

**NEWLOX GOLD VENTURES CORP.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**IN RESPECT OF AN ANNUAL GENERAL MEETING OF NEWLOX GOLD VENTURES CORP.**

**AND**

**AN ARRANGEMENT**

**BETWEEN**

**NEWLOX GOLD VENTURES CORP.**

**AND**

**MN VENTURES LTD.**

**AND**

**CARNELIAN STRATEGIC CAPITAL CORP.**

**AND**

**SOR BAROOT RESOURCES CORP.**

**AND**

**AN AMALGAMATION BETWEEN**

**CDN MSOLAR CORP.**

**AND**

**MN VENTURES LTD.**

**AND AMALGAMATION BETWEEN**

**GLOBAL MGA FINANCIAL INC.**

**AND**

**CARNELIAN STRATEGIC CAPITAL CORP.**

**June 25, 2013**

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## NEWLOX GOLD VENTURES CORP.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that pursuant to the order of the Supreme Court of British Columbia dated June 28, 2013, an annual general and special meeting (the "Meeting") of the shareholders (the "**Newlox Shareholders**") of NEWLOX GOLD VENTURES CORP. (the "**Company**") will be held at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, B.C. on July 30, 2013 at 10 a.m. for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal year ended March 31, 2013, together with the auditors' report thereon.
2. To appoint the auditors for the Company.
3. To fix the number of directors and to elect directors for the ensuing year.
4. To consider and, if thought fit, pass, with or without variation, a special resolution approving an arrangement (the "Plan of Arrangement") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "Act") which involves, among other things, the distribution to the Newlox Shareholders shares of the Company's wholly-owned subsidiaries, being MN Ventures Ltd. ("MN"), Carnelian Strategic Capital Corp. ("Carnelian") and Sor Baroot Resources Corp. ("Sor") and transfer of certain assets of the Company to these subsidiaries, all as more fully set forth in the accompanying



management information circular of the Company.

5. To consider and, if thought fit, pass, with or without variation, a special resolution, the text of which is set forth in the Circular, approving an amalgamation of Cdn MSolar Corp. (“CMS”) and MN to form Cdn MSolar Corp. (“CMS”).
6. To consider and, if thought fit, pass, with or without variation, a special resolution, the text of which is set forth in the Circular, approving an amalgamation of Global MGA Financial Inc. (“MGA”) and Carnelian to form Carnelian Strategic Capital Corp..

To transact such other business as may properly be brought before the Meeting.

Information relating to the matters to be brought before the Meeting is set forth in the information circular accompanying this Notice of Meeting.

**AND TAKE NOTICE that Newlox Shareholders who validly dissent from the Arrangement and/or the Amalgamations will be entitled to be paid the fair value of their common shares subject to strict compliance with the provisions of the interim order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the Act. The dissent rights are described in Schedule “F” of the accompanying management information circular (the “Circular”). Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the Act may result in the loss of any right of dissent.**

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying the Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Only Newlox Shareholders of record at the close of business on June 24, 2013, will be entitled to receive notice of and vote at the Meeting.

Registered Newlox Shareholders unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy and deliver it in accordance with the instructions set out in the proxy and in the Circular. If you are a non-registered Newlox Shareholder and receive the materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your shares of the Company not being voted at the Meeting.

Dated at Vancouver, British Columbia, this 28<sup>th</sup> day of June, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

*“Donald Gordon”*

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Donald Gordon  
President, CEO and CFO

**NEWLOX GOLD VENTURES CORP.  
612 - 475 Howe St.  
Vancouver, British Columbia V6C 2T8**

**This Circular is furnished in connection with the solicitation of proxies by management of NEWLOX GOLD VENTURES CORP. for use at an annual general and special meeting of shareholders of the Company (the "Meeting") to be held on July 30, 2013 at 10:00 a.m. (Vancouver time) at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, BC.**

This Circular describes the matters that need to be dealt with in an annual general and special meeting of the Company and the Arrangement.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement and the Amalgamations, Newlox Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. Newlox Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement and the Amalgamations.

**ANNUAL GENERAL AND SPECIAL MEETING MATTERS**

At the Meeting, the Newlox Shareholders will be asked, to consider and, if thought fit, to pass resolutions fixing the number of directors, electing directors, appointing auditors, the Arrangement Resolution approving the Arrangement among the Company, MN, Carnelian, Sor and the Newlox Shareholders. The Arrangement will consist of the distribution of MN Shares, Carnelian Shares, and Sor Shares to the Newlox Shareholders.

In addition, the Newlox shareholders will be asked to approve the Amalgamation of CMS and MN and the Amalgamation of MGA and Carnelian.

**By passing the Arrangement Resolution, the Newlox Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the Newlox Shareholders.**

**INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular is given as at June 25, 2013, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Newlox Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. Newlox Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as Schedule "E" and the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement.

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements” or “information” (collectively “**statements**”). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or MN, Carnelian, CMS, Sor, MGA or CMC to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited, risks related to our limited operating history and history of limited or no earnings, competition from other companies in similar industries, risks inherent with operations in emerging countries, uncertainties with respect to titles of mineral properties, patents, aboriginal land title claims, changes to government regulations in the areas of mineral exploration, insurance industry and renewable energy industry; dependence on key personnel; general economic conditions, local economic conditions, interest rates; availability of equity and debt financing, development costs, including costs of labor, equipment and environmental compliance, inability to secure drilling and exploration permits, lack of mineral reserves and other risks factors described from time to time in the documents filed by us with applicable securities regulators, including in this Circular under the heading “Risk Factors”.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of Newlox for use at the Meeting, and at any adjournment(s) or postponement(s) thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Beneficial Shareholders held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

### Currency

In this Circular, except where otherwise indicated, all dollar amounts are expressed in the lawful currency of Canada.

### Record Date

The Board has fixed June 24, 2013 as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of and to vote at the Meeting. Only Newlox Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their Newlox Shares voted at the Meeting.

### Appointment of Proxy holders

The individual(s) named in the accompanying form of proxy are management’s representatives. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the person(s) designated in the Proxy, who need not be a shareholder of the Company, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another proper proxy and, in either case, delivering the completed Proxy to the office of**

**Computershare Investor Services Inc., Proxy Department, 510 Burrard Street, 2nd Floor, Vancouver, BC, V6C 3B9, not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof.**

**Voting by Proxy holder**

The person(s) named in the Proxy will vote or withhold from voting the Newlox Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Newlox Shares will be voted accordingly. The Proxy confers discretionary authority on the person(s) named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

As at the date hereof, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

**In respect of a matter for which a choice is not specified in the Proxy, the person(s) named in the Proxy will vote the Newlox Shares represented by the Proxy for the approval of such matter.**

**Registered Shareholders**

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent Computershare Trust Company by mail to Proxy Department, 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9 not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof, or in such other manner as may be provided for in the Proxy.

**Beneficial Shareholders**

The following information is of significant importance to shareholders who do not hold Newlox Shares in their own name. Beneficial Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Newlox Shares).

If Newlox Shares are listed in an account statement provided to a shareholder by a broker, then in almost all such cases those Newlox Shares will not be registered in the shareholder's name on the records of the Company. Such Newlox Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Newlox Shares are registered under the name of CDS & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

***If you are a Beneficial Shareholder:***

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities which they own (called "OBOs" for objecting beneficial owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for non – objecting beneficial owners).

The Company is taking advantage of those provisions of National Instrument 54-101 – “Communication of Beneficial Owners of Securities” of the Canadian Securities Administrators, which permits it to deliver proxy-related materials directly to its NOBOs and OBOs. As a result, NOBOs and OBOs can expect to receive a voting instruction form (“VIF”). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare will tabulate the results of the VIFs received from NOBOs and OBOs and will provide appropriate instructions at the Meeting with respect to the Newlox Shares represented by the VIFs it receives.

This Circular, with related material, is being sent to both Registered and Beneficial Shareholders. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your Newlox Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your Newlox Shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding your Newlox Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive. The Company will not be paying for mailing to OBOs.

Beneficial Shareholders who are OBOs should carefully follow the instructions of their Intermediary in order to ensure that their Newlox Shares are voted at the Meeting.

The form of proxy that will be supplied to Beneficial Shareholders by the Intermediaries will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. in the United States and Broadridge Financial Solutions Inc., Canada, in Canada (collectively “BFS”). BFS mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same person(s) as the Proxy to represent Beneficial Shareholders at the Meeting. Beneficial Shareholders have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the person(s) designated in the VIF, to represent them at the Meeting. To exercise this right, Beneficial Shareholders should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to BFS in the manner specified and in accordance with BFS’s instructions. BFS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Newlox Shares to be represented at the Meeting. **If you receive a VIF from BFS, you cannot use it to vote Newlox Shares directly at the Meeting. The VIF must be completed and returned to BFS in accordance with its instructions, well in advance of the Meeting in order to have the Newlox Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Newlox Shares registered in the name of your Intermediary, you, or a person designated by you, may attend at the Meeting as proxy holder for your Intermediary and vote your Newlox Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Newlox Shares as proxy holder for your Intermediary, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend the Meeting and vote your Newlox Shares.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the registered office of the Company at Suite 612-475 Howe St., Vancouver, BC V6C 2B3, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting the Registered Shareholder's Newlox Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

#### INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year-end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the election of directors, the appointment of the auditor and as may be otherwise set out herein.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

#### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

##### Outstanding Newlox Shares

The Company is authorized to issue unlimited number of Newlox Shares. As at June 24, 2013, there were 13,356,911 Newlox Shares issued and outstanding, each carrying the right to one vote.

##### Principal Holders of Newlox Shares

To the knowledge of the directors and executive officers of the Company, the following persons own, directly or indirectly, or exercises control or direction over, Newlox shares carrying more than 10% of the voting rights attached to all outstanding Newlox shares:

Name	Approximate Number of Newlox shares	Percentage
(1) Donald Gordon, CEO, CFO, Director	2,005,736	15.01%

(1) 1,003,000 Held by DAG Consulting Corp 100% owned by Donald Gordon

#### VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as ordinary resolutions and an affirmative vote of 66 and 2/3rds of the votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as special resolutions.

#### GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**Act**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Amalco1**” means the resulting company following the Amalgamation of CMS and MN, the name of which shall be Cdn MSolar Corp., as described in this Circular, after all accompanying changes have been made and require approvals received;

“**Amalco2**” means the resulting company following the Amalgamation of MGA and Carnelian, the name of which shall be Carnelian Strategic Capital Corp. as described in this Circular, after all accompanying changes have been made and required approvals received;

“**Amalgamated Companies**” means collectively, Amalco1 and Amalco2.

“**Amalgamation of CMS and MN**” means the amalgamation between CMS and MN to form CMS as contemplated by the Amalgamation Agreement between CMS and MN;

“**Amalgamation of MGA and Carnelian**” means the amalgamation between MGA and Carnelian to form Amalco2 as contemplated by the Amalgamation Agreement between MGA and Carnelian;

“**Amalgamation Agreement between CMS AND MN**” means the amalgamation agreement between CMS and MN agreement dated June 25, 2013;

“**Amalgamation Agreement between MGA AND Carnelian**” means the amalgamation agreement between CMS and MN dated June 25, 2013;

“**Amalgamation Application of CMS AND MN**” means, collectively a (i) Form 13 Amalgamation Application without Court Approval together with the signatures of the authorized signatories of each of CMS and MN, (ii) a statutory declaration of an officer or director of each of CMS and MN, (iii) a covering letter to Registrar of Companies for an application for amalgamation, and (iv) the applicable filing fee payable to the Minister of Finance;

“**Amalgamation Application of MGA AND Carnelian**” means, collectively a (i) Form 13 Amalgamation Application without Court Approval together with the signatures of the authorized signatories of each of CMS and MN, (ii) a statutory declaration of an officer or director of each of means, collectively a (i) Form 13 Amalgamation Application without Court Approval together with the signatures of the authorized signatories of each of CMS and MN, (ii) a statutory declaration of an officer or director of each of MGA and Carnelian, (iii) a covering letter to Registrar of Companies for an application for amalgamation, and (iv) the applicable filing fee payable to the Minister of Finance:

“**Amalgamations**” means, collectively (i) the Amalgamation of CMS and MN and (ii) the Amalgamation of MGA and Carnelian;

“**Amalgamation Agreements**” means, collectively (i) the Amalgamation Agreement between CMS and MN and (ii) the Amalgamation Agreement between MGA and Carnelian;

“**Amalgamation Applications**” means, collectively (i) the Amalgamation Application of CMS and MN and (ii) the Amalgamation Application of MGA and Carnelian;

“**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;

“**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;

“**Arrangement Agreement**” means the agreement dated effective May 30, 2013 between the Company, MN, Carnelian and Sor, a copy of which is attached as Schedule “C” to this Circular, and any amendment(s) or variation(s) thereto;

“**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;

“**Arrangement Resolution**” means the special resolutions in respect to the Arrangement and other related matters to be considered at the Newlox Meeting, the full text of which is set out as as Schedule “D” to this Circular;

“**Asset Consideration MN Shares**” has the meaning set out in §3.1(a) of the Plan of Arrangement;

“**Asset Consideration Carnelian Shares**” has the meaning set out in §3.1(a) of the Plan of Arrangement;

“**Asset Consideration Sor Shares**” has the meaning set out in §3.1(a) of the Plan of Arrangement;

“**Assets**” means the assets of Newlox to be transferred to the Newlox Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule “B” attached to the Plan of Arrangement;

“**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;

“**Carnelian**” means Carnelian, a private company incorporated under the BCBCA;

“**Carnelian Converted Shares**” has the meaning set out in §3.1(b) of the Plan of Arrangement;

“**Carnelian Shareholder**” means a holder of Carnelian Shares;

“**Carnelian Shares**” means the common shares without par value in the authorized share structure of Carnelian, as constituted on the date of this Agreement;

“**CEO**” means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**Circular**” means this management information circular;

“**Closing Date**” has the meaning ascribed in §5.2 of the Arrangement Agreement;

“**CMC**” means Chagai Mining Corp., a private company incorporated under *the Business Corporations Act*, R.S.A. 2000, c. B-9;

“**CMS**” means Cdn MSolar Corp., a private company incorporated under the BCBCA;

“**CMS Shareholder**” means a holder of CMS Shares;

“**CMS Shares**” means the common shares without par value in the authorized share structure of CMS, as constituted on the date of this Agreement;

“**CNSX**” means the Canadian National Stock Exchange;

“**Company**” means Newlox Gold Ventures Corp.;

“**Computershare**” means Computershare Investor Services Inc.;

“**Conversion Factor**” means 0.14973522 with respect to each of MN and Carnelian and 0.06738085 with respect to Sor as of the close of business on the Share Distribution Record date;

“**Court**” means the Supreme Court of British Columbia;

“**Dissenting Shareholder**” means a Newlox Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Newlox Shares;

“**Dissenting Shares**” means the Newlox Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

“**Effective Date**” means the date the Arrangement becomes effective under the BCBCA;

“**Effective Time**” means 10:00 a.m. (Vancouver time) on the Effective Date;



**“Final Order”** means the order of the Court approving the Arrangement; as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**“IFRS”** means international financial reporting standards in effect in Canada at the relevant time, including the accounting recommendations in the Handbook of the Canadian Institute of Chartered Accountants;

**“Incentive Plan”** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

**“Incentive Plan Award”** means compensation awarded, earned, paid, or payable under an Incentive Plan;

**“Information Circular”** means the management proxy circular of Newlox to be sent by Newlox to the Newlox Shareholders in connection with the Newlox Meeting;

**“Interim Order”** means an interim order of the Court concerning the Arrangement in respect of Newlox, containing declarations and directions with respect to the Arrangement and the holding of the Newlox Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**“Intermediaries”** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

**“Laws”** means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any governmental entity (including the CNSX) or self-regulatory authority, to the extent each of the foregoing have the force of law, and the term “applicable” with respect to such laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and “Laws” includes environmental laws;

**“Meeting”** means Newlox Meeting;

**“MGA”** means Global MGA Financial Inc., a private company incorporated under the BCBCA;

**“MGA Shareholder”** means a holder of MGA Shares;

**“MGA Shares”** means the common shares without par value in the authorized share structure of MGA, as constituted on the date of this Agreement;

**“Minghui”** means Dongying Minghui New Energy Science & Technology Co., Ltd., a privately held company duly incorporated pursuant to the laws of the People’s Republic of China;

**“MN”** means MN Ventures Ltd., a private company incorporated under the BCBCA;

**“MN Shareholder”** means a holder of MN Shares;

**“MN Shares”** means the common shares without par value in the authorized share structure of MN, as constituted on the date of this Agreement;

**“NEO”** or **“named executive officer”** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

**“Newlox Class A Shares”** means the renamed and redesignated Newlox Shares as described in §3.1 of the Plan of Arrangement;

**“Newlox Class A Preferred Shares”** means the Class “A” preferred shares without par value which Newlox will create and issue pursuant to §3.1 of the Plan of Arrangement;

**“Newlox Meeting”** means the special meeting of the Newlox Shareholders to be held on July 30, 2013, and any adjournment(s) or postponement(s) thereof;

**“New Shares”** means the new class of common shares without par value which Newlox will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Newlox Shares;

**“Newlox Shareholders”** means the holders from time to time of Newlox Shares;

**“Newlox Shares”** means the common shares without par value in the authorized share capital of Newlox, as constituted on the date of this Agreement;

**“Newlox Subsidiaries”** means collectively MN, Carnelian and Sor;

**“Newlox Warrants”** means the common share purchase warrants of Newlox outstanding on the Effective Date;

**“Notice of Meeting”** means the notice of special meeting of the Newlox Shareholders in respect of the Newlox Meeting;

**“Parties”** means Newlox and the Newlox Subsidiaries; and **“Party”** means any one of them;

**“Person”** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

**“Plan of Arrangement”** means the plan of arrangement substantially in the form set out in Schedule “A” to the Arrangement Agreement, which Arrangement Agreement is attached as Schedule “E” to this Circular, and any amendment(s) or variation(s) thereto ;

**“Registrar”** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;

**“Registered Shareholder”** means a registered holder of Newlox Shares as recorded in the shareholder register of Newlox maintained by Computershare;

**“Sor”** means Sor Baroot Resources Corp., a private company incorporated under the BCBCA;

**“Sor Shareholder”** means a holder of Sor Shares;

**“Sor Shares”** means the common shares without par value in the authorized share structure of Sor, as constituted on the date of this Agreement;

**“SEC”** means the United States Securities and Exchange Commission;

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

**“Share Distribution Record Date”** means the close of business on June 29, 2013 or such other date as agreed to by Newlox, MN, Carnelian and Sor, which date establishes the Newlox Shareholders who will be entitled to receive MN Shares, Carnelian Shares and Sor Shares pursuant to the Plan of Arrangement;

**“Subsidiaries”** means collectively, MN, Carnelian and Sor;

**“Tax Act”** means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

“U.S. Securities Act” means the United States *Securities Act of 1933*, as may be amended, or replaced, from time to time.

### ELECTION OF DIRECTORS

The size of the Board of the Company is currently determined at four (4). The board proposes that the number of directors is fixed at four (4). Shareholders will therefore be asked to approve by an ordinary resolution that the number of directors elected be fixed at four (4).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director’s office is earlier vacated in accordance with the provisions of the Act, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management’s nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Newlox Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the record date of June 24, 2013.

Name and Municipality of Residence		Principal Occupation, Business or Employment within 5 preceding years <sup>(1)</sup>	Director Elected as Director	Newlox Shares Beneficially Owned or Controlled
<b>Donald Gordon</b> <sup>(2)(3)</sup> North Vancouver, BC	President, CEO and CFO	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005.	April 7, 2011	2,005,736 Direct 15.01 %
<b>Thomas Bell</b> <sup>(2)</sup> White Rock, BC	Director	Director and CEO of AFG Flameguard from October 2011 to May 2013; President and CEO of Katabatic Power Corp. since October 2009; Executive VP, Corporate Development of Great Canadian Gaming Corp. from 1993 to 2009.	September 8, 2011	476,000 Direct 3.56 %
<b>James Miller-Tait</b> <sup>(2)</sup> North Vancouver, BC	Director	Currently Exploration Manager Imperial Metals Corporation , Director of Prosper Gold Corp., Bard Ventures Ltd. and Beatrix Ventures Inc.	July 31, 2012	120,000 0.89 %
<b>John Wolfe</b> North Vancouver, BC	Director	Vice President of Wolfe Chevrolet, President and Dealer Principal of Wolfe Mazda and President of Wolfe Motors.	October 31, 2012	200,000 1.49%

Notes:

- (1) The information as to principal occupation, business or employment, penalties, sanctions, cease trade orders, bankruptcies and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.
- (3) Mr. Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Listing Statement.

### CORPORATE GOVERNANCE

#### General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Instrument 58-101 Disclosure of Corporate Governance Practices prescribes certain disclosure by the Company of its

corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with National Instrument 58-101.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The board facilitates its independent supervision over management by holding periodic board meetings to discuss the operations of the Company.

The non-independent director by virtue of holding management positions with the Company is Donald Gordon, President, Chief Executive Officer and Chief Financial Officer.

Thomas Bell, James Miller-Tait and John Wolfe are independent members of the Board of Directors of the Company.

### **Directorships**

The following is the information about directorships of the current and proposed directors of the Company in other reporting issuers.

Mr. Gordon is also a director of 0922518 B.C. Ltd., AFG Flameguard Ltd., Rift Valley Resources Corp., Mahdia Gold Corporation, NU2U Resources Corp., Organic Potash Company, Tomco Developments Inc. and Ole Remediation Ltd.

Mr. Bell is also a director of NU2U Resources Corp.

Mr. Miller-Tait is also a director of Prosper Gold Corp. (formerly Lander Energy Corporation), Bard Ventures Ltd. and Beatrix Ventures Inc.

Mr. Wolfe is not a director of any other reporting issuer.

### **Orientation and Continuing Education**

When new directors are appointed they receive orientation, commensurate with their previous experience, on the Company's business and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. Directors are encouraged to take continuing education courses to enhance their knowledge of corporate governance

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### **Compensation**

The Board, as a whole, determines compensation for the directors and the Chief Executive Officer. The compensation is discussed and determined during board meetings. The following criteria have been taken into consideration while

determining compensation: financial position of the Company, amount of time spent on the business of the Company, qualifications of directors and the Chief Executive Officer and organizational commitment.

### Other Board Committees

The Board has no other committees other than the audit committee.

### Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company relies on the board of directors in determining executive compensation and option based awards to executive officers. The objectives of the compensation program of the Company are attraction and retention of qualified executives, compensation for services, compensation for services, and developing the Company's projects.

The amount of compensation is determined by the board of directors.

During the previously completed financial year, the compensation consisted of cash based compensation. The Company has a stock option plan which it can utilize by granting stock options to its executive officers, directors and employees in the future.

Previous grants of option-based awards, the financial performance of the Company, the position of an executive officer and the amount of time spent on the affairs of the Company are taken into account when considering new stock option grants.

The board of directors considered the implications of the risks associated with the Company's compensation practices. The current situation of the financial markets has been identified as the major risk in implementing the compensation program of the Company.

The Company does not prohibit its executive officers to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers of directors.

### Summary Compensation Table

The following table reflects compensation of each NEO of the Company's since incorporation..

Name and principal position	Year	Salary (\$)	Share based awards (\$)	Option based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Donald Gordon, President, CEO and CFO <sup>(1)</sup>	2013	10,500	Nil	Nil	Nil	Nil	Nil	Nil	10,500
	2012	8,568	Nil	Nil	Nil	Nil	Nil	Nil	8,568

### Incentive Plan Awards

The following table provides for each NEO for all awards outstanding at the end of the most recently completed financial year and includes awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) <sup>(4)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2) (3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share – based awards that have not vested (\$)	Market / payout value of vested share-based awards not paid out or distributed (\$)
Donald Gordon, President, CEO and CFO <sup>(1)</sup>	Nil	N/A	N/A	Nil	Nil	Nil	Nil

### Pension Plan Benefits

The Company does not provide any pension plan benefits to its executive officers, directors or employees.

### Termination and Change of Control Benefits

There are no written employment contracts between the Company and NEOs. There are no compensatory plan(s) or arrangement(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change in control. The Company has no termination or change of control benefits. In case of termination of NEOs common law and statutory law applies.

### Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, for the Company's most recent completed financial year.

Name	Fees earned (\$)	Share – based awards (\$)	Option based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Thomas Bell	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Miller Tait	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Wolfe	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The following table provides incentive plan awards – value vested or earned during the most recently completed financial year for directors, who were not NEOs.

Name	Option – based awards Value vested during the year (\$)	Share – based awards Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Thomas Bell	Nil	Nil	Nil
James Turner	Nil	Nil	Nil
John Wolfe	Nil	Nil	Nil

There are no other arrangements from those disclosed above under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company's stock option plan was approved by the shareholders as part of the plan of arrangement that the Company participated in 2011. It is a rolling stock option plan. The maximum number of Newlox Shares reserved for issuance under the Newlox Stock Option Plan is ten (10%) percent of the issued and outstanding Newlox Shares on a "rolling" basis.

No options have been granted or issued under the plan.

The following table sets out equity compensation plan information as at the end of the financial year ended March 31, 2013.

### EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders - (the Plan)	Nil	N/A	1,335,691
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	Nil	N/A	1,335,691

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Newlox Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended March 31, 2013, or has any interest in any material transaction in the current year other than as set out herein.

### MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

### APPOINTMENT OF AUDITOR

The current auditors of the Company Charlton & Company, Chartered Accountants, of 1735-555 Burrard Street, Vancouver, British Columbia, V7X 1M9, will be nominated at the Meeting for reappointment as auditor of the Company at remuneration to be fixed by the directors.

## SUMMARY OF THE ARRANGEMENT AND AMALGAMATIONS

The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Company by way of the Arrangement. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms. This summary is qualified in its entirety by the more detailed information and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.

The Company is a publicly traded mineral exploration company with its shares listed on the CNSX. The Company's main asset is the option on the Tulox Property. The particulars of that property are provided in the National Instrument 43-101 ("NI 43-101") compliant technical report, which is available on [www.sedard.com](http://www.sedard.com) under the profile of Newlox.

The Company also has the following non-core assets:

- a) an assignable letter of intent between the Company and CMS dated March 22, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**CMS LOI**");
- b) an assignable letter of intent between the Company and MGA dated March 12, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**MGA LOI**");
- c) an assignable letter of intent letter between the Company and CMC dated April 9, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**CMC LOI**").

The Company plans to keep and develop its Tulox Property and to spin out the CMS LOI, MGA LOI, CMC LOI and the Sor Baroot Property (collectively, the "**Assets**") to its wholly owned subsidiaries MN, Carnelian, and Sor.

The Company believes that separating Newlox into three additional public companies offers a number of benefits to shareholders.

- a) First, the Company believes that after the separation, each company will be better able to pursue its own specific operating strategies without being subject to the financial constraints of the other businesses.
- b) After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus its business strategy.
- c) Additionally, because the resulting businesses will be focused on separate lines of business or exploration properties, they will be more readily understood by public investors, allowing each company to be better positioned to raise capital and align management and employee incentives with the interests of shareholders.

The following will be the result of the Arrangement:

- a) Newlox will transfer to MN the CMS LOI in exchange for the same number of MN Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Newlox will distribute the MN Shares to the shareholders of Newlox;
- b) Newlox will transfer to Carnelian the MGA LOI in exchange for the same number of Carnelian Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Newlox will distribute the Carnelian Shares to the shareholders of Newlox;
- c) Newlox will transfer to Sor the CMC LOI in exchange for the same number of Sor Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Newlox will distribute the Sor Shares to the shareholders of Newlox;

Each Newlox Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one Newlox Share and its pro-rata share of the CMS Shares, Carnelian Shares and Sor Shares to be distributed under the Arrangement for each currently held Newlox Share. See "The Arrangement and Amalgamations – Details of the Arrangement".



## **Recommendation and Approval of the Board of Directors**

The directors of the Company have concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the Newlox Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the Newlox Shareholders, CNSX and the Court for approval. The Board recommends that Newlox Shareholders vote FOR the approval of the Arrangement. See “The Arrangement and Amalgamations – Recommendation of Directors”.

## **Reasons for the Arrangement**

The decision to proceed with the Arrangement was based on the following primary considerations:

1. the Company plans to focus on the development of the Tulox Property which will remain the core asset of the Company;
2. the formation of MN, Carnelian and Sor should facilitate separate development strategies for the Assets;
3. following the Arrangement, management of the Company will be free to focus entirely on the Tulox Property;
4. it is planned to establish new management for CMS, Carnelian and Sor;
5. the distribution of MN Shares, Carnelian Shares and Sor Shares will give the Newlox Shareholders a direct interest in these three subsidiaries of Newlox;
6. as separate companies with separate assets, the Company, MN, Carnelian and Sor will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of their assets and to finance the acquisition and development of any new assets they may acquire on a priority basis; and
7. as separate companies MN, Carnelian and Sor will be able to establish equity based compensation programs to enable them to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

## **Conduct of Meeting and Shareholder Approval**

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66 and 2/3rds of the eligible votes cast with respect to the Arrangement Resolution by Newlox Shareholders present in person or by proxy at the Meeting. See “The Arrangement and Amalgamations – Shareholder Approval”.

## **Court Approval**

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing of the Petition with respect to the Final Order is attached to this Circular. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Newlox Shareholders. The Court will also be advised that based on the Court’s approval of the Arrangement, the Company and CMS, Carnelian and Sor will rely on an exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act for the issuance of the CMS Shares, Carnelian Shares and Sor Shares to any United States based Newlox Shareholders. Assuming approval of the Arrangement by the Newlox Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after August 6, 2013, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any Newlox Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an application response and satisfying certain other requirements. See “The Arrangement and Amalgamations – Court Approval of the Arrangement”.

## **Income Tax Considerations**

Canadian Federal income tax considerations for Newlox Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”.

**Newlox Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.**

## **Right to Dissent**

Newlox Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any Newlox Shareholder who dissents will be entitled to be paid in cash the fair value for their Newlox Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its Newlox Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at 612-475 Howe Street, Vancouver, British Columbia V6C 2B3, at least two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act. See “Right of Dissent”.

## **Stock Exchange Listing**

The Newlox Shares are currently listed and traded on the CNSX and will continue to be listed on the CNSX following completion of the Arrangement.

**There can be no guarantee that the MN Shares, Carnelian Shares and Sor Shares will be listed on any stock exchange as a result of the completion of the Arrangement.**

## **Information Concerning the Company and MN after the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the exploration of the Newlox Property. The Newlox Shares will continue to be listed on the CNSX. Each Newlox Shareholder will continue to be a shareholder of the Company. Each Newlox Shareholder on the Share Distribution Record Date will receive one MN Share for every one Newlox Share (multiplied by the Conversion Factor). See “The Company after the Arrangement” for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, MN will be amalgamated with CMS and continue on as Amalco1, the shareholders of which will be the holders of Newlox Shares and the holders of CMS Shares on the Share Distribution Record Date. Amalco1 will apply for listing on the CNSX. See “Amalco1 after the Arrangement” for a description of the corporate structure and business, including selected pro-forma unaudited financial information of Amalco1 assuming completion of the Arrangement.

## **Information Concerning the Company and Carnelian after the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the exploration of the Tulox Property. The Newlox Shares will continue to be listed on the CNSX. Each Newlox Shareholder will continue to be a shareholder of the Company. Each Newlox Shareholder on the Share Distribution Record Date will receive one Carnelian Shares for every Newlox Share (multiplied by the Conversion Factor). See “The Company after the Arrangement” for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Carnelian will be a reporting issuer, the shareholders of which will be the holders of Newlox Shares on the Share Distribution Record Date. Carnelian will have all of Newlox's interest in the MGA LOI. See “Carnelian after the Arrangement” for a description of the corporate structure and business, including selected pro-forma unaudited financial information of Carnelian assuming completion of the Arrangement. Carnelian will amalgamate with MGA, will form Amalco 2 and will focus its business on the distribution of insurance products.

### Information Concerning the Company and Sor after the Arrangement

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the exploration of Tulox Property. The Newlox Shares will continue to be listed on the CNSX. Each Newlox Shareholder will continue to be a shareholder of the Company. Each Newlox Shareholder on the Share Distribution Record Date will receive one Sor Shares for every Newlox Share (multiplied by the Conversion Factor). See “The Company after the Arrangement” for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Sor will be a reporting issuer, the shareholders of which will be the holders of Newlox Shares on the Share Distribution Record Date. Sor will have all of Newlox’s interest in the Sor Baroot Property Option. See “Sor after the Arrangement” for a description of the corporate structure and business, including selected pro-forma unaudited financial information of Sor assuming completion of the Arrangement.

### Selected Unaudited Pro-forma Financial Information for the Company

The following selected pro-forma financial information for the Company is based on the March 31, 2013 Audited statement of the Company with the assumptions described in the notes to the Company’s unaudited pro-forma balance sheet as at March 31, 2013, attached to this Circular as Schedule “J”. The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement occurred on March 31, 2013.

	<b>Pro-forma as at March 31, 2013 on completion of the Arrangement</b>
	(unaudited)
Cash .....	\$ 32,331
Amounts receivable .....	16,538
<b>Current assets.....</b>	<b>\$ 48,869</b>
<b>Subsidiary Interests .....</b>	<b>3</b>
<b>Mineral property Interests .....</b>	<b>67,450</b>
<b>Total assets .....</b>	<b>\$ 116,322</b>
Payables and accruals .....	\$ 9,086
Due to related parties .....	15,099
Equity.....	92,137
<b>Total liabilities and shareholders’ equity.....</b>	<b>\$ 116,322</b>

### Selected Unaudited Pro-forma Financial Information for MN

In connection with the Arrangement, Newlox will transfer the CMS LOI to MN.

The following selected unaudited pro-forma financial information for MN is based on the assumptions described in the notes to the MN unaudited pro-forma balance sheet as at March 31, 2013, attached to this Circular as Schedule “G”. The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on March 31, 2013.

	<b>As of March 31, 2013</b>	<b>Pro-forma as at March 31, 2013 on completion of the Arrangement</b>
	(unaudited)	(unaudited)
Cash .....	\$ 1	\$ 1
CMS LOI .....	\$ -	\$ -
<b>Total assets .....</b>	<b>\$ 1</b>	<b>\$ 1</b>

The pro forma changes to MN consist of the issuance of 2,000,000 shares based on the conversion factor calculation for the assignment of the letter of intent between the Company and CMS, which for accounting purposes isn't ascribed any value. MN did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by CMS for the net assets of MN. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Pro-Forma Information of Amalco1 After Giving Effect to the Arrangement and Amalgamation between CMS and MN – Directors and Officers of Amalco1".

#### Selected Unaudited Pro-forma Financial Information for Carnelian

In connection with the Arrangement, Newlox will transfer the MGA LOI to Carnelian.

The following selected unaudited pro-forma financial information for Carnelian is based on the assumptions described in the notes to the Carnelian unaudited pro-forma balance sheet as at March 31, 2013, attached to this Circular as Schedule "G". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on March 31, 2013.

	<u>As of March 31, 2013</u> (unaudited)	<u>Pro-forma as at March 31, 2013 on completion of the Arrangement</u> (unaudited)
Cash .....	\$ 1	\$ 1
MGA LOI .....	\$ 1,336,327-	\$ 1,336,328
<b>Total assets</b> .....	<b>\$ 1,336,328</b>	<b>\$ 1,336,328</b>

The pro forma change to Carnelian consist of issuance of 2,000,000 shares based on the conversion factor calculation ,for the assignment of the letter of intent between the Company and MGA which for accounting purposes isn't ascribed any value. As Carnelian did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by MGA for the net assets of Carnelian. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, see: "Pro-Forma Information of Amalco2 After Giving Effect to the Arrangement and Amalgamation between MGA and Carnelian – Directors and Officers of Amalco2"

#### Selected Unaudited Pro-forma Financial Information for Sor

In connection with the Arrangement, Newlox will transfer the CMC LOI and the Sor Baroot Property Option to Sor.

The following selected unaudited pro-forma financial information for Sor as at March 31, 2013.

	<u>As of March 31, 2013</u> (unaudited)	<u>Pro-forma as at March 31, 2013 on completion of the Arrangement</u> (unaudited)
Cash .....	\$ 1	\$ 1
CMC LOI and Sor Property Option Agreement .....	\$ -	\$ -
<b>Total assets</b> .....	<b>\$ 1</b>	<b>\$ 1</b>

The pro forma change to Sor consist of issuance of 900,000 shares based on the conversion factor calculation, for the assignment of the letter of intent letter between the Company and CMC which for accounting purposes isn't ascribed any value.

#### Risk Factors

*In considering whether to vote for the approval of the Arrangement, Newlox Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. Newlox Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement and the Amalgamations.*

## THE ARRANGEMENT AND AMALGAMATIONS

The following description concerning a proposed reorganization of the Company by way of the Arrangement, the Amalgamation of MN and CMS and the Amalgamation of MGA and Carnelian is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement, copy of which is attached as Schedule "E" to this Circular, the Amalgamation Agreement between CMS and MN and the Amalgamation Agreement between MGA and Carnelian, which are summarized in this Circular and are available for inspection at the registered office of Newlox at 612 - 475 Howe St., Vancouver, BC V6C 2B3. Each of these documents should be read carefully in their entirety. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms. The information contained herein is dated as of June 25, 2013, unless otherwise indicated.

### **Newlox and its Business**

The Company is a publicly traded mineral exploration company with its shares listed on the CNSX. The Company's main asset is the option on the Tulox Property. The particulars of that property are provided in the NI 43-101 Technical Report, which is available on [www.sedard.com](http://www.sedard.com) under the profile of Newlox.

The company also has the following non-core assets:

- a) an assignable letter of intent between the Company and CMS dated March 22, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**CMS LOI**");
- b) and assignable letter of intent between the Company and MGA dated March 12, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**MGA LOI**"); and
- c) an assignable letter of intent letter between the Company and CMC dated April 9, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein (the "**CMC LOI**").

The Company plans to retain and develop its Tulox Property and to spin out the CMS LOI, MGA LOI and CMC LOI (collectively, the "**Assets**") to its wholly owned subsidiaries MN, Carnelian, and Sor.

### **MN and its Business**

MN was incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. On June 25, 2013, MN and CMS entered into an amalgamation agreement.

### **CMS and its Business**

CMS was incorporated under the Act on March 15, 2013. CMS has as its sole asset a technology transfer agreement between CMS and Minghui dated April 15, 2013. On March 22, 2013 CMS and the Company entered into the CMS LOI. On June 25, 2013 CMS and MN entered into an amalgamation agreement. After the amalgamation CMS plans to develop the business of supplying energy savings building technology systems.

### **Carnelian and its Business**

Carnelian was incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. On June 25, 2013 Carnelian and MGA entered into an amalgamation agreement. After the amalgamation agreement becomes effective, Carnelian's business will become the business of MGA, namely the business of distributing insurance products and financial services.

### **MGA and its Business**

MGA was incorporated on February 19, 2009. MGA is in the business of distributing insurance products and financial services in Canada through its subsidiaries. The company's wholly owned subsidiary, Mega Bright Financial Incorporated is a licensed Independent Insurance Agency in British Columbia, Canada. MGA through its wholly owned subsidiary in Hong Kong and China plan to implement the Independent Insurance Agency distribution model to the growth markets of China and Asia Pacific countries through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation.. On June 25, 2013 MGA and Carnelian entered into an amalgamation agreement.

## Sor and its Business

Sor was incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. After the completion of the Arrangement Sor will hold the CMC LOI and its sole business will be to enter into a definitive agreement with CMC to enter into an amalgamation agreement or similar merger to become a mineral exploration company.

