar securities rise, and will likely increase as prevailing yields for similar securities decline.

Repurchase on a Change of Control

Within thirty (30) days following the occurrence of a Change of Control, the Corporation shall make an offer to holders of Convertible Debentures to purchase in cash the Convertible Debentures held by the electing holder at 100% of the principal amount thereof plus accrued and unpaid interest and any interest such holder would have received had such holder held the Convertible Debentures up to the Final Maturity Date. The Corporation cannot assure holders of Convertible Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Convertible Debentures in cash. The Corporation's failure to purchase the Convertible Debentures would constitute an Event of Default under the Debenture Indenture, which might constitute a default under the terms of the Corporation's other indebtedness, if any, at that time. See "Description of Securities Being Distributed".

Shareholder Rights

Holders of Convertible Debentures and Warrants will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the Board of Directors designates as payable to the holders of the Convertible Debentures), but if a holder of Units subsequently: (a) exercises its Warrants; or (b) converts its Convertible Debentures into Conversion Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Corporation delivers Common Shares upon (a) the exercising of a Warrant; or (b) the conversion of a Convertible Debenture and, to a limited extent, under the conversion rate adjustments under the Warrant Indentures and the Debenture Indentures. For example, in the event that an amendment is proposed to the Corporation's constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Common Shares that result from such amendment.

Investment Eligibility

There can be no assurance that the Convertible Debentures will continue to be qualified investments under relevant Canadian tax laws for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs. The Tax Act imposes penalties for the acquisition or holding of nonqualified or prohibited investments. See “Eligibility for Investment”.

Debentures may be Subject to Withholding Tax and Participating Debt Interest

The Tax Act generally provides that withholding tax is not payable on interest paid or credited to non-residents of Canada that deal at arm’s length with the payor. However, Canadian withholding tax continues to apply to payments of “participating debt interest”. For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an “excess”). The deeming rule does not apply in respect of certain “excluded obligations”, although it is not clear whether a particular convertible debenture would qualify as an “excluded obligation”. If a convertible debenture is not an “excluded obligation”, issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is “participating debt interest”, and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that no excess, and therefore no participating debt interest, would in general arise on the conversion of a “standard convertible debenture” (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm’s length for purposes of the Tax Act). The Convertible Debentures should meet the criteria set forth in the CRA’s statement. However, the application of CRA’s published guidance to the Convertible Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a non-resident holder of Convertible Debentures on account of interest or any excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention). As noted under “Change in Withholding Tax Laws” below, the Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Convertible Debentures in the event that it is required to withhold Canadian withholding tax on payments of interest (including any excess that may be considered to be participating debt interest).

Change in Withholding Tax Laws

The Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Convertible Debentures who are non-resident of Canada for purposes of the Tax Act in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Convertible Debentures. At present, no amount will generally be required to be withheld under the Tax Act from such payments to holders of Convertible Debentures who are non-residents of Canada dealing at arm’s length with the Corporation, but no assurance can be given that applicable income tax laws will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts. See “Certain Canadian Federal Income Tax Considerations”.

Book-Based System

Unless and until certificated, the securities contemplated herein are issued in exchange for book-entry interests and as such the owners of the book-entry interests will not be considered owners or holders of such securities. Instead, the depository or its nominee will be the sole holder of such securities. Payments of principal, interest and other

amounts owing on or in respect of the Convertible Debentures will be made to the paying agent, which will make payments to CDS. Thereafter, such payments will be credited to Participants' accounts that hold book-based interests in the Convertible Debentures and credited by such Participants to indirect Participants. Unlike holders of the securities contemplated herein, owners of book-based interests will not have the direct right to act upon the Corporation's solicitations for consents or requests for waivers or other actions from holders of the securities contemplated herein. Instead, holders of beneficial interests in the securities contemplated herein will be permitted to act only to the extent such holders have received appropriate proxies to do so from CDS or, if applicable, a Participant. There is no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the securities contemplated herein to vote on any requested actions on a timely basis. See "Description of Securities Being Distributed - Book-Entry System for Convertible Debentures".

