

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

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

## PRELIMINARY PROSPECTUS

Initial Public Offering

March 5, 2013

### **EXITO ENERGY II INC.** (a capital pool company)

**\$500,000**

**5,000,000 Common Shares**

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**PRICE: \$0.10 PER COMMON SHARE**

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The purpose of this offering (the "**Offering**") is to provide Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.) (the "**Corporation**") with a minimum amount of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, as hereafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 (the "**CPC Policy**"). The Corporation is a Capital Pool Company ("**CPC**"). It has not commenced commercial operations and has no assets other than a minimum amount of cash, GST receivables and deferred financing costs. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, as defined herein, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

The Corporation has entered into an agreement dated [•], 2013 (the "**Agency Agreement**") with Macquarie Private Wealth Inc. (the "**Agent**") to act as agent for the Corporation for the sale of the Common Shares under this prospectus on a commercially reasonable efforts basis. The Offering is subject to a minimum subscription of 5,000,000 common shares in the capital of the Corporation ("**Common Shares**") for total gross proceeds to the Corporation of \$500,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the subscription is not raised within 90 days of the issuance of a receipt for the filing of the final prospectus or such other time as may be agreed to by the Agent and consented to by persons or companies who subscribed within that period, the Agent shall, promptly thereafter, return to each subscriber by ordinary mail without interest or deduction, the subscription monies held by the Agent for such subscriber, unless the subscriber has otherwise instructed the Agent. See "Plan of Distribution".

Pursuant to the Agency Agreement, the Agent will be granted an option (the "**Agent's Option**") to acquire 500,000 Common Shares at an exercise price of \$0.10 per Common Share. The Agent's Option will expire 24 months from the date that the Common Shares are listed for trading on the Exchange. The Agent's Option will be qualified for distribution under this prospectus. See "Plan of Distribution". In addition, options to acquire a total of 1,000,000 Common Shares, at an exercise price of \$0.10 per Common Share, are expected to be granted to the directors and officers of the Corporation

as deemed appropriate by the board of directors of the Corporation. See "Stock Options". The options to be granted to the directors and officers will be qualified for distribution under this prospectus.

	Number of Shares	Price to the Public	Agent's Commission <sup>(1)</sup>	Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering	5,000,000	\$500,000	\$50,000	\$450,000

**Notes:**

- (1) Upon closing of the Offering, the Corporation will pay to the Agent a commission of \$50,000 (10% of the gross proceeds of the Offering), the non-refundable corporate finance fee of \$12,500 and will grant to the Agent the Agent's Option. In addition, the Corporation will reimburse the Agent for all expenses incurred by the Agent pursuant to the Offering (including the legal fees of the Agent). See "Plan of Distribution".
- (2) Before deduction of the balance of the cost of this Offering estimated to be approximately \$68,500 (plus GST), the Agent's corporate finance fee of \$12,500 (plus GST), the Agent's expenses and legal fees estimated at \$13,000 (plus disbursements and GST), the Corporation's legal fees and other expenses estimated at \$15,000 (plus disbursements and GST), the Corporation's audit fees estimated at \$5,000 (plus disbursements GST) and the Corporation's Transfer Agent fee of \$3,000 (plus GST) listing and filing fees estimated at \$20,000 (plus GST). See "Use of Proceeds".

**INVESTMENT IN THE COMMON SHARES OFFERED BY THIS PROSPECTUS IS HIGHLY SPECULATIVE** due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. The Corporation was only recently incorporated, owns no assets (other than cash, GST receivables and deferred financing costs) and has not conducted active business operations. The Corporation has not entered into an Agreement in Principle, as that term is defined in the CPC Policy. The Corporation has no history of earnings and has not paid any dividends to the date hereof. It is unlikely that the Corporation will generate earnings or pay dividends in the immediate or foreseeable future. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares. The proposed business of the Corporation involves a high degree of risk and there can be no assurance that the Corporation will identify assets or businesses that warrant acquisition, in whole or in part. Even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not be able to finance the acquisition with its existing resources and additional funds may be required to complete the transaction, and the Corporation may not be able to obtain additional financing. If the Corporation issues shares from its treasury to finance an acquisition, control of the Corporation may change and purchasers of Common Shares hereunder may suffer further dilution of their investment. The net proceeds generated from the Offering, after deducting associated costs, will be sufficient to identify and evaluate a limited number of opportunities. The officers and directors of the Corporation are not expected to devote their full time and attention to the business and affairs of the Corporation. The Corporation may be required to compete with others in its efforts to identify suitable assets or businesses for acquisition. UPON COMPLETION OF THE OFFERING, PURCHASERS OF THE COMMON SHARES OFFERED BY THIS PROSPECTUS WILL SUFFER AN IMMEDIATE DILUTION OF 25% OR \$0.025 PER COMMON SHARE, CALCULATED ON THE BASIS OF TOTAL GROSS PROCEEDS RAISED BY THE CORPORATION FROM THE OFFERING AND PRIOR SALES OF SECURITIES, WITHOUT DEDUCTION OF SELLING COMMISSIONS AND OTHER EXPENSES OF THE OFFERING. There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the anticipated activities of the Corporation. The directors, officers and insiders of the Corporation as a group currently own 70% of the issued and outstanding Common Shares and will own 35% of the Common Shares after the Offering, assuming that no Common Shares are bought by these persons under this Offering. As a result of these factors, the Offering is suitable only to those investors who are willing to rely solely on the management of the Corporation, who are willing to risk the loss of their entire investment and who can afford to lose all of their investment. See "Risk Factors", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Directors, Officers and Promoters - Conflicts of Interest" and "Dilution".

The Exchange may suspend from trading or delist the Common Shares if the Corporation fails to complete a Qualifying Transaction within 24 months of the date that the Common Shares are listed on the Exchange. Delisting of the Common Shares from the Exchange will, and suspension from trading of the Common Shares may, result in a cease trade order being issued against the Corporation by the Alberta Securities Commission.

Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and as such, investors should be aware that it may be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts located outside of Canada. It may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. See "Risk Factors".

There is currently no market through which the Common Shares may be sold. The Corporation has applied to the Exchange for conditional acceptance for listing the Common Shares under the Exchange symbol "EXLP". Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

As of the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

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

Pursuant to the CPC Policy, the maximum number of Common Shares that may be purchased, directly or indirectly, by any single subscriber under the Offering is limited to two percent (2%) of the total number of shares offered for sale hereunder (100,000 Common Shares) for a total purchase price of \$10,000 and the maximum number of Common Shares that may be purchased, directly or indirectly, by a single subscriber, together with that subscriber's associates or affiliates is four percent (4%) of the total number of shares offered for sale hereunder (200,000 Common Shares) for a total purchase price of \$20,000.

Subscriptions 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 notice. It is expected that share certificates evidencing the Commons Shares in definitive form will be available for delivery at the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The Common Shares are offered by Macquarie Private Wealth Inc., as Agent of the Corporation, on a "commercially reasonable efforts" basis, subject to prior sale, if, as and when issued and delivered by the Corporation and accepted in accordance with the conditions referred to under the heading "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Gowling Lafleur Henderson LLP, Calgary, Alberta, and on behalf of the Agent by Burnet Duckworth & Palmer LLP, Calgary, Alberta.