## Details of the Arrangement and Amalgamations

The Arrangement has been proposed to facilitate spinning out of Newlox's non-core assets into its three subsidiaries MN, Carnelian and Sor and the amalgamations between of CMS and MN to form Amalco1, and between MGA and Carnelian to form Amalco2. The Arrangement is described in Article 3 of the Plan of Arrangement and will entail the following:

1. Newlox will transfer the Assets to each of MN, Carnelian and Sor in consideration for MN Shares, Carnelian Shares and Sor Shares (the "**Distributed MN, Carnelian and Sor Shares**"), such that the number of Distributed MN, Carnelian and Sor Shares received by Newlox from each Newlox Subsidiary in consideration for the Assets will equal the number of issued and outstanding Newlox Shares multiplied by the Conversion Factor as of the Share Distribution Record Date, and Newlox will be added to the central securities register of each of MN, Carnelian and Sor in respect of such MN Shares, Carnelian Shares and Sor Shares;
2. The authorized share capital of Newlox will be changed by:
  - Altering the identifying name of the Newlox Shares to Class A Shares;
  - Creating a class consisting of an unlimited number of common shares without par value (the "**New Shares**"); and
  - Creating a class consisting of an unlimited number of class "A" preferred shares without par value, having the rights and restrictions described in Schedule "A" to the Plan of Arrangement, being the Newlox Class A Preferred Shares;
3. Each issued Newlox Class A Share will be exchanged for one New Share and one Newlox Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Newlox Class A Shares will be removed from the central securities register of Newlox and will be added to the central securities register as the holders of the number of New Shares and Newlox Class A Preferred Shares that they have received on the exchange;
4. All of the issued Newlox Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Newlox and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Newlox Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Newlox Class A Preferred Shares so that the aggregate paid up capital of the Newlox Class A Preferred Shares is equal to the aggregate fair market value of the Distributed MN, Carnelian Sor Shares as of the Effective Date, and each Newlox Class A Preferred Share so issued will be issued by Newlox at an issue price equal to such aggregate fair market value divided by the number of issued Newlox Class A Preferred Shares, such aggregate fair market value of the Distributed MN, Carnelian and Sor Shares to be determined as at the Effective Date by resolution of the board of directors of Newlox;
5. Newlox will redeem the issued Newlox Class A Preferred Shares for consideration consisting solely of the Distributed MN, Carnelian and Sor Shares such that each holder of Newlox Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of MN Shares, Carnelian Shares, Shares and Sor Shares that is equal to the number of Newlox Class A Preferred Shares multiplied by the Conversion Factor held by such holder;
6. The name of each holder of Newlox Class A Preferred Shares will be removed as such from the central securities register of Newlox, and all of the issued Newlox Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Newlox;
7. The Distributed MN, Carnelian and Sor Shares transferred to the holders of the Newlox Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of Newlox Class A Preferred Shares and appropriate entries will be made in the central securities register of MN, Carnelian and Sor;
8. The Newlox Class A Shares and the Newlox Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of Newlox will be changed by eliminating the Newlox Class A Shares and the Newlox Class A Preferred Shares therefrom;
9. The Notice of Articles and Articles of Newlox will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement.

No fractional MN, Carnelian or Sor Shares shall be distributed to the Newlox Shareholders and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed MN, Carnelian and Sor Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Newlox in its absolute discretion.

Pursuant to the amalgamation between CMS and MN, all CMS Shares will be exchanged for shares of Amalco1 on a one to one basis and all MN Shares will be exchanged for shares of Amalco1 on a one to one basis. CMS and MN will file an amalgamation application with the Registrar. CMS Shares and MN Shares will be cancelled. The stated capital of Amalco1 shall be the same as the stated capital of CMS. The property of each of the amalgamating companies shall continue to be the property of Amalco1. Amalco1 shall continue to be liable for the obligations of each of the amalgamating companies. Any existing cause of action, claim or liability to prosecution of each of the amalgamating companies may be continued to be prosecuted by or against Amalco1. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be continued to be prosecuted by or against Amalco1. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be enforced by or against Amalco1. The first directors of Amalco1 shall be comprised of Lin Hoi Yu, Ji Wu Li, Xian Jun Zong, Donald Gordon and Brian Peterson. The registered office of Amalco1 shall be 1010-1030 West Georgia Street, Vancouver, BC V6E 2Y3.

Subject to receipt of all necessary approvals and pursuant to the Amalgamation Agreement between MGA and Carnelian, and on the effective date of the Amalgamation of MGA and Carnelian, the following shall occur and shall be deemed to occur in the following order without any further act or formality. All Carnelian Shares will be exchanged for shares of Amalco2 on a one to one basis. All MGA Shares will be exchanged for shares of Amalco2 on a one to one basis. Carnelian and MGA will file an amalgamation application with the Registrar. MGA Shares and Carnelian Shares will be cancelled. The property of each of the amalgamating companies shall continue to be the property of Amalco2. Amalco2 shall continue to be liable for the obligations of each of the amalgamating companies. Any existing cause of action, claim or liability to prosecution of each of the amalgamating companies may be continued to be prosecuted by or against Amalco2. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be continued to be prosecuted by or against Amalco2. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be enforced by or against Amalco2. The articles of Amalco2 are attached to the amalgamation agreement and are very similar to the articles of MGA. The first directors of Amalco2 shall be comprised of John Gan, Ching Ping Chou, Ullrich George Thomas Schade and Donald Albert Gordon. The registered office of Amalco2 shall be 400 – 570 Granville Street, Vancouver, BC V6C 3P1.

Both Amalgamation Agreements are available for inspection at the registered office of Newlox at 612 – 415 Howe St., Vancouver, BC V6C 2B3.

Following the Arrangement and the Amalgamations, the Company will continue to carry on its primary business activities. Each Newlox Shareholder will receive one common share of each of MN, Carnelian and Sor for every Newlox Share (multiplied by the Conversion Factor) they own on the Share Distribution Record Date.

On the effective date of the Amalgamation of CMS and MN, based on the issued share capital of CMS and MN on the date of this Circular and the anticipated provision by Minghui of \$100,000.00 working capital to CMS, the following table provides a summary of shares, options and warrants in Amalco1.

Shares	Position after Share Distribution Record Date	Position in Amalco1	Percentage in Amalco1
CMS Shares	18,000,000	18,000,000	90
MN Shares	2,000,000	2,000,000	10
<b>Total Amalco1 shares</b>		<b>20,000,000</b>	<b>100</b>

On the effective date of the Amalgamation of MGA and Carnelian, based on the issued share capital of Carnelian and MGA on the date of this Circular the following table provides a summary of shares, options and warrants in Amalco2.

Shares	Position after Share Distribution Record Date	Position in Amalco2	Percentage in Amalco2
Carnelian Shares	2,000,000	2,000,000	4.57

MGA Shares	41,754,115	41,754,115	95.43
<b>Total Amalco2 shares</b>	43,754,115	43,754,115	<b>100</b>
MGA Options	4,689,063	4,689,063	<b>100</b>
MGA Warrants	6,607,812	6,607,812	<b>100</b>

### The Meeting

At the Newlox Meeting, the Newlox Shareholders will be asked, to consider and, if thought fit, to pass resolutions with respect to the matters described in the Notice of Meeting and this Circular.

**By passing the resolutions regarding the Arrangement, the Newlox Shareholders will also be giving authority to the boards of directors of Newlox to use their best judgment to proceed with and cause the Arrangement without any requirement to seek or obtain any further approval of the Newlox Shareholders.**

### Effect of the Arrangement and Amalgamations on Newlox Shareholders

Following the Arrangement, the Company will continue to carry on its primary business activities.

Each Newlox Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one Newlox Share and its pro-rata share of the MN Shares, Carnelian Shares and Sor Shares to be distributed under the Arrangement for each currently held Newlox Share (multiplied by the Conversion Factor) they own on the Share Distribution Record Date.

Following the Amalgamation, each Newlox Shareholder, other than a Dissenting Shareholder, will, immediately after the Amalgamation, hold one Newlox Share and its pro-rata share of the Amalco1 Shares and Amalco2 to be distributed under the Arrangement for each held MN Share and Carnelian.

There are currently 13,356,911 Newlox Shares. There are no stock options and there are 366,000 warrants.

### Amalgamation between CMS and MN

If there are no Dissenting Shareholders, immediately following the completion of the Amalgamation between CMS and MN, there will be approximately 20,000,000 Amalco1 shares issued and outstanding. Newlox Shareholders will hold approximately 10% of Amalco1 shares, and CMS Shareholders will hold approximately 90% of the Amalco1 shares following the Amalgamation between CMS and MN.

The following table provides a summary of shares in CMS.

Shares	Position after Share Distribution Record Date	Position in Amalco1	Percentage in Amalco1
CMS Shares	18,000,000	18,000,000	<b>90</b>
MN Shares	2,000,000	2,000,000	<b>10</b>
<b>Total Amalco1 shares</b>		<b>20,000,000</b>	<b>100</b>

Pursuant to the Amalgamation Agreement, there will be five directors of Amalco1, who will be Ji Wu Li, Lin Hoi Yu, Xian Jun Zong, Donald Gordon and Brian Peterson.

In connection with the Amalgamation between CMS and MN, Amalco1 intends to apply for listing of the Amalco1 shares on the CNSX. Listing on the CNSX is subject to meeting minimum listing requirements and there is no guarantee that Amalco1 will meet the listing requirements and that its shares will be listed on any stock exchange. After the completion of the Amalgamation, Amalco1 expects to become a reporting issuer in British Columbia, Alberta and Ontario.



### **Amalgamation between MGA and Carnelian**

If there are no Dissenting Shareholders, immediately following the completion of the Amalgamations, there will be approximately 43,754,115 Amalco2 shares issued and outstanding. Newlox Shareholders will hold approximately 4.57% (2,000,000) of Amalco2 shares, and MGA Shareholders will hold approximately 95.43% of the Amalco2 shares following the Amalgamation between MGA and Carnelian.

The following table provides a summary of shares in Amalco2.

<b>Shares</b>	<b>Position after Share Distribution Record Date</b>	<b>Position in Amalco2</b>	<b>Percentage in Amalco2</b>
Carnelian Shares	2,000,000	2,000,000	4.57
MGA Shares	41,754,115	41,754,115	95.43
<b>Total Amalco2 shares</b>	43,754,115	43,754,115	<b>100</b>
MGA Options	4,689,063	4,689,063	<b>100</b>
MGA Warrants	6,607,812	6,607,812	<b>100</b>

### **Conditions to the Amalgamation of CMS and MN**

The respective obligations of CMS and MN to complete the transaction contemplated by the Amalgamation of CMS and MN are subject to conditions set out in the Amalgamation Agreement between CMS and MN that must be satisfied in order for the Amalgamation of CMS and MN to become effective. The Amalgamation Agreement is available for inspection at the registered office of Newlox at 612-475 Howe St., Vancouver, BC and will be available at the meeting.

### **Conditions to the Amalgamation of MGA and Carnelian**

The respective obligations of MGA and Carnelian to complete the transaction contemplated by the Amalgamation of MGA and Carnelian are subject to conditions set out in the Amalgamation Agreement between MGA and Carnelian that must be satisfied in order for the Amalgamation of MGA and Carnelian to become effective. A copy of the Amalgamation Agreement is available for inspection at the registered office of Newlox Gold Ventures Corp. at 612 – 475 Howe St., Vancouver, BC and will be available at the meeting.

### **Procedure for the Amalgamations to Become Effective**

Pursuant to the Amalgamation Agreements, the following steps must be taken for the Amalgamations to become effective:

- 1) Newlox Shareholders must approve the Amalgamations;
- 2) The shareholders of MGA and CMS will have to approve the Amalgamations;
- 3) all conditions precedent to the Amalgamations, as set forth in the Amalgamation Agreements, must be satisfied or waived by the appropriate party; and
- 4) the Amalgamation Applications in the forms prescribed by the BCBCA must be filed by CMS, MN, MGA, and Carnelian with the Registrar.

### **Background to and Benefits of the Arrangement and Amalgamations**

Management of Newlox discussed the possibility of the Arrangement and the Amalgamations and believes that the Arrangement and the Amalgamations are in the best interest of Newlox.

The transactions proposed under the Arrangement and the Amalgamation Agreements are arm's length transactions and no insiders, promoters, or control persons of Newlox will receive any consideration in addition to their usual remuneration if the transaction proceeds except as disclosed below.

Donald Gordon is a director of Newlox and a director of all subsidiaries. He will also be a director of Sor, Amalco 1 and Amalco 2 following the plan of Arrangement and the Amalgamations.

Prior to the three letters of intent entered into with the Company, Donald Gordon entered into a consulting contract with MGA and CMC and is a co-contractor with CMS, to facilitate and manage the process of becoming a reporting issuer, listing on an exchange, and further corporate finance consulting activities. The business opportunities arising from these was presented to the board of the Company and accepted along with full disclosure of any compensation arrangements made under the private consulting agreements. The agreements include a retainer of \$5,000 each and additional payments contingent on completion of conditions required to conclude the various steps in the process to complete listing of the new entities. Mr. Gordon has assigned the contingent payments to the Company to be available to contribute to the Company's working capital and pay management fees as approved by the board. The assignment was made after the board approved the LOI's and the amount is not considered a material consideration to the Company.

The board of directors of Newlox believes that separating Newlox into three additional public companies offers a number of benefits to shareholders.

- 1) First, the Company believes that after the separation, each company will be better able to pursue its own specific operating strategies without being subject to the financial constraints of the other businesses.
- 2) After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus its business strategy.
- 3) Additionally, because the resulting businesses will be focused on separate businesses, they will be more readily understood by public investors, allowing each company to be better positioned to raise capital and align management and employee incentives with the interests of shareholders.

The board of directors of Newlox believes that the Amalgamations of its two subsidiaries MN and Carnelian to form Amalco 1 and Amalco 2, respectively, is in the best interest of Newlox Shareholders and that these Amalgamations provides a number of benefits primarily relating to an improved platform to enhance value to Newlox Shareholders and to reduce risk, including the following:

- 1) the pro-forma combined balance sheet and cash flows will provide Amalco1 and Amalco2 with the capacity to expand its operations;
- 2) the ability of Amalco1 and Amalco2 to access capital markets will be enhanced;
- 3) the continuous reporting and governance obligations of a public company will improve transparency of the operations of Amalco1 and Amalco2 and allow broader participation in fund raising and trading; and
- 4) the combination of public company experience and operational experience of the three companies will provide synergies to the benefit of all three companies as a result of the Amalgamations.

The decision to proceed with the Arrangement and the Amalgamations was based on the following primary considerations:

- 1) the Company will continue to focus on the Tulox Property, which has been the core asset of the Company;
- 2) the formation of MN, Carnelian and Sor should facilitate separate development strategies for the Assets;
- 3) the distribution of MN Shares, Carnelian Shares and Sor Shares will give the Newlox Shareholders a direct interest in these three subsidiaries of Newlox;
- 4) the Amalgamations are designed to enhance shareholders' value by combining the assets of CMS and MN and MGA and Carnelian, respectively, to create a platform for an operating business, and at the same time create a trading, public reporting entity to facilitate capital raising and better absorb the risks and expenses of launching and operating in the highly competitive fire safety and protective coatings industries;

- 5) possible improved liquidity for Newlox Shareholders, CMS Shareholders, MGA Shareholders and CMC Shareholders as a result of the combined market capitalization of the new entities;
- 6) as separate companies with separate assets, the Company, Amalco1 Amalco2 and Sor will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of their assets and to finance the acquisition and development of any new assets they may acquire on a priority basis; and
- 7) as separate companies Amalco1 and Amalco2 and Sor will be able to establish equity based compensation programs to enable them to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders;
- 8) through Amalco1, Amalco2 and Sor, Newlox Shareholders will retain interest in Amalco1's, Amalco2's and Sor's existing business and receive an interest in any future business that may be developed by Amalco1, Amalco2 and Sor; and
- 9) subject to meeting the listing requirements and acceptance for listing on the Exchange, the proposed Amalgamations may enable Amalco1, Amalco2 and Sor to benefit from a listing on a Canadian stock exchange.

## **Approval**

### *Newlox Shareholder Approval*

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66 and 2/3rds of the eligible votes cast with respect to the Arrangement Resolution by Newlox Shareholders present in person or by proxy at the Meeting.

Notwithstanding the foregoing, the special resolution to approve the Arrangement will authorize the boards of directors of Newlox, without further notice or approval of the Newlox Shareholders, subject to the terms of the Arrangement, to amend the Arrangement, to decide not to proceed with the Arrangement and to revoke such special resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the Act.

### *Shareholder Approval of the Plan of Arrangement for MN, Carnelian and Sor*

The Company, being the sole shareholder of MN, Carnelian and Sor, has approved the Arrangement by consent resolution.

### *Court Approval of the Arrangement*

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court. The Interim Order is attached as Schedule "B" to this Circular.

The Notice of Hearing for the Final Order is attached as Schedule "C" to this Circular. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Newlox Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company, MN, Carnelian and Sor will rely on an exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act for the issuance of the MN Shares, Carnelian Shares and Sor Shares to any United States based Newlox Shareholders. Assuming approval of the Arrangement by the Newlox Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after August 6, 2013, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any Newlox Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an application response and satisfying certain other requirements.

The Court has broad discretion under the Act when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. There can be no guarantee that the Court will approve the plan of

arrangement. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the Newlox Shareholders.

### **Right to Dissent**

Newlox Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any Newlox Shareholder who dissents will be entitled to be paid in cash the fair value for their Newlox Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its Newlox Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's registered office at 612-475 Howe St., Vancouver, BC V6C 2B3, at least two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act.

The shareholders of MGA and CMC will have the same right to dissent from the Amalgamation as the shareholders of Newlox, except that they will need to deliver their notices of dissent to the registered offices of MGA and CMC.

### **Stock Exchange Listing**

The Newlox Shares are currently listed and traded on the CNSX and are expected to continue to be listed on the CNSX following completion of the Arrangement.

The closing of the Arrangement is conditional on the Court approving the Plan of Arrangement. There can be no guarantee that the shares of Sor, Amalco 1 and Amalco 2 will be listed on any stock exchange.

### **Recommendation and Approval of the Board of Directors**

**The directors of the Company have concluded that the terms of the Arrangement and the Amalgamations of the two wholly owned subsidiaries of the Company are fair and reasonable to, and in the best interests of, the Company and the Newlox Shareholders. The Board has therefore approved the Arrangement and the Amalgamations and authorized the submission of the Arrangement to the Newlox Shareholders and the Court for approval. The Board recommends that Newlox Shareholders vote FOR the approval of the Arrangement.** In reaching this conclusion, the Board considered the benefits to the Company and the Newlox Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and Amalco1 and Amalco2.

### **Fairness of the Arrangement**

The Arrangement was determined to be fair to the Newlox Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for 66 and 2/3rds Newlox Shareholder approval and approval by the Court after a hearing at which fairness will be considered;
2. the possibility of pursuing a listing of the Amalco 1 Shares, Amalco 2 Shares and Sor Baroot Shares on a stock exchange and the continued listing of the Newlox Shares on the CNSX;
3. the opportunity for Newlox Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their Newlox Shares; and
4. each Newlox Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro-rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro-rata* interest that such Newlox Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro-rata* interest in MN, Carnelian and Sor through its direct holdings of MN Shares, Carnelian Shares and Sor Shares rather than indirectly through the Company's holding of MN Shares, Carnelian Shares and Sor Shares.

### **Authority of the Board**

By passing the Arrangement Resolution, the Newlox Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement and the Amalgamations without any requirement to seek or obtain any further approval of the Newlox Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to Newlox Shareholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Board may determine that it is appropriate that amendments be made.

### **Conditions to the Arrangement**

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the Newlox Shareholders at the Meeting in the manner referred to under “Shareholder Approval”;
2. the Arrangement must be approved by the Court in the manner referred to under “Court Approval of the Arrangement”;
3. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and MN, Carnelian, Sor, CMS and MGA; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or MN, Carnelian, Sor, CMS and MGA, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed with the Registrar under the Act, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

### **Proposed Timetable for Arrangement**

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Meeting:	July 30, 2013
Final Court Approval:	August 6, 2013
Share Distribution Record Date:	June 29, 2013 or another date to be determined by the board of directors of Newlox
Effective Date:	To be determined
Mailing of Share Certificates of the Subsidiaries:	To be determined

Notice of the actual Share Distribution Record Date and Effective Date will be given to the Newlox Shareholders through one or more press releases. The boards of directors of the Company and MN, Carnelian, Sor, CMS and MGA, respectively, will determine the Effective Date depending upon satisfaction that all of the conditions to the completion of the Arrangement are satisfied.

### **Amalco1 and Amalco2 and Sor Share Certificates**

As soon as practicable after the Effective Date, share certificates or certificates of direct share registration (as may be determined by the boards of directors of respective companies) representing the appropriate number of Amalco1, Amalco2 and Sor Shares will be sent to all Newlox Shareholders of record on the Share Distribution Record Date.

### **Relationship between the Company and MN, Carnelian, Sor, Amalco1 and Amalco2 after the Arrangement**

It is expected that on completion of the Arrangement, Donald Gordon will be a common director of Newlox and the Subsidiaries, Amalco 1 and Amalco 2.

See “Pro-Forma Information of Amalco1 After Giving Effect to the Arrangement and Amalgamation between CMS and MN – Directors and Officers of Amalco1”, “Pro-Forma Information of Amalco2 After Giving Effect to the Arrangement and Amalgamation between MGA and Carnelian – Directors and Officers of Amalco2” and “Pro-Forma Information of Sor Baroot After Giving Effect to the Arrangement – Directors and Officers of Sor Baroot”.

### **Resale of MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares**

#### *Exemption from Canadian Prospectus Requirements and Resale Restrictions*

The issue of the MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares pursuant to the Arrangement and the Amalgamations will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation in Canada.

Existing hold periods on any Newlox Shares in effect on the Effective Date will remain in effect.

**The foregoing discussion is only a general overview of the requirements of Canadian securities laws for the resale of the Newlox Shares, MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares received upon completion of the Arrangement. All holders of Newlox Shares are urged to consult with their own legal counsel to ensure that any resale of their Newlox Shares, MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares complies with applicable securities legislation.**

#### *Application of United States Securities Laws*

The MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares to be issued to the Newlox Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to Newlox Shareholders resident in the United States in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court’s approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

#### *U.S. Resale Restrictions – Securities Issued to Newlox Shareholders*

MN Shares, Carnelian Shares, Sor Shares, Amalco1 Shares and Amalco2 Shares to be issued to a Newlox Shareholder who is an “affiliate” of either the Company or MN, Carnelian, Sor, Amalco1 or Amalco2 prior to the Arrangement or will be an “affiliate” of MN, Carnelian, Sor, Amalco1 or Amalco2 after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

**The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

### **Expenses of Arrangement**

Pursuant to the three letters of intent and the two amalgamation agreements, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting and legal fees will be borne CMS, MGA and CMC.

## **INFORMATION CONCERNING THE COMPANY**

### ***Note to Reader***

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

### **Name, Address and Incorporation**

The full name of the Company is Newlox Gold Ventures Corp. The head, registered and records office of the Company is located at 612-475 Howe St., Vancouver, BC V6C 2B3..

The Company was incorporated in the Province of British Columbia on April 7, 2011.

MN, Carnelian and Sor are wholly owned subsidiaries of the Company.

### **Directors and Officers**

The completion of the Arrangement will not cause any changes in the directors of the Company who are elected at the Meeting.

### **Business of the Company – Three-year history**

Newlox Gold Ventures Corp. (“Newlox” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on April 7, 2011 as a wholly-owned subsidiary of Tulox Resources Corp. (“Tulox”). The Company’s head office is located at 612- 475 Howe St., Vancouver, BC.

On April 8, 2011, Newlox entered into an arrangement agreement (the “Arrangement Agreement”) with Tulox, and another party, for the purposes of divesting certain con-core assets (the “Arrangement”), specifically, an interest in the Tulox Property (the “Tulox Property”). Pursuant to the Arrangement Tulox assigned its interest in the Tulox Property to the Company on July 7, 2011 and arranged for the transfer of \$5,000 cash on August 23, 2011 in exchange for 7,800,911 Newlox shares, which shares were distributed to Tulox shareholders (“Arrangement Shares”) of record as of August 25, 2011. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, the Company became a reporting issuer in the jurisdictions of British Columbia and Alberta.

The option on the Tulox property was granted by Amarc Resources Ltd. (“Amarc”) and a subsequent agreement with the Company was entered into December 15, 2011 which replaces any prior agreement by the former parent of the Company. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular prepared by Tulox dated May 3, 2011 and available at [www.sedar.com](http://www.sedar.com).

The Company’s shares were listed on the Canadian National Stock Exchange under the symbol LUX on October 17, 2012.

Pursuant to agreement dated December 15, 2011 as amended January 16<sup>th</sup> 2013 with Amarc Resources Ltd. (“Amarc”) Newlox may acquire a 100% interest in the Tulox property, which was previously held by Tulox Resources Inc. (now Argentium Resources Inc.) under the following terms:

- 1) Issue 250,000 common shares in the capital of the Company, following the issuance of shares of the Company pursuant to the Plan of Arrangement (issued in fiscal 2012);
- 2) Issue 225,000 common shares in the capital of the Company, following the date of the execution of the original agreement (issued in fiscal 2012)
- 3) Issue 225,000 common shares in the capital of the Company, within 5 business days from the date of the execution of this amendment agreement (issued in fiscal 2013);
- 4) Mineral Exploration Expenditures of \$100,000 CDN and a further 150,000 common shares in the capital of the Optionee on or before June 30, 2013;
- 5) a further \$125,000 CDN of Mineral Exploration Expenditures and 250,000 common shares in the capital of the Optionee on or before December 31, 2013;
- 6) an additional \$250,000 CDN of Mineral Exploration Expenditures and 300,000 common shares in the capital of the Optionee on or before June 30, 2014;
- 7) a further \$300,000 CDN of Mineral Exploration Expenditures and 350,000 common shares in the capital of the Optionee on or before December 31, 2014; and
- 8) an additional \$1,225,000 CDN of Mineral Exploration Expenditures and 925,000 common shares in the capital of the Optionee on or before December 31, 2015.

Amarc has the right to obtain a 60% interest (“Back-In Right”) in the property on the preparation of a preliminary economic assessment or pre-feasibility study by Newlox, by completing an additional \$10 million of mineral exploration expenditures

on the property. Newlox must complete and deliver a preliminary economic assessment or pre-feasibility study by February 14, 2015. Newlox's interest in the property and the option agreement will be deemed to be relinquished or abandoned if it fails to do so.

Amarc retains a 3% net smelter royalty ("NSR") return following the commencement of commercial production, which is reduced to 1.2% should Amarc exercise its 60% Back-In Right.

The Tulox Property consists of 11 claims located in south-central British Columbia in the Clinton Mining Division approximately 65 km east-southeast of the town of 70 mile house. Exploration surveys done by Amarc Resources in 2005 and 2006 outlined two distinct gold anomalies in soil and till as well as an adjacent induced polarization (IP) anomaly to the east (Yeager, 2007). The anomalies identified by Amarc Resources require further exploratory work to better define targets for gold-bearing mineralization. The Company is embarking on further magnetic and electromagnetic surveying to delineate and confirm recommended drill targets.

The Company filed the required assessment report with the BC Mineral Titles in November accepting the work program completed in September consisting of a 18.5 km magnetometer survey on the LOE 39 and 39 claims costing \$15,793.37.

In April 2013 the Company followed up on the primary phase of exploration on the Tulox property completed in September 2012, and completed a secondary phase of geochemical soil sampling in April 2013. It consisted of an 800m southward extension of soil sampling grid to define the full extent of Anomaly 2.

A total of 284 soil samples were collected and transported to Acme Analytical Laboratories in Vancouver in May. Results are being assessed for public reporting. The expenditures on the program have extended the good standing status of the claims from April 30, 2013 to October 31, 2013.

#### **Business of the Company Following the Arrangement**

Following completion of the Arrangement, Newlox will continue to operate as a publicly traded company focused on the exploration of the Tulox Property.

#### **Description of Share Capital**

The authorized share capital of the Company consists of an unlimited number of Newlox Shares. There are no special rights and restrictions attached to the Newlox Shares.

#### **Changes in Share Capital**

As at the date of this Circular, the Company had 13,356,911 common shares, 366,000 warrants issued and outstanding and no options issued or outstanding.

#### **Dividend Policy**

Newlox has not paid dividends since incorporation. Newlox currently intends to retain all available funds, if any, for use in its business.

#### **Trading Price and Volume**

The Newlox Shares are listed and posted for trading on the CNSX under the symbol "LUX". The following tables set forth information relating to the trading of the Newlox Shares on the CNSX for the months indicated:

	CNSX		
	Closing Price (\$)		
	High	Low	Volume (#)
October 2012	0.10	0.05	15,000
November 2012	0.02	0.015	211,000



<b>December 2012</b>	<b>0.015</b>	<b>0.015</b>	<b>15,300</b>
<b>January 2013</b>	<b>0.015</b>	<b>0.015</b>	<b>19,500</b>
<b>February 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>March 2013</b>	<b>0.005</b>	<b>0.005</b>	<b>15,300</b>
<b>April 2013</b>	<b>0.005</b>	<b>0.005</b>	<b>15,300</b>
<b>May 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>June 2013</b>	<b>0.01</b>	<b>0.01</b>	<b>2,000</b>

Note:

The last trade price of the Newlox Shares on the CNSX is recorded at \$.01 on June 10, 2013.

### Selected Unaudited Pro-Forma Financial Information of the Company

Three subsidiaries have been incorporated in BC for the purpose of potentially conducting an acquisition of three separate entities announced April 23 and March 27 2013. The subsidiaries are: Carnelian Strategic Capital Corp. – to be assigned the Letter of Intent with Global MGA Financial Ltd., MN Ventures Ltd.- to be assigned the Letter of Intent with CDN MSolar Corp., and Sor Baroot Resources Corp. – to be assigned the Letter of Intent with Chagai Mining Corporation. Although these constitute assets of the company prior to any investment or expense being incurred to develop these assets, they are being spun off to effectively return the Company to its existing financial position and distribute shares of each spinoff to its shareholders without affecting their existing share position in the Company.

The following selected pro-forma financial information for the Company is based on the March 31, 2013 Audited statement of the Company. The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement occurred on March 31, 2013.

	<b>Pro-forma as at March 31, 2013 on completion of the Arrangement (unaudited)</b>
Cash .....	\$ 32,331
Amounts receivable .....	16,538
<b>Current assets.....</b>	<b>\$ 48,869</b>
<b>Subsidiary Interests .....</b>	<b>3</b>
<b>Mineral property Interests .....</b>	<b>\$ 67,450</b>
<b>Total assets .....</b>	<b>\$ 116,322</b>
Payables and accruals .....	9,086
Due to related parties .....	15,099
Equity.....	<b>\$ 92,137</b>

The following will be the result of the Arrangement:

- (a) Newlox will transfer the Letter of Intent entered into with Cdn MSolar Corp., a private company incorporated under the BCBCA dated March 22, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of MN Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held or 2,000,000 shares. Newlox will distribute the MN Shares to the shareholders of Newlox;
- (b) Newlox will transfer to Carnelian the Letter of Intent entered into with Global MGA Financial Inc., a private company incorporated under the BCBCA dated March 12, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Carnelian Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of Carnelian for every 6.68 shares of Newlox held or 2,000,000 shares. Newlox will distribute the Carnelian Shares to the shareholders of Newlox;

- (c) Newlox will transfer to the Letter of Intent entered into with Chagai Mining Corp., a private company incorporated under the Business Corporations Act, R.S.A. 2000, c. B-9, dated April 9, recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Sor Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.06738085 giving approximately 1 share of Sor for every 14.84 shares of Newlox held or 900,000 shares. Newlox will distribute the Sor Shares to the shareholders of Newlox.

### **The Company's Year-End Audited Financial Statements**

The Company's audited consolidated financial statements and management's discussion and analysis for the year ended March 31, 2013 are attached hereto as Schedule "J" and together with the audited financial statements from previous years are available on [www.sedar.com](http://www.sedar.com).

### **Material Contracts**

The following are the contracts material to Newlox:

- (1) The Arrangement Agreement; and
- (2) The CMS LOI;
- (3) The MGA LOI;
- (4) The CMC LOI; and
- (5) Tulox property Option Agreement dated December 15, 2011 as amended January 16<sup>th</sup> 2013 with Amarc Resources Ltd.

### **INFORMATION CONCERNING MN** (Proposed to merge with Cdn MSolar Corp)

#### ***Note to Reader***

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings "Glossary of Terms" in the Circular.

#### **Name, Address and Incorporation**

MN was incorporated as "MN Ventures Ltd." pursuant to the Act on May 3, 2013, for the purposes of the Arrangement and the Amalgamation with CMC. MN is currently a private company and a wholly-owned subsidiary of Newlox. MN's registered and records offices are located at 612-475 Howe Street, Vancouver, BC, V6C 2B3.

#### **Inter-corporate Relationships**

MN does not have any subsidiaries.

#### **Significant Acquisition and Dispositions**

MN has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement and Amalgamations are provided under "The Arrangement and Amalgamations". The Arrangement and Amalgamations, if successfully completed, will result in MN acquiring the CMS LOI, which Newlox does not consider material, and amalgamating with CMS. The future operating results and financial position of MN cannot be predicted. Shareholders may review the Amalco1 pro-forma financial statements attached as Schedule "H" hereto.

#### **Trends**

MN plans to amalgamate with CMS and become Amalco1, specializing in solar technology; however, it may pursue other business opportunities. Amalco1's principal business following the Arrangement will be the evaluation of various business

opportunities and the development of solar technology. Accordingly, Amalco1’s financial success may be dependent upon the extent to which it can explore and develop solar technology or other types of business.

The success of MN is largely dependent upon factors beyond MN’s control. See “Risk Factors”.

Other than as disclosed in this Circular, MN is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### General Development of MN’s Business

MN was incorporated on May 3, 2013 and has not yet commenced commercial operations. MN will acquire the CMS LOI from Newlox as part of the Arrangement, will amalgamate with CMS and may pursue other business opportunities as Amalco1. Completion of the Arrangement is subject to the approval of the Arrangement by the Newlox Shareholders, the Court and the CNSX.

### MN’s Business History

MN was incorporated on May 3, 2013 and does not yet have a business history.

The Board of Newlox has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of the Tulox Property and potential acquisitions of interests in other properties, and transfer its interest in the CMS LOI to a newly-formed subsidiary company, being MN, which will amalgamate with CMS to become Amalco1 pursuant to a plan of arrangement, in exchange for MN Shares that would be distributed to the Newlox Shareholders.

Pursuant to the Arrangement, Newlox will transfer to MN all of Newlox’s interest in the CMS LOI in exchange for the number of the MN Shares equal to the number of Newlox Shares multiplied by the Conversion Factor, which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date. Completion of the Arrangement is subject to the approval of the Arrangement by the Newlox Shareholders and the Court.

### Selected Unaudited Pro-Forma Financial Information of MN

MN was incorporated on May 3, 2013. MN has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for MN as at March 31, 2013, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of MN appended to this Circular as Schedule “G”. This pro-forma balance sheet was prepared as if the Arrangement had occurred on March 31, 2013, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on March 31, 2013. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at March 31, 2013 (unaudited)</b>
Cash .....	\$ 1
CMS LOI .....	-
<b>Total assets</b> .....	<b>\$ 1</b>
Current liabilities .....	\$ -
Share capital .....	1
<b>Total liabilities and shareholders’ equity</b> .....	<b>\$ 1</b>
<b>Number of issued MN Shares</b> .....	<b>2,000,000</b>

The pro forma change to MN consist of issuance of an 2,000,000 shares based on the conversion factor calculation for the assignment of the letter of intent between the Company and CMS, which for accounting purposes isn't ascribed any value. MN did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by CMS for the net assets of MN. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Pro-Forma Information of Amalco1 After Giving Effect to the Arrangement and Amalgamation between CMS and MN – Directors and Officers of Amalco1".

### **Dividends**

MN does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the MN Shares in the future will be made by the board of directors of MN on the basis of the earnings, financial requirements and other conditions existing at such time.

### **Business of MN**

MN is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with CMS, MN will continue on as Amalco1 and commence its business as a solar technology company and will be evaluating the Minghui Technology and other business opportunities.

A copy of the CMS LOI is attached as Schedule "O" to this Circular.

### **Liquidity and Capital Resources**

Pursuant to the Arrangement, Newlox will transfer to MN all of Newlox's interest in the LOI in exchange for the same number of MN Shares as the issued and outstanding number of Newlox Shares multiplied by the Conversion Factor, which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date.

MN is a start-up company and therefore has no regular source of income. As a result, MN's ability to conduct operations, including the evaluation of the Minghui Technology, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that MN will be able to do so. The CMS LOI requires all costs of the Plan of Arrangement and Amalgamation to MN be paid by CMS.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of MN resulting from the Arrangement.

### **Results of Operations**

MN has not carried out any commercial operations to date.

### **Available Funds**

The estimated unaudited pro-forma working capital of MN at March 31, 2013 was and as of the date of this circular is NIL, MN will need to raise funds in order to finance its activities the CMS LOI requires all costs of the Plan of Arrangement and Amalgamation to MN be paid by CMS.

### **Share Capital of MN**

The following table represents the share capitalization of MN as at March 31,2013, both prior to and assuming completion of the Arrangement and the Amalgamation.

<b>Share Capital</b>	<b>Authorized</b>	<b>Prior to the Completion of The Arrangement</b>	<b>After Completion of the Arrangement</b>
Common Shares	Unlimited	1 <sup>(1)</sup>	2,000,000 <sup>(2)</sup>

Notes:

- <sup>(1)</sup> One MN Share was issued to Newlox upon incorporation. After the completion of the Arrangement that one share will be cancelled.
- <sup>(2)</sup> As at the Effective Date, subject to multiplication by the Conversion Factor.

MN is authorized to issue an unlimited number of Class A preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement approximately 2,000,000 shares of MN will be issued to the shareholders of Newlox. After the Amalgamation there will be 20,000,000 common shares issued (MN continuing on as Amalco1) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to MN common shares.

### Fully Diluted Share Capital of MN

The pro-forma fully diluted share capital of MN, assuming completion of the Arrangement is set out below:

Designation of MN Shares	Number of MN Shares	Percentage of Total
Subscriber's share issued on incorporation <sup>(1)</sup>	1 <sup>(3)</sup>	0.00
MN Shares issued in exchange for Assets, which shares will be distributed to the Newlox Shareholders <sup>(2)</sup>	2,000,000	100.00
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

Notes:

- <sup>(1)</sup> One common share of MN was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- <sup>(2)</sup> Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement
- <sup>(3)</sup> This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the Amalgamation with CMS will be 20,000,000.

### Prior Sales of Securities of MN

MN issued one common share to Newlox at a price of \$0.05 pursuant to incorporation on May 3, 2013.

### Principal Shareholders of MN

To the knowledge of the directors and executive officers of the Company, no person other than or company other than Donald Gordon will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued MN Shares after the Arrangement but before the Amalgamation. Mr. Gordon's shareholdings in MN after the Arrangement but before the Amalgamation are disclosed in the section "Directors and Officers of MN" below.

### Directors and Officers of MN

The following table sets out the names of the current and proposed directors and officers of MN, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of MN, and the number and percentage of MN Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with MN	Director/ Officer Since	Number/ Percentage of MN Shares Beneficially Owned or over which Control or Direction is Exercised *
<b>Donald Gordon</b> North Vancouver, BC	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005.	President and Director	May 3, 2013	150,145 0.75% Direct

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with MN	Director/ Officer Since	Number/ Percentage of MN Shares Beneficially Owned or over which Control or Direction is Exercised *
				150,184 <sup>(8)</sup> 0.75% Indirect
Brian Peterson Kelowna, BC	Mortgage broker.	Director	Proposed director	1,497 0.07% <b>Indirect</b>

\*Prior to the Arrangement MN is a wholly owned subsidiary of Newlox.

### Management of MN

The following is a description of the individuals who will be directors and officers of MN following the completion of the Arrangement:

**Donald Gordon, President and Director**, is the principal of DAG Consulting Corp., through which corporate finance consulting assignments are conducted. Mr. Gordon has been involved in the listing of dozens of companies in the past thirteen years as an independent consultant to issuers and investments dealers. Previously, Mr. Gordon held management positions in corporate finance and marketing over a 17-year career with the Vancouver Stock Exchange/CDNX (now TSX Venture Exchange). Mr. Gordon is also a director of Newlox Gold Ventures Corp., 0922518 B.C. Ltd., AFG Flameguard Ltd., Avatar Ocean Technology Inc, NU2U Resources Corp., Organic Potash Company and Tomco Developments Inc. He holds BA and MBA degrees from the University of British Columbia and is a CFA charter holder.

**Brian Peterson, CFO and Director**, has a strong background in dealing with government and regulatory bodies with an emphasis on financial institution regulation. He also has an extensive knowledge and experience in technology, finance, and governance. Currently, Mr. Peterson is the Chairman of Community Western Trust Corporation and the director of Mortgage Brokers Institute of British Columbia. He has also served as a director and officer in various private and public sector corporations. His involvement includes his position as past President of the Mortgage Brokers Institute of British Columbia, past President of the Mortgage Brokers Association of British Columbia, past Director of the Mortgage Brokers Association of British Columbia for six years, and past Director of the Canadian Association of Mortgage Professionals. He holds a BA in Economics from the University of Victoria and a Diploma in Urban Land Economics from the University of British Columbia.

There are no non-competition and non-disclosure agreements between MN and the proposed directors and officers.

### Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of MN is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Donald Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file

the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Circular.

Brian Peterson has been a director of Miramare Capital Inc. (“Miramare”) from May 2010 until May 2013. The shares of this company have been cease traded for failure to file annual financial statements by the British Columbia Securities Commission prior to the appointment, on February 10, 2009 and by the Alberta Securities Commission on May 29, 2009. Mr. Peterson is a director of Aztek Resources Development Inc. (“Aztek”), the shares of which have been ceased traded for approximately 5 years prior to the appointment since May 28, 2007 by the British Columbia Securities Commission, since May 30, 2007 by the Ontario Securities Commission and since December 20, 2002 by the Alberta Securities Commission for failure to file its financial statements. Mr. Peterson became a director of Aztek and Miramare after the cease trade orders were issued as part of a reorganization plan.

### **Penalties or Sanctions**

No director, officer, promoter or other member of management of MN has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### **Personal Bankruptcies**

No director, officer, promoter or other member of management of MN has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Conflicts of Interest**

The directors of MN are required by law to act honestly and in good faith with a view to the best interest of MN and to disclose any interests which they may have in any project or opportunity of MN. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not MN will participate in any project or opportunity, that director will primarily consider the degree of risk to which MN may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company’s knowledge, there are no known existing or potential conflicts of interest among MN and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Executive Compensation of MN**

The proposed executive officers of MN (the “**Executive Officers**”) will be:

Brian Peterson – Chief Executive Officer  
Donald Gordon – Chief Financial Officer

MN does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of MN.

From the date of incorporation until the date of this Circular Donald Gordon has been the only director of MN and received no compensation.

### **Indebtedness of Directors and Executive Officers of MN**

No individual who is, or at any time from the date of MN’s incorporation to the date hereof was a director or executive officer of MN, or an associate or affiliate of such an individual, is or has been indebted to MN.

### **MN's Auditor**

Manning Elliott LLP, Chartered Accountants, 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, is the proposed auditor of MN.

### **MN's Material Contracts**

The following are the contracts which are material to MN:

the Arrangement Agreement;  
the Amalgamation Agreement between MN and CMS;  
the CMS LOI.

The material contracts described above may be inspected at the registered office of MN at Suite 612 - 475 Howe Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### **Promoters**

The Company is the promoter of MN.

## **INFORMATION CONCERNING CARNELIAN**

### **Note to Reader**

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings "Glossary of Terms" in the Circular.

### **Name, Address and Incorporation**

Carnelian was incorporated as "Carnelian Strategic Capital Corp." pursuant to the Act on May 3, 2013, for the purposes of the Arrangement. Carnelian is currently a private company and a wholly-owned subsidiary of Newlox. Carnelian's head office and registered and records offices are located at 612 -475 Howe St., Vancouver, BC V6C 2B3.

### **Inter-corporate Relationships**

Carnelian does not have any subsidiaries.

### **Significant Acquisition and Dispositions**

Carnelian has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The future operating results and financial position of Carnelian cannot be predicted. Shareholders may review the Amalco2 pro-forma financial statements attached as Schedule "I" hereto.

### **Trends**

Carnelian via the amalgamation with MGA plans to pursue the business of selling insurance products. Accordingly, Carnelian's financial success among other things may be dependent on the demand for insurance products, government regulations, Carnelian's ability to sell these products and competition.

The success of Carnelian is largely dependent upon factors beyond Carnelian's control. See "Risk Factors".

Other than as disclosed in this Circular, Carnelian is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.



### General Development of Carnelian's Business

Carnelian was incorporated on May 3, 2013 and has not yet commenced commercial operations. It plans to amalgamate with MGA and develop a business of marketing and selling insurance products.

### Carnelian's Business History

Carnelian was incorporated on May 3, 2013 and does not yet have a business history.

### Selected Unaudited Pro-Forma Financial Information of Carnelian

Carnelian was incorporated on May 3, 2013. Carnelian has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Carnelian as at March 31, 2013, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Carnelian appended to this Circular as Schedule "G". This pro-forma balance sheet was prepared as if the Arrangement had occurred on March 31, 2013, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on March 31, 2013. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at March 31, 2013 (unaudited)</b>
Cash	\$ 1
MGA LOI	-
Total assets	\$ 1
Current liabilities	\$ -
Share capital	1
Total liabilities and shareholders' equity	\$ 1
Number of issued Carnelian Shares	2,000,000

### Dividends

Carnelian does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Carnelian Shares in the future will be made by the board of directors of Carnelian on the basis of the earnings, financial requirements and other conditions existing at such time.

### Business of Carnelian

Carnelian was incorporated on May 3, 2013 and has not yet commenced commercial operations. It plans to amalgamate with MGA and develop a business of marketing and selling insurance products.

### Liquidity and Capital Resources

Pursuant to the Arrangement, Newlox will transfer to Carnelian all of Newlox's interest in the MGA LOI in exchange for the same number of Carnelian Shares equal to the number of Newlox Shares issued and outstanding multiplied by the Conversion Factor, which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date.

Carnelian is a start-up company and therefore has no regular source of income. As a result, Carnelian's ability to conduct operations, is based its ability to raise funds, primarily from equity sources, and there can be no assurance that Carnelian will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Carnelian resulting from the Arrangement.

## Results of Operations

Carnelian has not carried out any commercial operations to date.

## Available Funds

Pursuant to the Arrangement, Newlox will transfer to Carnelian all of Newlox's interest in the MGA LOI. It will need to raise its working capital. If the Amalgamation with MGA proceeds, Amalco 2 will have access to the working capital of MGA.

## Share Capital of Carnelian

The following table represents the share capitalization of Carnelian as at March 31, 2013, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of the Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 <sup>(1)</sup>	2,000,000 <sup>(2)</sup>

Notes:

- <sup>(1)</sup> One Carnelian Share was issued to Newlox upon incorporation.  
<sup>(2)</sup> As at the date of this Circular, subject to multiplication by the Conversion Factor.

Carnelian is authorized to issue an unlimited number of common shares without par value, of which approximately 2,000,000 common shares will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to the Carnelian Shares.

Carnelian is also authorized to issue an unlimited number of class A preferred shares none of which have been issued.

## Fully Diluted Share Capital of Carnelian

The pro-forma fully diluted share capital of Carnelian, assuming completion of the Arrangement and the exercise of all Newlox Share Commitments is set out below:

Designation of Carnelian Shares	Number of Carnelian Shares	Percentage of Total
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Carnelian Shares issued in exchange for Assets, which shares will be distributed to the Newlox Shareholders <sup>(2)</sup>	2,000,000	100.00
Carnelian Shares to be issued pursuant to the Carnelian Commitment <sup>(3)</sup>	-	0.00
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

Notes:

- <sup>(1)</sup> One common share of Carnelian was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.  
<sup>(2)</sup> Subject to multiplication by the Conversion Factor.  
<sup>(3)</sup> Based on nil Newlox Stock Options outstanding as at the date hereof.

## Prior Sales of Securities of Carnelian

Carnelian issued one common share to Newlox at a price of \$0.05 on incorporation.

## Options and Warrants

Carnelian has no options and warrants issued or outstanding.

The amalgamation agreement between Carnelian and MGA has a 10% rolling stock option plan incorporated into that amalgamation agreement. By approving the amalgamation agreement, Newlox Shareholders will be approving that stock option plan.

### Convertible Securities

Carnelian does not have any convertible securities issued and outstanding and does not expect to have any until the Amalgamation with MGA.

### Principal Shareholders of Carnelian

To the knowledge of the directors and executive officers of the Company, the following person or company will hold, directly or indirectly, as of the Effective Date of the Arrangement or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Carnelian Shares.

Name	Number of Shares	Percentage
	300,329	150,145 0.75% Direct
Donald Gordon		150,184 <sup>(1)</sup> 0.75% Indirect

<sup>(1)</sup>Held by DAG Consulting Corp 100% owned by Donald Gordon

### Directors and Officers of Carnelian

The following table sets out the names of the current and proposed directors and officers of Carnelian, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Carnelian, and the number and percentage of Carnelian Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Carnelian	Director/ Officer Since	Number/ Percentage of Carnelian Shares Beneficially Owned or over which Control or Direction is Exercised
<b>Donald Gordon</b> North Vancouver, BC	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005.	President and Director	May 3, 2013	300,329/ 15.01%
<b>Brian Peterson</b> Kelowna, BC	Mortgage broker.	Director	Proposed director	1,497/ .07% Indirect

<sup>(1)</sup> 150,184 Held by DAG Consulting Corp 100% owned by Donald Gordon

### Management of Carnelian

The following is a description of the individuals who will be directors and officers of Carnelian following the completion of the Arrangement:

**Donald Gordon, President and Director**, is the principal of DAG Consulting Corp., through which corporate finance consulting assignments are conducted. Mr. Gordon has been involved in the listing of dozens of companies in the past thirteen years as an independent consultant to issuers and investments dealers. Previously, Mr. Gordon held management positions in corporate finance and marketing over a 17-year career with the Vancouver Stock Exchange/CDNX (now TSX Venture Exchange). Mr. Gordon is also a director of Newlox Gold Ventures Corp., 0922518 B.C. Ltd., Mahdia Gold Corporation, AFG Flameguard Ltd., Avatar Ocean Technology Inc, NU2U Resources Corp., Organic Potash Company and Tomco Developments Inc. He holds BA and MBA degrees from the University of British Columbia and is a CFA charter holder.

**Brian Peterson, CFO and Director**, has a strong background in dealing with government and regulatory bodies with an emphasis on financial institution regulation. He also has an extensive knowledge and experience in technology, finance, and governance. Currently, Mr. Peterson is the Chairman of Community Western Trust Corporation and the director of Mortgage Brokers Institute of British Columbia. He has also served as a director and officer in various private and public sector corporations. His involvement includes his position as past President of the Mortgage Brokers Institute of British Columbia, past President of the Mortgage Brokers Association of British Columbia, past Director of the Mortgage Brokers Association of British Columbia for six years, and past Director of the Canadian Association of Mortgage Professionals. He holds a BA in Economics from the University of Victoria and a Diploma in Urban Land Economics from the University of British Columbia.

There are no non-competition and non-disclosure agreements between Carnelian and the proposed directors and officers.

#### ***Corporate Cease Trade Orders***

Other than as disclosed below, no director, officer, promoter or other member of management of Carnelian is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Donald Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Circular.

#### **Penalties or Sanctions**

No director, officer, promoter or other member of management of Carnelian has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

#### **Personal Bankruptcies**

No director, officer, promoter or other member of management of Carnelian has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

#### **Conflicts of Interest**

The directors of Carnelian are required by law to act honestly and in good faith with a view to the best interest of Carnelian and to disclose any interests which they may have in any project or opportunity of Carnelian. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

In determining whether or not Carnelian will participate in any project or opportunity, that director will primarily consider the degree of risk to which Carnelian may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Carnelian and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Executive Compensation of Carnelian**

The proposed executive officers of Carnelian (the "**Executive Officers**") are:

Brian Peterson	– Chief Executive Officer
Donald Gordon	Chief Financial Officer

Carnelian does not have an employment contract with any of its proposed Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Carnelian.

From the date of its incorporation until the date of this Circular Donald Gordon was the sole director of Carnelian. He received no compensation from Carnelian.

### **Indebtedness of Directors and Executive Officers of Carnelian**

No individual who is, or at any time from the date of Carnelian's incorporation to the date hereof was a director or executive officer of Carnelian, or an associate or affiliate of such an individual, is or has been indebted to Carnelian.

### **Carnelian's Auditor**

Manning Elliott LLP, Chartered Accountants, 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, is the proposed auditor of Carnelian.

### **Carnelian's Material Contracts**

The following are the contracts which are material to Carnelian:

the Arrangement Agreement;  
the assigned MGA LOI; and  
the Carnelian Option Plan.

The material contracts described above may be inspected at the registered office of Carnelian at Suite 612 – 475 Howe Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### **Promoters**

The Company is the promoter of Carnelian.

## **INFORMATION CONCERNING SOR**

### ***Note to Reader***

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings "Glossary of Terms" in the Circular.

### **Name, Address and Incorporation**

Sor was incorporated as “Sor Baroot Resources Corp.” pursuant to the Act on May 3, 2013 for the purposes of the Arrangement. Sor is currently a private company and a wholly-owned subsidiary of Newlox. Sor’s head office and registered and records offices are located at 612 -475 Howe St., Vancouver, BC V6C 2B3.

### **Inter-corporate Relationships**

Sor does not have any subsidiaries.

### **Significant Acquisition and Dispositions**

Sor has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under “The Arrangement”. The Arrangement, if successfully completed, will result in Sor evaluating various business opportunities and the potential amalgamation with CMC, which Newlox does not consider material, and receiving funds necessary to commence operations. The future operating results and financial position of Sor cannot be predicted.

### **Trends**

Sor plans to become a mineral exploration company; however, it will be considering other business opportunities. Sor’s principal business following the Arrangement will be the evaluation of various business opportunities and potential acquisition of mineral exploration properties and the potential of the amalgamation with CMC.

The success of Sor is largely dependent upon factors beyond Sor’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Sor is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### **General Development of Sor’s Business**

Sor was incorporated on May 3, 2013 and has not yet commenced commercial operations. Newlox will transfer the CMC LOI to Sor. Completion of the Arrangement is subject to the approval of the Arrangement by the Newlox Shareholders and the Court.

### **Sor’s Business History**

Sor was incorporated on May 3, 2013 and does not yet have a business history.

### **Selected Unaudited Pro-Forma Financial Information of Sor**

Sor was incorporated on May 3, 2013. Sor has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Sor as at March 31, 2013, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Sor appended to this Circular as Schedule “G”. This pro-forma balance sheet was prepared as if the Arrangement had occurred on March 31, 2013, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on March 31, 2013. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at March 31, 2013</b>
	<b>(unaudited)</b>
Cash .....	\$ 1
CMC LOI .....	-

Total assets .....	\$ 1
Current liabilities .....	\$ -
Share capital .....	1
Total liabilities and shareholders' equity .....	\$ 1
Number of issued Sor Shares.....	900,000

**Dividends**

Sor does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Sor Shares in the future will be made by the board of directors of Sor on the basis of the earnings, financial requirements and other conditions existing at such time.

**Business of Sor**

Sor is not carrying on any business at the present time. On completion of the Arrangement, Sor plans to commence its business as a mineral exploration company and will be evaluating other business opportunities.

**Liquidity and Capital Resources**

Pursuant to the Arrangement, Newlox will transfer to Sor all of Newlox's interest in the CMC LOI in exchange for the same number of Sor Shares equal to the number of Newlox Shares issued and outstanding multiplied by the Conversion Factor, which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date.

Sor is a start-up company and therefore has no regular source of income. As a result, Sor's ability to conduct operations, including the evaluation of mineral properties is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Sor will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Sor resulting from the Arrangement.

**Results of Operations**

Sor has not carried out any commercial operations to date.

**Available Funds**

Pursuant to the Arrangement, Newlox will transfer to Sor all of Newlox's interest in the SOR LOI. Sor will have to raise funds in order to finance its operations.

**Share Capital of Sor**

The following table represents the share capitalization of Sor as at the date of this circular, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 <sup>(1)</sup>	900,000

Notes:

<sup>(1)</sup> One Sor Share was issued to Newlox upon incorporation.

Sor is authorized to issue an unlimited number of common shares without par value, of which approximately 900,000 common shares and no preferred shares will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to the Sor Shares.

### Fully Diluted Share Capital of Sor

The pro-forma fully diluted share capital of Sor, assuming completion of the Arrangement is set out below:

Designation of Sor Shares	Number of Sor Shares	Percentage of Total
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Sor Shares issued in exchange for Assets, which shares will be distributed to the Newlox Shareholders <sup>(2)</sup>	900,000	100.00
<b>Total</b>	<b>900,000</b>	<b>100.00</b>

Notes:

<sup>(1)</sup> One common share of Sor was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

<sup>(2)</sup> Subject to multiplication by the Conversion Factor.

### Prior Sales of Securities of Sor

Sor issued one common share to Newlox at a price of \$0.05 on incorporation.

### Options and Warrants

#### Stock Options

Sor does not have a stock option plan in place.

### Convertible Securities

There will be no convertible securities of Sor outstanding as of the Effective Date.

### Principal Shareholders of Sor

To the knowledge of the directors and executive officers of the Company, the following person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Sor Shares when the Arrangement becomes effective.

Name	Number of Shares	Percentage
Donald Gordon	135,148	15.01%

<sup>(1)</sup> 67,582 held by DAG Consulting Corp 100% owned by Donald Gordon

### Directors and Officers of Sor

The following table sets out the names of the current and proposed directors and officers of Sor, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Sor, and the number and percentage of Sor Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Sor	Director/ Officer Since	Number/ Percentage of MN Shares Beneficially Owned or over which Control or Direction is Exercised
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Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Sor	Director/Officer Since	Number/Percentage of MN Shares Beneficially Owned or over which Control or Direction is Exercised
<b>Donald Gordon</b> North Vancouver, BC	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005.	President and Director	May 3, 2013	135,148 15.01%
<b>William Gordon</b> Kelowna, BC	Self employed business person	Proposed Director	N/A	Nil/ 0.0%

### Management of Sor

The following is a description of the individuals who will be directors and officers of Sor following the completion of the Arrangement

**Donald Gordon, President and Director**, is the principal of DAG Consulting Corp., through which corporate finance consulting assignments are conducted. Mr. Gordon has been involved in the listing of dozens of companies in the past thirteen years as an independent consultant to issuers and investments dealers. Previously, Mr. Gordon held management positions in corporate finance and marketing over a 17-year career with the Vancouver Stock Exchange/CDNX (now TSX Venture Exchange). Mr. Gordon is also a director of Newlox Gold Ventures Corp., 0922518 B.C. Ltd., Mahdia Gold Corporation, AFG Flameguard Ltd., Avatar Ocean Technology Inc, NU2U Resources Corp., Organic Potash Company and Tomco Developments Inc. He holds BA and MBA degrees from the University of British Columbia and is a CFA charter holder.

**William Gordon** is a business person with a strong background in real estate.

There are no non-competition and non-disclosure agreements between Sor and the proposed directors and officers.

### Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Sor is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Donald Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Circular.

Since March 2012, William Gordon has been a director of Aztek Resource Development Inc. ("Aztek"), the shares of which have been ceased traded for approximately 5 years prior to the appointment, since May 28, 2007 by the British Columbia Securities Commission, since May 30, 2007 by the Ontario Securities Commission and since December 20, 2002 by the Alberta Securities Commission for failure to file its financial statements. He became a director of Aztek after the cease trade order was issued as part of a reorganization plan

### Penalties or Sanctions

No director, officer, promoter or other member of management of Sor has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

#### **Personal Bankruptcies**

No director, officer, promoter or other member of management of Sor has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

#### **Conflicts of Interest**

The directors of Sor are required by law to act honestly and in good faith with a view to the best interest of Sor and to disclose any interests which they may have in any project or opportunity of Sor. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Sor will participate in any project or opportunity, that director will primarily consider the degree of risk to which Sor may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Sor and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

#### **Executive Compensation of Sor**

The proposed executive officers of Sor (the "**Executive Officers**") are:

William Gordon – Chief Executive Officer  
Donald Gordon – Chief Financial Officer

Sor does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Sor. No compensation has been determined as of the date of this Circular.

From the date of incorporation until the date of this Circular Donald Gordon has been the only director of Sor and received no compensation from Sor.

#### **Indebtedness of Directors and Executive Officers of Sor**

No individual who is, or at any time from the date of Sor's incorporation to the date hereof was a director or executive officer of Sor, or an associate or affiliate of such an individual, is or has been indebted to Sor.

#### **Sor's Auditor**

Manning Elliott LLP, Chartered Accountants, 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, is the proposed auditor of Sor.

#### **Sor's Material Contracts**

The following are the contracts which are material to Sor:

the Arrangement Agreement; and  
the assignment of the CMC LOI.

The material contracts of Sor described above are attached to this information circular.

## **Promoters**

The Company is the promoter of Sor.

## **INFORMATION CONCERNING CMS**

### **Note to Reader**

The disclosure in this section has been prepared prior to giving effect to the Arrangement and the Amalgamation. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings "Glossary of Terms" in the Circular.

### **Name, Address and Incorporation**

CMS was incorporated as "Cdn MSolar Corp." pursuant to the Act on March 15, 2013. CMS is currently a private company. CMS's head office and registered and records offices are located at 1010-1030 West Georgia Street, Vancouver, BC V6E 2Y3.

### **Inter-corporate Relationships**

CMS does not have any subsidiaries.

### **Significant Acquisition and Dispositions**

CMS has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement and Amalgamations are provided under "The Arrangement and Amalgamations". The Arrangement and Amalgamations, if successfully completed, will result in CMS amalgamating with MN in exchange for the issuance of the number of Amalco1 Shares equal to the number of MN Shares and CMS Shares. The future operating results and financial position of CMS cannot be predicted. Shareholders may review the Amalco1 pro-forma financial statements attached as Schedule "H" hereto.

### **Trends**

CMS is a solar technology company which plans to amalgamate with MN and become Amalco1, specializing in solar technology; however, it may pursue other business opportunities. Amalco1's principal business following the Arrangement will be the evaluation of various business opportunities and the development of solar technology. Accordingly, Amalco1's financial success may be dependent upon the extent to which it can explore and develop solar technology or other types of business.

The success of CMS is largely dependent upon factors beyond CMS's control, such as the equities markets in general. See "Risk Factors".

Other than as disclosed in this Circular, CMS is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### **General Development of CMS's Business**

CMS was incorporated on March 15, 2013 and has not yet commenced commercial operations. CMS has acquired the right to the use and exploitation of the Minghui Technology, and upon amalgamation with MN pursuant to the Arrangement, will commence operations as Amalco1, a solar technology company. The \$100,000 coming from Minghui as part of its working capital should provide CMS with the capital necessary to fulfill its short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Newlox Shareholders, the Court and the CNSX.

## CMS's Business History

CMS was incorporated March 15, 2013.

On March 22, 2013, CMS entered into the CMS LOI, pursuant to which CMS would enter into an amalgamation agreement with Newlox.

On March 23, 2013, CMS entered into a letter of intent with Minghui (the "**Minghui LOI**") to enter into a technology transfer agreement ("**TTA**") to acquire the right to use and exploit the Minghui Technology. The TTA was executed on April 15, 2013. Pursuant to the TTA, CMS was granted by Minghui an irrevocable license to produce, develop, market, sell and/or otherwise distribute the Minghui Technology. The TTA is limited to use and exploitation worldwide, with the exception of China. Pursuant to the TTA, Minghui was issued 9,750,000 CMS Shares.

On May 3, 2013, CMS issued 4,000,000 CMS Shares to Iceberg Ventures Inc. in consideration for payment of \$80,000. On May 3, 2013, Minghui had advanced \$45,000 of a committed amount of \$125,000 for which CMS is agreed to issue 2,250,000 CMS Shares to Minghui in consideration for payment of \$125,000.

## Selected Financial Information of CMS

CMS was incorporated on March 15, 2013. CMS has not yet conducted any commercial operations. The following is a summary of certain financial information for CMS as at March 31, 2013, assuming completion of the Arrangement as of such date, and should be read in conjunction with the audited financial statements of CMS appended to this Circular as Schedule "K". This pro-forma balance sheet was prepared as if the Arrangement had occurred on March 31, 2013, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on March 31, 2013. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at March 31, 2013</b>
	(unaudited)
Cash .....	\$ 99,999
Technology Transfer Agreement .....	195,000
<b>Total assets</b> .....	<b>\$ 294,999</b>
Current liabilities .....	\$ -
Share capital .....	<b>294,999</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 294,999</b>
<b>Number of issued CMS Shares</b> .....	<b>20,000,000</b>

## Dividends

CMS does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the CMS Shares in the future will be made by the board of directors of CMS on the basis of the earnings, financial requirements and other conditions existing at such time.

## Business of CMS

CMS is not carrying on any business at the present time. On completion of the Arrangement, CMS will continue its operations as Amalco1 and commence its business as solar technology company.

## Liquidity and Capital Resources

CMS is a start-up solar technology company and therefore has no regular source of income. As a result, CMS's ability to conduct operations, including the development of the Minghui Technology or the evaluation and acquisition of additional

assets, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that CMS will be able to do so.

See “Selected Unaudited Pro-forma Financial Information” for information concerning the financial assets of CMS resulting from the Arrangement.

### Results of Operations

CMS has not carried out any commercial operations to date.

### Available Funds

The estimated unaudited pro-forma working capital of CMS at June 25, 2013 was approximately \$99,999, which will be available to CMS upon completion of the Arrangement and the Amalgamation

### Share Capital of CMS

The following table represents the share capitalization of CMS as at the date of this Circular.

Designation of CMS Shares	Number of CMS Shares	Percentage of Total
CMS Shares issued for seed investment, which shares are held by Iceberg Ventures Inc.	4,000,000	25.00
CMS Shares issued for seed investment, which shares are held by Minghui	2,250,000	14.06
CMS Shares issued in exchange for the Minghui Technology, which shares are held by Minghui	9,750,000	60.94
<b>Total</b>	<b>16,000,000</b>	<b>100.00</b>

CMS is authorized to issue an unlimited number of common shares without par value, of which approximately 20,000,000 common shares (after issuance of 2,000,000 shares @ \$.05 per share and 2,000,000 shares to MN shareholders for the CMS LOI) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to the CMS Shares.

### Prior Sales of Securities of CMS

CMS issued one common share at a price of \$0.02 on incorporation on March 15, 2013, which was subsequently redeemed.

On May 3, 2013, CMS issued 4,000,000 CMS Shares to Iceberg Ventures Inc. in consideration for payment of \$80,000.

On May 3, 2013, CMS issued 2,250,000 CMS Shares to Minghui in consideration for payment of \$45,000.

On April 15, CMS issued 9,750,000 common shares to Minghui pursuant to the TTA.

### Principal Shareholders of CMS

To the knowledge of the directors and executive officers of the Company, no person or company other than as disclosed in the following table will hold, directly or indirectly, as of the date of this Circular have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued CMS Shares.

Name	Number of CMS shares as of the Effective Date	Percentage of CMS shares as of the Effective Date
Dongying Minghui New Energy Science	14,000,000	70%

& Technology Co., Ltd. (1)(2)		
Iceberg Ventures Inc. (3)	4,000,000	20%

Note

(1) A Chinese company held 16.6% by Mr. Xian Jun Zong, 25.8 % by Dongying Huaxin Environmental Protection Technology Co., Ltd.; and 25% by Dongying Jinhua Decoration Co., Ltd. (of which Mr. Jin Hua Cui is a 65% shareholder).

(2) A company on which Ji Wu Li, is also a director.

(3) A company held 100% by Lin Hoi Yu.

### Directors and Officers of CMS

The following table sets out the names of the current directors and officers of CMS, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of CMS, and the number and percentage of CMS Shares beneficially owned by each, directly or indirectly.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with CMS	Director/ Officer Since	Number/ Percentage of CMS Shares Beneficially Owned or over which Control or Direction is Exercised
Warren Lee Santa Clara, California, USA	Senior engineer in the area of wireless communications at Sierra Wireless, HP, and Apple.	Director and President	March 15, 2013	Nil/ 0.0%

### Management of CMS

The following is a description of the individuals who are the current directors and officers of CMS.

**Warren Lee, President and Director** - Mr. Lee has extensive technical experience in electronics engineering which he gained from working at various engineering companies in Canada and the US including, but not limited to, Sierra Wireless, HP, and Apple. He has held positions within the RF and wireless communications teams for these companies and is specifically focused in antenna design and RF performance. Mr. Lee graduated from Simon Fraser University with a Bachelor Degree in Electronics Engineering. He is 30 years old.

Mr. Lee is not currently a director of any reporting issuers.

There are no non-competition and non-disclosure agreements between CMS and the current directors and officers.

### Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter or other member of management of CMS is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

### Penalties or Sanctions

No director, officer, promoter or other member of management of CMS has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### Personal Bankruptcies

No director, officer, promoter or other member of management of CMS has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Conflicts of Interest**

The directors of CMS are required by law to act honestly and in good faith with a view to the best interest of CMS and to disclose any interests which they may have in any project or opportunity of CMS. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not CMS will participate in any project or opportunity, that director will primarily consider the degree of risk to which CMS may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among CMS and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Executive Compensation of CMS**

The executive officers of CMS (the "**Executive Officers**") are:

Warren Lee – President

CMS does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of CMS.

Mr. Lee has been the sole director and officer of CMS since its incorporation and received no compensation from CMS.

### **Indebtedness of Directors and Executive Officers of CMS**

No individual who is, or at any time from the date of CMS's incorporation to the date hereof, was a director or executive officer of CMS, or an associate or affiliate of such an individual, is or has been indebted to CMS.

### **CMS's Auditor**

Manning Elliott LLP, Chartered Accountants, 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, is the auditor of CMS.

### ***CMS's Material Contracts***

The following are the contracts which are material to CMS:

1. the Arrangement Agreement;
2. the Amalgamation Agreement between CMS and MN;
3. the TTA; and
4. the CMS LOI.

The material contracts described above may be inspected at the registered office of CMS at 1010-1030 West Georgia Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### **Promoters**

CMS has no promoters.

## **INFORMATION CONCERNING MGA**

The following is a description of MGA. .

### **Name, Address and Incorporation**

MGA was incorporated as “Global MGA Financial Inc.” pursuant to the Act on February 19, 2009. MGA’s registered and records offices are located at 400 – 570 Granville Street, Vancouver, BC V6C 3P1. Its head office is located at 2600-4720 Kingsway St., Burnaby, BC V5H 4N2

### **Inter-corporate Relationships**

MGA has three wholly owned subsidiaries: Global MGA (Hong Kong) Limited, a Hong Kong based company, which has 100% ownership of Global MGA China WFOE (Wholly Foreign Owned Enterprise) and Mega Bright Financial Incorporated which is 100% owned by MGA.

### **Significant Acquisition and Dispositions**

Since its incorporation MGA did not have significant acquisitions or dispositions.

### **General Development of MGA’s Business**

MGA through its subsidiaries, is in the business of developing, growing and operating insurance and financial services distribution in Canada and Greater China/South East Asia (CSEA) through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation. MGA’s Canadian subsidiary, Mega Bright Financial Incorporated is a Managing General Agency, an independent life insurance agency incorporated in British Columbia. Global MGA Financial, through its wholly owned subsidiaries in Hong Kong and China plan to implement the Managing General Agency distribution model to the growth markets of CSEA.

MGA’s mission is to be the leader in the MGA distribution channel in CSEA. A Managing General Agency is an independent life insurance agency that holds direct brokerage contract(s) with a life insurance company(s). Managing General Agencies generate sales and revenues by contracting independent agents and group of agents to sell these insurance contracts to the public. The insurance company pays commissions to the agents and overrides to the Managing General Agency. The Managing General Agency in turn pays a share of the overrides to the agents negotiated between the Managing General Agency and the agents. MGA’s vision is to become the premier “trusted advisor” and financial planning solutions provider for customers with high savings and personal financial assets (PFA) and to access and serve these customers through the growing Managing General Agency distribution model in Asia.

The first Life insurance company was established in Canada in 1847. Until fairly recently, the main form of distribution used by life insurance companies is through the career branch system (tied agency) where the insurance company employs or contract agents exclusively to represent the insurer. This tied agency model has made way for the Managing General Agency model which has replaced the career branch system as the dominant distribution channel. The growth and evolution of the Life insurance industry and the advantages and benefits of the MGA distribution model for the customers, agents and insurance companies has made this model the main or supplementary channel of life insurance distribution for Life insurers in many parts of the world today.

In CSEA, the life insurance industry is relatively young and dominated by the tied agency. These tied agency channel rely on relationship-based selling build on a pyramid multi-level sales-force model. Though the present day life insurance industry owed its success to the tied agency and it remains an important channel, it is in a state of transition facing significant challenges in sustaining the high growth with its high churn and low agent retention and productivity model. The rising economy of CSEA with its GDP growth rate, increased income and savings, accumulated PFA, rapidly increasing middle class and growing insurance penetration rate makes insurance distribution and financial services businesses an important growth market opportunity for Global MGA.

### **Trends**

Global MGA is a holding company which plans to amalgamate with Carnelian and become Amalco2, specializing in insurance and financial services distribution; however, it may pursue other additional business opportunities. Amalco2’s principal business following the Arrangement will be the evaluation of various business opportunities and the development of its insurance and financial service business through acquisitions, partnerships, joint-ventures and strategic alliances and co-



operation. Accordingly, Amalco2's financial success may be dependent upon the extent to which it can explore and develop its insurance and financial services business and other types of business.

### MGA's Business History

In the two years (2010 and 2011) preceding the most recent financial year (2012), MGA has had no significant business activity. On May 9<sup>th</sup> 2012, the company incorporated Mega Bright Financial Incorporated in BC which was subsequently granted a license by the Insurance Council of British Columbia to operate as a Life Insurance Agency

### Selected Financial Information of MGA

	<b>As at March 31, 2013</b>
	(unaudited)
Cash	301,476
Short-term investments	1,005,807
HST receivable	6,181
Prepaid expenses and deposits	22,863
<b>Total Assets</b>	<b>1,336,327</b>
Current Liabilities	22,226
Share Capital	1,314,101
<b>Total Liabilities and Shareholders Equity</b>	<b>1,336,327</b>

<b>Number of Issued MGA Shares</b> .....	41,754,115
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### Dividends

MGA does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the MGA Shares in the future will be made by the board of directors of MGA on the basis of the earnings, financial requirements and other conditions existing at such time.

### Business of MGA

Global MGA Financial Inc. was incorporated under the Business Corporations Act (British Columbia) on February 19, 2009. The Company is a holding company with subsidiaries in Hong Kong and China, and operates a life insurance brokerage through its subsidiary, Mega Bright Financial Incorporated, in British Columbia, Canada.

### Liquidity and Capital Resources

Please see the audited financial statements of MGA for information concerning MGA's capital assets.

MGA is a start-up company and therefore has no regular source of income. As a result, MGA's ability to conduct operations, is primarily based on its ability to raise funds, primarily from equity sources, and there can be no assurance that MGA will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of MGA resulting from the Amalgamation.

### Results of Operations

MGA's major activities have been the identification and evaluation of insurance agencies for the purpose of acquisitions and growth. In July 2012 MGA established its own insurance agency through its subsidiary, Mega Bright Financial Incorporated.

The following table presents MGA's condensed consolidated statement of comprehensive loss for the three month period ending March 31, 2013. The financial information is presented in Canadian dollars (except where noted) and was prepared in accordance with International Financial Reporting Standards (IFRS).

	Three months ended March 31, 2013 \$	Three months ended March 31, 2012 \$
Commission Income	3,749	Nil
Operating Expenses	111,763	88,444
Loss from Operations	(108,014)	(88,444)
Interest and other income	4,502	4,715
Comprehensive Loss attributable to common	(103,512)	(83,729)

*Three months ended March 31, 2013*

MGA's net loss totaled \$103,512 for the three month period ended March 31, 2013, with basic and diluted loss per share of \$0.002. The net loss consisted of: commission income of \$3,749, commission expense of \$3,174, professional fees of \$42,233, and salaries expense of \$43,541, office expense of \$22,815, and other income of \$4,502.

*Three months ended March 31, 2012*

The net loss for three month period ended March 31, 2012 was 83,729, with basic and diluted loss per share of \$0.00. The net loss consisted of: professional fees of \$35,918, and salaries expense of \$38,720, office expense of \$13,706, and other income of \$4,615.

**Selected Quarterly Results** The quarterly results have been restated to reflect accounting policies consistent with International Financial Reporting Standards ("IFRS"). A summary of selected information for each of the quarters presented below is as follows:

Three Months Ended	Revenues \$	Net Loss \$	Basic and Diluted Loss Per Share \$
March 31, 2013	3,749	(103,512)	(0.00)
December 31, 2012	3,626	(92,627)	(0.00)
September 30, 2012	7,515	(85,748)	(0.00)
June 30, 2012	-..	(87,990)	(0.00)
March 31, 2012	-..	(83,729)	(0.00)

**Available Funds**

As at March 31, 2013, MGA had cash of \$301,476 (2012 - \$156,896), and a working capital of \$1,314,101 (2012 - \$1,676,427).

**Share Capital of MGA**

The following table represents the share capitalization of MGA as at March 31, 2013.

Share Capital	Authorized	Issued and Outstanding
Common Shares	Unlimited	41,754,115

**Prior Sales of Securities of MGA**

The following table represents the sales of MGA's common shares since the incorporation of MGA.

Date	Number of Shares	Share Price
Nov-Dec 2009	8,375,001	0.006
Jan 20-Feb 1, 2010	12,945,714	0.021
Feb 16-Mar 1, 2010	2,101,600	0.05
April 1 – Dec 1, 2010	1,481,800	0.10
Jan 21, 2011	3,100,000	0.05
May 31, 2011	12,500,000	0.16
Dec. 31, 2011	1,250,000	0.16
Total	41,754,115	

### Options and Warrants

The following table represents the share options and warrants of MGA:

#### Share Options

Expiry Date	Exercise Price	Option exercisable
December 31, 2013	\$0.16	333,334
December 31, 2014	\$0.16	333,333
December 31, 2015	\$0.16	333,333
November 30, 2014	\$0.16	689,063
October 14, 2018	\$0.10	3,000,000
		4,689,063

#### Share Warrants

Expiry Date	Exercise Price	Share Warrants exercisable
November 30, 2014	\$0.16	240,625
November 30, 2014	\$0.16	117,187
November 30, 2014	\$0.20	6,250,000
		6,607,812

### Principal Shareholders of MGA

To the knowledge of the directors and executive officers of MGA only John Gan and Ching Ping Chou hold, directly or indirectly, or have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued MGA Shares as of the date of this Circular. Their shareholdings are disclosed in the section “Directors and Officers of MGA.”

### Directors and Officers of MGA

The following table sets out the names of the current directors and officers of MGA, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of MGA, and the number and percentage of MGA Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with MGA	Director/ Officer Since	Number/ Percentage of MGA Shares Beneficially Owned or over which Control or Direction is Exercised
<b>John Gan</b> Burnaby, BC	President and CEO of MGA; insurance executive.	Director, President and CEO	Feb. 2009	26,814,047 <sup>(1)</sup> 64.22%
<b>Ching Ping Chou</b> Hsinchu, Taiwan	SVP, CMO of MGA since 2009; business development and marketing executive	Director, SVP and Chief Marketing Officer	Director since June 2010; SVP and CMO since Feb. 2009	7,660,571 <sup>(2)</sup> 18.35%

Notes:

<sup>(1)</sup> The voting control over these shares is exercised by direct ownership (14,602,477 common shares) and via voting trust agreements (12,211,570 common shares).

<sup>(2)</sup> Voting control over these shares is exercised by Mr. John Gan via voting trust agreement.

## Management of MGA

The following is a description of the individuals who will be directors and officers of MGA following the completion of the Amalgamation between MGA and Carnelian:

### John Gan, Chief Executive Officer

John Gan is founder and CEO of Global MGA Financial Inc., a holding company with offices in Canada, Hong Kong and China. He also co-founded 888 Capital Group, a corporate finance and IPO consulting firm assisting private companies to qualify for “going-public” in Canada. Previously to founding these two companies, he held numerous senior executive positions with several large insurance companies in Canada and Asia. He was formerly Asia Regional Director for Allianz Insurance Group, a global insurer. At Allianz, he was responsible for the agency distribution system, which comprised of 50,000 sales agents in India, Indonesia, Malaysia, Thailand, Philippines, Taiwan and China. His Asian experience also included positions as Chief Marketing Officer and VP of Sales for Transamerica Life (Taiwan) and Vice President of London Life International. He continues to work and travel extensively in Asia.

In Canada, positions he has held include Regional Manager of London Life and General Manager of North American Life (Manulife) in Vancouver. In 1989, after a successful career as a sales representative breaking numerous sales records, John pioneered the London Life District Sales Division entry into the Asian markets by establishing the first Asian sales team in Greater Toronto. His success led to being recruited to North American Life where he won the Sales Manager of the Year Award in 1994. He received his CLU in 1991 and CH.FC and CFP in 1992. In addition to his successful achievement in the life insurance industry, John’s past experience in the financial services industry includes being a licensed investment advisor for a Canadian investment dealer and a foreign exchange and money market trader for a foreign bank.