Potential Dilution

The Corporation's articles of incorporation and by-laws allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as established by the board of directors of the Corporation, in many cases, without the approval of the Corporation's shareholders. The Corporation may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of stock options or other securities exercisable for Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Potential Need for Additional Financing

Despite the anticipated net proceeds from the Offering, the Corporation may require additional financing in the future, including through the sale of assets and/or the issue and sale of equity or debt securities. The Corporation's activities do have scope for flexibility in terms of the amount and timing of expenditures, and expenditures may be adjusted accordingly. However, further operations will require additional capital and will depend on the Corporation's ability to obtain financing through debt, equity or other means. The Corporation's ability to meet its obligations and maintain operations may be contingent upon successful completion of additional financing arrangements. There is no assurance that the Corporation will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Corporation. In addition, any future financing may also be dilutive to existing shareholders of the Corporation.

Forward-Looking Statements may prove to be inaccurate

Investors should not place undue reliance on forward-looking information and statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties can be found in this short form prospectus under the heading "Forward-Looking Statements".

The Corporation may use the Proceeds of the Offering for purposes other than those set out in this short form prospectus

The Corporation currently intends to allocate the net proceeds received from the Offering as described under the heading "Use of Proceeds" in this short form prospectus. However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described under the heading "Use of Proceeds" if it believes that it would be in the best interests of the Corporation to do so if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Risks Related to the Corporation

Investors should also carefully consider the risks described under the heading “Risk Factors” in the AIF and the Corporation’s other publicly filed documents which are incorporated herein by reference.

LEGAL MATTERS

Legal matters in connection with the issuance of the Units offered by this short form prospectus will be passed upon at the date of closing of the Offering on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

As of the date hereof, the partners and associates of Cassels Brock & Blackwell LLP and Stikeman Elliott LLP, as a group, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Corporation is Collins Barrow Calgary LLP, Calgary, Alberta. The Crypto 205 Financial Statements were audited by Grant Thornton LLP. Collins Barrow and Grant Thornton LLP are independent of the Corporation and Crypto 205 Inc., respectively, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

The registrar and transfer agent of the Common Shares is AST Trust Company (Canada) at its principal office in Calgary, Alberta.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. 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 the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible debentures (including the Convertible Debentures comprising part of the Units) or warrants (including the Warrants comprising part of the Units), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the convertible debenture or warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of this right of action for damages or consult with a legal adviser.

Original purchasers of the Units (which have a conversion feature) will have a contractual right of rescission against the Corporation in respect of the conversion of the Convertible Debentures and the Warrants.

The contractual right of rescission will entitle such original purchasers to receive, in addition to the amount paid on original purchase of the Unit, the amount paid upon conversion, exchange or exercise upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion takes place within 180 days of the date of the purchase of the Unit under this short form prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the Unit under this short form prospectus. This contractual right of rescission will be consistent with the

statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law.

CERTIFICATE OF VOGOGO INC.

Dated: May 16, 2018

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of the provinces of Ontario, British Columbia and Alberta.

(Signed) John Kennedy FitzGerald
Chief Executive Officer

(Signed) Jordan Greenberg
Chief Financial Officer

On behalf of the Board of Directors of
Vogogo Inc.

(Signed) Gino DeMichele
Director

(Signed) Dale Johnson
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 16, 2018

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of the provinces of Ontario, British Columbia and Alberta.

CANACCORD GENUITY CORP.

(Signed) Michael Kogan
Managing Director

BEACON SECURITIES LIMITED

(Signed) Ezra Chang
Managing Director

**CRYPTO 205 INC.
FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION, MARCH 21 2017, TO
DECEMBER 31, 2017**

Independent auditor's report

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To the Board of Directors of Crypto 205 Inc.