**Agent**

**Macquarie Private Wealth Inc.**  
440 – 2nd Avenue South West, Suite 2200  
Calgary, AB T2P 5E9

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## GLOSSARY

*In this prospectus, the following terms have the meanings set forth below unless otherwise indicated:*

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time;

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

A company is an "Affiliate" of another company if

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

A company is "controlled" by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Agency Agreement**" means the agency agreement dated [•], 2013 between the Corporation and the Agent;

"**Agent**" means Macquarie Private Wealth Inc.;

"**Agent's Option**" means the option to purchase 500,000 Common Shares of the Corporation at a price of \$0.10 per Common Share until 24 months from the date the Common Shares are listed for trading on the Exchange issued to the Agent, or if directed by the Agent to a sub-agent, as more fully described under "Plan of Distribution";

"**Aggregate Pro Group**" means all Persons who are members of any Pro Group whether or not the member is involved in a contractual relationship with the Corporation to provide financing, sponsorship or other advisory services;

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

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

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

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

- (a) an Issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer;
  - (b) any partner of the Person or company;
  - (c) any trust or estate in which the Person or company has a substantial beneficial interest or in respect of which a Person or company serves as trustee or in a similar capacity; or
  - (d) in the case of a Person, a relative of that person, including:
    - (i) that Person's spouse or child; or
    - (ii) any relative of that Person or of his spouse who has the same residence as that person;
- but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of the Exchange's Rule D with respect to that Member firm, Member corporation or holding company;

"**Common Shares**" means the common shares in the share capital of the Corporation;

"**Commission**" means the Alberta Securities Commission;

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

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

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

"**Corporation**" means Exito Energy II Inc., a corporation incorporated under the laws of the Province of Alberta;

"**CPC**" means a corporation:

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

"**CPC Policy**" means Policy 2.4 of the Corporate Finance Manual of the Exchange;

"**Custodian**" means Valiant Trust Company, a trust corporation having an office in Calgary, Alberta;

"**Escrow Agreement**" means the escrow agreement dated [•], 2013 among the Corporation, the Custodian and certain security holders of the Corporation as more fully described under "Escrowed Securities";

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

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

**"GST"** means Goods and Services Tax;

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

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

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

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

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

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

**"Member"** has the meaning in Rule A 1.00 of the TSX Venture Exchange Rule Book and Polices;

**"NEX"** means the market on which former Exchange and TSX Issuers that do not meet Exchange tier maintenance requirements for Tier 2 may continue to trade;

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

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

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

**"Offering"** means the offering of 5,000,000 Common Shares of the Corporation at a price of \$0.10 per Common Share as more fully described under "Plan of Distribution";

**"Option Plan"** means the stock option plan of the Corporation approved by the directors of the Corporation on [•], 2013;

**"Person"** means a company or individual;

**"Principal"** means:

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

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

A company, trust, partnership or other entity more than 50% held by one or more principals will be treated as a principal. (In calculating this percentage, securities of the entity that may be issued to the principals under outstanding convertible securities are to be included in both the principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Issuer they hold will be subject to escrow requirements;

**"Pro Group"**

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

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

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

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

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

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

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

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

"**TSX**" means the Toronto Stock Exchange; and

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

## PROSPECTUS SUMMARY

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

<b>Offering</b>	5,000,000 Common Shares at a price of \$0.10 per Common Share are being offered under this prospectus. Pursuant to the Agency Agreement described in this prospectus under the heading "Plan of Distribution", the Corporation will grant the Agent's Option to the Agent at the closing of the Offering. The Agent's Option will entitle the Agent to acquire 500,000 Common Shares at an exercise price of \$0.10 per Common Share. The Agent's Option will expire 24 months from the date that the Common Shares are listed for trading on the Exchange. The Agent's Option will be qualified for distribution under this prospectus. In addition, options to acquire an aggregate of up to 1,000,000 Common Shares, at an exercise price of \$0.10 per Common Share, are expected to be granted to the directors and officers of the Corporation, which options will also be qualified for distribution under the prospectus. See "Plan of Distribution" and "Stock Options".	
<b>The Corporation</b>	The Corporation was incorporated under the ABCA on November 11, 2010. Initially, the principal business of the Corporation will be to identify and evaluate specific assets or entire businesses with a view to completing a Qualifying Transaction approved by the Exchange in accordance with the CPC Policy. To the date hereof, the Corporation has not carried on any active business operations and has no assets other than a minimal amount of cash, GST receivables and deferred financing costs. See "Business of the Corporation".	
<b>Use of Proceeds</b>	The net proceeds to the Corporation from the Offering and the prior sale of Common Shares will be approximately \$631,500 (after deduction of the Agent's commission and corporate finance fee but before deduction of the issue costs). The net proceeds of the Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets and businesses with a view to the acquisition of the same or an interest therein. However, even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not have sufficient resources to fund such transaction and additional funds may be required to complete the acquisition. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds", "Business of the Corporation — Method of Financing Acquisitions" and "Risk Factors".	
<b>Dilution</b>	Purchasers of the Common Shares offered for sale hereunder will suffer an immediate dilution of approximately 25% or \$0.025 per Common Share, calculated on the basis of the total gross proceeds raised by the Corporation under the Offering and prior sales of securities, without deduction of selling commissions and other expenses of the Offering. See "Dilution".	
<b>Directors, Officers and Promoters</b>	Brad Docherty	President, Chief Executive Officer, Director and Promoter
	Eli Abergel	Chief Financial Officer, Corporate Secretary, Director and Promoter
	William Matheson	Director
	Andrew Oppenheim	Director
	Brody Loster	Director
	Colin Reeves	Director

Christopher Scase                      Director

See "Directors, Officers and Promoters".

### **Risk Factors**

**The Offering should be considered highly speculative due to the proposed nature of the Corporation's business and its present stage of development.** The Corporation was only recently incorporated, does not have any assets other than cash, GST receivables and deferred financing costs, has not conducted any active business operations, has no history of earnings, and has not paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future until at least after the completion of the Qualifying Transaction. In addition, the Corporation has not entered into an Agreement in Principle. The Offering is suitable only to those investors who are willing to rely solely on the directors and management of the Corporation, who are willing to risk a loss of their entire investment and who can afford to lose all of their investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction. See "Risk Factors", "Business of the Corporation", "Directors, Officers and Promoters — Management", "Use of Proceeds" and "Directors, Officers and Promoters — Conflicts of Interest".

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. Accordingly, in the event of a legal dispute, it may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

### **Dividend Policy**

It is not anticipated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See "Dividend Policy".

### **Escrowed Securities**

All of the currently issued and outstanding Common Shares of the Corporation, being 5,000,000 Common Shares, will be deposited into escrow with the Custodian, as escrow agent, pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three (3) years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

## THE CORPORATION

The Corporation was incorporated under the ABCA on November 11, 2010. The registered office of the Corporation is located at Suite 1400, 700 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 4V5. The head office of the Corporation is located at Suite 500, 1414 – 8<sup>th</sup> Street S.W., Calgary, Alberta, T2R 1J6.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

Other than \$16,562.50 (including GST) paid as a deposit to the Agent, \$15,000 (plus GST) paid to the Exchange as a filing fee, \$2,750 paid to the Commission in filing fees, \$3,000 (plus GST) paid to the Corporation's Transfer Agent, \$5,000 (plus GST) paid to the Corporation's auditors and \$1,140 (plus GST) paid to CDS Inc. to file documents electronically on SEDAR, the Corporation has not incurred additional expenses to date in proceeding with this Offering. Part of the net proceeds of the Offering may be utilized to satisfy the obligations of the Corporation related to this Offering, including the expenses of its auditors, legal counsel and the Agent's legal counsel. See "Use of Proceeds".

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation does not own any assets other than cash, GST receivables and deferred financing costs and has not conducted active business operations. To date, the Corporation has not conducted commercial operations and the activities of the Corporation have been confined to the conduct of discussions for the purpose of identifying potential acquisitions of commercially viable businesses and assets, but the Corporation has not entered into an Agreement in Principle. Initially, the Corporation proposes to identify businesses and assets that have the potential to generate profits and add shareholder value. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy.

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

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

### Method of Financing Acquisitions

The Corporation may use cash, bank financing, the issuance of treasury shares, public debt or equity financing or a combination of these for the purpose of financing its proposed Qualifying Transaction. **If a Qualifying Transaction is financed, in whole or in part, through the issuance of Common Shares from treasury, a change of control of the Corporation could occur and shareholders could suffer further dilution.**

### Criteria for a Qualifying Transaction

The Corporation proposes to identify target businesses and assets through various means, including discussions with contacts of the officers and directors of the Corporation and other persons. If a prospective acquisition target is identified, the Corporation will proceed to evaluate the same as a potential Qualifying Transaction.

On completion of its analysis, management will proceed to negotiate the terms of acquisition of the target assets or business with the owner and will present the proposal to the board of directors of the Corporation for its consideration and approval. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The board of directors of the Corporation, in considering whether to approve the terms of an acquisition, is expected to consider, among other criteria, the following:

- (a) the projected rate of return on the proposed investment and the risk of loss;
- (b) the prospects for growth, having regard to existing or potential market share;
- (c) the skill of the existing management team, either as it exists or as it may be supplemented as a consequence of the acquisition; and
- (d) basic financial considerations including the overall cost of the acquisition and the prospects of obtaining the equity or debt financing necessary to complete the acquisition.