### Ching Ping Chou, Senior Vice President and Chief Marketing Officer

Ching Ping Chou is a co-founder of Global MGA Financial Inc., and Vice-President of 888 Capital Group Inc., a corporate finance consulting firm with offices in Vancouver and Singapore. She is a seasoned business development and marketing executive, with 18 years experience in the Financial Services and Supply Chain industry. Ms. Chou has worked in Canada, USA and Asia, travelling throughout Greater China and the Asia-Pacific, creating opportunities for both private and public companies to enhance their business in world markets. She possesses extensive knowledge and experience in both cultural and business practices, and is highly skilled in international and cross-cultural negotiations in North American, Asian and Chinese markets. Ms. Chou holds an MBA in International Management from Thunderbird School of Global Management.

## Corporate Cease Trade Orders

Other than as earlier in this information disclosed below, no director, officer, promoter or other member of management of Carnelian is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

### **Penalties or Sanctions**

No director, officer, promoter or other member of management of MGA has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### **Personal Bankruptcies**

No director, officer, promoter or other member of management of MGA has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Conflicts of Interest**

The directors of MGA are required by law to act honestly and in good faith with a view to the best interest of MGA and to disclose any interests which they may have in any project or opportunity of MGA. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not MGA will participate in any project or opportunity, that director will primarily consider the degree of risk to which MGA may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among MGA and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Executive Compensation of MGA**

#### **Compensation Discussion and Analysis**

MGA relies on the board of directors in determining executive compensation and option based awards to executive officers. The objectives of the compensation program of MGA are attraction and retention of qualified executives, compensation for services, compensation for services, and developing MGA's projects.

The amount of compensation is determined by the board of directors.

During the previously completed financial year, the compensation consisted of cash based compensation. MGA has a stock option plan which it can utilize by granting stock options to its executive officers, directors and employees in the future.

Previous grants of option-based awards, the financial performance of MGA, the position of an executive officer and the amount of time spent on the affairs of MGA are taken into account when considering new stock option grants.

The board of directors considered the implications of the risks associated with MGA's compensation practices. The current situation of the financial markets has been identified as the major risk in implementing the compensation program of MGA.

MGA does not prohibit its executive officers to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers of directors.

#### **Summary Compensation Table**

The following table reflects compensation of each NEO of the MGA's three most recently completed financial years.

Name and principal position	Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>John Gan, CEO</b>	2012	90,000	Nil	Nil	Nil	Nil	Nil	90,000
	2011	90,000	Nil	Nil	Nil	Nil	Nil	90,000
	2010	67,500	10,000	22,808	Nil	Nil	Nil	100,308
<b>Bang Chiem, Controller</b>	2012	47,400	Nil	Nil	Nil	Nil	Nil	47,400
	2011	14,500	Nil	Nil	Nil	Nil	Nil	14,500
	2010	3,000	Nil	6,219	Nil	Nil	Nil	9,219
<b>Ching Ping Chou, SVP &amp; CMO</b>	2012	60,000	Nil	Nil	Nil	Nil	Nil	60,000
	2011	60,000	Nil	Nil	Nil	Nil	Nil	60,000
	2010	45,000	6,700	22,808	Nil	Nil	Nil	74,508

#### Incentive Plan Awards

The following table provides for each NEO for all awards outstanding at the end of the most recently completed financial year and includes awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) <sup>(4)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2) (3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share – based awards that have not vested (\$)	Market / payout value of vested share-based awards not paid out or distributed (\$)
John Gan	1,100,000	\$0.10	October 14, 2018	\$66,000	Nil	Nil	Nil
Ching Ping Chou	1,100,000	\$0.10	October 14, 2018	\$66,000	Nil	Nil	Nil
Bang Chiem	300,000	\$0.10	October 14, 2018	\$18,000	Nil	Nil	Nil

#### Pension Plan Benefits

MGA does not provide any pension plan benefits to its executive officers, directors or employees.

#### Termination and Change of Control Benefits

MGA has the following contracts with its Executive Officers pursuant to which the Executive Officers are compensated: 1) Employment agreement dated July 1, 2010 between John Gan and MGA; 2) Consulting agreement between MGA and Ching Ping Chou dated September 1, 2009.

In case of termination without cause, Mr. Gan is entitled to notice periods prescribed by his employment agreement. As of the date of this Circular the severance is six months. After the completion of three years of service the severance will be two years.

### Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, for MGA's most recent completed financial year.

Name	Fees earned (\$)	Share – based awards (\$)	Option based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The following table provides incentive plan awards – value vested or earned during the most recently completed financial year for directors, who were not NEOs.

Name	Option – based awards Value vested during the year (\$)	Share – based awards Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Nil	Nil	Nil	Nil

There are no other arrangements from those disclosed above under which directors were compensated by MGA and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

### Indebtedness of Directors and Executive Officers of MGA

No individual as at a date within thirty days before the date of this Circular who is or was a director or executive officer of MGA, or an associate or affiliate of such an individual, is or has been indebted to MGA.

### MGA's Auditor

Manning and Elliott LLP, Chartered Accountants, of 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, BC V6E 3S7 is the auditor of MGA.

### MGA's Material Contracts

The following are the contracts which are material to MGA:

1. the amalgamation agreement between MGA and Carnelian;
2. MGA LOI;
3. Employment agreement between MGA and its president and CEO John Gan;
4. Voting trust agreements between John Gan and certain shareholders of MGA; and
5. the MGA Option Plan.

Subject to the applicable privacy legislation, the material contracts described above may be inspected at the head office of MGA at 2600-4720 Kingsway St., Burnaby, BC V5H 4N2, by its shareholders. during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### Promoters

John Gan is a promoter of MGA.

**PRO – FORMA INFORMATION OF AMALCO1 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN CMS AND MN**

The following is a description of Amalco1 assuming completion of the Arrangement and Amalgamation between CMS and MN.

**Amalco1 Selected Financial Information**

The following tables set out certain pro-forma combined financial information for Amalco1 after giving effect to the Amalgamation.

**The information provided below is qualified in its entirety by the unaudited pro-forma combined financial statements attached in Schedule H. Reference should be made to those pro-forma combined financial statements as well as to the pro forma financial statements of MN and the audited financial statements of CMS, which are attached in Schedules G and K, respectively.**

	<b>Pro-forma Financial Information as at March 31, 2013 (unaudited)</b>
Cash .....	\$ 99,999
Patents.....	195,000
<b>Total assets</b> .....	<b>\$ 294,999</b>
Current liabilities .....	\$ -
Share capital .....	520,000
Deficit .....	(225,001)
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 294,999</b>
<b>Number of issued Amalco1 Shares</b> .....	<b>20,000,000</b>

Please refer to Schedule H for the following:

- Amalco1's pro-forma combined financial statements giving effect to the Amalgamation as at March 31, 2013.

**Description of Amalco1 Securities**

After giving effect to the Amalgamation between CMS and MN, Amalco1 will have authorized share capital of an unlimited number of common shares. Amalco1 will have approximately 20,000,000 common shares issued and outstanding. Former MN Shareholders will hold approximately 2,000,000 Amalco1 shares and former CMS Shareholders will hold approximately 18,000,000 Amalco1 shares following completion of the Amalgamation. The Board of Directors of Amalco1 will be comprised of Lin Hoi Yu, Ji Wu Li, Xian Jun Zong, Donald Gordon and Brian Peterson.

**Pro-Forma Combined Capitalization**

*Pro-Forma Share Capital*

The following table sets out the pro-forma share capital of Amalco1 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	20,000,000 Amalco1 shares (2,000,000 held by former MN Shareholders and 18,000,000 held by former CMS Shareholders)

*Pro-Forma Working Capital*



The pro-forma working capital of Amalco1, after giving effect to the Amalgamation, based on the pro-forma combined financial statements of CMS contained in this Circular as at March 31, 2013, is \$99,999.

#### *Fully Diluted Share Capital*

The following tables set out the number and percentage of securities of Amalco1 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of MN Shares outstanding	Number of MN Shares outstanding after	Number of Amalco1 shares issued in Exchange for MN Shares	Percentage of Amalco1 Shares
2,000,000	Nil warrants Nil options	2,000,000	10%

Number of CMS Shares outstanding	Number of CMS Warrants and options outstanding	Number of Amalco1 shares issued in Exchange for CMS Shares	Percentage of Amalco1 Shares
18,000,000	Nil warrants Nil options	18,000,000	90%

#### **Dividends**

To date, CMS and MN have not declared or paid any dividends on CMS Shares or MN Shares. Amalco1 has no present intention to declare any dividends on the Amalco1 shares. Any decision to pay dividends on Amalco1 shares will be made by the board of directors of Amalco1 on the basis of its earnings, financial requirements and other conditions existing at such time.

#### **Principal Security Holders**

To the knowledge of the directors and senior officers of CMS and MN, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco1 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco1 after giving effect to the Amalgamation.

Name	Number of Amalco1 shares after Amalgamation	Percentage of Amalco1 shares after Amalgamation
Dongying Minghui New Energy Science & Technology Co., Ltd. <sup>(1)(2)</sup>	12,000,000 (2,000,000 to MN?)	70%
Iceberg Ventures Inc. <sup>(3)</sup>	4,000,000	20%

Note

<sup>(1)</sup> Chinese company held 16.6% by Mr. Xian Jun Zong, 25.8 % by Dongying Huaxin Environmental Protection Technology Co., Ltd.; and 25% by Dongying Jinhua Decoration Co., Ltd. (of which Mr. Jin Hua Cui is a 65% shareholder).

<sup>(2)</sup> A company on which Ji Wu Li, is also a director.

<sup>(3)</sup> A company held 100% by Lin Hoi Yu.

#### **Directors, Officers, Promoters and Key Personnel of Amalco1**

Following completion of the Amalgamation, the Board of Directors of Amalco1 will be comprised of the former directors of MN, namely: Donald Gordon and Brian Peterson, and newly appointed directors Lin Hoi Yu, Ji Wu Li and Xian Jun Zong.

Following completion of the Amalgamation, Amalco1 will be led by Ji Wu Li, Chief Executive Officer, Xian Jun Zong, Chief Financial Officer, and Lin Hoi Yu, President. Remedios & Company will act as counsel and secretary for Amalco1.

### Key Personnel and Advisors

The name, municipality of residence, position expected to be held with Amalco1, principal occupation during the last five years and the expected security holdings of Amalco1 of each of the proposed directors and officers of Amalco1 are as follows:

Name and Municipality of Residence	Positions Expected to be Held of Amalco1	Principal Occupation of the Last Five Years (1)	Date Elected as Director	Expected Shareholding of Amalco1
<b>Lin Hoi Yu</b> (2) Burnaby, British Columbia	President and Director	Chief Consultant of the Huanghe Delta Agriculture Company Limited; past director of Nanhai Holdings Limited (a reporting issuer on the Hong Kong Stock Exchange).	Proposed director	4,000,000(4) Indirect 20%
<b>Ji Wu Li</b> (7) Jinan, China	CEO and Director	CEO and General Manager of Dongying Minghui New Energy Technology Co., Ltd.; founder and past Vice General Manager of Donying Huaxin Environmental Technology COMPANY Limited; founder of the China Environmental United Research Centre and its Vice Principal.	Proposed director	NIL
<b>Xian Jun Zong</b> Dongying, China	CFO and Director	Chief Administrator of the China Recovery Desert Steppe Foundation Association, Shandong Office; Secretary of the Senior's Economic Development Centre.	Proposed director	2,324,000(5) Indirect 11.62%
<b>Donald Gordon</b> (2)(3) North Vancouver, British Columbia	Director	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005; and Executive Director, Canadian Listed COMPANY Assoc.	Director of MN since May 3, 2013	150,145 0.75% Direct  150,184(8) 0.75% Indirect
<b>Brian Peterson</b> (2)(6) Kelowna British Columbia	Director	Chairman of the Community Western Trust Corporation; Director of the Mortgage Brokers Institute of British Columbia; past	Proposed director	1,497 0.07% Indirect

		President of the Mortgage Brokers Association of British Columbia; past director of the Mortgage Brokers Association of British Columbia.		
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Notes:

- (1) The information as to principal occupation, business or employment, penalties, sanctions, cease trade orders, bankruptcies, Amalco1 shares beneficially owned or controlled is not within the knowledge of the management of CMS and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) Member of the Audit Committee.
- (3) Mr. Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Circular.
- (4) Owned by Iceberg Ventures Inc., a company held 100% by Lin Hoi Yu.
- (5) Mr. Zong holds 16.6% of Dongying Minghui New Energy Science & Technology Co., Ltd., a company holding 14,000,000 shares of Amalco1.
- (6) Mr. Peterson has been a director of Miramare Capital Inc. ("Miramare") from May 2010 until May 2013. The shares of this company have been cease traded for failure to file annual financial statements by the British Columbia Securities Commission prior to the appointment ,on February 10, 2009 and by the Alberta Securities Commission on May 29, 2009. Mr. Peterson is a director of Aztek Resources Development Inc. ("Aztek"), the shares of which have been ceased traded for approximately 5 years prior to the appointment since May 28, 2007 by the British Columbia Securities Commission, since May 30, 2007 by the Ontario Securities Commission and since December 20, 2002 by the Alberta Securities Commission for failure to file its financial statements. Mr. Peterson became a director of Aztek and Miramare after the cease trade orders were issued as part of a reorganization plan.
- (7) Mr. Li is the chairman of Dongying Minghui New Energy Science & Technology Co., Ltd.
- (8) Shares held by DAG Consulting Corp., a company held 100% by Donald Gordon.

The term of office of all directors will expire at the next annual meeting of the shareholders of Amalco1, subject to re-election at that time. The proposed officers and directors of Amalco1, as a group, will hold, directly or indirectly, or have control over an aggregate of approximately 8,329,736 Amalco1 shares or 41.65% of the outstanding Amalco1 shares. None of the proposed officers of Amalco1 have signed non-competition agreements or non-disclosure agreements with CMS or MN.

**The following disclosure contains the profiles of the proposed directors and officers and other members of management of Amalco1 following completion of the Amalgamation:**

**Lin Hoi Yu**

President, Director

Mr. Yu has extensive executive and business experience which he gained in the positions of creator and manager of Jade Ocean Chinese Herbal Remedies Company Limited, director of Nanhai Holdings Limited (a reporting issuer on the Hong Kong Stock Exchange) and creator of Hong Kong Jade Ocean Holdings Limited. Currently, he is the chief consultant of Huanghe Delta Agriculture Company Limited. He graduated from Hong Kong Polytechnic College and has earned a Masters of Mariner. He is 69 years old and will devote up to 25% of his time to Amalco1.

**Ji Wu Li**

CEO, Director

Mr. Li has extensive business and technical experience which he gained in the positions of administrator of the production department at ShengLi Electrical Plant of Sinopec. He was notably the recipient of the Scientific Technology Advanced Award of Shandong Province in 2005. Mr. Li has significant executive and business experience which he gained as the founder of Dongying Huaxin Environmental Technology Company Limited and its Vice General Manager from 2000 to 2009. He also founded the China Environmental United Research Centre in 2012 and currently acts as its Vice Principal. Since 2010, Mr. Li has been the CEO and General Manager of Dongying Minghui New Energy Technology Co., Ltd. He has a degree from BoShan College in China majoring in heat energy and a Bachelor of Engineering from the University of Wuhan, China. He is 40 years old and will devote up to 25% of his time to Amalco1.

**Xian Jun Zong**

CFO, Director

Mr. Zong has extensive executive and business experience which he gained in the positions of reporter, chief editor and office manager of Shandong Tax Department, general manager of Shandong United Development Company, general manager of Shandong Merchant News and secretary of the Senior's Economic Development Centre. He is currently the chief administrator of the China Recovery Desert Steppe Foundation Association (Shandong Office). Mr. Zong holds a Bachelor Degree, majoring on politics and economics, from Shandong University, and a Master Degree in law. He is 46 years old and will devote up to 25% of his time to Amalco1.

#### **Donald Gordon**

Director

Through his operating company, DAG Consulting Corp, Mr. Gordon has been conducting corporate finance consulting for issuers and assisting investment dealers with business assessments in a wide range of industries since 1999. Currently, Mr. Gordon is the Vancouver representative for the Canadian National Stock Exchange. He is also an Executive Director of the Canadian Listed Company Association. Previously, Mr. Gordon has held management positions in corporate finance and marketing over a 17 year career with the TSX Venture Exchange. Mr. Gordon is past President and board member of the Vancouver Society of Financial Analysts. Mr. Gordon holds BA and MBA degrees from the University of British Columbia and is a CFA charter holder. Mr. Gordon is 57 years old and will devote up to 15% of his time to Amalco1.

#### **Brian Peterson**

Director

Mr. Peterson has a strong background in dealing with government and regulatory bodies with an emphasis on financial institution regulation. He also has an extensive knowledge and experience in technology, finance, and governance. Currently, Mr. Peterson is the Chairman of Community Western Trust Corporation and the director of Mortgage Brokers Institute of British Columbia. He has also served as a director and officer in various private and public sector corporations. His involvement includes his position as past President of the Mortgage Brokers Institute of British Columbia, past President of the Mortgage Brokers Association of British Columbia, past Director of the Mortgage Brokers Association of British Columbia for six years, and past Director of the Canadian Association of Mortgage Professionals. He holds a BA in Economics from the University of Victoria and a Diploma in Urban Land Economics from the University of British Columbia. He is 59 years old and will devote up to 15% of his time to Amalco1.

#### **Corporate Cease Trade Orders**

Except as disclosed in note 3 of the table describing the proposed directors and officers of Amalco1, to the management's knowledge, no director, officer, promoter or other member of management of Amalco1 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

#### **Penalties or Sanctions**

Except as disclosed in note 3 of the table describing the proposed directors and officers of Amalco1, to the management's knowledge, no director or officer of Amalco1, or a shareholder holding sufficient securities of Amalco1 to effect materially the control of Amalco1, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer for theft or fraud, or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

#### **Personal Bankruptcies**

To the management's knowledge, no proposed director, officer or promoter of Amalco1 has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.

## Conflicts of Interest

Certain of Amalco1's proposed directors and officers are associated with other companies or entities, which may give rise to conflicts of interest. In accordance with BCBCA, directors who have a material interest in any person who is a party to a material contract or proposed material contract with Amalco1 are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to Amalco1's best interests.

## Other Reporting Issuer Experience

The following table sets out information for each proposed director or officer of Amalco1 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Lin Hoi Yu	Nanhai Holdings Limited	Hong Kong Stock Exchange	Director from 2000 to 2008
<b>Donald Gordon</b>  Director	AFG Flameguard Ltd. (formerly Orca Power Corp.), BC	CNSX	Director from 2004 to present VP from December 2012 to present
	Organic Potash Corp., ON	CNSX	Director from 2011 to present
	Newlox Gold Ventures Corp., BC	CNSX	Director from 2011 to present
	Whitewater Resources Corp., BC	CNSX	President, Director from 2011 to 2012
	0922519 B.C. Ltd., BC	N/A	Director from 2011 to 2012
	0922518 B.C. Ltd., BC	N/A	Director from 2011 to present
	ARA Safety Inc..BC	N/A	Director from January 2008 to October 2008
	Abbastar Resources Corp., BC	TSX Venture	President from 2010 to 2012 Director from 2007 to 2012
	Canadian Data Preserve, BC	CNSX	Director from 2012 to 2012
	Rift Valley Resources Corp. (Previously Avatar Ocean Technology Inc.. BC	N/A	Director and CEO form October 2011 to March 2013, Director from March 2013
	Tulox Resources Inc., BC,	CNSX	Director from 2007 to 2011
	NU2U Resources Corp., BC	N/A	Director since 2011
	Manuweb Software Systems Inc., BC	CNSX	Director from 2010 to 2011
Brian Peterson	Miramare Capital Corp., BC	CNSX	Director from 2010 to 2013
	0922519 BC Ltd. , BC	CNSX	Director from 2011 to 2012
	09212518 BC Ltd., BC	CNSX	Director since 2012
	Aztek Resource and development Ltd. , BC	CNSX	Director since 2011
	0941092 BC Ltd.. BC	CNSX	Director since 2012

	Whitewater Resources Ltd.. BC	CNSX	Director from 2011 to 2012
	Molystar Resources Inc.. BC	CNSX	Director since 2012

## Executive Compensation

### Management Agreement

Compensation will continue to be paid to certain proposed officers of Amalco1 through employment in connection with the day-to-day management of the business and operations of Amalco1. The compensation to directors for their services as directors of Amalco1 will be determined at a later date.

### Indebtedness of Directors and Officers

No director or executive officer of CMS or MN, or associate or affiliate of any such director or senior officer, is or has been indebted to CMS or MN since the date of incorporation. No director or executive officer of CMS or MN, or associate or affiliate of any such director or senior officer, is or has been indebted to CMS or MN since the beginning of the last completed financial year of CMS and MN. None of the proposed directors and officers of Amalco1 are indebted to CMS, MN or Amalco1.

### Risk Factors

An investment in the Amalco1 shares would be subject to certain risks in addition to the risks applicable to an investment in the CMS Shares and MN Shares. Please refer to the section on “Risk Factors” in the Circular.

### Escrowed Securities

As part of its listing application to the Exchange, Amalco1 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco1, including all of the proposed directors, officers and consultants of Amalco1, whereby all securities of Amalco1, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco1, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco1 shares are listed on the CNSX, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

The following table sets out the number of securities proposed to be placed in escrow pursuant to the proposed escrow agreement among Amalco1, its registrar and transfer agent, and certain Shareholders of Amalco1:

Prior to Giving Effect to the Transaction	After Giving Effect to the Transaction	Name and Municipality of Residence of Security holder	Designation of Class	Number of Securities to Be Held in Escrow	Percentage of Class
4,000,000	4,000,000	Iceberg Ventures Inc. Vancouver, BC	Common	4,000,000	20%
14,000,000	14,000,000	Dongying Minghui New Energy Science & Technology Co., Ltd.	Common	14,000,000	70%
150,145	150,145	Donald Gordon, North Vancouver, BC	Common	150,145	0.75%
150,184	150,184	Donald Gordon via	Common	150,184	0.75%

		DAG Consulting Corp. Vancouver, BC			
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**Auditor, Transfer Agent and Registrar**

The auditors of Amalco1 will be Manning Elliott LLP, Chartered Accountants, of Vancouver, British Columbia. Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco1 shares.

**Material Facts**

To the knowledge of MN and CMS, there are no other material facts about CMS, MN, Amalco1 or the Amalgamation that have not been disclosed in this Circular as a whole.

**Board Approval**

The contents and the sending of this Circular have been approved by the Board of Directors of CMS and the Board of Directors of MN, respectively.

**PRO – FORMA INFORMATION OF AMALCO2 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN MGA AND CSCC**

The following is a description of Amalco2 assuming completion of the Arrangement and Amalgamation between MGA and Carnelian.

**Amalco2 Selected Financial Information**

The following tables set out certain pro-forma combined financial information for Amalco2 after giving effect to the Amalgamation.

**The information provided below is qualified in its entirety by the unaudited pro-forma combined financial statements attached in Schedule I. Reference should be made to those pro-forma combined financial statements as well as to the audited financial statements of MGA and the unaudited pro-forma financial statements of Carnelian, which are attached in Schedules L and G, respectively.**

	<b>Pro-forma Financial Information as at March 31, 2013</b>
	(unaudited)
Cash	301,477
Short-term investments	1,005,807
HST receivable	6,181
Prepaid expenses and deposits	22,863
<b>Total Assets</b>	<b>1,336,328</b>
Current Liabilities	22,226
Share Capital	1,314,102
<b>Total Liabilities and Shareholders Equity</b>	<b>1,336,328</b>

**Number of Issued Amalco2 Shares**

43,754,115

Please refer to Schedule I for the following:

- Amalco2’s pro-forma combined financial statements giving effect to the Amalgamation as at March 31, 2013.

### Description of Amalco1 Securities

After giving effect to the Amalgamation, Amalco2 will have authorized share capital of an unlimited number of common shares. Amalco2 will have approximately 43,754,115 common shares issued and outstanding. Former Carnelian Shareholders will hold approximately 2,000,000 Amalco 2 shares and former MGA Shareholders will hold approximately 41,754,115 Amalco2 shares following completion of the Amalgamation.

Management of Amalco2 will remain the same as the current management of MGA.

### Pro-Forma Combined Capitalization

#### *Pro-Forma Share Capital*

The following table sets out the pro-forma share capital of Amalco2 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	43,754,115 Amalco2 shares (2,000,000 held by former Carnelian Shareholders and 41,754,115 held by former MGA Shareholders)

#### *Pro-Forma Working Capital*

The pro-forma working capital of Amalco2, after giving effect to the Amalgamation, based on the pro-forma combined financial statements of MGA contained in this Circular as at March 31, 2013, is \$1,314,102.

#### *Fully Diluted Share Capital*

The following tables set out the number and percentage of securities of Amalco2 proposed to be outstanding on a fully diluted basis after giving effect to the Amalgamation and any other matters:

Number of Carnelian Shares outstanding	Number of Carnelian Warrants and options outstanding	Number of Amalco2 shares issued in Exchange for Carnelian Shares	Percentage of Amalco2 Shares
2,000,000	Nil warrants Nil options	2,000,000	5%

Number of MGA Shares outstanding	Number of MGA Warrants and options outstanding	Number of Amalco 2 shares issued in Exchange for CMS Shares	Percentage of Amalco2 Shares
41,754,115	6,607,812 warrants, 4,689,063 options	41,754,115	95%

### Dividends

To date, MGA and Carnelian have not declared or paid any dividends on MGA Shares or Carnelian Shares. Amalco2 has no present intention to declare any dividends on the Amalco2 shares. Any decision to pay dividends on Amalco 2 shares will be made by the board of directors of Amalco2 on the basis of its earnings, financial requirements and other conditions existing at such time.

### Principal Security Holders



To the knowledge of the directors and senior officers of MGA and Carnelian, as at the date hereof, no person or MGA other than John Gan and Ching Ping Chou will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco2 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco2 after giving effect to the Amalgamation. Their shareholdings are disclosed in the section “Key Personnel and Advisors” below.

### Directors, Officers, Promoters and Key Personnel of Amalco2

Following completion of the Amalgamation, The Board of Directors of Amalco2 will be comprised of John Gan, Ching Ping Chou, Ullrich George Thomas Schade and Donald Gordon.. Following completion of the Amalgamation, Amalco2 will be led by John Gan, President and Chief Executive Officer, Ching Ping Chou, Senior Vice President, Chief marketing Officer, Bang Chiem, Chief Financial Officer.

### Key Personnel and Advisors

The name, municipality of residence, position expected to be held with Amalco2, principal occupation during the last five years and the expected security holdings of Amalco2 of each of the proposed directors and officers of New MGA are as follows:

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years <sup>4</sup>	Current Position(s) with MGA	Director/ Officer Since	Number/ Percentage of MGA Shares Beneficially Owned or over which Control or Direction is Exercised
<b>John Gan</b> <sup>(1)</sup> Burnaby, BC	President and CEO of MGA; insurance executive.	Director, President and CEO	Feb. 2009	26,814,047 <sup>(2)</sup> 61.28%
<b>Bang Chiem</b> Burnaby, BC	Controller of MGA since 2010; Controller of a commercial and industrial construction company.	Accountant / Proposed CFO	N/A	450,000 <sup>(3)</sup> 1.07%
<b>Ching Ping Chou</b> Hsinchu, Taiwan	CMO of MGA since 2009; business development and marketing executive	Director, SVP and Chief Marketing Officer	Director since June 2010; SVP and CMO since Feb. 2009	7,660,571 <sup>(3)</sup> 17.51%
<b>Ullrich George Thomas Schade</b> <sup>(1)</sup> West Vancouver, BC	Founded and president of NextPhase Strategy Marketing Inc.; marketing and communications consultant.	Proposed director	N/A	350,000 <sup>(3)</sup> 0.80%
<b>Donald Albert Gordon,</b> <sup>(1) (5)</sup> North Vancouver	Principal of DAG Consulting Corp. since 2000; Senior Advisor, Canadian National Stock Exchange since 2005.	Proposed director	N/A	150,145 .34%

Notes:

<sup>(1)</sup> Proposed member of the Audit Committee.

<sup>(2)</sup> The voting control over these shares is exercised by direct ownership (14,602,477 common shares) and via voting trust agreements (12,211,570 common shares).

<sup>(3)</sup> Voting control over these shares is exercised by Mr. John Gan via voting trust agreement.

<sup>(4)</sup> The information as to principal occupation, business or employment, penalties, sanctions, cease trade orders, bankruptcies, Amalco2 shares beneficially owned or controlled is not within the knowledge of the management of CMS and has been furnished by the respective nominees.

Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

<sup>(6)</sup> Mr. Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco

Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Circular.

The term of office of all directors will expire at the next annual meeting of the shareholders of Amalco2, subject to re-election at that time. The proposed officers and directors of Amalco2, as a group, will hold, directly or indirectly, or have control over an aggregate of approximately 26,964,192 or 61.62% of the outstanding Amalco2 shares. None of the proposed officers of Amalco2 have signed non-competition agreements or non-disclosure agreements with MGA or Carnelian.

**The following disclosure contains the profiles of the proposed directors and officers and other members of management of Amalco2 following completion of the Amalgamation:**

**John Gan, Chief Executive Officer**

John Gan is founder and CEO of Global MGA Financial Inc., a holding company with offices in Canada, Hong Kong and China. He also co-founded 888 Capital Group, a corporate finance and IPO consulting firm assisting private companies to qualify for “going-public” in Canada. Previously to founding these two companies, he held numerous senior executive positions with several large insurance companies in Canada and Asia. He was formerly Asia Regional Director for Allianz Insurance Group, a global insurer. At Allianz, he was responsible for the agency distribution system, which comprised of 50,000 sales agents in India, Indonesia, Malaysia, Thailand, Philippines, Taiwan and China. His Asian experience also included positions as Chief Marketing Officer and VP of Sales for Transamerica Life (Taiwan) and Vice President of London Life International. He continues to work and travel extensively in Asia.

In Canada, positions he has held include Regional Manager of London Life and General Manager of North American Life (Manulife) in Vancouver. In 1989, after a successful career as a sales representative breaking numerous sales records, John pioneered the London Life District Sales Division entry into the Asian markets by establishing the first Asian sales team in Greater Toronto. His success led to being recruited to North American Life where he won the Sales Manager of the Year Award in 1994. He received his CLU in 1991 and CH.FC and CFP in 1992. In addition to his successful achievement in the life insurance industry, John’s past experience in the financial services industry includes being a licensed investment advisor for a Canadian investment dealer and a foreign exchange and money market trader for a foreign bank.

**Ching Ping Chou, Senior Vice President and Chief Marketing Officer**

Ching Ping Chou is a co-founder of Global MGA Financial Inc., and Vice-President of 888 Capital Group Inc., a corporate finance consulting firm with offices in Vancouver and Singapore. She is a seasoned business development and marketing executive, with 18 years experience in the Financial Services and Supply Chain industry. Ms. Chou has worked in Canada, USA and Asia, travelling throughout Greater China and the Asia-Pacific, creating opportunities for both private and public companies to enhance their business in world markets. She possesses extensive knowledge and experience in both cultural and business practices, and is highly skilled in international and cross-cultural negotiations in North American, Asian and Chinese markets. Ms. Chou holds an MBA in International Management from Thunderbird School of Global Management.

**Bang Chiem, Chief Financial Officer**

Mr. Chiem has been a Certified General Accountant since 2001. He has over 20 years experience in various accounting and financial roles covering several industries including construction, property and casualty insurance, and property development.

Prior to joining Global MGA Financial in 2010, he was Controller of a commercial and industrial construction company. Previous to that he held a senior finance position for five years at a property and casualty insurance managing general agency/insurance company. In property development, he worked for several companies including gravel pit mining, condominium conversion, and US property development. In his private consulting practice, he combines his accounting and financial background with his extensive computer expertise to provide innovative solutions at low cost to small and medium size businesses.

**Donald Gordon, Director**

Donald Gordon of DAG Consulting Corp., is a Chartered Financial Analyst and has been taking companies public as an independent corporate finance consultant since 1999. He acts in various capacities as principal, consultant, and independent due diligence representative for Issuers and Investment Dealers. In that capacity Don has played a lead role in over 20 listings in the past five years. Currently, he is Senior Advisor for the CNSX (Canadian National Stock Exchange) and Executive Director of the Canadian Listed Company Association. Previously, Don held management positions in corporate finance and marketing with the Vancouver Stock Exchange for 17 years. He is past President and board member of the Vancouver Society of Financial Analysts, a CFA charter holder and holds BA and MBA degrees from the University of British Columbia.

### **Ullrich Schade, Director**

Ullrich Schade founded and is currently president of NextPhase Strategy Marketing Inc. He has over 30 years of experience in branding and marketing communications. His marketing savvy, creative talent and business acumen built NextPhase into an integrated design, marketing, advertising, communications and public relations company, providing services to a wide range of clients. Before that, Ullrich worked as an art director and creative director for national advertising agencies in Toronto and Vancouver. He has created successful branding and marketing campaigns for numerous regional and international organizations including Canada Bread, Chevron, Sierra Wireless, Scott Paper, Telus and The Geo Group Inc. Ullrich is a past-president of the American Marketing Association BC Chapter, and has been involved in many investor and technology-based organizations as both founder and board member of VANTEC Angel Network and the Vancouver Enterprise Forum.

The following are the agreements that address the non-competition and non-disclosure matters between MGA and its directors and officers: 1) Employment agreement dated July 1, 2010 between John Gan and MGA; 2) Consulting agreement between MGA and Ching Ping Chou.

There are no other non-competition and non-disclosure agreements between MGA and the proposed directors and officers.

### **Corporate Cease Trade Orders**

Other than as disclosed earlier in this Circular (Please section – “Key Personnel and Advisors”), no director, officer, promoter or other member of management of Carnelian is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

### **Penalties or Sanctions**

No director, officer, promoter or other member of management of MGA has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### **Personal Bankruptcies**

No director, officer, promoter or other member of management of MGA has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Conflicts of Interest**

The directors of MGA are required by law to act honestly and in good faith with a view to the best interest of MGA and to disclose any interests which they may have in any project or opportunity of MGA. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not MGA will participate in any project or opportunity, that director will primarily consider the degree of risk to which MGA may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the MGA’s knowledge, there are no known existing or potential conflicts of interest among MGA and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **Other Reporting Issuer Experience**

The following table sets out information for each proposed director or officer of Amalco2 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
<b>Donald Gordon</b>  Director	AFG Flameguard Ltd. (formerly Orca Power Corp.), BC	CNSX	Director from 2004 to present VP from December 2012 to present
	Organic Potash Corp., ON	CNSX	Director from 2011 to present
	Newlox Gold Ventures Corp., BC	CNSX	Director from 2011 to present
	Whitewater Resources Corp., BC	CNSX	President, Director from 2011 to 2012
	0922519 B.C. Ltd., BC	N/A	Director from 2011 to 2012
	0922518 B.C. Ltd., BC	N/A	Director from 2011 to present
	ARA Safety Inc., BC	N/A	Director from January 2008 to October 2008
	Canadian Data Preserve, BC	CNSX	Director from 2012 to 2012
	Abbastar Resources Corp., BC	TSX Venture	President from 2010 to 2012 Director from 2007 to 2012
	Tulox Resources Inc., , BC	CNSX	Director from 2007 to 2011
	Rift Valley Resources (Previously Avatar Ocean Technology Inc., BC	N/A	Director and CEO form October 2011 to March 2013, Director from March 2013
	NU2U Resources Corp., BC	N/A	Director since 2011
	Manuweb Software Systems Inc., BC	CNSX	Director from 2010 to 2011

**Executive Compensation of Amalco 2**

Compensation currently paid to the officers of MGA will continue to be paid to the same proposed officers of Amalco2. Please see “Executive Compensation of MGA” in this Circular.

The compensation to directors for their services as directors of Amalco2 will be determined at a later date.

**Indebtedness of Directors and Officers**

None of the proposed directors and officers of Amalco2 are or were indebted to MGA, Carnerlian or Amalco2.

## **Stock Option Plan of Amalco 2**

The Amalgamation Agreement between MGA and Carnelian contains the Amalco2 Stock Option Plan. By approving the Amalgamation Agreement, the shareholders will be also approving the Amalco2 Stock Option Plan.

### ***Purpose of the Amalco2 Stock Option Plan***

The purpose of the Amalco2 Stock Option Plan is to provide an incentive to Amalco2's directors, officers, employees, management companies and consultants to continue their involvement with Amalco2, to increase their efforts on Amalco2's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Amalco2 would otherwise have to pay. The Amalco2 Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

### ***General Description***

The following is a brief description of the principal terms of the Amalco2 Stock Option Plan, which description is qualified in its entirety by the terms of the Amalco2 Stock Option Plan. A full copy of the Amalco2 Stock Option Plan is available to Newlox, Carnelian and MGA Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of Amalco2 Shares which may be issued pursuant to options granted under the plan is 8,750,823, which will amount close to 20% of the issued and outstanding shares of Amalco2.

Maximum Term of Options. The term of any options granted under the plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Amalco2 Shares may be listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued unless such an amendment is permitted under policies of an exchange or quotation system where the Amalco2 Shares may be listed or if the Amalco2 Shares are not listed then by the directors of Amalco2.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of Amalco2 or the Committee (as hereinafter defined) from time to time.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director or officer, and generally within thirty days of the option holder ceasing to act as an employee, management company or consultant of Amalco2 or any of its affiliates, or as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Amalco2 Shares.

Administration. The plan will be administered by the board of directors of Amalco2 or, if the board of Amalco2 so elects, by a committee, which committee shall consist of at least two board members, appointed by the board of directors of Amalco2.

Board Discretion. The plan provides that, generally, the number of Amalco2 Shares subject to each option, the exercise price, the expiry date, the extent to which such option is exercisable, including vesting schedules and other terms and conditions relating to such options shall be determined by the board of directors of Amalco2 or the Committee and in accordance with the requirements of an exchange or quotation system where the shares may be listed.

### **Risk Factors**

An investment in the Amalco2 shares would be subject to certain risks in addition to the risks applicable to an investment in the MGA Shares and Carnelian Shares. Please refer to the section on "Risk Factors" in the Circular.

## Escrowed Securities

As part of its listing application to the Exchange, Amalco2 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco2, including all of the proposed directors, officers and consultants of Amalco2, whereby all securities of Amalco2, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco2, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the proposed escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco2 shares are listed on the CNSX, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

The following table sets out the number of securities proposed to be placed in escrow pursuant to the proposed escrow agreement among Amalco2, its registrar and transfer agent, and certain Shareholders of Amalco2:

Prior to Giving Effect to the Transaction	After Giving Effect to the Transaction	Name and Municipality of Residence of Security holder	Designation of Class	Number of Securities to Be Held in Escrow	Percentage of Class
14,602,477	14,602,477	John Gan, Burnaby, BC	Common	14,602,477	33.37%
7,660,571	7,660,571	Ching Ping Chou, Taiwan	Common	7,660,571	17.51%
450,000	450,000	Bang Chiem, Burnaby, BC	Common	450,000	1.03%

## Auditor, Transfer Agent and Registrar

The auditors of Amalco will be Manning Elliott LLP, Chartered Accountants, of Vancouver, British Columbia. Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco2 shares.

## Material Facts

To the knowledge of MGA and Carnelian, there are no other material facts about MGA, Carnelian, Amalco2 or the Amalgamation that have not been disclosed in this Circular as a whole.

## Board Approval

The contents and the sending of this Circular have been approved by the Boards of Directors of MGA Carnelian.

## INCOME TAX CONSIDERATIONS

### *Income Tax Considerations*

Canadian Federal income tax considerations for Newlox Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out herein.

**Newlox Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.**

**Non-Canadian income tax considerations of the Arrangement or non-Canada Newlox Shareholders who are subject to income tax of Canada should consult their tax advisers with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.**

## **RIGHTS OF DISSENT**

### ***Dissenters' Rights***

Pursuant to the terms of the Interim Order and the Plan of Arrangement, the Company has granted the Newlox Shareholders who object to the Arrangement Resolution the right to dissent (the “**Dissent Right**”) in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder’s Newlox Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the Act which is attached as Schedule “F” to this Circular.**

A Newlox Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a “**Notice of Dissent**”) to the Company at its registered office at 612-475 Howe Street, Vancouver, British Columbia V6C 2B3, marked to the attention of the President, by either delivering the Notice of Dissent to the Company at least two days before the Meeting.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in Schedule “F” must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

Newlox Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any Newlox Shares if they vote (or instruct or are deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxy for a Newlox Shareholder whose proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that a Newlox Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each Newlox Share held by that Newlox Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

**Newlox Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Schedule “F” and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.**

## **RISK FACTORS**

In evaluating the Arrangement, Newlox Shareholders should carefully consider, in addition to the other information contained in this Circular, the following risk factors associated with MN, Carnelian, Sor, CMS, MGA, Amalco1 and Amalco2. These risk factors are not a definitive list of all risk factors associated with Newlox and the business to be carried out by MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2. **Newlox Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.**

### **Summary of Risk Factors**

An investment in Amalco1 and Amalco2 shares is speculative due to Amalco1 and Amalco2 limited operating history and certain other factors. Newlox Shareholders should carefully consider all of the information disclosed in this Circular prior to voting on the matters being put before them at the Newlox Meeting. Newlox Shareholders should carefully consider that Newlox may not realize the anticipated benefits of the Amalgamations.