We have audited the accompanying financial statements of Crypto 205 Inc., which comprise the statement of financial position as at December 31, 2017, and the statement of income and comprehensive income, statement of changes in equity and statement of cash flows for the period from incorporation, March 21, 2017, to December 31, 2017, and a summary of significant accounting policies and other explanatory information

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crypto 205 Inc. as at December 31, 2017, and its financial performance and its cash flows for the period from incorporation, March 21, 2017, to December 31, 2017, in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Mississauga, Canada
March 28, 2018

Licensed Professional Accountants
Chartered Professional Accountants

CRYPTO 205 INC.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2017
ASSETS		
Current assets		
Cash		775,323
Prepaid expenses		13,089
Subscription receivable		6,469
Sales taxes receivable		987,699
Digital assets	6	711,648
Total current assets		<u>2,494,228</u>
Non-current assets		
Mining equipment, net	7	5,476,402
Other property and equipment, net	7	1,965,484
Total non-current assets		<u>7,441,886</u>
Total assets		<u><u>9,936,114</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		391,778
Deferred income tax liability	9	143,222
Shareholder loan	10	5,000,000
Total current liabilities		<u>5,535,000</u>
Total liabilities		<u>5,535,000</u>
EQUITY		
Share capital	11	4,003,583
Revaluation surplus		6,342
Retained earnings		391,189
Total equity		<u>4,401,114</u>
Total liabilities and equity		<u><u>9,936,114</u></u>
See accompanying notes		

CRYPTO 205 INC.
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars except for number of shares)

	Note	2017
Sales		
Digital assets mined	6	746,288
Cost of sales		
Depreciation	7	46,707
Electricity cost		58,070
Total cost of sales		104,777
Gross profit		641,511
Expenses		
General and administrative	8	30,761
Net income before the following items		610,750
Fair value remeasurement loss on digital assets	6	(40,983)
Foreign exchange loss		(35,356)
		(76,339)
Net income before income tax		534,411
Income tax	9	143,222
Net income		391,189
Digital assets – unrealized gain in fair value	6	6,342
Comprehensive income		397,531
Basic and diluted net income per share		2.87
Weighted average number of shares – basic and diluted		136,200
See accompanying notes		

CRYPTO 205 INC.
STATEMENT OF CHANGES IN EQUITY
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars except for number of shares)

	Common Shares Class A number	Common Shares Class B number	Common Shares Class A Amount	Common Shares Class B Amount	Revaluation Surplus	Retained Earnings	Total Equity
Balance – March 21, 2017	-	-	-	-	-	-	-
Issuance of shares	601,924	508,141	3,574,210	429,373	-	-	4,003,583
Net income	-	-	-	-	-	391,189	391,189
Other comprehensive income	-	-	-	-	6,342	-	6,342
Balance – December 31, 2017	601,924	508,141	3,574,210	429,373	6,342	391,189	4,401,114

See accompanying notes

CRYPTO 205 INC.
STATEMENT OF CASH FLOWS
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars)

	Note	2017
Operating activities		
Net income		391,189
Digital assets mined	6	(746,288)
Depreciation	7	46,707
Deferred income taxes	9	143,222
Fair value remeasurement loss on digital assets	6	40,983
Changes in non-cash operating elements of working capital		
Subscription receivable		(6,469)
Sales taxes receivable		(987,699)
Prepaid expenses		(13,090)
Accounts payable and accrued liabilities		391,778
Net cash outflows from operating activities		(739,667)
Financing activities		
Proceeds from issuance of shares		3,103,583
Proceeds from shareholder loan	10	5,000,000
Net cash inflows from financing activities		8,103,583
Investing activities		
Purchase of mining equipment	7	(4,612,129)
Purchase of other capital assets	7	(1,976,464)
Net cash outflows from investing activities		(6,588,593)
Increase in cash		775,323
Cash and cash equivalents – beginning of period		-
Cash and cash equivalents - end of period		775,323

See accompanying notes

CRYPTO 205 INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Expressed in Canadian Dollars unless otherwise noted)

1. NATURE OF BUSINESS

Crypto 205 Inc. [the “Company”] was incorporated on March 21, 2017 under the Canada Business Corporations Act. The Company’s registered office is located at 6500 Felix-Leclerc Highway Unit 400, Pointe-Claire, Quebec, H9R 0A5. The Company is in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on blockchains. The Company receives digital currencies in return for this service.

2. BASIS OF PRESENTATION

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards [“IFRS”] as issued by the International Accounting Standards Board [“IASB”].

The financial statements of Crypto 205 Inc. from the date of incorporation, March 21, 2017, to December 31, 2017 were authorized for issue in accordance with a resolution of the directors on March 28, 2018.

(ii) Basis of measurement

These financial statements have been prepared on a historical cost basis. Other measurement bases used are described in the applicable notes.