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

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspension and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non-Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company, the Corporation and the Resulting Issuer and be prepared in accordance with the CPC Policy and Exchange Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

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

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

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

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one (1) year from the Completion of the Qualifying Transaction.

### **Initial Listing Requirements**

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

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

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

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

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

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

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

If the Corporation does not complete a Qualifying Transaction within 24 months of the date of listing, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (a) obtain majority shareholder approval for the transfer to NEX, exclusive of the votes of Non Arms Length Parties of the Corporation; and
- (b) either:
  - (i) cancel all escrowed Common Shares purchased by Non-Arm's Length Parties to the Corporation at a discount to the offering price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange; or
  - (ii) subject to majority shareholder approval, cancel the escrowed Common Shares purchased by Non-Arm's Length Parties to the Corporation so that the average costs of the remaining escrowed Common Shares is at least equal to the offering price.

If the Corporation lists the Common Shares on NEX it must continue to comply with all requirements and restrictions of the CPC Policy.

### **Refusal of Qualifying Transaction**

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

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;

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

## USE OF PROCEEDS

### Proceeds and Principal Purposes

The gross proceeds generated from the sale of the Common Shares offered by this prospectus will be \$500,000. The Corporation has received \$250,000 from the sale of Common Shares prior to the date of this prospectus. The expenses and costs associated with the Offering are expected to be in the order of \$68,500 (not including GST and the Agent's commission for the Offering of \$50,000). All such costs and expenses will be paid from the working capital of the Corporation, which will include the proceeds of the Offering. The Corporation anticipates that net proceeds of approximately \$631,500 will be available to it from the sale of Common Shares distributed under this prospectus and prior sales of Common Shares.

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

#### Proceeds to the Corporation

Cash proceeds raised prior to this Offering <sup>(1)</sup>	\$250,000
Expenses and costs relating to raising the seed share proceeds <sup>(2)</sup>	\$Nil
Cash proceeds to be raised pursuant to this Offering <sup>(3)</sup>	\$500,000
Expenses and costs relating to the Offering (including listing fees, Agent's Commission, legal fees, audit fees and expenses) <sup>(4)</sup>	(\$118,500)
<b>Total estimated funds available (on completion of the Offering)</b>	<b>\$631,500</b>
Funds available for identifying and evaluating assets or business prospects <sup>(5)</sup>	\$531,500
Estimated general and administrative expenses until Completion of the Qualifying Transaction <sup>(6)</sup>	\$100,000
	<b>\$631,500</b>

#### Notes:

- (1) See "Prior Sales".
- (2) No costs have been allocated towards the issuance of these shares.
- (3) In the event the Agent exercises the Agent's Option in full, and the directors and officers exercise all of their options, up to an additional \$150,000 will be available to the Corporation, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised. See "Plan of Distribution" and "Stock Options".

- (4) This figure assumes the Agent's Commission of \$50,000, the Agent's corporate finance fee of \$12,500 (plus GST), the Agent's expenses and legal fees estimated at \$13,000 (plus disbursements and GST), the Corporation's legal fees and other expenses estimated at \$15,000 (plus disbursements and GST), the Corporation's audit fees estimated at \$5,000 (plus disbursements GST) and the Corporation's Transfer Agent fee of \$3,000 (plus GST) listing and filing fees estimated at \$20,000 (plus GST). While the Corporation believes these estimated expenses to be reasonable, there may be circumstances that are not known at this time where a reallocation of the net proceeds available to pursue a Qualifying Transaction may be required to pay additional expenses.
- (5) In the event that the Corporation identifies an approved Qualifying Transaction prior to spending the entire \$631,500, the Corporation may use the balance of the funds to finance or partially finance the Qualifying Transaction or for working capital after Completion of the Qualifying Transaction.
- (6) The maximum amount that may be used for purposes other than those described under the subheading "Permitted Use of Funds" below is the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000. See "Use of Proceeds — Restrictions on Use of Proceeds".

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

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

#### **Permitted Use of Funds**

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

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

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

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

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

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

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

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including:
  - (i) office supplies, office rent and related utilities;
  - (ii) printing costs (including the printing of this prospectus and share certificates);
  - (iii) equipment leases; and
  - (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

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

### **Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless prior written acceptance of the Exchange is obtained. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$2,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non-Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

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

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

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

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

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

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

## **PLAN OF DISTRIBUTION**

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

Pursuant to the Agency Agreement between the Corporation and the Agent, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public in the provinces of Alberta and British Columbia 5,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$500,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares and a corporate finance fee of \$12,500 (plus GST) of which \$16,562.50 (including GST) has been paid. In addition, the Corporation will pay the Agent's legal fees and other expenses, estimated at \$13,000 (plus disbursements and GST) of which a deposit of \$10,000 has been paid.

The Corporation has also agreed to grant to the Agent, or if directed by the Agent to any sub-agents, the Agent's Option to purchase 500,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the date the Common Shares are listed on the Exchange. The Agent's Option is non-transferable. All of the Agent's Option is qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

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

The Offering is for a minimum of 5,000,000 Common Shares for total gross proceeds of \$500,000. Under the CPC Policy, no purchaser of Common Shares is permitted to purchase more than two percent (2%) of the total Common Shares under the Offering (100,000 Common Shares). In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates of Affiliates of that purchaser is four percent (4%) of the total number of Common Shares under the Offering (200,000 Common Shares). The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$500,000 has been deposited. This amount must be raised within 90 days of the date a receipt for the filing of the prospectus or such other time as may be agreed to by the Agent and consented to by the persons or companies who subscribed within that period, failing which the Agent shall, promptly thereafter, return to each subscriber by ordinary mail without interest or deduction, the subscription monies held by the Agent for such subscriber, unless the subscriber has otherwise instructed the Agent.

Upon completion of the Offering, the Corporation shall grant the Agent a right of first refusal for all financings the Corporation proposes to undertake within a period of 24 months from Closing.

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

The Corporation also proposes to grant options to purchase 1,000,000 Common Shares to directors and officers in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus.

### **Determination of Price**

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

### **Listing Application and Conditional Listing Approval**

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

As of the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the TSX, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

### **Subscriptions by and Restrictions on the Agent**

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than two percent (2%) of the total Common Shares offered under this Offering; and (ii) together with any Associates of Affiliates purchase more than four percent (4%) of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the participants referred to above, is 20% of the issued and outstanding Common Shares exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four (4) month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

The Agent has advised the Corporation that to the best of its knowledge and belief, neither it, nor any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing has subscribed for Common Shares.

### **Restrictions on Trading**

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

## **DESCRIPTION OF SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**") issuable in series, of which 5,000,000 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this prospectus. In addition, 500,000 Common Shares will be reserved for issuance pursuant to the exercise of the Agent's Option and up to 10% of the issued and outstanding Common Shares following completion of this Offering will be reserved for issuance under stock options to be granted to directors and officers of the Corporation. See "Plan of Distribution" and "Stock Options".

### **Common Shares**

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation, to one vote per Common Share at meetings of shareholders of the Corporation and, upon liquidation, to

receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable.

### Preferred Shares

The Preferred Shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the board of directors of the Corporation determines prior to the issue thereof. The Preferred Shares rank prior to the Common Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Corporation.

### CAPITALIZATION

The following table sets forth information respecting the capitalization of the Corporation as at the date of the balance sheet contained herein and as at the date hereof, both before and after giving effect to the Offering.