**Investments in small and new businesses involve a high degree of risk and investors should not invest any funds in Amalco1 and Amalco2 unless they can afford to lose their entire investment. Investors should consult with their professional advisers to assess an investment in Amalco1 and Amalco2 shares.**

There are risk factors associated with the Amalgamations including: (i) market reaction to the Amalgamations such that the future trading prices of securities of Amalco1 and Amalco2, if listed, cannot be predicted; (ii) the transactions may give rise to adverse tax consequences for Newlox Shareholders; each shareholder is urged to consult his or her own tax advisor; (iii) it is uncertain whether the Amalgamations will have a positive impact on the entities involved in the transactions; and (iv) there is no assurance that required regulatory approvals will be received or that the Amalco1 and Amalco2 shares will ever be listed on any stock exchange.

**Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors of the Company, but not all of the risks associated with an investment in Shares of the Company may be described below. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial conditions, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's Shares could decline and investors may lose all or part of their investment**

### **Competition**

Significant and increasing competition exists in the areas of mineral exploration, solar technology, financial services and insurance business. Newlox, Amalco1 and Amalco2 will compete with other companies which may have better, expertise, financial and human resources. The existence of competition could adversely affect Newlox's, Amalco1's and Amalco2's ability to attract financing, develop existing projects and acquire new projects.

### ***Proposed Plan of Arrangement not Approved***

The completion of the Plan of Arrangement is subject to the approval of the Newlox Shareholders and the Supreme Court of British Columbia. There can be no assurance that all of the necessary approvals will be obtained. If the Plan of Arrangement is not approved, the Company will continue to search for other opportunities; however, it will have incurred significant costs associated with the Plan of Arrangement.

The completion of the Amalgamations is subject to the approval of the shareholders of Newlox, CMS, and MGA. There is no guarantee that these approvals will be obtained.

The Court may refuse to approve the Plan of Arrangement if the Company fails to meet the statutory or common law tests required to approve the Plan of Arrangement.

### ***The Market Price for the Shares may Fluctuate Widely***

The market price of the Newlox Shares may be subject to wide fluctuation in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects of the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

At this time there is no market for the MN, Carnelian, Sor, Amalco1 and Amalco2 Shares. There can be no guarantee that these shares will be listed on a stock exchange or that there will be market for these shares.

### ***Conflicts of Interest***

Certain directors and officers of Newlox and the Subsidiaries are and may continue to be, involved in acquiring assets through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Newlox, MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of Newlox, MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2. The directors of Newlox, MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2 are required by law, however, to act honestly and in good faith with a view to the best interests of Newlox, MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2 and their shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with Newlox, MN, Carnelian, Sor, CMS, MGA, CMC, Amalco1 and Amalco2 and to abstain from voting as a director for the approval of any such transaction.



***Dependency on a Small Number of Management Personnel***

All companies named in this Circular are dependent on a very small number of key personnel, the loss of any of whom could have an adverse effect on their business operations.

***Exploration and Mining Risks***

Development of mineral properties depends on satisfactory exploration results. Exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that expenditures made on future exploration by the Company or Sor will result in new discoveries of commercial quantities.

The long-term profitability of the operations of the Company and Sor will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond their control.

Exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company and Sor have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company and Sor may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company and Sor.

The Company and Sor will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract minerals from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that gold or other metals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in mineral markets, allowable production, importing and exporting of minerals and metals and environmental protection. The Company has no earnings record, no reserves and producing resource properties.

***Financing Risks***

All parties involved in the Arrangement and the Amalgamation are limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that adequate financing will be obtained in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of operations.

***Uninsurable Risks***

The businesses of the parties involved in the Arrangement and the Amalgamation may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Shares of the Company and other parties to the Arrangement and the Amalgamations.

***Title Matters***

A legal opinion with respect to the Minghui Technology was obtained. The opinion states that the owner of the Minghui Technology has valid title in China and that Minghui has the right to license the Minghui Technology to CMS. However, it remains possible that any of the Minghui Technology may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. In addition, no legal opinion was obtained as to the use and application of the Minghui Technology outside of China. It remains possible that there are pre-existing intellectual property rights that the Minghui Technology may infringe upon.

***Permits and Licenses***

The operations of the Company, the Subsidiaries, Amalco1 and Amalco2 may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

### ***Environmental Regulations***

The operations of the Company and the Subsidiaries may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company or the Subsidiaries. The Company and the Subsidiaries intend to fully comply with all environmental regulations.

### ***Fluctuating Price of Metals***

The revenues of the Company are expected to be in large part derived from the mining and sale of metals and other mineral resources. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, and improved mining and production methods. The effect of these factors on the price of mineral resources and therefore the economic viability of any of the exploration projects of the Company s cannot be accurately predicted.

### ***Stage of Development***

On completion of the Plan of Arrangement, the Company and the Subsidiaries will be in the business of exploring for, with the ultimate goal of developing and producing, metals from their mineral exploration properties. None of the Company's or the Subsidiaries' properties will have commenced commercial production and the Company and the Subsidiaries will have no history or earnings or cash flow from their operations. As a result of the foregoing, there can be no assurance that the Company or the Subsidiaries will be able to develop any of their properties profitably or that their activities will generate positive cash flow. The Company and the Subsidiaries will not have paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company and the Subsidiaries will have limited cash and other assets. A prospective investor in the Company or the Subsidiaries must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company and the Subsidiaries in all aspects of the development and implementation of the business activities of the Company and the Subsidiaries.

There can be no assurance that an active trading market in the Newlox, MN, Carnelian, CMS, MGA or CMC Shares will be established and sustained. The market price for these shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Shares of the Company and the Subsidiaries. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

### ***No History of Earnings or Dividends***

Newlox., MN, Carnelian, Sor and CMS have no history of earnings and MGA's earnings are limited. There is no assurance that they will generate earnings, operate profitably or provide a return on investment in the future. MN, Carnelian, Sor, Amalco1 and Amalco2 have no plans to pay dividends for the foreseeable future.

### ***Securities of Amalco1 and Amalco2 and Dilution***

A.

Amalco1 plans to focus on the development of the Minghui Technology as well as other agreements and interests it may acquire from time to time, and will use its working capital to carry out such activities. However, Amalco1 will require additional funds to further such activities. To obtain such funds, Amalco1 may sell additional securities including, but not limited to, Amalco1 Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Amalco1 Shares.

There is no assurance that additional funding will be available to Amalco1 to develop the Minghui Technology, to acquire additional properties or for the substantial capital that is typically required to expand operations to generate increased revenues. There is no assurance that Amalco1 will be able to obtain adequate financing in the future or that the terms of such

financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Minghui Technology or any other properties that Amalco1 may acquire.

B.

Amalco2 plans to focus on the distribution of insurance products and will use its working capital to carry out such activities. However, Amalco2 will require additional funds to further such activities. To obtain such funds, Amalco2 may sell additional securities including, but not limited to, Amalco2 Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Amalco2 Shares.

There is no assurance that additional funding will be available to Amalco2. There is no assurance that Amalco2 will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Amalco2 business.

**There can be no guarantee that Amalco1 Shares and Amalco2 Shares will ever be listed on a stock exchange and that shareholders will be ever able to sell these shares.**

**The following risks are specific to MGA and Amalco2:**

***Need for Funds to Implement our Business Plan***

Amalco2 will require external capital to implement its business plan of developing, growing and operating insurance and financial services distribution in Canada and Greater China/South East Asia (CSEA) through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation.. There can be no certainty that Amalco2 can obtain these funds.

***Suitable Acquisition Candidates***

Amalco2 expects a significant and major portion of its future growth to come from acquisitions of high-quality Insurance Agencies, intermediaries, brokers and agents. There is no assurance that Amalco2 can successfully identify suitable acquisition candidates. If suitable candidates are identified, however, Amalco2 may not be able to complete an acquisition on terms that are beneficial and acceptable to Amalco2. In addition, Amalco2 competes with other entities to acquire quality insurance agencies, brokers and agents. Many of its competitors may have substantially greater financial resources than Amalco2 does and may be able to outbid Amalco2 for these acquisition targets. If Amalco2 is unable to complete acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

If Amalco2 succeeds in acquiring insurance agencies, its ability to integrate an acquired entity and its operations is subject to a number of factors. These factors include difficulties in the integration of acquired operations and retention of personnel, especially the sales agents who are not employees of the acquired company, entry into unfamiliar markets, unanticipated problems or legal liabilities, and tax and accounting issues. The need to address these factors may divert management's attention from other aspects of its business and materially and adversely affect its business prospects. In addition, costs associated with integrating newly acquired companies could negatively affect Amalco2's operating margins.

Furthermore, the acquired companies may not perform to Amalco2's expectations for various reasons, including legislative or regulatory changes that affect the insurance products in which a company specializes, the loss of key agents, sales managers and clients after the acquisition closes, general economic factors that impact a company in a direct way and the cultural incompatibility of an acquired company's management team with that of Amalco2. If an acquired company cannot be operated at the same profitability level as Amalco2's other operations, the acquisition would have a negative impact on Amalco2's operating margin. Amalco2's inability to successfully integrate an acquired entity or its failure to perform to its expectations may materially and adversely affect its business, prospects, results of operations and financial condition.

***Attracting and Retaining Productive Sales Professionals or Agents***

Amalco2 sales are conducted through its individual sales professionals or agents who are independent contractors. If Amalco2 is unable to attract and retain productive sales professionals or sales agents, Amalco2's business could be materially and adversely affected. Competition for sales personnel from insurance companies, other insurance Agencies and intermediaries may also force Amalco2 to increase the compensation and commission of our sales professionals or sales agents, which would increase expenses, operating costs and reduce our profitability.

***Premiums or Commission and Fee Rates***

Amalco2 is engaged in the insurance agency business and derives revenues primarily from commissions and fees paid by the insurance companies whose policies its customers purchase. The commission and fee rates are set by insurance companies

and are based on the premiums that the insurance companies charge. Commission and fee rates and premiums can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies. These factors, which are not within Amalco2's control, include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, the availability of alternative insurance products such as government benefits and self-insurance plans, as well as the tax deductibility of commissions and fees and the consumers themselves.

Because Amalco2 does not determine, and cannot predict, the timing or extent of premium or commission and fee rate changes, Amalco2 cannot predict the effect any of these changes may have on its operations. Any increase in premiums or changes in commission and fee rates may significantly affect its profitability. In addition, its budget for future acquisitions, capital expenditures and other expenditures may be disrupted by unexpected decreases in revenues caused by increase in premiums or changes in commission and fee rates, thereby adversely affecting Amalco2's operations.

#### ***Contracts with insurance companies***

Amalco2 primarily acts as an intermediary for insurance companies in distributing their products to retail customers. If Amalco2's contract and agreement with these insurance companies are terminated or changes, our business and operating results could be adversely affected.

#### ***Insurance regulations***

Insurance distribution is a regulated industry in Canada and in the growth markets Amalco2 plans to enter. The insurance regulatory framework is undergoing significant changes in these markets. Some of these changes and the further development of regulations applicable to Amalco2 may result in additional restrictions on our activities and impede our acquisitions, partnerships, joint-ventures and strategic alliances plans.

#### ***Competition***

The insurance intermediary industry in is highly competitive, and Amalco2 expects competition to persist and intensify. In insurance product distribution, Amalco2 faces competition from insurance companies that use their in-house sales force and exclusive sales agents to distribute their products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks as well as from other professional insurance intermediaries and other Insurance Agencies. Amalco2 competes for customers on the basis of product offerings, customer services and reputation. Many of its competitors have greater financial and marketing resources and history than our Company and may be able to offer products and services that Amalco2 does not currently offer. If Amalco2 is unable to compete effectively against those competitors, Amalco2 may lose customers and agents and its financial results may be negatively affected.

#### ***Information Technology Systems***

Amalco2's business is highly dependent on the ability of its information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of its financial control, accounting, customer database, customer service and other data processing systems is critical to Amalco2's business and to its ability to compete effectively. There can be no assurances that Amalco2's business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of its information technology system could damage its reputation and materially and adversely affect Amalco2's future prospects and profitability.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company and the Arrangement is available on SEDAR at [www.sedar.com](http://www.sedar.com). Newlox Shareholders may contact the Company to request copies of the Company's financial statements and management's discussion and analysis by sending a written request to Suite 612 - 475 Howe Street, Vancouver, British Columbia, V6C 2B3, Attention: President. Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year.

### **TRANSFER AGENT AND REGISTRAR**

Newlox's registrar and transfer agent is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MN, Carnelian, Sor, Amalco1 and Amalco2 intend to appoint Computershare Investor Services Inc. or another transfer agent as their registrar and transfer agent.

#### **EXPERTS**

The audited consolidated financial statements of Newlox as at March 31, 2013, included in this Circular have been so included in reliance upon the report of Charlton & Company, Chartered Accountants, and upon the authority of such firm as experts in accounting and auditing. Charlton & Company, Chartered Accountants, is independent within the meaning of the applicable rules of professional conduct in Canada.

The audited consolidated financial statements of MGA and CMS, included in this Circular have been so included in reliance upon the report of Manning Elliott LLP, Chartered Accountants, and upon the authority of such firm as experts in accounting and auditing. Manning Elliott LLP, Chartered Accountants, is independent within the meaning of the applicable rules of professional conduct in Canada.

Each of the above named experts has advised the Company that they beneficially own, directly or indirectly, less than 1% of the outstanding Newlox Shares, and as a group they own less than one (1%) percent of the issued Newlox Shares.

#### **LEGAL PROCEEDINGS**

The Company is unaware of pending legal proceedings to which the Company or MN, Carnelian, Sor, CMS or MGA is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of Newlox or MN, Carnelian, Sor, CMS or MGA are, likely to be subject.

#### **OTHER MATTERS**

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of this Circular.

#### **APPROVAL OF INFORMATION CIRCULAR**

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

Dated at Vancouver, British Columbia this 25<sup>th</sup> day of June, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ "Donald Gordon"  
Donald Gordon  
President

#### **CERTIFICATE OF THE CORPORATION**

Date: June 25, 2013

The foregoing management information circular constitutes full, true and plain disclosure of all material facts relating to the transactions contemplated in this management information circular as required by the securities legislation of the Province of British Columbia.

By: /s/ "Donald Gordon"  
Donald Gordon  
President, CEO and Director



**LIST OF SCHEDULES**

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## SCHEDULE "A"

### NEWLOX GOLD VENTURES CORP.

#### FORM 52 – 110F2

#### THE AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

#### **1. The Audit Committee's Charter**

##### **The Audit Committee's Charter of Newlox Gold Ventures Corp.**

##### *Purpose of the Committee*

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation is to provide an open avenue of communication between management, the Corporation's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- the Corporation's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Corporation's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation's charter documents and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Corporation or of an affiliate of the Corporation. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Corporation or of an affiliate of the Corporation. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("IFRS"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Corporation's financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Corporation's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

##### *Authority and Responsibility*

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.



2. Review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the independent auditor's judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.
11. Establish and review the Corporation's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting Corporation in National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* and the charter documents of the Corporation.

## **2. Composition of the Audit Committee**

Donald Gordon, Thomas Bell and James Miller-Tait are members of the audit committee. Each member of the audit committee is financially literate as defined by NI 52-110. Donald Gordon is not independent members of the audit committee by virtue of his position as President, CEO and CFO. Thomas Bell and James Miller-Tait are independent directors of the Company.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

### 3. Relevant Education and Experience

The following is the description of education and experience of each audit committee member that is relevant to the performance of his duties.

Mr. Donald Gordon is a chartered financial analyst (CFA). Mr. Gordon holds a master's degree in business administration (MBA) and has over 20 years of experience and expertise in corporate finance analysis, conducting due diligence reviews for regulatory purposes and investment assessment, involving public and private companies and has acted as Consultant and Principal in dozens of reverse takeover transactions on the CNSX and TSX-V stock exchanges.

Mr. Bell acquired his financial literacy mainly while serving in various management positions including Executive Vice President, Corporate Development, of Great Canadian Gaming Company ("Great Canadian"), a company listed on the Toronto Stock Exchange, where he worked from 1993 to 2009. While working for Great Canadian, among other things, Mr. Bell reviewed the financial performance and financial statements of Great Canadian as an executive and as a member of the company's disclosure committee, participated in raising capital, answered inquiries from various institutional investors and brokers. Mr. Bell was the senior executive responsible for the general oversight of an operating division that generated approximately \$90 million in annual revenues. Mr. Bell reported to the CEO and/or the CFO during his employment.

Mr. James Miller – Tait acquired his financial literacy mainly while serving as a director of other reporting issuers.

### 4. Audit Committee Oversight

The audit committee has not made any recommendations to the Board to nominate or compensate any external auditor.

### 5. Reliance on Certain Exemptions

The Company's auditors, Charlton & Company, have not provided any material non-audit services.

### 6. Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

### 7. External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audit services provided by Charlton & Company to the Company to ensure auditor independence. Fees incurred with Charlton & Company for audit and non-audit services during the last two fiscal years for audit fees are outlined in the following table.

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees <sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
March 31, 2013	\$8,000	\$NIL	\$NIL	\$NIL
March 31, 2012	\$7,500	\$NIL	\$NIL	\$NIL

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

**Exemptions**

In respect to the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52 -110.

**SCHEDULE "B"**  
**INTERIM ORDER**



No. S-134810  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

RE: Newlox Gold Ventures Corp. (the “Petitioner”), MN Ventures Ltd. (“MN”), Carnelian Strategic Capital Corp. (“Carnelian”), Sor Baroot Resources Corp. (“Sor”) and the Shareholders of Newlox Gold Ventures Corp.

ORDER

BEFORE MASTER *BAKOL* )  
 )  
 )  
 )  
 ) FRIDAY, THE 28<sup>TH</sup> DAY  
 )  
 ) OF JUNE, 2013  
 )

ON THE APPLICATION WITHOUT NOTICE of the Petitioner for an interim order for direction of the Court in connection with a proposed arrangement pursuant to Sections 288 and 291 of the Business Corporations Act (British Columbia), S.B.C., 2002 c. 57 as amended (the “BCBCA”), coming on for hearing at Vancouver, British Columbia on the 28<sup>th</sup> day of June, 2013.

AND ON HEARING Linas Antanavicius, counsel for the Petitioner.

AND UPON READING the Petition herein dated June 26, 2013 and the Affidavit #1 of Donald Gordon sworn and filed on the 26<sup>th</sup> day of June, 2013. This court orders that:

THE MEETING

1. Newlox Gold Ventures Corp. (“Newlox”) is authorized and directed to call, hold and conduct an annual general and special meeting (the “Meeting”) of the common shareholders of Newlox (the “Newlox Shareholders”) to be held at 10 a.m. on July 30, 2013 at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, British Columbia or such other location in Vancouver, British Columbia to be determined by Newlox.
2. At the Meeting, Newlox Shareholders will, *inter alia*, consider, and if deemed advisable, approve, with or without variation, a special resolution (the “Arrangement Resolution”) adopting, with or without amendment, the arrangement (the “Arrangement”) involving Newlox, Newlox Shareholders, MN Ventures Ltd., Carnelian Strategic Capital Corp. and Sor Baroot Resources Corp., as set forth more particularly in the plan of arrangement (the “Plan of Arrangement”) attached as Exhibit “A” to the Affidavit #1 of Donald Gordon sworn June 26, 2013 (the “Affidavit”) and filed herein.
3. The Meeting will be called, held and conducted in accordance with the Notice of Annual General and Special Meeting to be delivered to the Newlox Shareholders in substantially the form attached to and forming part of the Management Information Circular (the “Circular”) attached as Exhibit “B” to the Affidavit, and in accordance with applicable provisions of the BCBCA, the Articles of Newlox, the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418, as amended (the “Securities Act”), and related rules and policies, the terms of this Order (the “Interim Order”) and

any further Order of this Court, the rulings and directions of the Chairman of the Meeting, and, to the extent of any inconsistency or discrepancy between the Interim Order and the terms of any of the foregoing, the Interim Order will govern.

#### RECORD DATE FOR NOTICE

4. The record date for determination of the Newlox Shareholders entitled to receive the notice of Meeting, the Circular and a form of proxy (the "**Meeting Materials**") will be the close of business (Vancouver time) on June 24, 2013 (the "**Record Date**") or such other date as the directors of Newlox may determine in accordance with the Articles of Newlox, the BCBCA and the Securities Act, and as disclosed in the Meeting Materials.

#### NOTICE OF MEETING

5. The Meeting Materials, with such amendments or additional documents as counsel for Newlox may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, and a copy of this Interim Order, will be sent at least twenty-one (21) days prior to the date of the Meeting, to: (a) Newlox Shareholders who are registered shareholders on the Record Date and to brokerage intermediaries on behalf of beneficial Newlox Shareholders where applicable, by prepaid ordinary mail addressed to each registered Newlox Shareholder at his, her or its address as maintained by the registrar and transfer agent of Newlox or delivery of same by courier service or by facsimile transmission or e-mail transmission to any such Newlox Shareholder who identifies himself, herself or itself to the satisfaction of Newlox and who requests such courier, facsimile or e-mail transmission.

6. The accidental failure or omission by Newlox to give notice of the Meeting or the Petition to any person in accordance with this Interim Order, as a result of mistake or of events beyond the reasonable control of Newlox (including, without limitation, any inability to utilize postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such accidental failure or omission is brought to the attention of Newlox, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances. Such rectified notice shall be deemed to be good and sufficient notice of the Meeting and/or this Petition, as the case may be.

7. The distribution of the Meeting Materials pursuant to paragraph 5 of this Interim Order shall constitute good and sufficient notice of the Meeting to registered and non-registered Newlox Shareholders.

8. Newlox is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials ("**Additional Information**") in accordance with the terms of the Arrangement, as Newlox may determine to be necessary or desirable and notice of such Additional Information may be communicated to Newlox Shareholders by news release, newspaper advertisement or one of the methods by which the Meeting Materials will be distributed.

#### DEEMED RECEIPT OF MEETING MATERIALS

9. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the Newlox Shareholders:

a. In the case of mailing to registered Newlox Shareholders or, in the case of delivery by courier of materials to brokerage intermediaries, five days after delivery thereof to the post office or acceptance by the courier service, respectively; and

b. In the case of delivery by courier, facsimile transmission or e-mail transmission directly to a registered Newlox Shareholder, the business day after such delivery or transmission of same.

10. Subject to other provisions of this Interim Order, no other form of service or delivery of the Meeting Materials or any portion thereof need be made, or notice given, or other material served in respect of the Meeting to any persons described in paragraph 5 of this Interim Order or to any other persons.

#### PERMITTED ATTENDEES

11. The persons entitled to attend the Meeting will be Newlox Shareholders of record as of the close of business (Vancouver time) on the Record Date, their respective proxies, the officers, directors and advisors of Newlox and such other persons who receive the consent of the Chairman of the Meeting to attend.

#### VOTING AT THE MEETING

12. The only persons permitted to vote at the Meeting will be the registered Newlox Shareholders as of the close of business (Vancouver time) on the Record Date or their valid proxy holders as described in the Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to Newlox.

13. The requisite approval of the Arrangement Resolution will be 66.66% of the votes cast on the resolution by the Newlox Shareholders present in person or by proxy at the Meeting. Each common share of Newlox voted will carry one vote.

14. A quorum for the Meeting will be the quorum required by the Articles of Newlox.

15. In all other respects, the terms, restrictions and conditions of the constating documents of Newlox will apply in respect of the Meeting.

16. For the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

#### ADJOURNMENT OF MEETING

17. Notwithstanding any provision of the BCBCA or the Articles of Newlox, the board of directors of Newlox shall be entitled if it deems advisable, to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any votes of the Newlox Shareholders respecting the adjournment or postponement and without the need for approval of the Court.

18. The record date for Newlox Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

#### AMENDMENTS

19. Newlox is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

#### SCRUTINEER

20. A representative of Newlox's registrar and transfer agent (or any agent thereof) (the "Scrutineer") will be authorized to act as scrutineer for the Meeting.

#### PROXY SOLICITATION

21. Newlox is authorized to permit the Newlox Shareholders to vote by proxy using the form of proxy, in substantially the same form as attached as Exhibit "B" to the Affidavit. Newlox is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communications as it may determine.

22. Newlox may in its discretion waive the time limits for deposit of proxies by Newlox Shareholders if Newlox deems it reasonable to do so.

#### DISSENT RIGHTS

23. The Newlox Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Division 2 of Part 8 of the BCBCA, strictly applied and as may be modified by the Plan of Arrangement.

#### SERVICE OF COURT MATERIALS

24. Newlox will include in the Meeting Materials a copy of this Interim Order, the Notice of Hearing of Petition and will make available to any Newlox Shareholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit (collectively, the "Court Materials"). The service of the Petition and Affidavit in support of the within proceedings to any Newlox Shareholder requesting same is hereby dispensed with.

25. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

#### FINAL APPROVAL HEARING

26. Upon the approval by the Newlox Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Newlox may apply for an order of this Honourable Court approving the Plan of Arrangement (the "Final Order") and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9:45 a.m. on August 6, 2013 or such later date as counsel for Newlox may be heard.



27. The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.

28. Any Newlox Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such Newlox Shareholder shall file a Response to Petition, in the form provided by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response to Petition together with a copy of all materials on which such Newlox Shareholder intends to rely at the submissions to the Petitioner at Newlox Gold Ventures Corp., 612-475 Howe St. Vancouver, BC, V6C 2B3, Attention: Donald Gordon at or before 10:00 a.m. on July 29, 2013, subject to the direction of this Honourable Court.

29. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to the Petition, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

30. The Petitioner shall not be required to comply with Rule 8-1 and Rule 16-1 of the Rules of Court in relation to the hearing of the Final Order approving the Plan of Arrangement and such rules will not apply to any application to vary this Interim Order.


VARIANCE

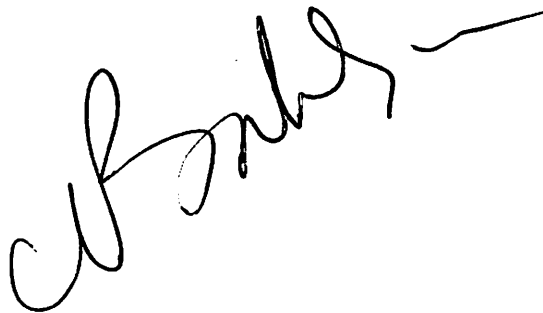
31. Newlox is at liberty to apply to this Honourable Court to vary this Interim Order and for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order and such further and other relief as this Honourable Court may consider just.

BY THE COURT

  
REGISTRAR

APPROVED AS TO FORM:

  
Counsel for the Petitioner



**SCHEDULE "C"**  
**NOTICE OF HEARING**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**RE: Newlox Gold Ventures Corp. (the “Petitioner”), MN Ventures Ltd. (“MN”), Carnelian Strategic Capital Corp. (“Carnelian”), Sor Baroot Resources Corp. (“Sor”) and the Shareholders of Newlox Gold Ventures Corp.**

**NOTICE OF HEARING**

To: MN Ventures Ltd.  
Carnelian Strategic Capital Corp.  
Sor Baroot Resources Corp.  
The Shareholders of Newlox Gold Ventures Corp.

TAKE NOTICE that a Petition has been filed by Newlox Gold Ventures Corp. (the “**Petitioner**”) in the Supreme Court of British Columbia for approval of the plan of arrangement (the “**Arrangement**”), pursuant to the *Business Corporations Act*, S.B.C 2002, Chapter 57, as amended.

AND FURTHER TAKE NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced on June 28, 2013, the Court has given directions as to the calling of annual general and special meeting of the holders of commons shares in the capital of the Petitioner (the “**Shareholders**”) for the purpose, *inter alia*, of considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the petition of Newlox Gold Ventures Corp. dated June 26, 2013 for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on August 6, 2013 at 9:45 a.m. or soon thereafter as counsel may be heard.

A copy of the said petition and other documents in the proceedings will be furnished to any shareholder upon request in writing to the Petitioner at the address of the Petitioner at 612-475 Howe St., Vancouver BC V6C 2B3.

**1. Date of hearing**

- The parties have agreed as to the date of the hearing of the petition.
- The parties have been unable to agree as to the date of the hearing but notice of the hearing will be given to the petition respondents in accordance with Rule 16-1 (8) (b) of the Supreme Court Civil Rules.
- The petition is unopposed, by consent or without notice.

The date of the hearing has been determined pursuant to the Interim Order.

**2. Duration of hearing**

- It has been agreed by the parties that the hearing will take .....[time estimate]..... .
- The parties have been unable to agree as to how long the hearing will take and
  - (a) the time estimate of the petitioner(s) is 20 minutes, and

- (b) the time estimate of the petition respondent(s) is ..... minutes.  
 the petition respondent(s) has(ve) not given a time estimate.

It is not known whether the matter will be contested and it is estimated by the Petitioner that the hearing will take 20 minutes.

**3. Jurisdiction**

- This matter is within the jurisdiction of a master.  
 This matter is not within the jurisdiction of a master.

Date: June 28, 2013.

Signature of  
 petitioner  lawyer for petitioner(s)

## **SCHEDULE “D”**

### **FORM OF ARRANGEMENT AND AMALGAMATION RESOLUTIONS**

Capitalized words used in this Schedule “B” and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

1. BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- a) the Arrangement Agreement dated June 24, 2013, between Newlox Gold Ventures Corp. (the “MGA”), MN Ventures Ltd. (“MN”), Carnelian Strategic Capital Corp. (“Carnelian”) and Sor Baroot Resources Corp. (“Sor”) is hereby approved, ratified and affirmed;
- b) the Arrangement under Division 5 of Part 9 of the Act, substantially as set forth in the Plan of Arrangement attached as Schedule A to the Arrangement Agreement, is hereby approved and authorized;
- c) the Amalgamation between Cdn MSolar Corp. (“CMS”) and MN, pursuant to the steps outlined in the Amalgamation Agreement dated June 25, 2013 between CMS and MN, be and is hereby authorized, approved and adopted;
- d) the Amalgamation between Global MGA Financial Inc. (“MGA”) and Carnelian, pursuant to the steps outlined in the Amalgamation Agreement dated June 25, 2013, between MGA and Carnelian, be and is hereby authorized, approved and adopted;
- e) notwithstanding that this special resolution has been passed by the shareholders of the Company or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the shareholders of the Company; and
- f) notwithstanding that this resolution has been duly passed by the Shareholders of the Company, approval is hereby given to the board of directors of the Company to amend the terms of the Amalgamations, to the extent permitted by the Amalgamation Agreements in any manner, and subject to the terms of the Amalgamation Agreements, to determine not to proceed with the Amalgamations and to revoke this resolution at any time prior to the effective date of the Amalgamations;
- g) any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

**SCHEDULE "E"**  
**THE ARRANGEMENT AGREEMENT**

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated as of the 24<sup>th</sup> day of June, 2013.

**AMONG:**

**Newlox Gold Ventures Corp.**, a company incorporated under the laws of the Province of British Columbia ("**Newlox**")

- and -

**MN Ventures Ltd.**, a company incorporated under the laws of the Province of British Columbia ("**MN**")

- and -

**Carnelian Strategic Capital Corp.**, a company incorporated under the laws of the Province of British Columbia ("**Carnelian**")

- and -

**Sor Baroot Resources Corp.**, a company incorporated under the laws of the Province of British Columbia ("**Sor**")

**AND WHEREAS** MN, Carnelian and Sor are the wholly owned subsidiaries of Newlox that were incorporated for the purposes of this plan of arrangement;

**AND WHEREAS** the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia);

**AND WHEREAS** the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as

supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

- (b) **"Applicable Laws"** means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) **"Arrangement"** means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) **"Arrangement Provisions"** means Part 9, Division 5 of the BCBCA;
- (e) **"Arrangement Resolution"** means the special resolution in respect to the Arrangement and other related matters to be considered at the Newlox Meeting;
- (f) **"Assets"** means the assets of Newlox to be transferred to the Newlox Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached hereto and forming part of this Agreement;
- (g) **"BCBCA"** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (h) **"Business Day"** means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) **"Carnelian"** means Carnelian Strategic Capital Corp., a private company incorporated under the BCBCA;
- (j) **"Carnelian Option Plan Resolution"** means an ordinary resolution to be considered by the Newlox Shareholders to approve the Carnelian Option Plan, the full text of which is set out in Schedule "D" to this Arrangement Agreement;
- (k) **"Carnelian Shareholder"** means a holder of Carnelian Shares;
- (l) **"Carnelian Shares"** means the common shares without par value in the authorized share structure of Carnelian, as constituted on the date of this Agreement;
- (m) **"CNSX"** means the Canadian National Stock Exchange;
- (n) **"Computershare"** means Computershare Investor Services Inc.;
- (o) **"Court"** means the Supreme Court of British Columbia;
- (p) **"Dissenting Shareholder"** means an Newlox Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Newlox Shares in accordance with the Interim Order and the Plan of Arrangement;
- (q) **"Dissenting Shares"** means the Newlox Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (r) **"Effective Date"** means the date the Arrangement becomes effective under the BCBCA;
- (s) **"Final Order"** means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (t) **"IFRS"** means International Financial Reporting Standards;



- (u) **"Information Circular"** means the management proxy circular of Newlox to be sent by Newlox to the Newlox Shareholders in connection with the Newlox Meeting;
- (v) **"Interim Order"** means an interim order of the Court concerning the Arrangement in respect of Newlox, containing declarations and directions with respect to the Arrangement and the holding of the Newlox Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (w) **"MN"** means MN Ventures Ltd., a private company incorporated under the BCBCA;
- (x) **"MN Option Plan Resolution"** means an ordinary resolution to be considered by the Newlox Shareholders to approve the MN Option Plan, the full text of which is set out in Schedule "C" to this Arrangement Agreement;
- (y) **"MN Shares"** means the common shares without par value in the authorized share structure of MN, as constituted on the date of this Agreement;
- (z) **"MN Shareholder"** means a holder of MN Shares;
- (aa) **"New Shares"** means the new class of common shares without par value which Newlox will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Newlox Shares
- (bb) **"Newlox Class A Shares"** means the renamed and redesignated Newlox Shares as described in §3.1 of the Plan of Arrangement;
- (cc) **"Newlox Class A Preferred Shares"** means the Class "A" preferred shares without par value which Newlox will create and issue pursuant to §3.1 of the Plan of Arrangement;
- (dd) **"Newlox Meeting"** means the special meeting of the Newlox Shareholders to be held to approve this Arrangement Agreement, and any adjournment(s) or postponement(s) thereof;
- (ee) **"Newlox Options"** means the outstanding stock options, whether or not vested, to acquire Newlox Shares;
- (ff) **"Newlox Shares"** means the common shares without par value in the authorized share capital of Newlox, as constituted on the date of this Agreement;
- (gg) **"Newlox Shareholders"** means the holders from time to time of Newlox Shares;
- (hh) **"Newlox Subsidiaries"** means collectively MN, Carnelian, Sor, and;
- (ii) **"Newlox Warrants"** means the common share purchase warrants of Newlox outstanding on the Effective Date;
- (jj) **"Notice of Meeting"** means the notice of special meeting of the Newlox Shareholders in respect of the Newlox Meeting;
- (kk) **"Parties"** means Newlox and the Newlox Subsidiaries; and **"Party"** means any one of them;
- (ll) **"Person"** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

- (mm) "**Plan of Arrangement**" means the plan of arrangement substantially in the form set out in **Schedule A** to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (nn) "**Registrar**" means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (oo) "**Registered Shareholder**" means a registered holder of Newlox Shares as recorded in the shareholder register of Newlox maintained by Computershare;
- (pp) "**Sor**" means Sor Baroot Resources Corp., a private company incorporated under the BCBCA;
- (qq) "**Sor Shareholder**" means a holder of Sor Shares;
- (rr) "**Sor Shares**" means the common shares without par value in the authorized share structure of Sor, as constituted on the date of this Agreement;
- (ss) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedules A to F hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and companies and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

## **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

## **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS.

## **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

## **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

A - Plan of Arrangement with all schedules attached to it.

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

Newlox and the Newlox Subsidiaries will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Newlox Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, Newlox and each of the Newlox Subsidiaries will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Newlox Shareholders, Newlox and the Newlox Subsidiaries shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Newlox shall forthwith proceed to file the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

### **2.2 Interim Order**

The Interim Order shall provide that:

**Newlox**

- (a) the securities of Newlox for which holders shall be entitled to vote on the Arrangement Resolution shall be the Newlox Shares;
- (b) the Newlox Shareholders shall be entitled to vote on the Arrangement Resolution, with each Newlox Shareholder being entitled to one vote for each Newlox Share held by such holder;
- (c) the requisite majority for the approval of the Arrangement Resolution shall be:
  - (i) two-thirds of the votes cast by the Newlox Shareholders present in person or by proxy at the Newlox Meeting; and
  - (ii) and a majority of the votes cast by the Newlox Shareholders, after excluding the votes cast by those persons whose votes must be excluded pursuant to Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions.

**2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) Newlox shall:
  - (i) prepare the Information Circular and cause such circular to be mailed to the Newlox Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
  - (ii) convene the Newlox Meeting.

**2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

### **ARTICLE 3 COVENANTS**

#### **3.1 Covenants Regarding the Arrangement**

From the date hereof until the Effective Date, Newlox and each of the Newlox Subsidiaries will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

#### **3.2 Covenants Regarding Execution of Documents**

- (a) Newlox and each of the Newlox Subsidiaries will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

#### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Newlox Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The MN Shareholder(s), Carnelian Shareholder(s) and Sor Shareholder(s) shall approve the Arrangement by a special resolution;
- (c) Upon obtaining the Interim Order, Newlox shall call the Newlox Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Newlox Shareholders;
- (d) If the Newlox Shareholders approve the Arrangement as set out in §3.3 hereof, Newlox shall thereafter (subject to the exercise of any discretionary authority granted to Newlox's directors by the Newlox Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, Newlox shall, subject to compliance with any of the other conditions provided for in Article 3.3 hereof and to the rights of termination

contained in Article 7 hereof, file the material described in §5.1 with the Registrar in accordance with the terms of the Plan of Arrangement.

### **3.4 Newlox Stock Options and Warrants**

No shares, stocks, options or warrants will be issued by the Newlox Subsidiaries to the Newlox Shareholders upon the exercise of Newlox Stock Options or Warrants.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that.

- (a) It is a company duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Newlox and each of the Newlox Subsidiaries, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Newlox and each of the Newlox Subsidiaries, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Newlox Shareholders at the Newlox Meeting in accordance with the Arrangement Provisions, the constating

documents of Newlox, the Interim Order and the requirements of any applicable regulatory authorities;

- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the MN Shareholder(s), Carnelian Shareholder(s) and Sor Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of each of the Newlox Subsidiaries;
- (d) the Final Order shall have been granted in form and substance satisfactory to Newlox and the Newlox Subsidiaries, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to Newlox and each of the Newlox Subsidiaries;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by either Newlox or any of the Newlox Subsidiaries, as the case may be, at its discretion.

## **5.2 Closing**

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Newlox, 475 – 612 West Pender St., Vancouver BC V6C 2B3, at 10:00 a.m. (Vancouver time) on such date as they may mutually agree (the “Closing Date”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

## **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

## **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## **ARTICLE 6 AMENDMENT**

### **6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Newlox Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Newlox Shareholder without approval by the Newlox Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the Newlox Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of Newlox without further action on the part of the Newlox Shareholders, or by the board of directors of each of the Newlox Subsidiaries without further action on the part of the respective MN Shareholder(s), Carnelian Shareholder(s) or Sor Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of Newlox or any of the Newlox Subsidiaries, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

### **7.2 Cessation of Right**

The right of Newlox or any of the Newlox Subsidiaries or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.