(iii) Functional and presentation currency

The financial statements are presented in Canadian dollars which is the Company’s functional currency.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The determination of the Company’s functional currency requires judgments regarding the primary economic environment in which the Company operates. The functional currency of the Company was determined to be the Canadian dollar as this is the primary currency for cash outflows and financing activities

The following are the estimates and assumptions that have been made in applying the Company’s accounting policies that have the most significant effect on the amounts in the financial statements:

(i) Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights. At the year end, management concluded that none of the Company's non-financial assets were impaired.

(ii) Accounting for digital assets

At present, there are conflicting views on applying IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

(iii) Fair value of digital assets

Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com ("Coin Market Cap"). Management considers this fair value to be a Level 1 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from Coin Market Cap at the end of the reporting period or date corresponding to the digital asset mined or held by the Company.

(iv) Useful life of mining equipment and other property and equipment

Management is amortizing mining equipment over three years on a straight-line basis and other property and equipment over five years on a straight-line basis.

The mining equipment is used to generate digital assets (refer to discussion on revenue recognition in Note 4(i)). The rate at which the Company generates digital currencies and, therefore, consumes the economic benefits of its mining equipment is influenced by a number of factors including the following:

- the complexity of the mining process which is driven by the algorithms contained within the digital assets open source software; and
- the range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

The other property and equipment is used to operate and sustain the mining equipment.

Based on the Company's, and the industry's, short life cycle to date, management is limited by the market data available. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including digital currencies' (such as Bitcoin) price and network difficulty, are derived from management's assumptions which are inherently judgmental. Based on current data available management has determined that the straight-line method of amortization over three and five years best reflects the current expected useful life of mining equipment and other property and equipment. Management reviews this estimate at each reporting date and revises such estimates as and when data becomes available. The mining equipment has been assumed to have no residual value at the end of its useful life. Management reviews the appropriateness of its assumption of nil residual value at each reporting date.

As set out in Note 3(i) management also assesses whether there are any indicators of impairment of mining equipment and other property and equipment at the end of each reporting period and if any such indication exists, the Company will estimate the recoverable amount of its mining equipment and other property and equipment.

(v) Deferred income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES

(i) Revenue recognition

Revenue is comprised of the fair value of consideration received or receivable for the provision of services in the ordinary course of business.

The Company derives its revenue from digital currency received for providing “mining” services to a digital currency blockchain. Mining is the Company’s principal business activity and is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult mathematical problem.

The Company has determined that the substance of its mining activities is a service under IFRS notwithstanding the lack of a formal contractual arrangement under which it provides such services, as the services are provided through the blockchain protocol. Also, there is no collaboration arrangement within the blockchain, and the Company’s rights and obligations are implied by the customary business practices prevalent within the industry.

Revenue earned from providing digital currency mining services is recognized by the Company when the significant risks and rewards of ownership have been transferred which is considered to be when the digital currency is received for the mining services rendered. In return for the mining services rendered, digital currency is deposited into the Company’s wallet and this revenue is recognized at the Canadian dollar value of the digital currencies mined as at the time of actual receipt. The fair value is reliably measured using the closing price on Coin Market Cap on the date of receipt. Any costs associated with the Company’s mining activities are incurred simultaneously with the earning of revenue. The Company has not deferred any expenditures with regards to fulfilling mining services.

During the period ended December 31, 2017, the Company has recorded revenue of \$746,288.

(ii) Digital assets

Digital assets consist of digital currencies generated from the Company’s mining activities. The Company classifies and measures digital assets at fair value under IAS 38 since the assets are non-monetary without any physical substance. Based on this policy, the revaluation method is used. Increases in value are recorded in the statement of other comprehensive income while decreases are recorded in the statement of net income. To the extent that an increase in value reverses a previous decrease in value that has gone into net income, that increase is reported in net income so that the cumulative effect includes the net decrease in value of the cryptocurrency over time. Similarly, a decrease in value that reverses a previous increase is recorded in other comprehensive income so the cumulative effect is the net increase in value of the cryptocurrency over time. The cost and fair value of cryptocurrencies is determined for each unit of Bitcoin mined and held by the Company.