Capital	Authorized	Amount outstanding as of the date of the most recent balance sheet contained in the Prospectus	Amount outstanding as at the date hereof, before giving effect to the Offering <sup>(1)</sup>	Amount outstanding as at the date hereof, after giving effect to the Offering <sup>(2)(3)</sup>
Common Shares	Unlimited	\$250,000 <sup>(5)</sup> (5,000,000 Common Shares <sup>(4)</sup> )	\$250,000 <sup>(5)</sup> (5,000,000 Common Shares <sup>(4)</sup> )	\$750,000 <sup>(5)</sup> (10,000,000 Common Shares <sup>(4)</sup> )
Preferred Shares	Unlimited	Nil	Nil	Nil

#### Notes:

- (1) The Corporation has reserved up to 10% of the issued and outstanding Common Shares of the Corporation from time to time for issuance pursuant to the Option Plan. On or about closing of the Offering, the Corporation will grant to the directors and officers of the Corporation options to purchase up to 1,000,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of five years from the date of grant of the options (see "Plan of Distribution" and see "Stock Options"). The Corporation has also reserved for issuance up to 500,000 Common Shares for issuance upon the exercise of the Agent's Option (see "Plan of Distribution").
- (2) Before deducting any of the expenses of the Offering. Including the Agent's commission and Agent's corporate finance fee, the expenses and costs associated with the Offering are expected to be approximately \$118,500 of which \$[\*] has been incurred as of the date of this prospectus.
- (3) Funds estimated available on completion of the Offering amount to \$631,500. See "Use of Proceeds".
- (4) 5,000,000 Common Shares are subject to escrow restrictions. See "Escrowed Securities".
- (5) At the date of the balance sheet the Corporation has not commenced commercial operations. As at the date thereof, the deficit of the Corporation was nil. The Corporation has no long-term debt.

### STOCK OPTIONS

The following options to purchase 1,000,000 Common Shares to be granted to directors and officers on closing of the Offering (subject to regulatory approval) are qualified for distribution pursuant to this prospectus:

Name	Number of Common Shares Under Option <sup>(1)</sup>	Exercise Price Per Common Shares
Brad Docherty	325,000	\$0.10
Eli Abergel	225,000	\$0.10
Brody Loster	100,000	\$0.10
William Matheson	100,000	\$0.10
Colin Reeves	100,000	\$0.10
Andrew Oppenheim	75,000	\$0.10

Name	Number of Common Shares Under Option <sup>(1)</sup>	Exercise Price Per Common Shares
Christopher Scase	75,000	\$0.10
<b>Total</b>	<b>1,000,000</b>	

**Note:**

- (1) These options will all vest immediately on the date of grant, namely the date on which the Offering closes, and will expire five (5) years from the date of grant.

On [•], 2013 the board of directors of the Corporation approved the Option Plan. Pursuant to the Option Plan, the board of directors of the Corporation may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and technical consultants of the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to ten (10) years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised anytime within that period which is the longer of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation, subject to reasonable extension by the board of directors, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one (1) year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

**PRIOR SALES**

Since incorporation and prior to the date of this prospectus, the Corporation has issued 5,000,000 Common Shares as follows:

Date	Number of Common Shares	Issue Price Per Common Share	Aggregate Issue Price	Consideration Received
January 16, 2013	5,000,000	\$0.05	\$250,000	Cash

All of the 5,000,000 Common Shares issued at \$0.05 per Common Share will be held in escrow in accordance with the CPC Policy. See "Escrowed Securities".

**ESCROWED SECURITIES****Securities Escrowed Prior to the Completion of the Qualifying Transaction**

All of the 5,000,000 Common Shares issued prior to this Offering and all Common Shares that may be acquired by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with the Custodian under the Escrow Agreement.

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

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

The following table sets out, as at the date hereof, the number of Common Shares, which are held in escrow.

Name and Municipality of Residence of Shareholder	Number of Common Shares	Number of Common Shares held in Escrow	Percentage of Common Shares prior to giving effect to the Offering <sup>(1) (2)</sup>	Percentage of Common Shares after giving effect to the Offering <sup>(1) (2)</sup>
Brad Docherty Calgary, Alberta	500,000	500,000	10.00%	5.00%
Brad R. Docherty Professional Corporation <sup>(3)</sup> Calgary, Alberta	500,000	500,000	10.00%	5.00%
Eli Abergel Calgary, Alberta	500,000	500,000	10.00%	5.00%
Urban Recruitment Inc. <sup>(4)</sup> Calgary, Alberta	500,000	500,000	10.00%	5.00%
Colin Reeves Calgary, Alberta	600,000	600,000	12.00%	6.00%
Andrew Oppenheim Calgary, Alberta	500,000	500,000	10.00%	5.00%
The Hoff Inc. <sup>(5)</sup> Calgary, Alberta	400,000	400,000	8.00%	4.00%
Brody Loster Calgary, Alberta	300,000	300,000	6.00%	3.00%
William Matheson Calgary, Alberta	200,000	200,000	4.00%	2.00%
Jeffrey Standen Calgary, Alberta	120,000	120,000	2.40%	1.20%
Eribon Holdings Ltd. <sup>(6)</sup> Calgary, Alberta	100,000	100,000	2.00%	1.00%
Justin Charbonneau <sup>(7)</sup> Calgary, Alberta	100,000	100,000	2.00%	1.00%
Daniel Cheng <sup>(7)</sup> Calgary, Alberta	100,000	100,000	2.00%	1.00%
John Bell Calgary, Alberta	100,000	100,000	2.00%	1.00%
Twin Star Energy Inc. <sup>(8)</sup> Calgary, Alberta	100,000	100,000	2.00%	1.00%
Gary Martin Calgary, Alberta	100,000	100,000	2.00%	1.00%
Brady Fletcher Vancouver, BC	100,000	100,000	2.00%	1.00%
Frank Sur Calgary, Alberta	100,000	100,000	2.00%	1.00%
Brett Standen Calgary, Alberta	80,000	80,000	1.60%	0.80%
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>100%</b>	<b>50%</b>

**Notes:**

- (1) Assuming that no Common Shares are purchased by the above shareholders under this Offering and before giving effect to the exercise of the Agent's Option and the 1,000,000 stock options to be granted to directors and officers of the Corporation on closing of the Offering.
- (2) Approximate figures. Figures have been rounded to the nearest hundredth of a percent.
- (3) A corporation wholly owned and controlled by Mr. Docherty.
- (4) A corporation wholly owned and controlled by Mr. Aberbel's spouse.
- (5) A corporation owned 50% by Chris Scase Professional Corporation (wholly owned by Chris Scase), 25% by Darryl Scase Professional Corporation (wholly owned by Darryl Scase) and 25% by Jason McDonald.
- (6) A corporation wholly owned and controlled by Eric M. Babins.
- (7) Pro Group Member.
- (8) A corporation wholly owned and controlled by Rick Young.

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

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

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non-Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the offering price under this prospectus has irrevocably authorized and directed the escrow agent to immediately:

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

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

### Escrowed Securities on Qualifying Transaction

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

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

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every six (6) months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three (3) year escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is six (6) months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

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

- (a) the private placement is announced at least five (5) trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
  - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

### PRINCIPAL SHAREHOLDERS

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

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Common Shares <sup>(1)</sup>	Percentage of Common Shares prior to giving effect to the Offering <sup>(2)</sup>	Percentage of Common Shares after giving effect to the Offering <sup>(2)</sup> <sub>(3) (4)</sub>
Brad Docherty Calgary, Alberta	Direct	500,000	10%	5%
	Indirect	500,000	10%	5%
Colin Reeves Calgary, Alberta	Direct	600,000	12%	6%
Eli Abergel <sup>(5)</sup> Calgary, Alberta	Direct	500,000	10%	5%

**Notes:**

- (1) These Common Shares are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
- (2) Approximate figures. Figures have been rounded to the nearest hundredth of a percent.
- (3) Before giving effect to the exercise of the Agent's Option and the 1,000,000 stock options to be granted to directors, officers and consultants of the Corporation on closing of the Offering. After giving effect to the exercise of the Agent's Option and the 1,000,000 stock options, the approximate percentage of Common Shares owned or controlled after the Offering would be 11.99% for Mr. Docherty, 6.33% for Mr. Reeves and 6.56% for Mr. Abergel.
- (4) Assuming that no Common Shares are purchased by the above shareholders under this Offering.
- (5) 500,000 Common Shares are also owned by Urban Recruitment Inc., a corporation wholly owned and controlled by Mr. Abergel's spouse.