**ARTICLE 8  
NOTICES**

**8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by e-mail (with an acknowledgment of receipt) and in the case of:

**Newlox Gold Ventures Corp.:**

612-475 Howe St.  
Vancouver, British Columbia V6C 2B3  
Attention: Donald Gordon, President and Chief Executive Officer  
Email: dagcorp123@gmail.com

**MN Ventures Ltd.:**

612-475 Howe St.  
Vancouver, British Columbia V6C 2B3  
Attention: Donald Gordon, President and Chief Executive Officer  
Email: dagcorp123@gmail.com

**Carnelian Strategic Capital Corp.:**

612-475 Howe St.  
Vancouver, British Columbia V6C 2B3  
Attention: Donald Gordon, President and Chief Executive Officer  
Email: dagcorp123@gmail.com

**Sor Baroot Resources Corp.:**

612-475 Howe St.  
Vancouver, British Columbia V6C 2B3  
Attention: Donald Gordon, President and Chief Executive Officer  
Email: dagcorp123@gmail.com

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

**ARTICLE 9  
GENERAL**

**9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

**9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

The costs and expenses in connection with the transactions contemplated hereby will be covered by Cdn MSolar Corp., Global MGA Financial Inc. and Chagai Mining Corporation pursuant to the letters of intent between Newlox and these three corporations

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

### **9.6 Time of Essence**

Time shall be of the essence of this Agreement.

### **9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying

of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

**9.8 Waiver**

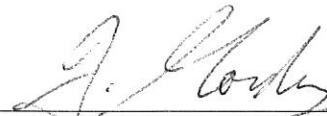
No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

**9.9 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**NEWLOX GOLD VENTURES CORP.**

By:   
Donald Gordon, President and CEO

**MN VENTURES LTD.**

By:   
Donald Gordon, Director

**CARNELIAN STRATEGIC CAPITAL CORP.**

By:   
Donald Gordon, Director

**SOR BAROOT RESOURCES CORP.**

By:   
Donald Gordon, Director

**SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT**  
**PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9**  
**OF THE**  
***BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)***  
**S.B.C. 2002, c. 57**

**ARTICLE 1**  
**INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

"**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the proposed arrangement involving Newlox, MN, Carnelian, and Sor and the Newlox Shareholders pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Agreement**" means the arrangement agreement dated effective June 24, 2013, between Newlox, MN, Carnelian and Sor with respect to the Arrangement, and all amendments thereto;

"**Arrangement Provisions**" means Division 5 of Part 9 of the BCBCA;

"**Assets**" means the assets of Newlox described in Schedule B to the Arrangement Agreement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, in the Province of British Columbia, for the transaction of banking business;

"**MN**" means MN Ventures Ltd., a private company incorporated under the BCBCA;

"**MN Shares**" means the common shares without par value in the authorized share structure of MN, as constituted on the date of the Arrangement Agreement;

"**CNSX**" means the Canadian National Stock Exchange;

"**Court**" means the Supreme Court of British Columbia;

"**Conversion Factor**" means 0.14973522 with respect to MN and Carnelian and 0.06738085 with respect to Sor as of the close of business on the Share Distribution Record date;

"**Depository**" means Computershare Investor Services Inc.;

"**Distributed MN, Carnelian, and Sor Shares**" means the MN Shares, Carnelian Shares and Sor Shares that are to be distributed to the Newlox Shareholders pursuant to §3.1;

**"Effective Date"** means the date the Arrangement becomes effective under the BCBCA;

**"Final Order"** means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Carnelian"** means Carnelian Strategic Capital Corp., a private company incorporated under the BCBCA;

**"Carnelian Shares"** means the common shares without par value in the authorized share structure of Carnelian, as constituted on the date of the Arrangement Agreement;

**"Information Circular"** means the management information circular to be sent to the Newlox Shareholders in connection with the Newlox Meeting;

**"Interim Order"** means the interim order of the Court concerning the Arrangement under the BCBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Sor"** means Sor Baroot Resources Corp., a private company incorporated under the BCBCA;

**"Sor Shares"** means the common shares without par value in the authorized share structure of Sor, as constituted on the date of the Arrangement Agreement;

**"New Shares"** means the new class of common shares without par value which Newlox will create pursuant to §3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the Newlox Shares;

**"Newlox"** means Newlox Gold Ventures Corp., a company existing under the BCBCA;

**"Newlox Class A Shares"** means the renamed and re-designated Newlox Shares, as described in §3.1 of this Plan of Arrangement;

**"Newlox Class A Preferred Shares"** means the Class "A" preferred shares without par value which Newlox will create and issue pursuant to §3.1 of this Plan of Arrangement;

**"Newlox Meeting"** means the special meeting of Newlox Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

**"Newlox Options"** means share purchase options issued pursuant to the Newlox Stock Option Plan;

**"Newlox Share Commitments"** means an obligation of Newlox to issue New Shares;

**"Newlox Shares"** means the common shares of Newlox and **"Newlox Shareholder"** means the holders from time to time of Newlox Shares;

**"Newlox Stock Option Plan"** means the stock option plan of Newlox in effect on the date of the Plan of Arrangement;

**"Newlox Warrants"** means share purchase warrants of Newlox that are outstanding on the Effective Date.

"**Parties**" means, collectively, Newlox, MN, Carnelian and Sor and "**Party**" means any one of them;

"**Plan**" or "**Plan of Arrangement**" means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

"**Registrar**" means the Registrar of Companies duly appointed under the BCBCA;

"**Share Distribution Record Date**" means the close of business on the day which is four Business Days after the date of the Newlox Meeting or such other date as agreed to by Newlox and MN, Carnelian and Sor, which date establishes the Newlox Shareholders who will be entitled to receive MN Shares, Carnelian Shares and Sor Shares pursuant to this Plan of Arrangement;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**Transfer Agent**" means Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia;

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Newlox Shareholders.

**ARTICLE 3  
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of Newlox, MN, Carnelian, or Sor, but subject to the provisions of Article 6:
- (a) Newlox will transfer the Assets to each of MN, Carnelian and Sor in consideration for MN Shares, Carnelian Shares and Sor Shares (the “**Distributed MN, Carnelian and Sor Shares**”), such that the number of Distributed MN, Carnelian and Sor Shares received by Newlox from each Newlox Subsidiary in consideration for the Assets will equal the number of issued and outstanding Newlox Shares multiplied by the Conversion Factor as of the Share Distribution Record Date, and Newlox will be added to the central securities register of each of MN, Carnelian and Sor in respect of such MN Shares, Carnelian Shares and Sor Shares;
  - (b) The authorized share capital of Newlox will be changed by:
    - (i) Altering the identifying name of the Newlox Shares to Class A Shares;
    - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
    - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the Newlox Class A Preferred Shares;
  - (c) Each issued Newlox Class A Share will be exchanged for one New Share and one Newlox Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Newlox Class A Shares will be removed from the central securities register of Newlox and will be added to the central securities register as the holders of the number of New Shares and Newlox Class A Preferred Shares that they have received on the exchange;
  - (d) All of the issued Newlox Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Newlox and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Newlox Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Newlox Class A Preferred Shares so that the aggregate paid up capital of the Newlox Class A Preferred Shares is equal to the aggregate fair market value of the Distributed MN, Carnelian Sor Shares as of the Effective Date, and each Newlox Class A Preferred Share so issued will be issued by Newlox at an issue price equal to such aggregate fair market value divided by the number of issued Newlox Class A Preferred Shares, such aggregate fair market value of the Distributed MN, Carnelian and Sor Shares to be determined as at the Effective Date by resolution of the board of directors of Newlox;
  - (e) Newlox will redeem the issued Newlox Class A Preferred Shares for consideration consisting solely of the Distributed MN, Carnelian and Sor Shares such that each holder of Newlox Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of MN Shares, Carnelian Shares,

Shares and Sor Shares that is equal to the number of Newlox Class A Preferred Shares multiplied by the Conversion Factor held by such holder;

- (f) The name of each holder of Newlox Class A Preferred Shares will be removed as such from the central securities register of Newlox, and all of the issued Newlox Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Newlox;
  - (g) The Distributed MN, Carnelian and Sor Shares transferred to the holders of the Newlox Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of Newlox Class A Preferred Shares and appropriate entries will be made in the central securities register of MN, Carnelian and Sor;
  - (h) The Newlox Class A Shares and the Newlox Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of Newlox will be changed by eliminating the Newlox Class A Shares and the Newlox Class A Preferred Shares therefrom;
  - (i) The Notice of Articles and Articles of Newlox will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and
- 3.2 Notwithstanding §3.1(e), no fractional MN, Carnelian or Sor Shares shall be distributed to the Newlox Shareholders and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed MN, Carnelian and Sor Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Newlox in its absolute discretion.
- 3.3 The holders of the Newlox Class A Shares and the holders of New Shares and Newlox Class A Preferred Shares referred to in §3.1(c), and the holders of the Newlox Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are Newlox Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 All New Shares, Newlox Class A Preferred Shares and MN Shares, Carnelian Shares and Sor Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.5 The Arrangement shall become final and conclusively binding on the Newlox Shareholders, the MN Shareholders, the Carnelian Shareholders, the Sor Shareholders and Newlox, MN, Carnelian and Sor on the Effective Date.
- 3.6 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Newlox and MN, Carnelian and Sor shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.



**ARTICLE 4  
CERTIFICATES**

- 4.1 Recognizing that the Newlox Shares shall be redeemed and redesignated as Newlox Class A Shares pursuant to §3.1(b)(i) and that the Newlox Class A Shares shall be exchanged partially for New Shares pursuant to §3.1(c), Newlox shall not issue replacement share certificates representing the Newlox Class A Shares.
- 4.2 Recognizing that the Distributed MN Shares, Carnelian Shares, Shares and Sor Shares shall be transferred to the Newlox Shareholders as consideration for the redemption of the Newlox Class A Preferred Shares pursuant to §3.1(e), MN, Carnelian and Sor shall issue one share certificate representing all of the Distributed MN, Carnelian and Sor Shares registered in the name of Newlox, which share certificate shall be held by the Depositary until the Distributed MN, Carnelian and Sor Shares are transferred to the Newlox Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed MN, Carnelian, and Sor Shares to the Newlox Shareholders as of the Share Distribution Record Date, Newlox shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed MN, Carnelian or Sor Shares to such Newlox Shareholders in accordance with the terms of this Plan of Arrangement and MN, Carnelian or Sor shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Newlox Class A Preferred Shares issued to the Newlox Shareholders pursuant to §3.1(c) will be redeemed by Newlox as consideration for the distribution and transfer of the Distributed MN, Carnelian or Sor Shares under §3.1(e), Newlox shall issue one share certificate representing all of the Newlox Class A Preferred Shares issued pursuant to §3.1(e) in the name of the Depositary, to be held by the Depositary for the benefit of the Newlox Shareholders until such Newlox Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, MN, Carnelian and Sor shall cause to be issued to the registered holders of Newlox Shares as of the Share Distribution Record Date, share certificates representing the MN Shares, Carnelian Shares, Share and Sor Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates to be mailed to such registered holders.
- 4.5 From and after the Effective Date, share certificates representing Newlox Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 Newlox Shares traded after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed MN, Carnelian and Sor Shares.

**ARTICLE 5  
DISSENTING SHAREHOLDERS**

- 5.1 Notwithstanding §3.1 hereof, holders of Newlox Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Newlox Shareholders who duly exercise Dissent Rights with respect to their Newlox Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Newlox for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Newlox Shareholder and shall receive New Shares and MN Shares, Carnelian Shares and Sor Shares on the same basis as every other non-dissenting Newlox Shareholder, and in no case shall Newlox be required to recognize such person as holding Newlox Shares on or after the Effective Date.
- 5.3 If a Newlox Shareholder exercises the Dissent Right, Newlox shall on the Effective Date set aside and not distribute that portion of the Distributed MN, Carnelian and Sor Shares that is attributable to the Newlox Shares for which the Dissent Right has been exercised. If the dissenting Newlox Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Newlox shall distribute to such Newlox Shareholder his, her or its pro-rata portion of the Distributed MN, Carnelian and Sor Shares. If a Newlox Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Newlox shall retain the portion of the Distributed MN, Carnelian and Sor Shares attributable to such Newlox Shareholder (the “**Non-Distributed MN, Carnelian and Sor Shares**”), and the Non-Distributed MN, Carnelian and Sor Shares shall be dealt with as determined by the board of directors of Newlox in its absolute discretion.

## ARTICLE 6 AMENDMENTS

- 6.1 Newlox, MN, Carnelian and Sor may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
  - (ii) filed with the Court and, if made following the Newlox Meeting, approved by the Court; and
  - (iii) communicated to holders of Newlox Shares and MN Shares, Carnelian Shares, Shares and Sor Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Newlox at any time prior to the Newlox Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Newlox Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- 6.3 Newlox, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Newlox Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by Newlox and MN, Carnelian, , and Sor, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of Newlox, MN, Carnelian and Sor, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Newlox, MN, Carnelian and Sor or any former holder of Newlox Shares, MN Shares, Carnelian Shares and Sor Shares, as the case may be.

**ARTICLE 7**  
**REFERENCE DATE**

- 7.1 This plan of arrangement is dated for reference the 24<sup>th</sup> day of June, 2013.

## SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

### SPECIAL RIGHTS AND RESTRICTIONS FOR NEWLOX CLASS A PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

#### Definitions

- (1) In these Special Rights and Restrictions,
  - (a) "**Arrangement**" means the arrangement pursuant to Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of June 24, 2013, between Newlox Gold Ventures Corp. (the "**Company**") and MN Ventures Ltd., Carnelian Strategic Capital Corp. and Sor Baroot Resources Corp.,
  - (c) "**Old Common Shares**" means the common shares in the authorized share capital of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
  - (d) "**Effective Date**" means the date upon which the Arrangement becomes effective,
  - (e) "**New Shares**" means the common shares without par value created in the authorized share capital of the Company pursuant to the Plan of Arrangement, and
  - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
- (2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE “B”**

**NEWLOX ASSETS TO BE TRANSFERRED TO MN**

Letter of Intent between Newlox Gold Ventures Corp. and CDN MSolar Corp., dated March 22, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein.

**NEWLOX ASSETS TO BE TRANSFERRED TO CARNELIAN**

Letter of Intent between Newlox Gold Ventures Corp. and Global MGA Financial Inc., dated March 12, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein.

**NEWLOX ASSETS TO BE TRANSFERRED TO SOR**

Letter of Intent between Newlox Gold Ventures Corp. and Chagai Mining Corporation, dated April 19, 2013 for the two companies to enter into an amalgamation agreement on the terms proposed therein.

## SCHEDULE “F”

### DISSENT PROCEDURES

#### Division 2 — Dissent Proceedings of Part 8 of the Business Corporations Act (British Columbia)

##### Definitions and application

**237** (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

##### Right to dissent

**238** (1) A shareholder of a MGA, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the Company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company’s undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the Company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder’s own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

**239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the Company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the Company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the Company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the Company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the Company complying with subsection (2), the Company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the Company must, not later than 14 days after the date on which the Company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the Company has complied with section 240 (1) or (2), send written notice of dissent to the Company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the Company has complied with section 240 (3), send written notice of dissent to the Company not more than 14 days after receiving the records referred to in that section, or

(c) if the Company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the Company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the Company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3)

(b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the Company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the Company as beneficial owner, a statement to that effect;



(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the Company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

**243** (1) A MGA that receives a notice of dissent under section 242 from a dissenter must,

(a) if the Company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the Company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the Company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the Company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

**244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the Company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the Company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the Company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the Company the notice shares, and
  - (b) the Company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

**245** (1) A MGA and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the Company must

- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the Company under subsection (1) or the Company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the Company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the Company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the Company must
- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the Company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the Company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the Company, to be paid as soon as the Company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company but in priority to its shareholders.
- (5) A MGA must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the Company is insolvent, or
  - (b) the payment would render the Company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the Company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the Company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the Company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**SCHEDULE "G"**

**PRO FORMA FINANCIAL STATEMENTS OF MN, CARNELIAN AND SOR AS AT MARCH 31,  
2013**

**NEWLOX GOLD VENTURES CORP.**

**Pro-Forma Combined Balance Sheet**

**As at March 31, 2013**

(Unaudited - Prepared by Management)

	<b>Newlox Gold Ventures Corp</b>	<b>MN Ventures Ltd.</b>	<b>Carnelian Strategic Capital</b>	<b>Sor Baroot Resources Corp</b>		<b>Newlox</b>
	<b>March 31, 2013</b>	<b>Pro-Forma March 31, 2013</b>	<b>Pro-Forma March 31, 2013</b>	<b>Pro-Forma March 31, 2013</b>	<b>Pro-Forma March 31, 2013</b>	<b>Pro-Forma March 31, 2013</b>
<b>Assets</b>						
Current						
Cash	32,334	1	1	1	(3)	32,331
Taxes Recoverable	16,538	-	-	-	-	16,538
	48,872	-	-	-	-	48,869
Subsidiaries Mineral Property Interest	67,450	1	1	1	3	3 67,450
	116,322	1	1	1	-	116,322
<b>Liabilities</b>						
Current						
Payables and Accruals	9,086	-	-	-	3	9,089
Due to related parties	15,099	-	-	-	-	15,099
	24,185	-	-	-	-	24,188
<b>Equity</b>						
Share Capital	307,512	1	1	1	-	307,512
Contributed Surplus	1,188	-	-	-	-	1,188
Deficit	(216,563)	-	-	-	(3)	(216,563)
	92,137	1	1	1	-	92,137
	116,322					116,322

**NEWLOX GOLD VENTURES CORP.**  
**Pro-Forma Combined Statement of Operations**  
**For the Period ended December 31, 2013**  
(Unaudited - Prepared by Management)

	Newlox Gold ventures Ltd.  For the year ended March 31, 2013	Pro-Forma MN Ventures Corp  March 31, 2013	Pro-Forma Carnelian Strategic Corp  March 31, 2013	Pro-Forma Sor Baroot Resources Corp  March 31, 2013	Pro-Forma Newlox Gold ventures Ltd  March 31, 2013
	\$	\$	\$	\$	\$
<b>Expenses</b>					
Administrative Costs	17,706	NIL	NIL	NIL	17,706
Consulting Fees	12,900	NIL	NIL	NIL	12,900
Professional Fees	35,072	NIL	NIL	NIL	35,072
Management Fees (Note 8)	-	NIL	NIL	NIL	-
Mining Property Expenses	37,897	NIL	NIL	NIL	37,897
Regulatory and Transfer Agent Fees	8,874	NIL	NIL	NIL	8,874
Net Loss and Comprehensive Loss	(112,449)	NIL	NIL	NIL	(112,449)
Basic and Diluted Loss per Common Share	(0.01)	NIL	NIL	NIL	(0.01)

## NEWLOX GOLD VENTURES CORP.

### NOTES TO THE PRO-FORMA COMBINED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

December 31, 2013

#### Note 1 Basis of Presentation

The accompanying unaudited combined pro-forma financial statements have been prepared by management of Newlox Gold Ventures Corp. ("Newlox") and three subsidiaries, being MN Ventures Ltd. ("MN"), Carnelian Strategic Capital Corp. ("Carnelian") and Sor Baroot Resources Corp. ("Sor") collectively the "Subsidiaries", for inclusion in a Shareholder Circular of Newlox for illustrative purposes only, to show the effect of the transaction (the "Transaction") between Newlox and the Subsidiaries, on the basis of the assumptions described in Note 2 below. All financial amounts are shown in Canadian dollars.

These pro-forma combined financial statements have been derived from:

- audited financial statements of Newlox as at and for year ended December 31, 2012 and December 31, 2013;

Newlox entered into a Plan of Arrangement agreement with each of the three Subsidiaries dated June 24, 2013 (the "Arrangement Agreement"). Pursuant to the Arrangement Agreement, and on the effective date of the Arrangement, the following shall occur and be deemed to occur in the following order without any further delay or formality:

#### Upon Arrangement:

The following will be the result of the Arrangement:

- (a) Newlox will transfer the Letter of Intent entered into with Cdn MSolar Corp., a private company incorporated under the BCBCA dated March 22, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of MN Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held. Newlox will distribute the MN Shares to the shareholders of Newlox;
- (b) Newlox will transfer to Carnelian the Letter of Intent entered into with Global MGA Financial Inc., a private company incorporated under the BCBCA dated March 12, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Carnelian Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held. Newlox will distribute the Carnelian Shares to the shareholders of Newlox;
- (c) Newlox will transfer to the Letter of Intent entered into with Chagai Mining Corp., a private company incorporated under the Business Corporations Act, R.S.A. 2000, c. B-9, dated April 9, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Sor Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.06738085 giving approximately 1 share of Sor for every 14.84 shares of Newlox held. Newlox will distribute the Sor Shares to the shareholders of Newlox;

MN and Carnelian have further entered into an Amalgamation agreement with Cdn MSolar Corp and Global MGA Financial Inc. respectively, and reference should be made to the audited Financial Statements at schedules T and U and unaudited Pro Forma statements of those companies contained at schedules M and N of the circular. Sor has entered into an option and amalgamation agreement with Chagai Mining Corp. which isn't completed contemporaneously with the Arrangement and reference should be made to unaudited Pro Forma statement of that company at schedule O.

Each Newlox Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one Newlox Share and its pro-rata share of the CMS Shares, Carnelian Shares and Sor Shares to be distributed under the Arrangement for each currently held Newlox Share.

The pro-forma combined financial statements have been prepared in accordance with accounting policies generally accepted in Canada that are consistent with the policies used in preparing Newlox's audited financial statements as at and for the year ended March 31, 2012 and March 31, 2013, and the Cdn MSolar Corp audited financial statements from incorporation on March 15, 2013 to March 31, 2013 and Global MGA Financial Inc.'s Audited financial statements as at December 31, 2012 and Unaudited Interim statements for the period ended March 31, 2013.

These pro-forma combined financial statements should be read in conjunction with the description of the Transaction contained in the Circular of Newlox dated June 25, 2013 and the Listing Statement and the historical financial statements of Newlox, Cdn MSolar Corp, and MGA Financial Inc. together with notes, which are referred to above.

In the opinion of management, these pro-forma combined financial statements include all adjustments necessary for a fair presentation of the transactions described in these notes. These pro-forma combined financial statements are not necessarily indicative of the financial position or financial performance that would have resulted had the Transaction taken place at the respective dates referred to above.

## **Note 2 Pro-forma Adjustments**

The pro-forma combined balance sheet gives effect to the following transactions as if they had occurred at March 31, 2013. The pro-forma combined statements of operations give effect to the following transactions as if they had occurred on the first day of the periods presented:

(a) all Newlox shareholders receive approximately 1 share of MN for every 6.68 shares of Newlox held;

(b) all Newlox shareholders receive approximately 1 share of Carnelian for every 6.68 shares of Newlox held;

(c) all Newlox shareholders receive approximately 1 share of Sor for every 14.84 shares of Newlox held

(d) no net change in Newlox assets, deficit, contributed surplus, and share capital at the time of the initial distribution of the Subsidiaries shares.

MN and Carnelian have further entered into an Amalgamation agreement with Cdn MSolar Corp and Global MGA Financial Inc. respectively, and reference should be made to the audited Financial Statements and Unaudited Pro Forma statements of those companies contained at schedules mentioned above in the circular. Sor has entered into an option and amalgamation agreement with Chagai Mining Corp. which isn't completed contemporaneously with the Arrangement.



**SCHEDULE "H"**

**AMALCO1 PRO-FORMA COMBINED FINANCIAL STATEMENTS GIVING EFFECT TO THE  
AMALGAMATION AS OF MARCH 31, 2013**

**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**MN VENTURES LTD.**

**March 31, 2013**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

**MN Ventures Ltd.**

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2013

(Unaudited)

	CDN MSolar Corp. (Audited) \$	MN Ventures Ltd. (Unaudited) \$	Pro-Forma Adjustments \$	Note	Total (Unaudited) \$
<b>ASSETS</b>					
Current Assets					
Cash	-	1	100,000 (2)	4(a) 4(e)	99,999
Patents	-	-	195,000	4(b)	195,000
	-	1	294,998		294,999
<b>Current Liabilities</b>					
Accounts payables and accrued liabilities	41,311	-	(41,311)	4(c)	-
	41,311	-	(41,311)		-
<b>Shareholders' Equity</b>					
Share capital	1	1	100,000 195,000 125,000 100,000 (2)	4(a) 4(b) 4(c) 4(d) 4(e)	520,000
Deficit	(41,312)	-	(183,689)		(225,001)
	(41,311)	1	336,309		294,999
	-	1	294,998		294,999

**MN Ventures Ltd.**

Pro Forma Consolidated Statement of Comprehensive Loss  
For the period ended March 31, 2013  
(Unaudited)

	CDN MSolar Corp. (Audited) \$	MN Ventures Ltd. (Unaudited) \$	Pro-Forma Adjustments (Note 3)	Note	Total (Unaudited) \$
Expenses					
Listing expense	22,471	-	83,689 100,000	4(c) 4(d)	206,160
Professional fees	18,841	-	-		18,841
	41,312	-	183,689		225,001
Net loss and comprehensive loss	(41,312)	-	(183,689)		(225,001)
Loss per share – basic and diluted					(0.01)

## **MN Ventures Ltd.**

Notes to the Pro Forma Consolidated Financial Statements

For the period ended March 31, 2013

(Unaudited)

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### **1. Basis of Presentation**

The unaudited consolidated pro forma financial statements of MN Ventures Ltd. (the “Company” or “MN”) have been prepared by management of MN Ventures Ltd. after giving effect to the amalgamation of Cdn Msolar Corp. (“CMS”) and the Company pursuant to an Amalgamation Agreement (the “Amalgamation Agreement”) dated June 25, 2013. The pro forma consolidated statement of financial position has been presented as if the amalgamation had taken place as of March 31, 2013, and the pro forma consolidated statement of comprehensive loss has been presented as if the operations of CMS had been combined with the Company for the period ended March 31, 2013.

These pro forma combined financial statements have been derived from:

- audited financial statements of CMS as at March 31, 2013 and for the period from incorporation on March 15, 2013 to March 31, 2013;
- unaudited financial statements of MN as at March 31, 2013 and for the period ended March 31, 2013;

It is management’s opinion that the pro forma consolidated statement of financial position and pro forma consolidated statement of comprehensive loss include all adjustments necessary for the fair presentation, in all material respects, of the amalgamation described below in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applied on a basis consistent with the Company’s accounting policies. The pro forma consolidated statement of financial position and pro forma consolidated statement of comprehensive loss is intended to reflect the financial position of the Company had the transaction been effected on the dates indicated, however is not necessarily indicative of the financial position or the results of operations which would have resulted if the transaction had actually occurred on that date.

Unless otherwise noted, these pro forma consolidated financial statements and accompanying notes are presented in Canadian dollars.

### **2. Significant accounting policies**

The unaudited pro forma consolidated statement of financial position has been compiled using the significant accounting policies as set out in the audited financial statements of CMS as at March 31, 2013 and for the period ended March 31, 2013. The significant accounting policies of CMS conform in all material respects to those of the Company.

## **MN Ventures Ltd.**

Notes to the Pro Forma Consolidated Financial Statements

For the period ended March 31, 2013

(Unaudited)

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### **3. Amalgamation**

Pursuant to the Amalgamation Agreement, and on the effective date of the amalgamation, the following shall occur and be deemed to occur in the following order without any further delay or formality:

MN and CMS agree to amalgamate as of the Effective Time and to continue as one company named MN Ventures Ltd. ("New MN").

MN Shareholders will receive 1 New MN share in exchange for 1 MN Share, and all MN Shares will be cancelled.

CMS Shareholders will receive 1 New MN share in exchange for 1 CMS Share, and all CMS Shares will be cancelled.

### **4. Pro Forma Adjustments**

The unaudited pro forma consolidated statement of financial position gives effect to the following transactions as if they had occurred at March 31, 2013. The pro forma consolidated statements of operations give effect to the following transactions as if they had occurred on the first day of the periods presented:

- (a) CMS closed a \$100,000 private placement by issuance of shares at \$0.05 per share.
- (b) On April 15, 2013, pursuant to a Technology Transfer Agreement, CMS purchased the Minghui Technology in exchange for 9,750,000 common shares at \$0.02 per share for a total of \$195,000.
- (c) On May 3, 2013, CMS issued 6,250,000 common shares at \$0.02 per share for a total of \$125,000 to settle the accounts payable outstanding and professional fees incurred.
- (d) All MN shareholders exchange each of their MN Shares held for one New MN Share. A total of 2,000,000 New MN shares were issued. The fair value of these shares of \$100,000 constituted the fair value of the consideration given up by CMS to MN and was charged to listing expense.
- (e) Both MN and CMS redeemed the incorporator shares.

## MN Ventures Ltd.

Notes to the Pro Forma Consolidated Financial Statements

For the period ended March 31, 2013

(Unaudited)

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### 5. Pro Forma Share Capital

After giving effect to the pro forma assumptions and adjustments in Note 4, the issued and fully paid share capital of New MN is as follows:

<b>Share capital:</b>	<b>Number of Common Shares</b>	<b>Amount</b>
		\$
MN Shares outstanding, March 31, 2013	2,000,000	1
MN Shares cancelled upon on Amalgamation (Note 4(e))	(2,000,000)	(1)
CMS Shares outstanding, March 31, 2013	18,000,000	1
CMS Shares cancelled upon on Amalgamation (Note 4(e))	(18,000,000)	(1)
New MN shares issued to MN shareholders (Note 4(d))	2,000,000	100,000
New MN shares issued for cash (Note 4(a))	2,000,000	100,000
New MN shares issued for Technology Transfer (Note 4(b))	9,750,000	195,000
New MN shares issued for debt settlement (Note 4(c))	6,250,000	125,000
Pro forma share capital	20,000,000	520,000

### 6. Pro Forma Statutory Income Tax Rate

The pro forma effective statutory income tax rate of the combined companies is 25%. Both CMS and MN were incorporated under the Business Corporations Act of British Columbia.

**SCHEDULE "I"**

**AMALCO2 PRO-FORMA COMBINED FINANCIAL STATEMENTS GIVING EFFECT TO THE  
AMALGAMATION AS OF MARCH 31, 2013**



**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**CARNELIAN STRATEGIC CAPITAL CORP.**

**March 31, 2013**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

## Carnelian Strategic Capital Corp.

### Pro-Forma Consolidate Statement of Financial Position (Unaudited)

	Global MGA Financial Inc March 31, 2013 (Unaudited) \$	Carnelian Strategic Capital Corp. March 31, 2013 (Unaudited) \$	Pro-Forma Adjustments (Note 4) \$	Pro-Forma Consolidated Carnelian Strategic Capital Corp. March 31, 2013 (Unaudited) \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	301,476	1	-	301,477
Short-term investments	1,005,807	-	-	1,005,807
HST receivable	6,181	-	-	6,181
Prepaid expenses and deposits	22,863	-	-	22,863
	1,336,327	1	-	1,336,328
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payables and accrued liabilities	19,105	-	-	19,105
Due to related parties	3,121	-	-	3,121
	22,226	-	-	22,226
<b>Shareholders' Equity</b>				
Share capital	2,747,918	1 (a) (c)	(1) 320,000	3,067,918
Contributed surplus	145,060	-	-	145,060
Deficit	(1,578,877)	- (a) (c)	1 (320,000)	(1,898,876)
	1,314,101	1	-	1,314,102
	1,336,327	1	-	1,336,328

## Carnelian Strategic Capital Corp.

### Pro-Forma Consolidated Statements of Comprehensive Loss (Unaudited)

	Global MGA Financial Inc Year Ended December 31, 2012 (Audited) \$	Carnelian Strategic Capital Corp. Year Ended December 31, 2012 (Unaudited) \$	Pro-Forma Adjustment (Note 4) \$	Pro-Forma Consolidated Carnelian Strategic Capital Corp Year Ended December 31, 2012 (Unaudited) \$
Commission income	11,142	-	-	11,142
Expenses				
Commissions	6,869	-	-	6,869
Professional fees	123,252	-	-	123,252
Salaries and benefits	158,075	-	-	158,075
Office and miscellaneous	86,080	-	-	86,080
Share-based compensation	-	-	-	-
Deemed Listing Cost	-	- (c)	320,000	320,000
	374,276	-	320,000	694,276
Loss from operations	(363,134)			(683,134)
Interest and other income	13,041	-	-	13,041
Net loss and comprehensive loss	(350,093)	-	320,000	(670,093)
Basic and diluted loss per common share				(0.02)

## Carnelian Strategic Capital Corp.

### Pro-Forma Consolidated Statements of Comprehensive Loss (Unaudited)

	Global MGA Financial Inc Three Months Ended March 31, 2013 (Unaudited) \$	Carnelian Strategic Capital Corp. Three Months Ended March 31, 2013 (Unaudited) \$	Pro-Forma Adjustment (Note 4) \$	Pro-Forma Consolidated Carnelian Strategic Capital Corp Three Months Ended March 31, 2013 (Unaudited) \$
Commission income	3,749	-	-	3,749
Expenses				
Commissions	3,174	-	-	3,174
Professional fees	42,233	-	-	42,233
Salaries and benefits	43,541	-	-	43,541
Office and miscellaneous	22,815	-	-	22,815
Share-based compensation	-	-	-	-
Listing cost	-	-	(c) 320,000	320,000
	111,763	-	320,000	431,763
Loss from operations	(108,014)			(428,014)
Interest and other income	4,502	-	-	4,502
Net loss and comprehensive loss	(103,512)	-	320,000	(423,512)
Basic and diluted loss per common share				(0.01)

## **1. Basis of Presentation**

The unaudited pro forma consolidated financial statements of Carnelian Strategic Capital Corp (“Carnelian”) as at December 31, 2012, and for the year ended December 31, 2012 and the three-month period ended March 31, 2013 have been prepared by management after giving effect to a proposed amalgamation between Carnelian and Global MGA Financial Inc. (“MGA”)

The unaudited pro forma consolidated statement of financial position is the result of combining the unaudited consolidated statement of financial position of MGA as at March 31, 2013 and the unaudited statement of financial position of Carnelian as at March 31, 2013.

The unaudited pro forma consolidated statement of comprehensive loss for the three months ended March 31, 2013 is the result of combining the unaudited interim consolidated statement of comprehensive loss for MGA for the three-month period ended March 31, 2013 with the unaudited statement of comprehensive loss of Carnelian for the same period.

The unaudited pro forma consolidated statement of comprehensive loss for the year ended December 31, 2012 is the result of combining the audited consolidated statement of comprehensive loss of MGA for the year ended December 31, 2012 with the unaudited statement of comprehensive loss of Carnelian for the same period after giving effect to the transactions outlined in the Amalgamation Agreement (the “Agreement”) dated May 17, 2013 between the parties.

It is the opinion of Carnelian’s management that the pro forma consolidated statement of financial position as at March 31, 2013 and the pro forma consolidated statement of comprehensive loss for the three-month period then ended as well as for the year ended December 31, 2012 include all adjustments necessary for the fair presentation, in all material respects, of the transactions and assumptions described in Notes 3 and 4 and the results of the combined operations in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applied on a basis consistent with MGA’s accounting policies.

The pro forma consolidated financial statements for the three-month period intend to reflect the financial position and results of operations and comprehensive loss of the amalgamated company had the proposed transactions occurred on January 1, 2013 and been in effect during the three-month period following MGA’s most recent financial year ended December 31, 2012. The pro forma consolidated statement of comprehensive loss for the year ended December 31, 2012 is intended to reflect the results of operations of the amalgamated company had the proposed transaction occurred on January 1, 2012 and been in effect for the fiscal year ended December 31, 2012. However, these pro forma consolidated statements of comprehensive loss are not necessarily indicative of the financial position or results of operations which would have resulted if the transactions had actually occurred on January 1, 2012 and been in effect for these periods.

The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements and the notes thereto of Carnelian and MGA. Unless otherwise noted, the pro forma consolidated financial statements and accompanying notes are presented in Canadian dollars.

## **2. Significant accounting policies**

The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the unaudited consolidated financial statements of MGA as at and for the three-month period ended March 31, 2013 and for the year ended December 31, 2012. The significant accounting policies of Carnelian conform in all material respects to those of MGA.

## **3. Amalgamation**

The unaudited pro forma consolidated financial statements reflect the effect of a transaction whereby MGA and Carnelian amalgamate and the resulting entity will continue as one company under the name of Carnelian Strategic Capital Corp. ("New Carnelian") upon closing as follows:

- Carnelian Shareholders will receive 1 New Carnelian share in exchange for 1 Carnelian Share, and all Carnelian Shares will be cancelled
- MGA Shareholders will receive 1 New Carnelian share in exchange for 1 MGA Share, and all MGA Shares will be cancelled;

The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby MGA is deemed to have issued shares in exchange for the net assets of Carnelian together with Carnelian's status as a reporting issuer and its conditional approval for listing on the CNSX. The fair value of the listing cost is based on the value of the consideration received by MGA. The accounting for this transaction is described in pro forma adjustments in Note 4.

#### 4. Pro-forma Adjustments

The unaudited pro-forma consolidated financial statements include the effects of the following transactions as if they had occurred at January 1, 2012, and had been in effect for the year ended December 31, 2012 and for the three months ended March 31, 2013:

- a) all MGA and Carnelian shareholders exchanged their shares for shares in New Carnelian on a one-to-one basis
- b) all MGA and Carnelian shares were cancelled immediately after the share exchange.
- c) the 2,000,000 common shares of New Carnelian issued to Carnelian shareholders had a value of \$0.16 per share for a total value of \$320,000, which was equivalent to value of the MGA's value per share immediately before the amalgamation. The value of these shares constituted the fair value of the consideration given up by MGA and was charged to listing cost of New Carnelian upon amalgamation.

#### 5. Pro Forma Share Capital

After giving effect to the pro forma assumptions and adjustments in Note 4, the issued and fully paid share capital of New Carnelian is as follows:

<b>Share capital:</b>	<b>Number of Common Shares</b>	<b>Amount</b>
		\$
Carnelian Shares outstanding, March 31, 2013	2,000,000	1
Carnelian Shares cancelled upon on Amalgamation	(2,000,000)	(1)
MGA Shares outstanding, March 31, 2013	41,754,115	2,747,918
MGA Shares cancelled upon on Amalgamation	(41,754,115)	-
New Carnelian shares issued to Carnelian shareholders	2,000,000	320,000
New Carnelian shares issued to MGA shareholders	41,754,115	-
Pro-forma share capital	43,754,115	3,067,918

#### 6. Pro Forma Statutory Income Tax Rate

The pro forma effective statutory income tax rate of the combined companies is 25%. Both MGA and Carnelian were incorporated under the Business Corporations Act of British Columbia.

**SCHEDULE "J"**

**AUDITED FINANCIAL STATEMENTS AND MD&A OF NEWLOX FOR THE YEAR ENDED MARCH 31, 2013**

# **NEWLOX GOLD VENTURES CORP.**

Vancouver, BC

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## **FINANCIAL STATEMENTS** (Expressed in Canadian Dollars)

March 31, 2013 and March 31, 2012



p | 604.683.3277  
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555 BURNARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9

The logo for Charlton & Company, featuring the word "charlton" in a white, lowercase, sans-serif font against a dark blue rectangular background.

charlton & company  
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Directors of  
Newlox Gold Ventures Corp.

We have audited the accompanying financial statements of Newlox Gold Ventures Corp., which comprise the statement of financial position as at March 31, 2013 and March 31, 2012 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2013 and for the period from the date of incorporation on April 7, 2011 to March 31, 2012 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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, these financial statements present fairly, in all material respects, the financial position of Newlox Gold Ventures Corp. as at March 31, 2013 and March 31, 2012 and its financial performance and cash flows for the year ended March 31, 2013 and for the period from the date of incorporation on April 7, 2011 to March 31, 2012 in accordance with International Financial Reporting Standards.

### Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

***"Charlton & Company"***  
**CHARTERED ACCOUNTANTS**

Vancouver, Canada  
June 3, 2013

**NEWLOX GOLD VENTURES CORP.**

## STATEMENT OF FINANCIAL POSITION

(Expresses in Canadian Dollars)

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	March 31, 2013	March 31, 2012
	\$	\$
<hr/>		
<b>Assets</b>		
Current		
Cash	32,334	86,736
Taxes Recoverable	16,538	7,499
	<hr/>	<hr/>
	48,872	94,235
Mineral Property Interest (Note 4)	67,450	56,200
	<hr/>	<hr/>
	116,322	150,435
<hr/>		
<b>Liabilities</b>		
Current		
Payables and Accruals	9,086	8,801
Due to related parties (Note 8)	15,099	13,998
	<hr/>	<hr/>
	24,185	22,799
<hr/>		
<b>Equity</b>		
Share Capital (Note 5)	307,512	231,750
Contributed Surplus	1,188	-
Deficit	(216,563)	(104,114)
	<hr/>	<hr/>
	92,137	127,636
	<hr/>	<hr/>
	116,322	150,435
<hr/>		

Nature and Continuation of Operations (Note 1)  
Corporate Restructuring and Commitment (Note 3)  
Subsequent Events (Note 11)

These financial statements were authorized for issue by the Board of Directors on June 3, 2013. They are signed on the Company's behalf by:

---

*"Donald Gordon"*

Director

*"Thomas Bell"*

Director

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

**NEWLOX GOLD VENTURES CORP.**  
 STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS  
 (Expresses in Canadian Dollars)

	For the year ended March 31, 2013	From April 7, 2011 date of Incorporation to March 31, 2012
	\$	\$
<b>Expenses</b>		
Administrative Costs	17,706	669
Consulting Fees	12,900	13,575
Professional Fees	35,072	24,783
Management Fees (Note 8)	-	28,350
Mining Property Expenses	37,897	28,616
Regulatory and Transfer Agent Fees	8,874	8,121
<b>Net Loss and Comprehensive Loss</b>	<b>(112,449)</b>	<b>(104,114)</b>
Basic and Diluted Loss per Common Share	(0.01)	(0.01)
Weighted Average No. of Common Shares Outstanding	12,408,267	9,273,202

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

**NEWLOX GOLD VENTURES CORP.**  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus \$	Deficit \$	Equity \$
	Number	Amount \$			
Share issued for cash on					
Incorporation, April 7, 2011	1	1	-	-	1
Incorporation share cancelled	(1)	(1)	-	-	(1)
Shares issued per Arrangement Agreement (Note 3)	7,800,911	61,200	-	-	61,200
Shares issued per Option Agreement – October 2011	250,000	500	-	-	500
Private Placement – November 2011	2,500,000	125,000	-	-	125,000
Finders' Fee – November 2011	-	(11,000)	-	-	(11,000)
Debt Settlement for Shares – February 2012	396,000	19,800	-	-	19,800
Private Placement – February 2012	500,000	25,000	-	-	11,250
Shares issued per Option Agreement – March 2012	225,000	11,250	-	-	11,250
Net loss	-	-	-	(104,114)	(104,114)
<b>Balance, March 31, 2012</b>	<b>11,671,911</b>	<b>231,750</b>	<b>-</b>	<b>(104,114)</b>	<b>127,636</b>
Private Placement – October 2012	1,460,000	73,000	-	-	73,000
Finders' Fee – October 2012 - Cash	-	(7,300)	-	-	(7,300)
Finders' Fee – October 2012 – Agent Warrants	-	(1,188)	1,188	-	-
Shares issued per Option Agreement – February 2013	225,000	11,250	-	-	11,250
Net Loss	-	-	-	(112,449)	(112,449)
<b>Balance, March 31, 2013</b>	<b>13,356,911</b>	<b>307,512</b>	<b>1,188</b>	<b>(216,563)</b>	<b>92,137</b>

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

**NEWLOX GOLD VENTURES CORP.**

## STATEMENT OF CASH FLOWS

(Expressed in Canadian Dollars)

	For the year ended March 31, 2013	From April 7, 2011, Date of Incorporation to March 31, 2012 \$
<b>Cash flows from operating activities</b>		
Net loss	(112,449)	(104,114)
Items not affecting cash		
Mineral Property Expenditures	-	31,550
Changes in non-cash working capital		
Accounts receivable	(9,039)	(7,499)
Due to related parties	1,101	13,998
Payables and accruals	285	8,801
Net cash used in operating activities	(120,102)	(57,264)
<b>Cash flows from financing activities</b>		
Proceeds from private placement	73,000	150,000
Share issue costs	(7,300)	(11,000)
Net cash provided by operating activities	65,700	139,000
<b>Cash flows from investing activities</b>		
Corporate restructuring	-	5,000
Change in cash	(54,402)	86,736
Cash, beginning	86,736	-
<b>Cash, closing</b>	<b>32,334</b>	<b>86,736</b>
Significant non-cash activities		
Re-distribution of subsidiaries shares to shareholders	-	61,200
Shares issued per mineral property option agreement	11,250	
Fair value of Agent Warrants	1,188	-

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

**NEWLOX GOLD VENTURES CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
March 31, 2013

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**Note 1 Nature and Continuance of Operations**

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Newlox Gold Ventures Corp. (the "Company" or 'Newlox') was incorporated on April 7, 2011 and, pursuant to an arrangement agreement dated April 8, 2011 (the "Arrangement Agreement") between the Company and Tulox Resources Inc. ("Tulox"), the Company was assigned the interest in the Tulox Property and \$5,000 in cash from Tulox (the "Arrangement"), and commenced operations as a mineral property exploration company. The \$5,000 deposited from Tulox as part of the Arrangement provided the Company with the capital necessary to fulfill its short-term needs. In consideration the Company issued 7,800,911 common shares to the Tulox shareholders ("Arrangement Shares") who held Tulox shares on the share distribution record date set at August 25, 2011.

The Company's principal business following the Arrangement is to commence operations as a development stage company with the principal business being the exploration and development of mining properties. The Company may also acquire additional properties and will carry out early stage exploration on such mineral properties and then sell, option or joint venture the properties. The Company's registered office is located at Suite 1220, 1111 West Hasting Street, Vancouver, BC.

These financial statements have been prepared on the basis of accounting principal applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can discover mineralization and the economic viability of developing any such additional properties.

The discovery of mineralization and the development of mineral properties to the point where they may be sold, optioned or joint ventured may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. As a development stage company, the company does not anticipate producing revenues for some time, other than from the sale, optioning or joint venturing of any mineral properties it may acquire and the sales of marketable securities. The sale value of any mineralization discovered by the Company and the value of the Company's investments in marketable securities are not predictable. The success of the Company is largely dependent upon factors beyond its control. These factors raise substantial doubt about the Company's ability to continue as a going-concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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**Note 2 Significant Accounting Policies**

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**Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**Note 2 Significant Accounting Policies (continued)**

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**Basis of presentation**

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

**Estimates, Assumptions and Measurement Uncertainty**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

*Judgments*

Exploration and evaluation expenditures – The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Titles to mineral property interests – Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Estimates*

Share-based payment transactions – The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length

**Note 2 Significant Accounting Policies (continued)**

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transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Financial instruments**

*Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables – non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale – non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.



**Note 2 Significant Accounting Policies (continued)**

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All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories:

Fair value through profit or loss – derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities – includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

*Classification of Financial Instruments*

The Company has classified its cash as fair value through profit or loss; receivables as loans and receivables; and payables and accruals as other financial liabilities.

**Share-based payments**

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expenses for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and the revised for actual forfeitures in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Note 2 Significant Accounting Policies (continued)**

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**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, the dilutive effect has not been computed as it proved to be anti-dilutive.

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

**Note 2 Significant Accounting Policies (continued)**

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**Comprehensive income (loss)**

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in separate component of equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

**Mineral exploration expenditures**

The Company's accounting policy relating to mineral exploration expenditures is to expense all exploration expenditures when incurred.

Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral interest is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

**Segment reporting**

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral exploration segment.

**Future changes in accounting policies**

The Company 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 Company:

IFRS 9, "Financial Instruments":

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

**Note 2 Significant Accounting Policies (continued)**

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IFRS 10, "Consolidated Financial Statements":

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Implementation of IFRS 10 is not expected to have a material impact on the Company's financial statements. The Company intends to adopt the standard for the accounting period beginning on June 1, 2013.

IFRS 11, "Joint Arrangements":

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Implementation of IFRS 11 is not expected to have a material impact on the Company's financial statements. The Company intends to adopt the standard for the accounting period beginning on June 1, 2013.

IFRS 13, "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures, which are effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the option not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment. The Company does not expect the amendments to IAS 28 to have a material impact on its financial statements.

Amendments to IAS 32, Financial instruments: presentation

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

**Note 2 Significant Accounting Policies (continued)**

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Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS "Presentation of Financial Statements" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

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**Note 3 Corporate Restructure and Commitment**

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The Company and Tulox entered into the Arrangement Agreement on April 8, 2011 to conduct a corporate restructuring by way of a statutory plan of arrangement (the "Arrangement") to transfer Tulox's interest in the Tulox Property and \$5,000 cash to the Company (the "Transfer") which were completed on July 7, 2011 and August 23, 2011 respectively. As consideration for the Transfer, the Company issued 7,800,911 common shares to shareholders of Tulox on August 25, 2011. The Arrangement Agreement was approved by Tulox's shareholders on May 30, 2011 and by the Supreme Court of British Columbia on June 3, 2011.

The Arrangement Agreement became effective on August 11, 2011. As a result, the Transfer was executed and the Company issued the Arrangement Shares to shareholders of Tulox as of August 25, 2011.

As part of the Arrangement Agreement, all stock options issued by Tulox and outstanding as at August 11, 2011, the effective date ("Tulox Share Commitments") would entitle the option holder to receive one common share of Tulox and one common share of the Company upon exercise. In consideration, the Company would be entitled to receive a percentage of the proceeds equal to the fair market value of the assets transferred to the Company divided by the fair market value of all assets of Tulox immediately prior to completion of the Arrangement. As at August 11, 2011, Tulox has 250,000 outstanding stock options. Prior to the effective date of the Arrangement, holders of these Tulox Share Commitments as of August 10, 2011 had agreed to waive their rights to receive shares of the Company upon exercise of their Tulox stock options.

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**Note 4 Mineral Property Interest**

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Pursuant to an agreement dated May 7, 2007 and amended February 7, 2013, August 22, 2007, November 8, 2007, January 15, 2008, April 15, 2008 and August 1, 2008, Tulox, the Company's former parent company, agreed to acquire 13 mineral claims, collectively known as the Tulox Property, located in the Clinton Mining Division, British Columbia, Canada, from Amarc Resources Ltd. ("Amarc") and another party.

The agreement was changed to an option agreement dated April 21, 2009 and amended March 23, 2010 and July 27, 2010 to acquire a 100% interest in the Tulox Property.

**NEWLOX GOLD VENTURES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2013

**Note 4 Mineral Property Interest (continued)**

Pursuant to agreement dated January 16, 2013 amending an agreement dated December 15, 2011 with Amarc Resources Ltd. ("Amarc"), Newlox may acquire a 100% interest in the Tulox property, which was previously held by Tulox Resources Inc. (now Argentium Resources Inc.) under the following terms:

- 1) Issue 250,000 common shares in the capital of the Company, following the issuance of shares of the Company pursuant to the Plan of Arrangement (issued in fiscal 2012);
- 2) Issue 225,000 common shares in the capital of the Company, following the date of the execution of the original agreement (issued in fiscal 2012)
- 3) Issue 225,000 common shares in the capital of the Company, within 5 business days from the date of the execution of this amendment agreement (issued in fiscal 2013);
- 4) Mineral Expenditures of \$100,000 CDN and a further 150,000 common shares in the capital of the Optionee on or before June 30, 2013;
- 5) A further \$125,000 CDN of Mineral Exploration Expenditures and 250,000 common shares in the capital of the Optionee on or before December 31, 2013;
- 6) An additional \$250,000 CDN of Mineral Exploration Expenditures and 300,000 common shares in the capital of the Optionee on or before June 30, 2014;
- 7) A further \$300,000 CDN of Mineral Exploration Expenditures and 350,000 common shares in the capital of the Optionee on or before December 31, 2014;
- 8) An additional \$1,225,000 CDN of Mineral Exploration Expenditures and 925,000 common shares in the capital of the Optionee on or before December 31, 2015.

Amarc has the right to obtain a 60% interest ("Back-In Right") in the property on the preparation of a preliminary economic assessment or pre-feasibility study by Newlox, by completing an additional \$10 million of mineral exploration expenditures on the property. Newlox must complete and deliver a preliminary economic assessment or pre-feasibility study by February 14, 2015. Newlox's interest in the property and the option agreement will be deemed to be relinquished or abandoned if it fails to do so.

Amarc retains a 3% net smelter royalty ("NSR") return following the commencement of commercial production, which is reduced to 1.2% should Amarc exercise its 60% Back-In Right.

Details of acquisition costs incurred for the year ended March 31, 2013 and the period from incorporation on April 7, 2011 to March 31, 2012 are as follows:

<b>Tulox Property</b>	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
Balance – beginning of period	\$	56,200	\$	-
Acquisition		-		56,200
Issuance of shares		11,250		
<b>Balance – end of period</b>	<b>\$</b>	<b>67,450</b>	<b>\$</b>	<b>56,200</b>

**Note 4 Mineral Property Interest (continued)**

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On July 7, 2011, Tulox assigned the interest in the Tulox Property to the Company. The shareholders of Tulox at the time of the Arrangement continued to collectively own an interest in the Tulox Property, albeit through an altered corporate structure. Consequently, given that there was no substantive change in the beneficial ownership of the interest in the Tulox Property at the time that it was assigned to the Company, the transfer must be recorded under IFRS using the historical carrying values of the purchase agreement in the accounts of Tulox which was \$56,200 at the time of the transfer.

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**Note 5 Share Capital**

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**Authorized**

Unlimited number of common shares without par value

**Common shares**

The total number of common shares issued and outstanding as of March 31, 2013 was 13,356,911 (2012 -11,671,911).

On August 25, 2011 the Company completed all outstanding obligations under the Arrangement Agreement between the Company, Tulox and a certain other party by issuing a total of 7,800,911 Arrangement Shares to Tulox shareholders as consideration for the Transfer from Tulox. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, the Issuer became a reporting issuer in the jurisdictions of British Columbia and Alberta.

On October 4, 2011 the Company issued 250,000 common shares to Amarc pursuant to s.4.2 (a) of the Tulox Property option agreement.

On November 9, 2011 the Company issued 2,500,000 common shares at \$0.05 per share for total proceeds of \$125,000 in connection with a private placement. Leede Financial Markets Inc. ("Leede") received 220,000 share purchase warrants exercisable at \$0.15 per share for a period of 24 months from the date the shares of the Company are listed on the Canadian National Stock Exchange and \$11,000 cash as a finder's fee with respect to \$110,000 raised by Leede.

On February 14, 2012, the Company issued 396,000 common shares at \$0.05 per share, to settle debt for services of \$19,800. On February 14, 2012, the Company issued 500,000 common shares at \$0.05 per share for a private placement made.

On March 31, 2012, the Company issued 225,000 common shares to Amarc pursuant to s.4.2(b) of the Tulox Property option agreement.

On October 5, 2012, the Company issued 1,460,000 common shares at \$0.05 per share in cash and issued 146,000 broker warrants as a finder's fee to a registered investment dealer. Each warrant entitles the holder to purchase one share of the Company at \$0.15 per share for a period of 24 months from the date the shares of the Company are listed on the Canadian National Stock Exchange. The warrants were valued at \$1,188 using the Black-Scholes option pricing model with an average risk-free interest rate of 0.86% expected life of 2 years, volatility of 81% and dividend yield of 0%.

**NEWLOX GOLD VENTURES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2013

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**Note 5 Share Capital (continued)**

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On February 13, 2013 the Company issued 225,000 common share, with a fair value of \$11,250, to Amarc pursuant to the Tulox Property option agreement.

**Stock Options**

The company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common share reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at and during the year ended March 31, 2013, no options were granted or outstanding.

**Warrants**

	<b>Outstanding</b>	<b>Weighted Average Exercise Price Per Share</b>
Outstanding at April 7, 2011	-	\$ -
Issued with November 2011 private placement	220,000	0.15
Outstanding at March 31, 2012	220,000	0.15
Issued with October 2012 private placement	146,000	0.15
Outstanding at March 31, 2013	366,000	\$ 0.15

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**Note 6 Capital Management**

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The company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2013. The Company is not subject to externally imposed capital requirements.



**Note 7 Financial Instruments**

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The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than level 1 prices, such as quoted interest or currency exchange rates; and

Level 3 – Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at March 31, 2013, the Company's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, accounts payable and accrued liabilities approximate their fair value because of their nature and respective maturity dates or durations.

Unless otherwise noted, it is management's option that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

- a) Foreign currency risk – The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sales of products to customers invoiced in foreign currencies and the purchase of services, materials, and property and equipment from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to hedge its currency risk.
- b) Market risk – Market risk is the risk that changes in market conditions, such as input parts prices, interest rates, and foreign exchange rates, will affect the Company's cash flows or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company does not utilize financial derivatives or other contracts to manage market risks.
- c) Liquidity risk – Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable, and related party payables. Accounts payable consists of invoices payable to trade suppliers for capital and operating expenditures and for general corporate expenses. The Company processes invoices within a normal payment period. These funds will be used to defray the development and certification costs related to the project. Related party payables do not bear any interest and are provided on a non-secured basis. The Company prepares funds from operations and capital expenditure budgets, which are regularly monitored and updated.

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**Note 8 Related Party Transactions**

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The Company and Tulox, its former parent company, entered into the Arrangement Agreement described in Note 3. The Arrangement Agreement provides for the transfer from Tulox of \$5,000 and the interest in the Tulox Property to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the shareholders of Tulox as at August 25, 2011. The shareholders of Tulox at the completion of the

**NEWLOX GOLD VENTURES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2013

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**Note 8 Related Party Transactions (continued)**

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Arrangement Agreement will continue to collectively own the interest in the Tulox Property, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the option agreement at the time that it is transferred to the Company, the transfer will be recorded under IFRS using the historical carrying values of the interest in the Tulox Property in the accounts of Tulox at the time of the transfer.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$5,100) in management fees from DAG Consulting, a company owned and controlled by Don Gordon, the President and at March 31, 2013, the Company owes the President and his company \$4,208 (2012 - \$4,163) for management fees which have been included in due to related parties.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$13,800) in management fees from a Green Eagle Renewable company owned and controlled by Tom Bell, a Director and at March 31, 2013 the Company owes the Director and his company \$9,384 (2012 - \$9,384) for management fees which have been included in due to related parties.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$1,056) in management fees from Jim Miller Tate, a Director and officer of the Company and at March 31, 2013 the Company owes the Director \$1,056 (2012 - \$1,056) which have been included in due to related parties.

Included in due to related parties is \$451 (2012 - \$451) owed to Don Gordon, the President of the Company.

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the period-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

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**Note 9 Segmented Information**

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During the period ended March 31, 2013, the Company had one reportable operation segment, being the acquisition, exploration, and disposition of interests in mineral property located in one geographical segment, Canada.

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**Note 10 Income Taxes**

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The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2013	2012
Combined statutory tax rate	25.15%	27.25%
Income tax recovery at combined statutory rate	\$ (31,103)	\$ (28,371)
Net adjustments for deductible and non-deductible items	(427)	-
Change in statutory rate	3,967	-
Increase in unrecognized deferred income tax assets	27,563	28,371
	\$ -	\$ -

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NOTES TO THE FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
March 31, 2013

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**Note 10 Income Taxes (continued)**

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Significant components of the Company's deferred income tax assets (liabilities) are shown below:

	<b>2013</b>	<b>2012</b>
Non-capital loss carry forwards	\$ 57,371	\$ 29,029
Resource reductions	33,491	21,204
<b>Total unrecognized deferred income tax assets</b>	<b>\$ 90,862</b>	<b>\$ 50,233</b>

The non-capital losses expire as follows:

	<b>Total</b>
2032	\$ 104,114
2033	125,368
<b>Totals</b>	<b>\$ 229,482</b>

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**Note 11 Subsequent Events**

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Three subsidiaries have been incorporated in BC for the purpose of potentially conducting an acquisition of three separate entities announced April 23 and March 27 2013. The subsidiaries are: Carlelian Strategic Capital Corp. – to be assigned the Letter of Intent with Global MGA Financial Ltd., MN Ventures Ltd.- to be assigned the Letter of Intent with CDN MSolar Corp., and Sor Baroot Resources Corp. – to be assigned the Letter of Intent with Chagai Mining Corporation. The Company has three non core assets consisting of assignable letters of intent with three private companies to enter into an amalgamation with those entities, and intends to spin out the agreements through a Plan of Arrangement. The Plan of Arrangement is intended to be presented for shareholder approval at the Company's annual and special shareholder meeting planned to be held July 30, 2013.

Subsequent to the year the Company completed a secondary phase of geochemical soil sampling in April 2013. The expenditures on the program have extended the good standing status of the claims from April 30, 2013 to November 15, 2013.

**NEWLOX GOLD VENTURES CORP.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2013

As at June 13, 2013

## **INTRODUCTION**

Newlox Gold Ventures Corp. ("Newlox" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 7, 2011 as a wholly-owned subsidiary of Tulox Resources Corp. ("Tulox"). The Company's head office is located at 1201-700 West Pender Street, Vancouver, BC.

The Company is a publicly traded mineral exploration company with its shares listed on the CNSX since October 17, 2012. The Company's main asset is the option on the Tulox Property. The particulars of that property are provided in the NI 43-101 Technical Report, which is available on [www.sedard.com](http://www.sedard.com) under the profile of Newlox.

On April 8, 2011, Newlox entered into an arrangement agreement (the "Arrangement Agreement") with Tulox, and another party, for the purposes of divesting certain assets (the "Arrangement"), specifically, an interest in the Tulox Property (the "Tulox Property"). Pursuant to the Arrangement Tulox completed an amalgamation with Argentium Resources Inc. (CNSX:AOK) and assigned its interest in the Tulox Property to the Company on July 7, 2011 in exchange for 7,800,911 Newlox shares, which shares were distributed to Tulox shareholders ("Arrangement Shares") of record as of August 25, 2011. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, the Company became a reporting issuer in the jurisdictions of British Columbia and Alberta.

The option on the Tulox property was granted by Amarc Resources Ltd. ("Amarc") and a subsequent agreement with the Company was entered into December 15, 2011 replaced any prior agreement by the former parent of the Company, and the agreement was amended February 7, 2013 (see: The Company and Business).

The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular prepared by Tulox dated May 3, 2011 and available at [www.sedar.com](http://www.sedar.com).

In March the Company entered into two letters of intent to enter into a business combination with two arms length Canadian corporations engaged in unrelated businesses. Principals of Newlox have received business opportunities in the Insurance business and the Solar technology business, to take advantage of these opportunities and benefit the shareholders of Newlox each agreement will be assigned to a subsidiary that will be spun off from Newlox subject to shareholder and Court approval to a Plan of Arrangement. The Plan of Arrangement won't affect the listing or change the business of Newlox which is to develop the Tulox gold property. Shareholders of Newlox will receive shares of the spinoff company's as of a record date to be set and announced by the board, which date can't be more than 2 months before the Plan of Arrangement is finally approved by court and put into effect. The shareholders, principals, and board of directors of all three companies' are unrelated to each other.

Subsequent to the period on April 23, 2013 the Company entered into a third letter of intent to enter into a business combination with Chagai Mining Corporation ("CMC") of Edmonton, Alberta, a company engaged in acquisition of an interest in an exploration license in the Balochistan Province of south western Pakistan.

The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents for these three agreements are the subject of an information circular under preparation for an annual and special

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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meeting proposed to be held July 30, 2013 subject to any delays which circular, when issued and distributed, will be available at [www.sedar.com](http://www.sedar.com).

**Basis of Discussion & Analysis**

This management discussion and analysis (“MD&A”) is dated as of June 11, 2013 and should be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2013 and for the audited financial statements for the period from date of incorporation on April 7, 2011 to March 31, 2012. (“Audited Financial Statements”).

Our discussion in this MD&A is based on the Audited Financial Statements. The Audited Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The section on **Future Cash Requirements** and **Risks and Uncertainties** below states specific risks, in particular the Company’s need to raise further funds to meet the minimum expenditure terms of its main property option agreement. That represents the most significant overall risk as the main asset of the company could be forfeited if not otherwise kept in good standing by meeting exploration requirements or otherwise extending terms to maintain the agreement. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

**Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

**Judgments**

Exploration and evaluation expenditures – The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow

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**FOR THE YEAR ENDED MARCH 31, 2013**

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to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Titles to mineral property interests – Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**Estimates**

Share-based payment transactions – The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Financial instruments**

*Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables – non-derivative financial assets with fixed or determinable payments that are not quoted

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**FOR THE YEAR ENDED MARCH 31, 2013**

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in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale – non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories:

Fair value through profit or loss – derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities – includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

*Classification of Financial Instruments*

The Company has classified its cash as fair value through profit or loss; receivables as loans and receivables; and payables and accruals as other financial liabilities.

**Share-based payments**

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expenses for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and the revised for actual forfeitures in subsequent periods.



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**FOR THE YEAR ENDED MARCH 31, 2013**

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In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, the dilutive effect has not been computed as it proved to be anti-dilutive.

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

**Comprehensive income (loss)**

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

**Mineral exploration expenditures**

The Company's accounting policy relating to mineral exploration expenditures is to expense all exploration expenditures when incurred.

Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral interest is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

**Segment reporting**

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral exploration segment.

**Future changes in accounting policies**

The Company 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 Company:

IFRS 9, "Financial Instruments":

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10, "Consolidated Financial Statements":

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Implementation of IFRS 10 is not expected to have a material impact on the Company's financial statements. The Company intends to adopt the standard for the accounting period beginning on June 1, 2013.

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**FOR THE YEAR ENDED MARCH 31, 2013**

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IFRS 11, "Joint Arrangements":

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Implementation of IFRS 11 is not expected to have a material impact on the Company's financial statements. The Company intends to adopt the standard for the accounting period beginning on June 1, 2013.

IFRS 13, "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures, which are effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the option not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment. The Company does not expect the amendments to IAS 28 to have a material impact on its financial statements.

Amendments to IAS 32, Financial instruments: presentation

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS "Presentation of Financial Statements" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

## **THE COMPANY AND BUSINESS**

Pursuant to agreement dated December 15, 2011 and subsequent amendment February 7, 2013 with Amarc Resources Ltd. ("Amarc") the Company may acquire a 100% interest in the Tulox Property, which was previously held by Tulox Resource Inc. under the following terms:

1. Issue 250,000 common shares in the capital of the Company, following the issuance of shares of the Company pursuant to the plan of Arrangement (this requirement has now been met);
2. Issue 225,000 common shares in the capital of the Company, following the date of the execution of the December 15, 2011 agreement (this requirement has now been met);
3. Issue 225,000 common shares in the capital of the Company as of the amendment agreement, (this requirement has now been met);
4. Expenditures of \$100,000 CDN and a further 150,000 common shares in the capital of the Company on or before June 30, 2013;
5. Expenditures of \$125,000 CDN and a further 250,000 common shares in the capital of the Company on or before December 31, 2013;
6. a further \$250,000 CDN of expenditures and 300,000 common shares in the capital of the Company on or before June 30, 2014;
7. a further \$300,000 CDN of expenditures and 350,000 common shares in the capital of the Company on or before December 31, 2014;
8. an additional \$1,225,000 CDN of expenditures and 925,000 common shares in the capital of the Company on or before December 31, 2015;

The Company will earn a 50% interest in the Property upon spending the first \$1,000,000 and issuance of 1,225,000 shares and will earn a 100% interest in the Property on expenditure of the next \$1,000,000 on the property and issuance of 1,100,000 shares by December 31, 2015.

On the preparation of a Preliminary Economic Assessment or Pre-Feasibility Study by the Company, Amarc may obtain a 60% interest in the Property by completing an additional \$10 million of Mineral Exploration Expenditures on the Property (the "Back in Right"). Newlox must complete and deliver a preliminary economic assessment or pre-feasibility study by February 14, 2015. Newlox's interest in the property and the option agreement will be deemed to be relinquished or abandoned if it fails to do so.

Amarc retains a 3% net smelter royalty ("NSR") return following the commencement of commercial production, which is reduced to 1.2% should Amarc exercise its 60% Back-In Right.

The Tulox Property consists of 11 claims located in south-central British Columbia in the Clinton Mining Division approximately 65 km east-southeast of the town of 70 mile house. Exploration surveys done by Amarc Resources

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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in 2005 and 2006 outlined two distinct gold anomalies in soil and till as well as an adjacent induced polarization (IP) anomaly to the east (Yeager, 2007). The anomalies identified by Amarc Resources require further exploratory work to better define targets for gold-bearing mineralization. The Company is embarking on further magnetic and electromagnetic surveying to delineate and confirm recommended drill targets.

The Company filed the required assessment report with the BC Mineral Titles in November accepting the work program completed in September consisting of a 18.5 km magnetometer survey on the LOE 39 and 39 claims costing \$15,793.37. The ground magnetic survey was conducted to increase the resolution of the magnetic data collected by Amarc in 2006. 2006 and 2012 data sets were merged and compiled by SJ. Interpretation of the magnetic data identified two adjacent magnetic lows centered at 5682900mN, 560900mE not yet identified by previous magnetic data. These occur directly adjacent and partially overlapping the IP anomaly interpreted by Amarc and determined to be in an up-slope direction of Au anomalous soils (Yeager 2007).

Magnetic data collected merged well and generally agree with the data collected in 2006. Increasing the resolution of the data has identified a greater magnetic contrast in the area of the Anomaly #2. Two possible magnetic low structures can be interpreted from the data; one northsouth centered on UTM 650400mE, and one east-west centered on UTM 5682900mN extending across the survey area. A large magnetic contrast occurs in the northeast corner of the survey grid, this is interpreted as a lithology change from Miocene wackes to a weakly magnetic quartzdiorite (Yeager 2007).

The Company completed a secondary phase of geochemical soil sampling in April 2013. It consisted of an 800m southward extension of soil sampling grid to define the full extent of Anomaly 2. Following the recommendation of W. Raven P.Geo., soil sampling extended south to capture the full extent of soil Anomaly 2 (Ag-Pb). A grid extension 800m south consisting of 8 lines at 100m spacing was established, with samples collected on 50m intervals. Samples were taken along Grid Line 8+00 in prior surveys, to be resampled to test the large anomalous Au-Ag-Pb values and provide some data overlap. The soil grid is oriented to target the contact between the Miocene tuffaceous wacke and the Upper Triassic Quartz Diorite.

A total of 284 soil samples were collected and transported to Acme Analytical Laboratories in Vancouver in May. Cost of the program is about \$20,000 of which half has been expended; the balance will be for assaying and report writing.

Global MGA Financial Inc.

Pursuant to a Letter of Intent with Global MGA Financial Inc. ("MGA") of Burnaby British Columbia the Company has entered into an assignable agreement to merge with MGA which is intended to be assigned to a wholly owned subsidiary of Newlox. Subject to any requisite corporate and regulatory approvals the subsidiary of Newlox will enter into an amalgamation agreement with MGA on proposed terms such that shareholders of Newlox will receive approximately 2,000,000 shares pro rata of the subsidiary representing less than 10% of the amalgamated company.

Global MGA Financial is in the business of distributing insurance products and financial services in Canada and intend to expand into the Greater China and South East Asian Markets. The company's wholly owned subsidiary,

**NEWLOX GOLD VENTURES CORP.**  
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Mega Bright Financial is a licensed Independent Insurance Agency (IIA) in Canada. Global MGA through its wholly owned subsidiaries in Hong Kong and China plans to implement the IIA distribution model to the growth markets of China and South East Asian countries.

Cdn MSolar Corp.

Pursuant to a Letter of Intent with Cdn MSolar Corp. ("CMS") of Burnaby British Columbia the Company has entered into an assignable agreement to merge with CMS which is intended to be assigned to a wholly owned subsidiary of Newlox. Subject to any requisite corporate and regulatory approvals the subsidiary of Newlox will amalgamate with CMS on proposed terms such that shareholders of Newlox will receive 2,000,000 shares pro rata of the subsidiary representing approximately 10% of the amalgamated company.

CMS shareholders include Dongying Minghui New Energy Science & Technology Co., Ltd. ("Minghui") of Dongying of Shandong province, a central city of Yellow River Delta, China and national economic and technological development zone. Minghui has developed over 30 patents in China in conjunction several Chinese universities in new energy power technologies. Minghui designs, manufactures and sells integrated energy-saving building technology systems combining its flat-plate solar collector, multi-source heat pump and deep geothermal pump systems. CMS will expand Mingui operations from its base in Canada to the international market, with plans to establish R&D, production and sales outside China.

Chagai Mining Corporation

The Company has entered into a letter of intent with Chagai Mining Corporation ("CMC") of Edmonton, Alberta the Company consisting of an assignable agreement to merge with CMC which is intended to be assigned to a wholly owned subsidiary of Newlox. Subject to any requisite corporate and regulatory approvals the subsidiary of Newlox will enter into an amalgamation agreement with CMC on proposed terms such that shareholders of Newlox will receive approximately 900,000 shares pro rata of the subsidiary prior to issuing shares under the proposed amalgamation.

Chagai Mining Corporation holds a 65% economic interest in the Sor Baroot Exploration License along the Tethyan Mineral Belt in the Balochistan Province of south western Pakistan. The Sor Baroot exploration license covers an area of approximately 247 sq miles and is located 20 kms to the east of the Reko Diq deposit, which was a joint venture between Barrick Gold and Antofagasta. Approximately 25 km to the west of the concession is the Sandik mine operated by the Metallurgical Corporation of china. The main technical advisor on the project is John Wright MSc. Of Canada and a 43-101 report is underway. A definitive agreement is subject to due diligence and completion of the 43-101 compliant report.

Plan of Arrangement

The Company incorporated three subsidiaries, being MN Ventures Ltd. ("MN"), Carnelian Strategic Capital Corp. ("Carnelian") and Sor Baroot Resources Corp. ("Sor") collectively the "Subsidiaries", for the purpose of assigning the three agreements referenced above and entering into a Plan of Arrangement with each of the three subsidiaries to carry out the proposed terms of the Letters of Intent with each subsidiary.

The following will be the result of the Arrangement:

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**FOR THE YEAR ENDED MARCH 31, 2013**

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Newlox will transfer the Letter of Intent entered into with Cdn MSolar Corp., a private company incorporated under the BCBCA dated March 22, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of MN Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held. Newlox will distribute the MN Shares to the shareholders of Newlox;

Newlox will transfer to Carnelian the Letter of Intent entered into with Global MGA Financial Inc., a private company incorporated under the BCBCA dated March 12, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Carnelian Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held. Newlox will distribute the Carnelian Shares to the shareholders of Newlox;

Newlox will transfer to the Letter of Intent entered into with Chagai Mining Corp., a private company incorporated under the Business Corporations Act, R.S.A. 2000, c. B-9, dated April 9, 2013 as amended June 2, 2013 recorded as no value to Newlox for accounting purposes. In exchange Newlox will be issued the same number of Sor Shares as the number of Newlox Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor of 0.06738085 giving approximately 1 share of Sor for every 14.84 shares of Newlox held. Newlox will distribute the Sor Shares to the shareholders of Newlox.

The costs of conducting the Plan of Arrangement is agreed to be borne by the three companies entered into LOI's with the Company's subsidiaries.

**SELECTED ANNUAL INFORMATION**

**RESULTS OF OPERATIONS**

	For the year ended March 31, 2013	From April 7, 2011 Date of Incorporation to March 31, 2012
	\$	\$
<b>Expenses</b>		
Administrative Costs	17,706	669
Consulting fees	12,900	13,575
Legal Fees	35,072	24,783
Management fees	-	28,350
Mining Property Expenses	37,897	28,616
Regulatory and transfer agent fees	8,874	8,121
<b>Net loss and comprehensive loss</b>	<b>(112,449)</b>	<b>(104,114)</b>

For the period from April 7, 2011 to August 25, 2011, the Company was a wholly-owned subsidiary of Tulox. The Company commenced its status as a reporting issuer on August 25, 2011 there were no field operations in the period ended March 31, 2012 as mining property expense was fees to the BC Mining Recorder Office to maintain the Tulox claims in good standing. In the year ended March 31, 2013 field operations were conducted to complete a 18.5 km magnetometer survey in September 2012 and further work was conducted subsequent to the period to collect 284 soil samples. Consulting expenses consist of geological consulting fees for preparation of

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

initial work phases to re-establish soil sample grids and ground magnetic and electromagnetic surveys to confirm drill targets. An updated 43-101 report was prepared by Wesley Raven P. Geo dated April 13, 2012.

**Additional Disclosure for Venture issuers without Significant Revenue**

Administration costs includes \$12,000 in listing fees and \$1,250 in maintenance fees paid to the CNSX, and the balance of \$4,170 paid in Sedar and Securities Commission charges.

Consulting Fees include \$10,500 paid to the CEO and CFO of the Company and \$2,400 for geological consulting for the revised 43-101 report.

Mining Property expense includes payments made to Amarc for BC mining recorder costs to maintain the claims in good standing for \$19,108, and the balance of \$18,788 for field operations and geological consulting.

**LIQUIDITY AND CAPITAL RESOURCES**

**Financial Position**

As at	March 31, 2013	March 31, 2012
Cash and Recoverable	32,334	86,736
Taxes recoverable	16,538	7,499
Mineral property interest	67,450	56,200
	<b>116,322</b>	<b>150,435</b>
Current liabilities	24,185	22,799
Shareholders' equity	92,137	127,636
	<b>116,322</b>	<b>150,435</b>
Cash dividends declared per share	-	-

As at March 31, 2013, the Company had working capital of \$24,687 and shareholders' equity of \$92,137.

**Changes in Cash Position**

	For the year ended March 31, 2013	From April 7, 2011 to March 31, 2012
Cash flows		
From operating activities	(120,102)	(57,264)
From financing activities	65,700	139,000
From investing activities	-	5,000
Increase (decrease) in cash	<b>(54,402)</b>	<b>86,736</b>

The Company's cash position at March 31, 2013 was \$32,334.

The (\$54,402) change in cash during period ended March 31, 2013 was a result of the Company's net loss from operations exceeding funds raised from financing activity.

During the period ended March 31, 2013, financing activities were for the issuance of

1,460,000 common shares at \$0.05 per share for the total consideration of \$73,000 pursuant to a private



**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

placement. The Company paid \$7,300 in cash and issued 146,000 broker warrants as a finder's fee to a registered investment dealer. Each warrant entitles the holder to purchase one share of the Company at \$0.15 per share for a period of 24 months from the date the shares of the Company are listed on the Canadian National Stock Exchange or October 17, 2014.

**SELECTED QUARTERLY INFORMATION**

**RESULTS OF OPERATIONS**

	Three months ended	Three months ended	Three months ended	Three Months ended	Three Months ended	Three Months ended	Three Months ended
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>							
Administrative Costs	5,597	10,027	2,064	18	426	243	-
Consulting fees	5,400	7,500	-	-	2,425	3,798	7,352
Professional Fees	11,525	12,900	6,370	4,277	16,161	8,622	-
Management fees	-	-	-	-	9,450	8,316	10,584
Mining Property Expenses	-	2,000	16,789	19,108	15,496	13,120	-
Regulatory and transfer agent fees	1,481	2,939	3,882	572	1,264	2,144	4,713
<b>Net loss and comprehensive loss</b>	<b>(\$24,003)</b>	<b>(\$35,366)</b>	<b>(\$29,105)</b>	<b>(\$23,975)</b>	<b>(\$45,222)</b>	<b>(\$36,243)</b>	<b>(22,649)</b>

In the year ended March 31, 2013 field operations were conducted to complete a 18.5 km magnetometer survey in September 2012 and further work was conducted subsequent to the period to collect 284 soil samples. Consulting expenses consist of geological consulting fees for preparation of initial work phases to re-establish soil sample grids and ground magnetic and electromagnetic surveys to confirm drill targets. An updated 43-101 report was prepared by Wesley Raven P. Geo dated April 13, 2012.

**Share Capital**

The total number of common shares outstanding as at March 31, 2013 and as of the date of this report is 13,356,911. As at the date of this report, there were 366,000 share purchase warrants outstanding, exercisable into 366,000 common shares at \$0.15 per share, expiring October 17, 2014.

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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As of the date of this report there were no stock options outstanding.

**Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, property acquisitions and future mineral exploration expenditures. Should the Company wish to pursue current and future business opportunities, additional funding will be required. The Company believes that its current plans and requirements can be funded largely from existing cash on hand but is necessary to raise additional working capital or enter into a joint venture with a third party to develop the Tulox property to the full extent recommended and to meet the expenditure requirement of \$100,000 by June 30, 2013. To the extent that the Company continues to incur losses and these resources are insufficient to fund the Company's recurring losses until profitability is reached, the Company will need to raise additional funds through debt or equity financing. Current market conditions have made it more difficult to raise additional funds. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay future mineral exploration expenditures or property acquisitions.

**RELATED PARTY TRANSACTIONS**

The Company and Tulox, its former parent company, entered into the Arrangement Agreement described in Note 3 of the Audited Financial Statements. The Arrangement Agreement provides for the transfer from Tulox of \$5,000 and the interest in the Tulox Property to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the shareholders of Tulox as at August 25, 2011. The shareholders of Tulox at the completion of the Arrangement Agreement will continue to collectively own the interest in the Tulox Property, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the option agreement at the time that it is transferred to the Company, the transfer will be recorded under IFRS using the historical carrying values of the interest in the Tulox Property in the accounts of Tulox at the time of the transfer.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$5,100) in management fees from DAG Consulting, a company owned and controlled by Don Gordon, the President and at March 31, 2013, the Company owes the President and his company \$4,208 (2012 - \$4,163) for management fees which have been included in due to related parties.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$13,800) in management fees from a Green Eagle Renewable company owned and controlled by Tom Bell, a Director and at March 31, 2013 the Company owes the Director and his company \$9,384 (2012 - \$9,384) for management fees which have been included in due to related parties.