The Company obtains the equivalency rate of tradeable digital assets to USD from Coin Market Cap, a source that aggregates data from multiple exchanges and applies a methodology to determine the best quoted USD price on the date the digital assets were generated. Subsequently, the Company converts the USD equivalent digital assets into Canadian dollars using the Bank of Canada closing daily exchange rate. Subsequent to initial recognition, digital assets are remeasured at each reporting period to the Canadian dollar price. The equivalency rate obtained from Coin Market Cap represents a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis, and this information and all related databases are accessible to the Company.

(iii) Cash

Cash in the statement of financial position is comprised of cash on hand.

(iv) Property and equipment

Property and equipment are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property and equipment and any expenditures required to make the property and equipment ready for use. Expenditures that extend the estimated life of an asset are capitalized.

Amortization is provided annually on property and equipment at rates designed to charge the cost of the assets over their estimated useful lives, as follows:

Mining equipment	3 years straight-line
Other property and equipment	5 years straight-line

The assets' residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Amortization of mining equipment is recognized in cost of revenue on the statement of income and comprehensive income. Amortization of other capital assets is recognized in general and administrative expenses.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statements of income and comprehensive income when the asset is derecognized.

Refer to Note 3(iv) for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of amortization, the underlying useful life and the estimation of residual values in respect of mining equipment.

Certain items of property and equipment may be acquired in exchange for digital assets. The cost of such items are measured at fair value and the consideration is settled by providing an equivalent amount of digital assets at the date of acquisition. Such transactions do not require the use of cash and are excluded from the statement of cash flows.

(v) Impairment of non-financial assets

The Company determines at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated for valuation multiples or other available fair value indicators. Impairment losses are recognized in the statement of income and comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date of whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If an indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income and comprehensive income.

(vi) Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39, Financial Instruments: Recognition and Measurement [“IAS 39”] are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated in an effective hedge, as appropriate. The Company determines classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Company’s financial assets include cash and subscription receivable. All of the Company’s financial assets are classified as loans and receivables.

Subsequent measurement – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statements of income and comprehensive income. The losses arising from impairment are recognized in the statements of income and comprehensive income in finance expense.

Derecognition

A financial asset is derecognized when:

The rights to receive cash flows from the asset have expired.

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This recognition includes directly attributable transaction costs.

The Company’s financial liabilities include accounts payable and accrued liabilities and shareholder loan.

Subsequent measurement – loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income and comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expense in the statement of income and comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the statements of income and comprehensive income.

(c) Offsetting of financial instruments

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

(vii) Leases

Leases are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Company are accounted for as finance leases. At the time a finance lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under finance leases is amortized on the same basis as described above. Operating lease payments are recognized as an operating expense in the statement of loss on a straight-line basis over the lease term.

(viii) Foreign currency translation

The Company's financial statements are presented in Canadian dollars, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the appropriate rates of exchange prevailing at the statement of financial position date while other assets and liabilities are converted at the rates of exchange applicable at the dates acquired or incurred. Revenue and expenses are translated into Canadian dollars at rates of exchange applicable during the periods in which they were earned or expensed. All gains and losses are included in the statements of income and comprehensive income for the year.

(ix) Taxes

The Company is in the business of mining for digital currencies in a commercial manner and, the income from the business is included in determining taxable income for the year. The digital currency held at period end is treated as inventory for tax purposes and valued pursuant to Section 10 of the Income Tax Act.

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(a) Current income tax

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

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

(b) Deferred income tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction, either in other comprehensive loss or directly in equity.

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments that replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will not have an effect on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and replaces prior guidance, including IAS 18, Revenue. In April 2016, the IASB issued amendments to the standard that clarified specific guidance and provided additional transitional relief. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, which for us will be on November 1, 2018, and can be applied on a retrospective basis or using a modified retrospective approach. We plan to adopt IFRS 15 using the modified retrospective approach by recognizing the cumulative effect of initial application in opening retained earnings as of the effective date. Use of the modified retrospective approach will require us to provide additional disclosures in the year of adoption that would not be required if we apply the standard on a retrospective basis.

The new guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and enhanced quantitative and qualitative disclosure requirements. IFRS 15 excludes from its scope revenue related to lease contracts, insurance contracts and financial instruments.