### DIRECTORS, OFFICERS AND PROMOTERS

**Name, Address, Occupation, Security Holdings**

Name, Age, Municipality of Residence and Office	Principal Occupation(s) During the Last Five (5) Years and Other Relevant Information	Common Shares Held <sup>(3)</sup>	Percentage before completion of the Offering <sup>(4)</sup>	Percentage on completion of the Offering <sup>(4)(5)(6)</sup>
Brad Docherty <sup>(1)(2)(7)(8)</sup> , 32 Calgary, Alberta <i>President, Chief Executive Officer, Director and Promoter</i>	Mr. Docherty is a securities lawyer who focuses on working with Exchange listed issuers and private issuers seeking a public listing. From 2007 to 2009 Mr. Docherty practised at a national law firm and since 2009 he has been practising independently. Mr. Docherty is also a principal of Capitalize Consulting Corp., a business-advisory company that works with Exchange issuers on corporate, financing and marketing strategy. Mr. Docherty was Co-Founder, President, CEO, CFO and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV), and is a director of Gateway Petroleum Inc., a private oil and gas exploration company incorporated in Alberta. Mr. Docherty received his Bachelor of Laws degree from the University of Victoria in 2007.	1,000,000 <sup>(8)</sup>	20.00%	10.00%

Name, Age, Municipality of Residence and Office	Principal Occupation(s) During the Last Five (5) Years and Other Relevant Information	Common Shares Held <sup>(3)</sup>	Percentage before completion of the Offering <sup>(4)</sup>	Percentage on completion of the Offering <sup>(4)(5)(6)</sup>
Eli Abergel <sup>(9)</sup> , 34 Calgary, Alberta <i>Corporate Secretary, Chief Financial Officer, and Director</i>	Mr. Abergel is a principal of Capitalize Consulting Corp, a business-advisory company that works with Exchange issuers on corporate, financing and marketing strategy. Mr. Abergel was Co-Founder, Corporate Secretary and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). From 2008-2009 Mr. Abergel worked at Suncor Energy as in-house legal counsel. From 2004 to 2007 Mr. Abergel practised oil and gas law at a national law firm. Mr. Abergel is President and a Director of a private company that owns residential apartment buildings in Kitimat, British Columbia and is currently a director of 1675020 Alberta Ltd. a private company with commercial real estate holdings in Calgary, Alberta. Mr. Abergel received his Bachelor of Laws degree from the University of Western Ontario in 2004.	500,000 <sup>(10)</sup>	10.00%	5.00%
William Matheson <sup>(1)</sup> , 54 Calgary, Alberta <i>Director</i>	Mr. Matheson is the President & C.E.O. and a Director of Camber Resource Services Ltd. private oil and gas chemical and equipment rental company. Mr. Matheson was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). From 2011 to 2012, Mr. Matheson was the President & CEO of Carnaby Energy Ltd. a private oil and gas exploration company. From 2001 to 2009 Mr. Matheson was President & C.E.O. of Result Energy Inc., an Exchange listed issuer. Prior thereto, Mr. Matheson was involved with Devlan Exploration Inc. Mr. Matheson has also acted as an advisor to the Alberta Petroleum Marketing Commission and the Alberta Stock Exchange. Mr. Matheson holds a Bachelor of Commerce degree from the University of Calgary.	200,000	4.00%	2.00%

Name, Age, Municipality of Residence and Office	Principal Occupation(s) During the Last Five (5) Years and Other Relevant Information	Common Shares Held <sup>(3)</sup>	Percentage before completion of the Offering <sup>(4)</sup>	Percentage on completion of the Offering <sup>(4)(5)(6)</sup>
Brody M. Loster, 34 Calgary, Alberta <i>Director</i>	Mr. Loster is a Professional Geologist at Raging River Exploration Inc., an Exchange listed oil and gas producer that is focused on Viking assets in southwest Saskatchewan. Mr. Loster was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). From 2009-2012, Mr. Loster was a Professional Geologist with Wild Stream Exploration Inc., an Exchange listed oil and gas producer that was focused in the Shaunavon and Bakken regions of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2005 to 2009 Mr. Loster was a geologist at Wave Energy Ltd., a private oil and gas company that was purchased by Crescent Point Energy Corp. in October 2009. Mr. Loster received his Bachelor of Science degree in Earth and Ocean Sciences from the University of Victoria in 2001.	300,000	6.00%	3.00%
Colin M. Reeves, 30 Calgary, Alberta <i>Director</i>	Mr. Reeves is a Geologist at Teine Energy Inc., a private oil and gas producer that is focused on Viking oil assets in southwest Saskatchewan. Mr. Reeves was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). From 2011 to 2012, Mr. Reeves was a Geologist at Wild Stream Exploration Inc., an Exchange listed oil and gas producer that was focused in the Shaunavon and Bakken regions of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2006 to 2011 Mr. Reeves was the President of C.M.R. Ltd., a private geological consulting company that performed conventional and unconventional drilling services, including shallow, deep and horizontal wells and heavy oil programs, for various companies in Alberta and Saskatchewan. Mr. Reeves received his Bachelor of Sciences degree in Geology and Hydrogeology from the University of Calgary in 2006.	600,000	12.00%	6.00%

Name, Age, Municipality of Residence and Office	Principal Occupation(s) During the Last Five (5) Years and Other Relevant Information	Common Shares Held <sup>(3)</sup>	Percentage before completion of the Offering <sup>(4)</sup>	Percentage on completion of the Offering <sup>(4)(5)(6)</sup>
Christopher Scase <sup>(1)</sup> , 39 Calgary, Alberta <i>Director</i>	Mr. Scase is a Certified General Accountant and has been the Managing Partner at Scase & Lively Accounting's Calgary office since 2001. Mr. Scase is the Chief Financial Officer of Camber Resource Services Ltd., a private oil and gas chemical and equipment rental company. Mr. Scase was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). Mr. Scase has acted as a director of and controller for a number of private companies within Western Canada's energy sector. Mr. Scase is currently a director and audit committee member of Blacksteel Energy Inc. (since 2009), an Exchange listed oil and gas company. Mr. Scase obtained his Bachelor of Commerce degree from the University of Calgary in 1996.	400,000 <sup>(11)</sup>	8.00%	4.00%
Andrew Oppenheim, 61 Calgary, Alberta <i>Director</i>	Mr. Oppenheim is a partner at Gowling Lafleur Henderson LLP. Mr. Oppenheim was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the Exchange prior to completing its Qualifying Transaction on November 29, 2012 and becoming Artisan Energy Corporation (AEC: TSXV). Mr. Oppenheim has been a practicing commercial lawyer for 30 years. Mr. Oppenheim is presently the lead director of Amica Mature Lifestyles Inc. and has served as a director of a number of other public and private companies.	500,000	10.00%	5.00%

**Notes:**

- (1) Member of the Audit Committee.
- (2) These Common Shares are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
- (3) Approximate figures. Figures have been rounded to the nearest hundredth of a percent.
- (4) Before giving effect to the exercise of the Agent's Option and the 1,000,000 stock options to be granted to directors and officers of the Corporation on closing of the Offering.
- (5) Assuming that no Common Shares are purchased by the above shareholders under this Offering.
- (6) Mr. Docherty may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Docherty purchased 1,000,000 Common Shares at a price of \$0.05 per Common Share and it is anticipated that he will be granted an option to acquire 325,000 Common Shares at a price of \$0.10 per Common Share on closing of the Offering. See "Prior Sales", "Principal Shareholders" and "Stock Options".
- (7) 500,000 Common Shares are held by Mr. Docherty directly, and 500,000 Common Shares are held by Mr. Docherty through his professional corporation, a corporation controlled by Mr. Docherty.
- (8) Mr. Abergel may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Abergel purchased 500,000 Common Shares at a price of \$0.05 per Common Share and it is anticipated that he will be granted an option to acquire 225,000 Common Shares at a price of \$0.10 per Common Share on closing of the Offering. See "Prior Sales", "Principal Shareholders" and "Stock Options".
- (9) 500,000 Common Shares are also owned by Urban Recruitment Inc., a corporation owned and controlled by Mr. Abergel's spouse.
- (10) These Common Shares are held by The Hoff Inc., a corporation controlled by Mr. Scase.