The Company continues to evaluate the effect of this standard, including the on our financial statements, including the presentation of revenue and expense items, and the timing and measurement of revenue deriving from digital assets.

IFRS 16, Leases

IFRS 16 was issued in January 2016 and requires lessees to recognize assets and liabilities for most leases. For lessors, there is little changed to the existing accounting in IAS 17 Leases.

The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of assessing the impact of this standard on the Company's financial statements.

6. DIGITAL ASSETS

Digital assets consist of Bitcoin coins. Below is a continuity of digital assets mined, acquired through purchase, settled and revalued during the year.

	Bitcoins	2017
Opening balance as at March 21, 2017	-	-
Mined additions	40.07	746,288
Unrealized loss in fair value through profit & loss	-	(40,983)
Unrealized gain in fair value through other comprehensive income	-	6,342
Closing balance as at December 31, 2017	40.07	711,648

7. PROPERTY AND EQUIPMENT

	Mining Equipment	Other property & equipment	Total
Cost			
Balance – March 21, 2017	-	-	-
Additions	5,512,129	1,976,464	7,488,593
Balance – December 31, 2017	5,512,129	1,976,464	7,488,593
Accumulated amortization			
Balance – March 21, 2017	-	-	-
Amortization charge	35,727	10,980	46,707
Balance – December 31, 2017	35,727	10,980	46,707
Net book value			
Balance – December 31, 2017	5,476,402	1,965,484	7,441,886

A shareholder contribution in the amount of \$900,000 was provided in the form of mining equipment in exchange for 150,000 Class A common shares. The contribution was measured at the fair value of the mining equipment received.

Mining equipment in the amount of \$1,586,990 included in the above amounts has not been put into use as of December 31, 2017. Accordingly, no amortization has been recorded on these amounts.

8. EXPENSES CLASSIFIED BY NATURE

Expenses are classified by function on the statement of income and comprehensive income and are comprised of general and administrative. Below is a breakdown of what is included within general and administrative expenses. The Company did not incur any employee benefits expenses during the year.

	<u>2017</u>
General and administrative	
Office expenses	11,967
Utilities	173
Insurance	1,190
Professional fees	14,990
Computer expenses	2,441
Total general and administrative	<u>30,761</u>

9. INCOME TAXES

Details of income tax expense were as follows:

	<u>2017</u>
Current income tax expense	-
Deferred income tax expense	143,222
Income tax expense	<u>143,222</u>

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.8% to the effective tax rate is as follows for the period from incorporation on March 21, 2017 to December 31, 2017:

	<u>2017</u>
Net income before income taxes	534,411
Canadian statutory tax rate	26.8%
Statutory income taxes	<u>143,222</u>

Details of deferred income tax asset (liability) were as follows:

	Mining equipment & Other property and equipment	Tax Losses	Total
At March 21, 2017	-	-	-
Credit / (charged) to net income	(368,057)	224,835	(143,222)
At December 31, 2017	<u>(368,057)</u>	<u>224,835</u>	<u>(143,222)</u>

10. SHAREHOLDER LOAN

The Company has an outstanding non-interest-bearing credit facility with one of its shareholders. The facility consists of a revolving line of credit in the amount of \$10,000,000, due and payable on November 9, 2018. The revolving credit facility can be used for general working capital purposes. As at December 31, 2017, the outstanding amount of the revolving credit facility is \$5,000,000.

11. SHARE CAPITAL

The articles of incorporation of the Company provides for the issuance of an unlimited number of shares without par value, of each of the following classes: (1) Class A Common Shares, (2) Class B Common Shares, (3) Class C Common Shares, (4)

Class D Preferred Shares, (5) Class E Preferred Shares, and (6) Class F Preferred Shares. The summary below outlines the rights associated with each of these classes of shares.

Voting Rights

Holders of Class A and Class C shares are entitled to attend and vote at all meetings of shareholders of the Company. At such meetings, the holders of Class A shares are entitled to 1 vote per share held, whereas holders of Class C shares are entitled to 100 votes per share. Holders of Class B shares, and preferred Class D, Class E and F shares do not have the right to attend or vote at meeting of shareholders of the Company.