As at the date hereof, the 3,500,000 Common Shares beneficially owned, directly or indirectly or over which control or direction is exercised by the directors, officers and insiders as a group represent 70% of the issued and

outstanding Common Shares of the Corporation and will represent approximately 35% of the issued and outstanding Common Shares of the Corporation after giving effect to the distribution of 5,000,000 Common Shares pursuant to the Offering, assuming that no Common Shares are bought by these persons under the Offering. All of the 3,500,000 Common Shares held by the principal shareholders, officers, directors and insiders as a group are subject to an escrow agreement. See "Escrowed Securities".

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

The Corporation does not have any officers or directors who will be devoting their full time to the business of the Corporation. Initially, each the directors and officers will devote their time and expertise as required by the Corporation. Upon completion of the Qualifying Transaction, the amount of time spent on the affairs of the Corporation will depend upon the business or asset acquired and includes the possibility of one or more of the officers devoting their full time to the Corporation.

### Other Reporting Issuer Experience

The following table sets out the directors, officers and promoter(s) of the Corporation that are, or have been within at least the last five (5) years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	From	To
Brad Docherty	Exito Energy Inc. <sup>(1)</sup>	TSXV	CEO, President, CFO, Director, Promoter	August 2011	November 2012
	Maple Leaf Reforestation Inc.	TSXV	Director	December 2008	March 2012
	Maple Leaf Reforestation Inc.	TSXV	Corporate Secretary	December 2007	February 2012
William Matheson	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director	August 2011	November 2012
	Alberta Oilsands Inc.	TSXV	Director	April 2010	July 2012
	Result Energy Inc.	TSXV	CEO / Chairman	October 2001	November 2009
Andrew Openheim	Amica Mature Lifestyles	TSX	Director	Jan 1999	Present
	Psinaptic Inc. <sup>(2)</sup>	TSXV/NEX	Director	Jan 2000	Present
	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director	August 2011	November 2012
Christopher Scase	Blacksteel Energy Inc.	TSXV	Director	December 2009	Present
	Cancen Oil Canada Corp.	TSXV	CFO	May 2012	November 2012
	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director	August 2011	November 2012
Eli Abergel	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director and Corporate Secretary	August 2011	November 2012

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	From	To
Brody Loster	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director	August 2011	November 2012
Colin Reeves	Exito Energy Inc. <sup>(1)</sup>	TSXV	Director	August 2011	November 2012

**Note:**

- (1) On November 29, 2012 Exito Energy Inc. completed its Qualifying Transaction by amalgamating with Bentley Oil and Gas Ltd. and changing its name to Artisan Energy Corporation (AEC: TSXV).
- (2) Psinaptic Inc. was transferred to the NEX from the TSXV in August 2008 and was subsequently delisted from the NEX in October 2010.

**Corporate Cease Trade Orders or Bankruptcies**

Except as set out in the paragraph below, no director, officer, Insider or promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has, within the last 10 years of the date of this prospectus, been a director, officer, Insider or promoter of any other issuer that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that Person.

Mr. Oppenheim is a director of Psinaptic Inc. ("**Psinaptic**"), a company that was listed on the TSXV until August 2008 when it was transferred to the NEX. Psinaptic was subsequently delisted from the NEX in October 2010. On January 29, 2008, while Mr. Oppenheim was a director of Psinaptic, the Alberta Securities Commission issued a management cease trade order against Psinaptic and certain of its insiders for failure to file financial statements. The financial statements were subsequently filed by Psinaptic and this cease trade order expired on February 14, 2008. On February 4, 2009, while Mr. Oppenheim was a director of Psinaptic, the Alberta Securities Commission issued a cease trade order against Psinaptic for failure to file financial statements. The financial statements were subsequently filed by Psinaptic and this cease trade order was revoked on March 4, 2009. On February 3, 2010, while Mr. Oppenheim was a director of Psinaptic, the Alberta Securities Commission issued another cease trade order against Psinaptic for failure to file financial statements. This cease trade order remains in effect.

**Penalties or Sanctions**

No director, officer, Insider or promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

**Lawsuits**

No director, officer, insider or promoter of the Corporation, or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or personal holding company of any such Persons, has within the last five (5) years been the subject of, or a director, officer, promoter or Control Person of an entity that has been the subject of a lawsuit with respect to securities related matters.

**Personal Bankruptcies**

No director, officer, Insider or promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such Persons, has, within the 10 years preceding the date of this prospectus, become bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers, Insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some of the directors, officers, Insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the ABCA.

### **EXECUTIVE COMPENSATION**

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

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

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). The Corporation has made no such reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle. The directors and officers of the Corporation may also be granted stock options.

The Corporation has entered into an administration agreement dated [•], 2013 (the "**Administration Agreement**") with Capitalize Consulting Corp. ("**Capitalize**"). Capitalize is a corporation equally owned by Brad Docherty, the President, Chief Executive Officer and a Director of the Corporation and Eli Abergel, Chief Financial Officer, Corporate Secretary and a Director of the Corporation. Pursuant to the Administration Agreement, the Corporation has agreed to reimburse Capitalize \$1,500 per month for certain services provided by Capitalize on behalf of the Corporation and for expenses relating to, among other things, rent payable in connection with the Corporation's use of office space, secretarial services, postage, office supplies and other reasonable out of pocket expenses incurred by Capitalize in pursuing the Corporation's business objectives.

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

## **DILUTION**

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 25% or \$0.025 per Common Share on the basis of there being 10,000,000 Common Shares of the Corporation issued and outstanding after completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

## **RISK FACTORS**

### **No Market for Common Shares, Early Stage of Development, No History of Revenue or Earnings, No Dividends**

There is no established market for the Common Shares of the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. An investment in the Common Shares offered for sale hereunder should be considered highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation does not own any assets (other than cash, GST receivables and deferred financing costs) and has not conducted active business operations. The Corporation was only recently incorporated and has no history of revenue or earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Corporation has not entered into an Agreement in Principle, as that term is defined in the CPC Policy.

### **Business Risks, Control of the Corporation**

The proposed business of the Corporation involves a high degree of risk and there can be no assurance that the Corporation will identify potential businesses or other assets that warrant acquisition, in whole or in part. Even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not be able to finance the acquisition with its existing resources and additional funds may be required to complete the acquisition transaction. If the Corporation issues shares from treasury to finance an acquisition, control of the Corporation may change and purchasers of Common Shares hereunder may suffer further dilution of their investment. The net proceeds generated from the Offering, after deducting associated costs, will be sufficient to identify and evaluate only a limited number of opportunities. As a result of these factors, the Offering is suitable only to those investors who are willing to rely solely on the management of the Corporation, who are willing to risk the loss of their entire investment and who can afford to lose all of their investment. In addition, in cases where the Corporation does not acquire control of a corporation or business, it will have to rely on existing management and on the minority shareholder remedies contained in applicable corporate legislation. See "Business of the Corporation", "Use of Proceeds" and "Directors, Officers and Promoters — Conflicts of Interest".

### **Suspension from Trading and Delisting**

The Exchange may suspend from trading or delist the Common Shares of the Corporation if the Corporation fails to complete a Qualifying Transaction within 24 months following the date that the outstanding Common Shares are listed on the Exchange. Delisting of the Common Shares from the Exchange will, and suspension from trading of the Common Shares may, result in a cease trade order being issued by the Commission in respect of the Common Shares of the Corporation.

### **Risks Relating to the Qualifying Transaction**

Until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business, other than the identification and evaluation of potential Qualifying Transactions.

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction.

Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction.

The Exchange in its discretion may refuse approval of a transaction proposed by the Corporation as a Qualifying Transaction where:

- (a) the Corporation will fail to satisfy the initial listing requirements of the Exchange upon completion of the Qualifying Transaction;
- (b) at any time from the time of listing to completion of the Qualifying Transaction, the aggregate number of securities owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of the Member firm; and
  - (iii) Associates of any such persons,
 exceeds 20% of the total number of outstanding listed Common Shares;
- (c) upon completion of the Qualifying Transaction, the Corporation will be a finance company or a mutual fund as defined under securities legislation; or
- (d) in the sole discretion of the Exchange, there is any other valid reason to refuse approval.

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

Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares. Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.

Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.

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

### **Management**

The directors and officers of the Corporation will not be devoting their full time and efforts to the business and affairs of the Corporation, but are expected to devote such time as may be required to effectively manage the Corporation. Some of the directors are engaged and will continue to be engaged in searches for businesses or assets on their own behalf or on behalf of other persons. As a result, those directors and other organizations may be in competition with the Corporation in its search for businesses and assets that might constitute a Qualifying Transaction. See "Directors, Officers and Promoters" and "Business of the Corporation".

### **Dilution Effects**

Purchasers of the Common Shares offered for sale under this prospectus will suffer an immediate dilution of 25% or \$0.025 per Common Share. See "Dilution".

### **Jurisdictional Issues**

Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and as such investors should be aware that it may be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts located outside Canada. Accordingly, in the event of a legal dispute, it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

### **Tax Issues**

If the Corporation does not make an election to be a "public corporation" for purposes of the Tax Act in the manner contemplated under "Eligibility for Investment", adverse tax consequences may arise with respect to any Common Shares held in Deferred Plans.

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

## **INVESTOR RELATIONS AGREEMENTS**

The Corporation has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Corporation or its securities or to engage in activities for the purposes of stabilizing the market.

## **DIVIDEND POLICY**

The Corporation has not paid any dividends on its outstanding Common Shares to date. The current directors of the Corporation do not presently intend to implement a policy of paying regular cash dividends on the Common Shares. The board of directors will review this policy from time to time, having regard to the needs of the Corporation to finance future growth, the financial condition of the Corporation and other factors that the board of directors may consider appropriate in the circumstances.

## **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

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

The Corporation is not a related issuer or connected issuer (as such terms are defined in National Instrument 33-105 - *Underwriting Conflicts*) to the Agent.

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

Certain legal matters relating to this Offering will be passed upon by Gowling Lafleur Henderson LLP on behalf of the Corporation, and by Burnet Duckworth & Palmer LLP on behalf of the Agent. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date hereof the aforementioned persons and companies beneficially own, directly or indirectly, no securities of the Corporation and its Associates and Affiliates. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the

aforementioned persons or companies, is or expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

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

The auditors of the Corporation are PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP has confirmed that it is independent of the Corporation in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta.

Valiant Trust Company, through its principal office at 310, 606 – 4<sup>th</sup> Street SW, Calgary, Alberta T2P 1T1, is the transfer agent and registrar for the Common Shares.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Certain directors and officers of the Corporation have acquired Common Shares. In addition, each of the directors and officers of the Corporation will be granted options to purchase Common Shares pursuant to the Option Plan. See "Principal Shareholders" and "Stock Options".

### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to subscribers for Common Shares, except:

1. the Agency Agreement dated [•], 2013 between the Corporation and the Agent. See "Plan of Distribution";
2. the Escrow Agreement dated [•], 2013 among the Corporation, the Custodian and certain security holders of the Corporation. See "Escrowed Securities";
3. the Transfer Agent and Registrar Agreement dated January 17, 2013 between the Corporation and the Custodian; and
4. Administration Agreement dated [•], 2013 between the Corporation and Capitalize Consulting Corp. See "Executive Compensation".

Copies of the foregoing agreements will be available for inspection during the period of distribution under the Offering at the head office of the Corporation, at Suite 500, 1414 8<sup>th</sup> Street SW, Calgary Alberta T2R 1J6, during ordinary business hours and will also be filed and available on [www.sedar.com](http://www.sedar.com).

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Gowling Lafleur Henderson LLP, counsel to the Corporation, based on the current provisions of the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder, and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares will be qualified investments under the Tax Act on the date hereof for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("**TFSAs**"), provided that the Common Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the Exchange) on the date hereof.

The Common Shares are not currently listed on a "designated stock exchange". Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange. If the Common Shares are not listed on a "designated stock exchange" at the time of issue hereunder, the Corporation may file an election with the Canada Revenue Agency in its tax return for its first taxation year such that the Common Shares will be qualified investments at the time of issue hereunder, notwithstanding that the Common Shares were not listed on a designated stock exchange at such time. If the Common Shares are not listed on a designated stock exchange on or before the Corporation's filing due date for its first taxation year, it will be unable to make this election and the Common Shares may not be a qualified investment at the time of issuance hereunder.

Notwithstanding that the Common Shares may be a "qualified investment" for a trust governed by a TFSA, RRSP or RRIF (each, a "**Registered Plan**") the holder of a TFSA, or an annuitant of an RRSP or RRIF, will be subject to a penalty tax with respect to the Common Shares held in a Registered Plan if such securities are a "prohibited investment" within the meaning of the Tax Act. The Common Shares will generally not be a "prohibited investment" for a Registered Plan provided that the holder or annuitant of the Registered Plan deals at arm's length with the Corporation for the purposes of the Tax Act and does not have a "significant interest", as defined in the Tax Act, in the Issuer or in a corporation, partnership or trust that does not deal at arm's length with the Corporation for the purposes of the Tax Act. Proposed amendments to the Tax Act released on December 21, 2012 propose to amend the definition of prohibited investment.

Prospective purchasers who intend to hold Common Shares in a Registered Plan are urged to consult their own tax advisors to ensure that the Common Shares would not constitute a "prohibited investment" in their particular circumstances.

#### **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts relating to the Common Shares being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for this prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

#### **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in the Province of Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**AUDITOR'S CONSENT**

We have read the prospectus of Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.) (the "Corporation") dated [●], 2013 relating to an offering of 5,000,000 common shares of the Corporation at a price of \$0.10 per common share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of the Corporation on the statement of financial position as at December 31, 2012 and October 31, 2011, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from November 1, 2011 to December 31, 2012 and the period from November 11, 2010 to October 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. Our report is dated [●], 2013.

*(signed)* "●"

PricewaterhouseCoopers LLP, Chartered Accountants

Calgary, Alberta  
[●], 2013

**FINANCIAL STATEMENTS**

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Financial Statements**  
December 31, 2012 and October 31, 2011

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## Management's Responsibility

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To the Shareholders of Exito II Energy Inc. (the "Corporation"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving financial information. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

[•], 2013

(signed)

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Bradley Docherty, President and CEO

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## Independent Auditors' Report

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To the Directors of Exito Energy II Inc.:

We have audited the accompanying financial statements of Exito Energy II Inc. which comprise the statement of financial position as at December 31, 2012 and October 31, 2011 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from November 1, 2011 to December 31, 2012 and the period from November 11, 2010 to October 31, 2011, and the related notes including a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Exito Energy II Inc. as at December 31, 2012 and October 31, 2011 and its financial performance and its cash flows for the period from November 1, 2011 to December 31, 2012 and the period from November 11, 2010 to October 31, 2011 in accordance with International Financial Reporting Standards.

Calgary, Alberta

[•], 2013

Chartered Accountants

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**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statement of Financial Position**

In Canadian Dollars	December 31, 2012 \$	October 31, 2011 \$
<b>Assets</b>	-	-
	-	-
<b>Liabilities</b>	-	-
<b>Shareholders' Equity</b>		
Share capital (Note 6)	1	1
Contributed surplus (Note 6)	5,002	5,002
Deficit	(5,003)	(5,003)
	-	-
	-	-

Subsequent event (Note 10)

The financial statements were approved by the Board of Directors on [●], 2013 and were signed on its behalf.