Dividends

Subject to the preferences that may apply to holders of the preferred Class F, Class E and Class D shares outstanding at the time, the holders of Class A and Class B shares are entitled jointly, in any dividends that the board of directors may determine to issue from time to time. Holders of Class C shares are not entitled to dividends. Subject to the preferred dividends on Class F and Class E shares, the holders of Class D shares are entitled to receive a monthly non-cumulative dividend equal to 1% of the redemption value of the Class D shares issued and outstanding. After having provided for the preferred dividends on Class F shares, the holders of Class E shares are entitled to receive a monthly, non-cumulative dividend equal to 0.75% of the redemption value the Class E shares. The holders of Class F shares are entitled to receive a monthly and cumulative dividend equal to 1/12 of the prime rate of the Company's bank in effect on the first day of each month during which such dividend is declared, calculated on the redemption value of said Class F shares, before a dividend is declared or paid on any other class of shares of the Company.

Return of Capital & Additional Participation

Subject to the preferential right of return of capital of the holders of Class F, Class E and Class D shares, in the event of the liquidation or dissolution of the Company, the holders of Class A shares shall be entitled to receive a return of capital on equal rank with the holders of Class B and Class C shares. Holders of Class F shares are entitled to receive such a return prior to the holders of any other class of shares, followed by the holders of Class E shares and Class D shares. In such an event of liquidation or dissolution the holders of Class A shares are entitled, jointly with the holders of Class B shares, to share in the balance of the properties and assets of the Company, while the holders of Class C, Class D, Class E and Class F shares are not entitled to any additional participation in the properties or assets of the Company.

Right of Redemption

The Company shall have no right of redemption of the Class A or Class B shares issued and outstanding, while Class C shares are redeemable at the option of their holders. The Class D, Class E and Class F shares are redeemable either, at their option or that of the Company.

Right to Purchase

The Company may purchase or otherwise acquire, by mutual agreement, all or part of the Class A, Class B, Class C, Class D, Class E and Class F shares issued and outstanding, at such time, in such manner and for such consideration as the board of directors and the holders of the classes of shares mutually determine.

12. FAIR VALUE DISCLOSURES

Fair value hierarchy

Digital assets recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly from observable market data; and

Level 3: Inputs that are not based on observable market data.

The Company determined that the carrying values of its short-term financial assets (cash, subscription receivable) and liabilities (accounts payable and accrued liabilities, shareholder loan) approximate their fair value because of the relatively short periods to maturity of these instruments and low risk of credit.

	Fair value & carrying value	Level 1	Level 2	Level 3
Digital assets	711,648	711,648	-	-
Total financial assets	711,648	711,648	-	-

13. CAPITAL MANAGEMENT

The Company defines capital as shareholders' equity and loans. The Company's objectives when managing its capital are:

1. To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
2. To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
3. To safeguard the Company's ability to obtain financing should the need arise; and
4. To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Financial risk management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, currency risk and price risk.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. All of the Company's liabilities are due in the next year.

Currency risk

As at December 31, 2017, a portion of the Company's financial assets are held in USD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following USD amounts are presented in CAD to demonstrate the effect of changes in foreign exchange rates:

	2017
Cash	334,308
Effect of +/-10% in exchange rates	33,431

The significant exchange rates that have been applied include the following:

Currency	Average rate	Year-end spot rate
1 USD	1.2921	1.2545

A reasonably possible strengthening (weakening) of the USD against the CAD at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown above.

15. COMMITMENTS

The Company has commitments of \$370,000 for future rental lease payments due within 1 year and managed service agreements and commitments of \$1,000,000 for future rental lease payments due within 2 to 5 years.

16. RELATED PARTY TRANSACTIONS

Other than the shareholder loan, there were no other transactions with related parties and no remuneration was paid to key management personnel.

17. SEGMENT INFORMATION

The Company operates in one industry and geographic segment; the digital currency mining industry with all current mining activities conducted in Canada.

18. SUBSEQUENT EVENTS

It was announced on March 13, 2018 that the Company had entered into a share purchase agreement with Vogogo Inc. where Vogogo Inc. will acquire all of the issued and outstanding shares of the Company from its current shareholders in exchange for an aggregate of 130,000,000 non-voting, convertible series 1 preferred shares of Vogogo Inc.