(signed)

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**Director**

(signed)

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**Director**

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statement of Comprehensive Loss**

In Canadian dollars	For the period from November 1, 2011 to December 31, 2012 \$	For the period from November 11, 2010 to October 31, 2011 \$
<b>Expenses</b>		
Professional fees	-	2,903
Listing fees	-	2,100
	-	5,003
<b>Total comprehensive loss</b>	-	5,003
<b>Earnings per share</b>	NM <sup>(1)</sup>	NM <sup>(1)</sup>

<sup>(1)</sup> NM is defined as not meaningful to the financial statements

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statement of Changes in Shareholders' Equity**

In Canadian Dollars	Number of shares	Deficit \$	Share Capital \$	Contributed Surplus \$	Total Equity \$
<b>Balance at incorporation</b>	-	-	-	-	-
Shares issued ( <i>Note 6</i> )	5,000,000	-	250,000	-	250,000
Shares surrendered ( <i>Note 6</i> )	4,999,999	-	(249,999)	-	(249,999)
Shareholder contribution ( <i>Note 6</i> )	-	-	-	5,002	5,002
Total comprehensive loss	-	(5,003)	-	-	(5,003)
<b>Balance at October 31, 2011</b>	1	(5,003)	1	5,002	-
<b>Balance at December 31, 2012</b>	1	(5,003)	1	5,002	-

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statement of Cash Flows**

In Canadian Dollars	For the period from November 1, 2011 to December 31, 2012 \$	For the period from November 11, 2010 to October 31, 2011 \$
<b>Cash flows related to the following activities</b>		
<b>Operating activities</b>		
Net loss for the period	-	( 5,003)
Cash used in operating activities	-	(5,003)
<b>Financing activities</b>		
Proceeds from issuance of common shares (Note 6)	-	250,000
Shares surrendered (Note 6)	-	(244,997)
Cash from financing activities	-	5,003
<b>Increase in cash</b>	-	-
<b>Cash, beginning of period</b>	-	-
<b>Cash, end of period</b>	-	-
Supplemental cash flow information:		
Interest received	-	-
Income tax paid (recovered)	-	-

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the period from November 1, 2011 to December 31, 2012 and the period from incorporation on November 11, 2010 to October 31, 2011

In Canadian Dollars

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### 1. Incorporation and operations

Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.) (the "Corporation") was incorporated under the laws of the Province of Alberta on November 11, 2010 and is based in Calgary, Alberta. The Corporation intends to be classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") as described in Note 10. The principal business of the Corporation will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The purpose of such an acquisition will be to satisfy the related conditions of a qualifying transaction under the Exchange rules within two years of becoming a CPC. The address of the head office of the Corporation is 500, 1414 – 8<sup>th</sup> Street S.W. Calgary, Alberta.

The financial statements of the Corporation for the period from November 1, 2011 to December 31, 2012 were authorized for issue in accordance with a resolution of the Board of Directors on [●], 2013.

In order to complete an acquisition or participate in an operation, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to complete a qualifying transaction.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

During 2012, the Corporation's year end was changed from October 31<sup>st</sup> to December 31<sup>st</sup>, therefore the comparative figures are for the period from incorporation on November 11, 2010 to October 31, 2011.

### 2. Basis of preparation

#### Statement of compliance

The financial statements for the period from November 1, 2011 to December 31, 2012 and the period from November 11, 2010 to October 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

#### Basis of preparation

These financial statements have been prepared using historical costs and fair values of certain items, as detailed in the accounting policies set out in Note 3 below. These policies have been applied consistently to all periods presented in these financial statements.

#### Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Functional and presentation currency

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

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the period from November 1, 2011 to December 31, 2012 and the period from incorporation on November 11, 2010 to October 31, 2011

In Canadian Dollars

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### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### Financial instruments

##### i. Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, account receivables and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

##### ii. Cash and cash equivalents

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

##### iii. Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Corporation's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

##### iv. Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less any required discount to reduce the payables to fair value.

##### v. Other

Other non-derivative financial instruments, such as cash and cash equivalents and accounts receivable, are measured at amortized cost using the effective interest method, less any impairment loss.

#### Share capital

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

#### Income tax

Income tax expense comprises current and deferred tax. Income tax expense is 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 the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment in respect of previous periods.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the period from November 1, 2011 to December 31, 2012 and the period from incorporation on November 11, 2010 to October 31, 2011

In Canadian Dollars

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at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

#### 4. Recent accounting pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

- i. IFRS 7 - Financial Instruments Disclosures requires adoption of amendments for annual periods beginning on or after January 1, 2013. The Corporation is currently assessing the impact of this standard.
- ii. IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard.
- iii. IFRS 13 - Fair Value Measurement was issued in May 2011, and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.
- iv. IAS 32 - Financial Instruments Offsetting Financial Assets and Financial Liabilities: The amendment provides further clarification on the application of the offsetting requirements. The Corporation will start the application of IAS 32 in the financial statements effective from January 1, 2014. The Corporation does not expect any impact to the financial statements as a result of adopting this Standard.

#### 5. Significant accounting estimates and assumptions

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

As at December 31, 2012 and October 31, 2011 and for the period from November 1, 2011 to December 31, 2012 and the period from November 11, 2012 to October 31, 2011 there were no significant estimates.

# Exitó Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

*For the period from November 1, 2011 to December 31, 2012 and the period from incorporation on November 11, 2010 to October 31, 2011*

*In Canadian Dollars*

### 6. Share capital

#### Authorized

The Corporation has authorized an unlimited number of voting common shares and an unlimited number of preferred shares.

#### Issued and outstanding common shares

	Number of Shares	Amount \$
At November 11, 2010	-	-
Shares issued for cash	5,000,000	250,000
Shares surrendered for cash	4,999,999	(249,999)
As at October 31, 2011	1	1
<b>As at December 31, 2012</b>	<b>1</b>	<b>1</b>

At inception, the Corporation issued 5,000,000 common shares at a price of \$0.05 per share.

In December of 2010 4,999,999 of the common shares were surrendered at a price of \$0.05 per share.

Upon closing of the IPO (as defined in Note 10), the 5,000,000 shares issued to third parties and Directors of the Corporation (as described in Note 10) will be deposited into escrow and released from escrow over a period of up to three years from the date that the Corporation completes a qualifying transaction. If the issuer resulting from the completion of a qualifying transaction meets the Exchange's Tier 1 initial listing requirements then the period for which these shares will be escrowed will be shortened to 18 months from the date of closing of the qualifying transaction. If the corporation fails to complete a qualifying transaction within 24 months of the closing of the IPO then all escrowed shares held by non-arm's length parties may be cancelled or discounted to create an average purchase price for these escrowed shares equal to the IPO subscription price per share.

#### Contributed surplus

		Amount \$
At November 11, 2010		-
Shareholder contribution		5,002
As at October 31, 2011		5,002
<b>As at December 31, 2012</b>		<b>5,002</b>

### 7. Income Taxes

As at December 31, 2012 and October 31, 2011 the Corporation has a non-capital loss carry-forward of \$5,003 available to reduce future years' income for tax purposes. This loss will begin to expire in 2031.

### 8. Capital disclosures

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the period from November 1, 2011 to December 31, 2012 and the period from incorporation on November 11, 2010 to October 31, 2011

In Canadian Dollars

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adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at December 31, 2012.

### 9. Related party transactions

During the period from incorporation on November 11, 2010 to October 31, 2011 \$ 5,002 was contributed to the Corporation by a corporation wholly owned by two directors of the Corporation (\$ nil during the period from November 1, 2011 to December 31, 2012)

### 10. Subsequent event

Subsequent to December 31, 2012, the Corporation issued 5,000,000 shares to third parties and Directors of the Corporation at a price of \$0.05 per share for gross proceeds of \$250,000.

Pursuant to an agency agreement (the "Agency Agreement") with Macquarie Private Wealth Inc. (the "Agent"), the Corporation has agreed to file a prospectus for an initial public offering ("IPO" or the "Offering") in British Columbia and Alberta of 5,000,000 common shares at \$0.10 per common share for gross proceeds of \$500,000. Upon close of the IPO the Corporation will be classified as a CPC.

The completion of the Offering is dependent upon the issuance by regulatory authorities of a receipt in respect of the Corporation's prospectus.

**CERTIFICATE OF THE CORPORATION**

Dated: March 5, 2013

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

(signed) "Brad Docherty"  
Brad Docherty  
President, Chief Executive Officer,  
and Director

(signed) "Eli Abergel"  
Eli Abergel  
Chief Financial Officer and Director

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "William Matheson"  
William Matheson  
Director

(signed) "Andrew Oppenheim"  
Andrew Oppenheim  
Director

**CERTIFICATE OF THE PROMOTERS**

Date: March 5, 2013

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

(signed) "Brad Docherty"  
Brad Docherty  
Promoter

(signed) "Eli Abergel"  
Eli Abergel  
Promoter

**CERTIFICATE OF THE AGENT**

Dated: March 5, 2013

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

**MACQUARIE PRIVATE WEALTH INC.**

(signed) "Brent Larkan"

Brent Larkan,  
Head of Syndication and Public Venture Capital

(signed) "Chris Salapoutis"

Chris Salapoutis,  
President and Chief Operating Officer