During the year ended March 31, 2013, the Company incurred \$nil (2012 - \$1,056) in management fees from Jim Miller Tate, a Director and officer of the Company and at March 31, 2013 the Company owes the Director \$1,056 (2012 - \$1,056) which have been included in due to related parties.

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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Included in due to related parties is \$451 (2012 - \$451) owed to Don Gordon, the President of the Company.

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the period-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

**RISKS AND UNCERTAINTIES**

**Mining Industry**

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

**Government Regulation**

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and

regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

### **Permits and Licenses**

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

### **Environmental Risks and Hazards**

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

### **Commodity Prices**

**NEWLOX GOLD VENTURES CORP.**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable.

Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

**Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

**Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**Land Title**

Although the Company is relying on Amarc Resources Ltd. claim to have clear title, it has not commissioned its own title opinion with respect to its property there may still be undetected title defects affecting such properties. Accordingly, such property may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "K"**

**AUDITED FINANCIAL STATEMENTS AND MDA OF CMS FROM DATE OF INCORPORATION TO MARCH  
31, 2013**

**CDN MSOLAR CORP.**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON  
MARCH 15, 2013 TO MARCH 31, 2013**

(Expressed in Canadian dollars)



**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7

Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

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## INDEPENDENT AUDITORS' REPORT

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To the Director of  
CDN MSolar Corp.

We have audited the accompanying financial statements of CDN MSolar Corp. which comprise the statement of financial position as at March 31, 2013, and the statements of comprehensive loss, cash flows and changes in equity for the period from incorporation on March 15, 2013 to March 31, 2013, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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 our 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, we consider 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 based on our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of CDN MSolar Corp. as at March 31, 2013, and its financial performance and cash flows for the period from incorporation on March 15, 2013 to March 31, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 to these financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of CDN MSolar Corp. to continue as a going concern.

*/s/ "Manning Elliott LLP"*

CHARTERED ACCOUNTANTS  
Vancouver, British Columbia  
June 25, 2013



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**CDN MSOLAR CORP.****STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2013**(Expressed in Canadian Dollars)

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	<b>Note</b>	<b>\$</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	11(b)	41,311
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	5	1
Deficit		(41,312)
		(44,311)
		-
Nature of Operations and Going Concern	1	
Commitment	10	
Subsequent Events	11	

Approved and authorized for issue by the sole director on June 25, 2013

"Warren Lee"

Warren Lee, Director

The accompanying notes are an integral part of these financial statements

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**CDN MSOLAR CORP.****STATEMENT OF COMPREHENSIVE LOSS****FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**(Expressed in Canadian Dollars)

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	\$
<b>Expenses</b>	
Listing expense	22,471
Professional fees	18,841
	<hr/> 41,312
<b>Net loss and comprehensive loss</b>	<hr/> <b>41,312</b>
Basic and diluted loss per common share	<hr/> 41,312
Weighted average number of common shares outstanding	<hr/> 1

The accompanying notes are an integral part of these financial statements

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**CDN MSOLAR CORP.****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**(Expressed in Canadian Dollars)

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	<b>Number of Outstanding Shares</b>	<b>Share Capital</b>	<b>Deficit</b>	<b>Total Shareholder's Equity</b>
		\$	\$	\$
Share issued on incorporation	1	1	-	1
Net loss	-	-	(41,312)	(41,312)
<b>Balance, March 31, 2013</b>	<b>1</b>	<b>1</b>	<b>(41,312)</b>	<b>(41,311)</b>

The accompanying notes are an integral part of these financial statements

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**CDN MSOLAR CORP.****STATEMENT OF CASH FLOWS****FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**(Expressed in Canadian Dollars)

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	\$
<b>CASH PROVIDED BY (USED IN):</b>	
<b>Operating activities</b>	
Net loss	(41,312)
Changes in non-cash working capital balances	
Accounts payable and accrued liabilities	41,311
<b>Cash used in operating activities</b>	<b>(1)</b>
<b>Financing activity</b>	
Issuance of share	1
<b>Cash provided by financing activity</b>	<b>1</b>
CHANGE IN CASH DURING THE PERIOD	-
CASH, BEGINNING	-
<b>CASH, ENDING</b>	<b>-</b>
<hr/>	
<b>CASH PAID FOR:</b>	
Interest	-
Income taxes	-

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The accompanying notes are an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**

(Expressed in Canadian Dollars)

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**1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS**

CDN MSolar Corp. (the "Company") was incorporated on March 15, 2013 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 1030 West Georgia Street, Suite 1010, Vancouver, British Columbia, Canada.

The Company is a private company, established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. ("Minghui"). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China. Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and products (the "Minghui Technology"). Minghui has developed over thirty patents in conjunction with several Chinese universities in China. At its core, Minghui designs, manufactures and sells integrated energy saving technology ("IEST") systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump in response to a growing demand for energy-saving solutions designed for residential and commercial buildings. The Company plans to expand Minghui operations from its base in Canada to the international market, with plans to establish research and development, production and sales operations outside China.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to implement the business plan.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected

For the period from incorporation on March 15, 2013 to March 31, 2013, the Company incurred a loss of \$41,312 and working capital deficit of \$41,311. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its marketing and other costs.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded liabilities that might be necessary should the Company be unable to continue in existence.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**

(Expressed in Canadian Dollars)

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**2. BASIS OF PREPARATION**

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Functional and Presentation Currency

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Measurement basis

The financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs (3k & l). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include accrued liabilities and deferred income taxes. Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management; and the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013

(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Impairment

Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

d) Cash

Cash is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**

(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share-based payments

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

f) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

g) Loss per share

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

h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured 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 balance sheet date. Deferred tax is not recognized for temporary differences which arise 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.

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 they 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.



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013**

(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at March 31, 2013, the Company has not recorded any provisions

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not classified any financial assets as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2013, the Company has not classified any financial assets as loans and receivables held to maturity, or as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013

(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2013, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

m) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

*IFRS 10 Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

*IFRS 12 Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

*IAS 27 - Separate Financial Statements* - As a result of the issue of the new consolidation suite of standards, IAS 27 *Separate Financial Statements* has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013

(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) New accounting standards issued but not yet effective (continued)

*IAS 32 – Financial Instruments: Presentation* - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

The following standard will be effective for annual periods beginning on or after January 1, 2015:

*IFRS 9 – Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. TECHNOLOGY TRANSFER AGREEMENT

On March 23, 2013, the Company entered into a Letter of Intent (“LOI”) with Minghui to purchase the Minghui Technology as described in Note 1 in exchange for common shares of the Company. On April 15, 2013, the Company signed a Technology Transfer Agreement pursuant to this LOI to purchase the Minghui Technology as described in Note 11(a).

5. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding:

On March 15, 2013, the Company issued 1 common share at a price of \$0.02 per common share for total proceeds of \$0.02.

6. RELATED PARTY BALANCES AND TRANSACTIONS

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

There were no related party transactions or balances during the period. There was no key management remuneration or payroll paid during the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013

(Expressed in Canadian Dollars)

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7. INCOME TAXES

As at March 31, 2013, the Company has incurred tax losses carried forward of \$41,312 which are available for reduction against future Canadian taxable income. The non-capital loss will expire in 2033 if unused. Deferred tax assets of \$10,741 were not recognized due to the uncertainty of utilization of this amount.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to fund its operations, so that it can provide returns for shareholders and benefits for other stakeholders. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2013 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments consist of accounts payable. The risks associated with this financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar.

(ii) *Interest rate risk*

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 15, 2013 TO MARCH 31, 2013

(Expressed in Canadian Dollars)

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash equivalents is limited because the Company has no cash and no receivables as at March 31, 2013. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2013, the Company had cash of \$nil to settle accounts payable of \$41,312 which fall due for payment within twelve months of the financial position date.

10. COMMITMENT

On March 22, 2013, the Company entered into a Letter of Intent with Newlox Gold Ventures Corp. ("Newlox") whereby the Company and Newlox would be amalgamated into a new company. Newlox is a reporting issuer in the jurisdictions of British Columbia and Alberta. Pursuant to the Amalgamation Agreement, shares of the Company issued and outstanding would be exchanged on a one-to-one basis for shares of the amalgamated company, whereas Newlox will receive approximately 2,000,000 shares. The amalgamation is anticipated to close prior to July 31, 2013.

11. SUBSEQUENT EVENTS

- a) On April 15, 2013, the Company signed a Technology Transfer Agreement pursuant to the LOI signed on March 23, 2013 as described in Note 4. Under the agreement, the Company is going to purchase the Minghui Technology in exchange for 9,750,000 common shares.
- b) On May 3, 2013, the Company agreed to issued 6,250,000 common shares at \$0.02 per share for a total of \$125,000 to settle the accounts payable outstanding and professional fees incurred subsequent to the period ended March 31, 2013.
- c) Newlox prepared an Information Circular for distribution to its shareholders incorporating the transaction affecting the Company as describe in Note 10.

Cdn MSolar Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2013

As at June 24, 2013

## INTRODUCTION

### General

Cdn MSolar Corp. (“CMS” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 15, 2013. CMS is currently a private company. CMS’s head office and registered and records offices are located at 1010-1030 West Georgia Street, Vancouver, BC V6E 2Y3.

The Company is a private company, established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. (“Minghui”). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China. Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, many patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and products (the “Minghui Technology”). Minghui has developed over thirty patents in conjunction with several Chinese universities in China. At its core, Minghui designs, manufactures and sells integrated energy saving technology (“IEST”) systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump in response to a growing demand for energy-saving solutions designed for residential and commercial buildings. The Company plans to expand Minghui operations from its base in Canada to the international market, with plans to establish research and development, production and sales operations outside China.

On March 22, 2013, CMS entered into the CMS LOI, pursuant to which CMS would enter into an amalgamation agreement with Newlox Gold ventures Corp. (“Newlox”) a public reporting company listed on the Canadian National Stock Exchange (symbol: LUX). The Board of Newlox has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of the Tulox Property and potential acquisitions of interests in other properties, and transfer its interest in the CMS LOI to a newly-formed subsidiary company, being MN Ventures Ltd., (“MN”), which will amalgamate with CMS to become Cdn MSolar Corp. Pursuant to a plan of arrangement, shares of the Cdn MSolar Corp. will be issued in exchange for MN Shares that would be distributed to the Newlox Shareholders.

On March 23, 2013, CMS entered into a letter of intent with Minghui (the “**Minghui LOI**”) to enter into a technology transfer agreement (“**TTA**”) to acquire the right to use and exploit the Minghui Technology. The TTA was executed on April 15, 2013. Pursuant to the TTA, CMS was granted by Minghui an irrevocable license to produce, develop, market, sell and/or otherwise distribute the Minghui Technology. The TTA is limited to use and exploitation worldwide, with the exception of China. Pursuant to the TTA, Minghui was issued 9,750,000 CMS Shares.

Pursuant to the Arrangement, Newlox will transfer to MN all of Newlox's interest in the LOI in exchange for the same number of MN Shares as the issued and outstanding number of Newlox Shares multiplied by the Conversion Factor, agreed to be no more than 2,000,000 shares which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date.

MN is a start-up company and therefore has no regular source of income. As a result, CMS's ability to conduct operations, including the evaluation of the Minghui Technology, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that CMS will be able to do so. The CMS LOI requires all costs of the Plan of Arrangement and Amalgamation to MN be paid by CMS therefore all working capital and operations for the amalgamated company is being provided by CMS.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected

For the period from incorporation on March 15, 2013 to March 31, 2013, the Company incurred a loss of \$41,312. All of these factors raise uncertainty about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its marketing and other costs.

### **Basis of Discussion & Analysis**

This management discussion and analysis ("MD&A") is dated as of June 24, 2013 and should be read in conjunction with the audited financial statements of the Company as at March 31, 2013 and the period from the date of incorporation on March 15, 2013 to March 31, 2013 ("Audited Financial Statements").

Our discussion in this MD&A is based on the Audited Financial Statements. The Audited Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

All statements other than statements of historical fact in this Annual MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.



### **Significant Accounting Policies**

a) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs (k & l). In addition, the financial statements have been prepared using the accrual basis of accounting.

b) Significant accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include accrued liabilities and deferred income taxes. Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management; and the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c) Impairment

Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

#### d) Cash

Cash is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

#### e) Share-based payments

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount

recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

f) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

g) Loss per share

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

h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured 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 balance sheet date. Deferred tax is not recognized for temporary differences which arise 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.

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 they 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.

i) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at March 31, 2013, the Company has not recorded any provisions

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not classified any financial assets as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2013, the Company has not classified any financial assets as loans and receivables held to maturity, or as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2013, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

m) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

*IFRS 10 Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12 Consolidation - Special Purpose Entities* and parts of *IAS 27 Consolidated and Separate Financial Statements*.

*IFRS 12 Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and

off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

*IAS 27 – Separate Financial Statements* - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

*IAS 32 – Financial Instruments: Presentation* - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

The following standard will be effective for annual periods beginning on or after January 1, 2015:

*IFRS 9 – Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

## **THE COMPANY AND BUSINESS**

On March 22, 2013, CMS entered into the CMS LOI, pursuant to which CMS would enter into an amalgamation agreement with Newlox Gold ventures Corp. ("Newlox") a public reporting company listed on the Canadian National Stock Exchange (symbol: LUX). The Board of Newlox has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of the Tulox Property and potential acquisitions of interests in other properties, and transfer its interest in the CMS LOI to a newly-formed subsidiary company, being MN Ventures Ltd., ("MN"), which will amalgamate with CMS to become Amalco<sup>1</sup> the name of which shall be Cdn MSolar Corp., pursuant to a plan of arrangement, in exchange for MN Shares that would be distributed to the Newlox Shareholders.

On March 23, 2013, CMS entered into a letter of intent with Minghui (the “**Minghui LOI**”) to enter into a technology transfer agreement (“**TTA**”) to acquire the right to use and exploit the Minghui Technology. The TTA was executed on April 15, 2013. Pursuant to the TTA, CMS was granted by Minghui an irrevocable license to produce, develop, market, sell and/or otherwise distribute the Minghui Technology. The TTA is limited to use and exploitation worldwide, with the exception of China. Pursuant to the TTA, Minghui was issued 9,750,000 CMS Shares.

Pursuant to the Arrangement, Newlox will transfer to MN all of Newlox’s interest in the LOI in exchange for the same number of MN Shares as the issued and outstanding number of Newlox Shares multiplied by the Conversion Factor, agreed to be no more than 2,000,000 shares which shares will be distributed to the Newlox Shareholders who hold Newlox Shares on the Share Distribution Record Date.

Newlox is preparing a joint shareholder circular for approval of shareholders of both companies to the amalgamation and all related matters.

When Minghui’s Technology – solar plates - are mounted on walls or roof tops and combined with the buildings existing radiation appliances, high-efficient energy storage devices are coupled with our multi-source heat pump technology. We create a fully integrated energy-saving heating and cooling solution. We use multiple renewable energy sources (such as ground-source heat, water-source heat, industrial waste heat and rich deep geothermal energy) which allow our solutions to be composed of a variety of renewable energy systems and resources and means we can provide very flexible solutions.

## **SELECTED Audited INFORMATION**

### **RESULTS OF OPERATIONS AND SUMMARY OF QUARTERLY RESULTS**

	<b>From March 15, 2013, date of Incorporation to March 31, 2013</b>
	\$
Expenses	
Listing Expense	22,471
Professional fees	18,841
<b>Net loss and total comprehensive loss for the period</b>	<b>41,312</b>

The Company has not commenced operations and there were no operations for the period ended March 31, 2013.

**Additional Disclosure for Venture issuers without Significant Revenue**

The listing expense of \$22,472 includes legal fees of \$20,000 + taxes of \$2,472.

The professional fees of \$18,841 includes legal fees for start up and incorporation for \$16,500 + taxes of \$2,340.68.

**LIQUIDITY AND CAPITAL RESOURCES**

**Financial Position**

	<b>March 31, 2013</b>
As at	<b>\$</b>
<hr/>	
<b>Assets</b>	
Current	
HST recoverable	-
	-
<hr/>	
<b>Liabilities and Shareholders' Equity</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	41,311
	41,311
<hr/>	
<b>Shareholders' (Deficiency) Equity:</b>	
Capital stock	1
Deficit	(41,311)
	(41,311)
	-
<hr/>	



**Changes in Cash Position**

From March 15,  
 2013, date of  
 Incorporation to  
 March 31, 2013  
 \$

Cash (used in)/ Provided by:

Net cash provided by (used in) operating activities	(1)
Net cash provided by financing activities	1
Net cash used in investing activities	--
<b>Change in cash</b>	--
<b>Cash, beginning of the period</b>	--
<b>Cash, end of the period</b>	--

A shareholder of the Company has provided all necessary working capital and committed to contribute up to \$125,000 towards the costs of completing the amalgamation and listing of the amalgamated company.

**SELECTED QUARTERLY INFORMATION**

**RESULTS OF OPERATIONS**

From March 15, 2013,  
 date of Incorporation to  
 March 31, 2013  
 \$

Expenses	
Listing Expense	22,471
Professional fees	18,841
<b>Net loss and total comprehensive loss for the period</b>	<b>41,312</b>

The Company has not commenced operations and there were no operations for the period ended March 31, 2013.

### **Financial Instruments**

The Company's financial instruments consist of accounts payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability for prompt liquidation.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop the solar business in Canada under the Minghui Technology Agreement and/or to raise sufficient equity and/or debt financing in financing the business development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2013, the Company had cash of \$nil to settle accounts payable of \$41,312 which fall due for payment within twelve months of the financial position date. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. As such, the Company's exposure to currency risk is minimal.

### **Share Capital**

- a) The total number of common shares issued and outstanding as at March 31, 2013 was 1 common share and as at the date of this report is 16,000,000 after cancellation of the incorporator's share: 9,750,000 shares which were issued in consideration for the Minghui

Technology agreement, and 6,250,000 common shares at \$0.02 per share for a total of \$125,000 to settle the accounts payable outstanding and professional fees incurred subsequent to the period ended March 31, 2013.

As at the date of this report there were no stock options or warrants outstanding.

### **Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. Should the Company pursue other business opportunities, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. There were no related party transactions or balances during the period. There was no key management remuneration or payroll paid during the period.

### **RISKS AND UNCERTAINTIES**

#### **Start Up Venture**

As a start up venture the Company's prospects are affected by the risks, expenses, and difficulties frequently encountered by companies in the growth stage, particularly companies in highly competitive markets. As an early growth-stage company, the risks faced by CMS include, but are not limited to, evolving and unpredictable business models and growth management. To address these risks, the Company must, among other things, expand its customer base, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its processes and technology, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it will be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. If the Company is unable to fund any such investment required to advance the business under the Minghui Technology agreement or otherwise fails to invest in new technology or obtain adequate sales, then financial condition or results of operations could be materially and adversely affected.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in operations that may be related to the business the Company enters into. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "L"**

**AUDITED FINANCIAL STATEMENTS AND MD&A OF MGA**

# **Global MGA Financial Inc.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (AUDITED)**

**AND**

**FOR THE THREE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)**

(Expressed in Canadian Dollars)



**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7  
Phone: 604.714.3600 Fax: 604.714.3669 Web: [manningelliott.com](http://manningelliott.com)

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## INDEPENDENT AUDITORS' REPORT

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To the Directors of  
Global MGA Financial Inc.

We have audited the accompanying consolidated financial statements of Global MGA Financial Inc, which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2012 and 2011, and the related notes comprising a summary of the significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Global MGA Financial Inc. as at December 31, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*/s/ "Manning Elliott LLP"*

Chartered Accountants  
Vancouver, British Columbia  
June 25, 2013

**Global MGA Financial Inc.**  
Consolidated Statements of Financial Position  
*(Expressed in Canadian Dollars)*

	Note	March 31, 2013 (Unaudited) \$	December 31, 2012 (Audited) \$	December 31, 2011 (Audited) \$
<b>ASSETS</b>				
Current Assets				
Cash		301,476	299,284	161,335
Short-term investments	3	1,005,807	1,102,726	1,611,257
HST receivable		6,181	4,922	16,388
Prepaid expenses and deposits	9 (c)	22,863	22,765	2,936
		<b>1,336,327</b>	<b>1,429,697</b>	<b>1,791,916</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current Liabilities				
Accounts payables and accrued liabilities		19,105	7,346	24,210
Due to related parties	8	3,121	4,738	-
		<b>22,226</b>	<b>12,084</b>	<b>24,210</b>
Shareholders' Equity				
Share capital	4	2,747,918	2,747,918	2,747,918
Contributed surplus	4	145,060	145,060	145,060
Accumulated deficit		(1,578,877)	(1,475,365)	(1,125,272)
		<b>1,314,101</b>	<b>1,417,613</b>	<b>1,767,706</b>
		<b>1,336,327</b>	<b>1,429,697</b>	<b>1,791,916</b>

COMMITMENTS (Note 9)  
SUBSEQUENT EVENTS (Note 11)

These consolidated financial statements were authorized for issue by the Board of Directors on June 25, 2013. Approved on behalf of the Board by:

"John Gan" , Director

"Nikita Chou" , Director

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



**Global MGA Financial Inc.**  
Consolidated Statements of Comprehensive Loss  
*(Expressed in Canadian Dollars)*

		Three Months ended March 31, 2013 (Unaudited)	Year ended December 31, 2012 (Audited)	Year ended December 31, 2011 (Audited)
	Note	\$	\$	\$
Commission income		3,749	11,142	-
Expenses				
Commissions		3,174	6,869	-
Professional fees		42,233	123,252	241,569
Salaries and benefits		43,541	158,075	118,621
Office and miscellaneous		22,815	86,080	71,456
Share-based compensation		-	-	246,661
		111,763	374,276	678,307
Loss from operations		(108,014)	(363,134)	(678,307)
Interest and other income		4,502	13,041	11,428
Net loss and comprehensive loss		(103,512)	(350,093)	(666,879)
Basic and diluted loss per common share	5	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding	5	41,754,115	41,754,115	41,754,115

The accompanying notes are an integral part of these consolidated financial statements

**Global MGA Financial Inc.**  
Consolidated Statements of Cash Flows  
*(Expressed in Canadian Dollars)*

	Three Months ended March 31, 2013 (Unaudited) \$	Year ended December 31, 2012 (Audited) \$	Year ended December 31, 2011 (Audited) \$
<b>OPERATING ACTIVITIES</b>			
Net loss for the period	(103,512)	(350,093)	(666,879)
Share-based compensation	-	-	246,661
	(103,512)	(350,093)	(420,218)
Changes in non-cash working capital items:			
Decrease (increase) in HST receivable	(1,260)	11,466	(16,388)
Decrease (increase) in prepaid expense	(98)	(19,829)	15,085
Increase (decrease) in accounts payable and other liabilities	11,759	(16,864)	3,930
Cash used in operating activities	(93,111)	(375,320)	(417,591)
<b>INVESTING ACTIVITIES</b>			
Purchase of short-term investments	-	-	(1,611,257)
Redemption of short-term investments	96,919	508,531	-
Cash provided by (used in) investing activities	96,919	508,531	(1,611,257)
<b>FINANCING ACTIVITIES</b>			
Issuance of common shares	-	-	2,103,750
Share issuance costs	-	-	(160,767)
Advance from (repayment to) related parties	(1,616)	4,738	-
Cash provided by financing activities	(1,616)	4,738	1,942,983
Increase (decrease) in cash	2,192	137,949	(85,865)
Cash, beginning of period	299,284	161,335	247,200
Cash, end of period	301,476	299,284	161,335
Supplemental disclosures:			
Cash paid for interest	-	-	-
Cash paid for income taxes	-	-	-

The accompanying notes are an integral part of these consolidated financial statements

**Global MGA Financial Inc.**Consolidated Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Accumulated Deficit	Total
	Number of Shares	Amounts			
		\$	\$	\$	\$
Balance at December 31, 2010 (Unaudited)	25,929,115	626,620	76,714	(458,393)	244,941
Exercise of stock options	2,075,000	103,755	(5)	-	103,750
Private placement	12,500,000	2,000,000	-	-	2,000,000
Share issue costs	-	(182,457)	21,690	-	(160,767)
Share-based compensation	1,250,000	200,000	46,661	-	246,661
Comprehensive loss	-	-	-	(666,879)	(666,879)
Balance at December 31, 2011 (Audited)	41,754,115	2,747,918	145,060	(1,125,272)	1,767,706
Comprehensive loss	-	-	-	(350,093)	(350,093)
Balance at December 31, 2012 (Audited)	41,754,115	2,747,918	145,060	(1,475,365)	1,417,613
Comprehensive loss	-	-	-	(103,512)	(103,512)
Balance at March 31, 2013 (Unaudited)	41,754,115	2,747,918	145,060	(1,578,877)	1,314,101

The accompanying notes are an integral part of these consolidated financial statements

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 1. NATURE OF OPERATIONS

Global MGA Financial Inc. was incorporated under the Business Corporations Act (British Columbia) on February 19, 2009. The Company's principal business activity is acquiring, managing and operating insurance agencies and recruiting and training insurance agents. The Company's registered address is Metrotower II, 4720 Kingsway, Suite 2600, Burnaby, British Columbia, Canada, V5H 4N2.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in Canadian dollars, which is the Company's functional currency, and are prepared in accordance with accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

#### *Basis of presentation*

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding Company
Zhaoying (Shanghai) Management Consulting Co. Ltd. (China WOFE)	China	Holding Company
Mega Bright Financial Incorporated	British Columbia, Canada	Insurance Agency

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The accounting policies of its subsidiaries are consistent with the policies adopted by the Company.

#### *Foreign currencies*

The reporting and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

In preparing the financial statements of the individual subsidiaries, transactions in currencies other than the parent's functional currency, which is the Canadian dollar, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items that are denominated in currencies other than the functional currency are translated at the period end exchange rates. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in profit or loss in the period.

## **Global MGA Financial Inc**

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### **2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### *Financial Instruments*

The Company does not have any derivative financial instruments.

#### Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss and receivables.

Financial instruments recognized at fair value are classified in fair value hierarchy levels as follows:

- i. Level 1 – valuation based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- ii. Level 2 – valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- iii. Level 3 – valuation techniques with unobservable market inputs (involves assumptions and estimates by management of how market participants would price the assets or liabilities);

#### *Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company's cash and short-term investments are classified as FVTPL.

#### *Other Financial Liabilities*

The Company has the following non-derivative financial liabilities: accounts payable and due to a related party.

Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### *Cash and Cash Equivalents*

Cash and cash equivalents are classified as fair value through profit or loss and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

#### *Receivables*

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

## **Global MGA Financial Inc**

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Impairment*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

#### *Share-based Payment Transactions*

The Company offers equity-settled share-based payments to directors, officers, employees and non-employees. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve. Equity-settled awards are not re-measured subsequent to the initial grant date.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

## **Global MGA Financial Inc**

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### **2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### *Loss per Share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is based on the weighted average number of common shares and stock options outstanding at the beginning of or granted during the period, calculated using the treasury stock method. Under this method, the proceeds from the exercise of the options are assumed to be used to repurchase the Company's shares. The difference between the number of shares assumed purchased and the number of options assumed exercised is added to the actual number of shares outstanding to determine diluted shares outstanding for purposes of calculating diluted earnings per share. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### *Income Taxes*

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

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

Deferred tax is recorded using the asset and liability method. Under this method, the Company calculates all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the period end date. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the period end date.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of the financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Revenue recognition*

Commission income is recognized on an accrual basis based on the date of sale of the insurance policy.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Significant Accounting Estimates and Judgments*

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant estimates include:

- the recognition and valuation of impairment of assets;
- the recognition and valuation of accrued liabilities;
- the provision for the income tax expense which is included in profit or loss and the measurement of deferred income tax assets and liabilities included in the statements of financial position.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

- the determination of functional currency of the Company;
- the determination of revenue recognition policy.

#### *Provisions*

Provisions represent liabilities of the Company for which the amount or timing is uncertain. A provision is recognized when, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

#### *New Accounting Pronouncements*

The IASB has issued new accounting standards which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements.

The following is a brief summary of the new standards:

#### IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its financial statements.

#### IFRS 10, 11, & 12 and SIC 13 - Consolidation Related Standards

In May 2011, the IASB issued the following new standards:

- *IFRS 10 – Consolidated Financial Statements (“IFRS 10”)* which will replace parts of IAS 27 – Consolidated and Separate Financial Statements (“IAS 27”), and SIC-12 – Consolidation – Special Purpose Entities (“SIC-12”);
- *IFRS 11 – Joint Ventures (“IFRS 11”)* which will replace IAS 31 – Interests in Joint Ventures, and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers; and
- *IFRS 12 – Disclosures of Involvement with Other Entities*



## **Global MGA Financial Inc**

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *New Accounting Pronouncements (continued)*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, eliminating the risks and rewards approach included in SIC-12. IFRS 10 requires continuous assessment of control over an investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation based on the rights and obligations of the parties to the joint arrangements. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

#### IFRS 13 - Fair Value Measurement and Disclosure

IFRS 13 was issued in May 2011, and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

#### IAS 1 – Presentation of Financial Statements

IAS 1 was amended to change the disclosure of items presented in other comprehensive income ("OCI"), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012.

#### IAS 19 – Employee Benefits

Amendments to IAS 19 was issued in June 2011, and requires all changes in defined benefit obligations and plan assets be recognized in other comprehensive income in the period they occur, eliminating the ability to defer and amortize such changes under the corridor method. These amendments are effective for annual periods beginning on or after January 1, 2013.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements  
Years Ended December 31, 2012 and 2011 (audited)  
Three Months Ended March 31, 2013 (unaudited)  
(Expressed in Canadian Dollars)

### 3. SHORT-TERM INVESTMENTS

As at March 31, 2013 the Company held the following:

	March 31, 2013 (Unaudited)	
	Maturity	Amount
Guaranteed Investment Certificate		
- Prime minus 1.65% annual interest rate	October 24, 2013	\$1,000,000
Accrued interest		5,807
		<u>\$1,005,807</u>

As at December 31, 2012 the Company held the following:

	December 31, 2012 (Audited)	
	Maturity	Amount
Guaranteed Investment Certificate		
- Prime minus 1.65% annual interest rate	October 24, 2013	\$1,100,000
Accrued interest		2,726
		<u>\$1,102,726</u>

As at December 31, 2011 the Company held the following:

	December 31, 2011 (Audited)	
	Maturity	Amount
Guaranteed Investment Certificate		
- Prime minus 1.8% (1.2%) annual interest rate	May 29, 2012	\$1,600,000
Accrued interest		11,257
		<u>\$1,611,257</u>

All term deposits are redeemable in full or portion at the Company's option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of investment.

### 4. CAPITAL AND RESERVES

#### *Authorized Share Capital*

At March 31, 2013, December 31, 2012 and 2011, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

#### *Issued Share Capital*

At March 31, 2013, December 31, 2012 and 2011, the issued share capital comprised 41,754,115 common shares.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 4. CAPITAL AND RESERVES (continued)

#### *Details of Private Placement Issues of Common Shares in 2011*

On May 30, 2011, the Company completed a brokered private placement financing of 12,500,000 units at a price of \$0.16 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at a price of \$0.20 per share for twenty four months from the date of issue of the warrant. Finders' fees were \$129,000 cash, 117,187 warrants with a fair value of \$3,153 that are exercisable at a price of \$0.16 per share for 24 months, and 689,063 share options with a fair value of \$18,537 that are exercisable at a price of \$0.16 per share for 24 months. None of the consideration received was allocated to the warrants or options contained within the private placement units because these instruments did not have intrinsic value at the time the units were issued.

#### *Share-based compensation*

During the year ended December 31, 2011, 1,250,000 common shares were issued to an independent consultant for corporate finance advice and investor relations services with an estimated fair value of \$200,000.

#### *Share Purchase Option Compensation Plan*

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

The continuity of share purchase options for the three months ended March 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012 (Audited)	Granted	Exercised	Expired/ Cancelled	March 31, 2013 (Unaudited)	Options Exercisable (Unaudited)
May 30, 2013	\$0.16	689,063	-	-	-	689,063	689,063
October 14, 2013	\$0.10	3,300,000	-	-	(300,000)	3,000,000	3,000,000
December 31, 2013	\$0.16	333,334	-	-	-	333,334	333,334
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
		4,989,063	-	-	(300,000)	4,689,063	4,689,063
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life (years)						0.73	0.73

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 4. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011 (Audited)	Granted	Exercised	Expired/ Cancelled	December 31, 2012 (Audited)	Options Exercisable (Audited)
May 30, 2013	\$0.16	689,063	-	-	-	689,063	689,063
October 14, 2013	\$0.10	3,300,000	-	-	-	3,300,000	3,300,000
December 31, 2013	\$0.16	333,334	-	-	-	333,334	333,334
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
		4,989,063	-	-	-	4,989,063	4,989,063
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life (years)						0.98	0.98

The continuity of share purchase options for the year ended December 31, 2011 is as follows:

Expiry Date	Exercise Price	December 31, 2010 (Unaudited)	Granted	Exercised (i)	Expired/ Cancelled	December 31, 2011 (Audited)	Options Exercisable (Audited)
January 21, 2011	\$0.05	2,475,000	-	(2,075,000)	(400,000)	-	-
May 30, 2013	\$0.16	-	689,063	-	-	689,063	689,063
October 14, 2013	\$0.10	3,700,000	-	-	(400,000)	3,300,000	3,300,000
December 31, 2013	\$0.16	-	333,334	-	-	333,334	333,334
December 31, 2014	\$0.16	-	333,333	-	-	333,333	333,333
December 31, 2015	\$0.16	-	333,333	-	-	333,333	333,333
		6,175,000	1,689,063	(2,075,000)	(800,000)	4,989,063	4,989,063
Weighted average exercise price			\$0.16			\$0.12	\$ 0.12
Weighted average contractual remaining life (years)			2.4			2.0	2.0

- (i) During the year ended December 31, 2011, \$103,755 was credited to share capital with respect to 2,075,000 share purchase options that were exercised. This includes \$103,750 consideration received on exercise, plus \$5 representing the vested fair value of the share purchase options.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

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(Expressed in Canadian Dollars)

### 4. CAPITAL AND RESERVES (continued)

#### Warrants

The continuity of warrants for the three months ended March 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012 (Audited)	Granted	Exercised	Expired/ Cancelled	March 31, 2013 (Unaudited)
June 1, 2013	\$0.16	240,625	-	-	-	240,625
May 30, 2013	\$0.16	117,187	-	-	-	117,187
May 30, 2013	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.16

The continuity of warrants for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011 (Audited)	Granted	Exercised	Expired/ Cancelled	December 31, 2012 (Audited)
June 1, 2013	\$0.16	240,625	-	-	-	240,625
May 30, 2013	\$0.16	117,187	-	-	-	117,187
May 30, 2013	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.41

The weighted average fair value of share purchase options and warrants granted during the year ended December 31, 2011 is \$0.03 each. Options and warrants were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Options	Warrants
Risk-free interest rate	1.80%	1.61%
Expected option life in years	3.18	2.00
Expected share price volatility	28%	28%
Grant date share price	\$0.16	\$0.16
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

No warrants were issued during the three months ended March 31, 2013 and during the year ended December 31, 2012.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 5. BASIC AND DILUTED LOSS PER SHARE

Diluted loss per share did not include the effect of 4,989,063 share purchase options and 6,607,813 common share purchase warrants as they are anti-dilutive.

### 6. INCOME TAXES

The Company has Canadian non-capital loss carry forwards that have not been recognized. Tax laws and regulations are subject to interpretation and inherent uncertainty; therefore, management's assessments involve judgments, estimates and assumptions about current and future events. Although management believe these estimates and assumptions are reasonable and appropriate, the final determination could be materially different than that which is reflected in the Company's provision.

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The amount of income tax expense shown in the statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	Three Months ended March 31, 2013 (Unaudited) \$	2012 (Audited) \$	2011 (Audited) \$
Canadian statutory income tax rate	25%	25%	26.50%
Income tax recovery at statutory rate	(25,878)	(87,523)	(176,723)
Effect on income taxes of:			
Non-deductible amounts	226	858	40,477
Other	-	4,215	-
Change in unrecognized tax assets	25,652	82,450	136,246
Income tax recovery	-	-	-

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

	March 31, 2013 (Unaudited) \$	December 31, 2012 (Audited) \$	December 31, 2011 (Audited) \$
Share issue costs	22,105	24,115	32,153
Non-capital losses	322,053	294,391	203,903
Unrecognized deferred tax assets	344,158 (344,158)	318,506 (318,506)	236,056 (236,056)
Deferred income tax assets	-	-	-

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 6. INCOME TAXES (continued)

As at December 31, 2012, the Company has Canadian non-capital loss carry forwards of \$1,177,000 that may be available for tax purposes. The expiry dates of the losses are as follows:

Expiry	\$
December 31, 2029	74,000
December 31, 2030	290,000
December 31, 2031	434,000
December 31, 2032	379,000
	1,177,000

### 7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

#### *Management of capital*

The Company's objectives for managing capital (defined as all components of shareholders' equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new shares or new debt.

#### *Fair values*

The Company's carrying values for short-term investments, accounts payable and due to a related party approximate their fair value due to the immediate or short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)	December 31, 2011 (Audited)
	\$	\$	\$
FVTPL (i)	1,307,283	1,402,010	1,772,592
Other financial liabilities (ii)	22,226	12,084	24,210

(i) Cash and short-term investments

(ii) Accounts payable and due to related parties

#### *Currency Risk*

It is management's opinion that the Company is not exposed to significant currency risk as its short-term investments are all denominated in Canadian dollars.

#### *Interest Rate Risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company has minimal exposure to interest rates fluctuations on its cash and short-term investment balances due to current low market interest rates.

#### *Credit, Liquidity, and Market Risks*

It is management's opinion that the Company is not exposed to significant credit, liquidity, and other market risks.

All of the Company's financial liabilities have maturities of one year or less.

## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

Details of outstanding balances with related parties including key management personnel are as follows:

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)	December 31, 2011 (Audited)
		\$	\$
Due from an officer	-	8,582	-
Due to an officer	(3,121)	(13,320)	-
	(3,121)	(4,738)	-

Balances due from (to) related parties are unsecured, do not bear any interest and have no fixed terms of repayment.

#### *Compensation of the executive management team and directors*

The Company has identified its directors and senior officers as its key management personnel.

For the three months ended March 31, 2013 and for the year ended December 31, 2012, total compensation of \$39,286 and \$141,048 (year ended December 31, 2011: \$107,393) respectively, all relating to short-term employment benefits, was paid to the Company's executive management team and directors.

During the three months ended March 31, 2013 and during the year ended December 31, 2012, the Company paid consulting fees of \$15,000 and \$60,000 (year ended December 31, 2011: \$60,000) respectively to an officer who is also a director of the Company in lieu of salaries.

### 9. COMMITMENTS

- The Company is committed to consulting fees of \$72,000 in total per year to two officers, one of whom is also a director, until cancellation of the consulting agreements, which requires notice of thirty to ninety days by either party.
- The Company entered into a lease agreement for office space located in Burnaby, British Columbia beginning in July 2012. The lease expires on June 30, 2013 with an option to renew at the same terms for an additional year. The current monthly rental expense is approximately \$2,050.
- On March 12, 2013, the Company entered into an agreement for professional services in connection with listing the Company on the CNSX Stock Exchange. The Company is committed to total payment of \$25,000 and issuance of 100,000 shares of the Company upon completion of the transaction as described in Note 11 (a). As at March 31, 2013, the Company made a deposit of \$5,000 as required by the agreement.

### 10. SEGMENTED REPORTING

The Company's business as described in Note 1 is reported as one operating segment.



## Global MGA Financial Inc

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 (audited)

Three Months Ended March 31, 2013 (unaudited)

(Expressed in Canadian Dollars)

### 11. SUBSEQUENT EVENTS

- a) As at December 31, 2011, the Company was contingently liable for issuing an additional 1,250,000 common shares to an independent consultant, of which 625,000 shares are issuable subject to the Company completing a Qualifying Transaction ("QT") with a listed Capital Pool Corporation or becoming a publicly listed company in any other manner, and the remainder 625,000 shares issuable upon satisfactory completion of certain post-QT milestones, before January 31, 2013. No amount was accrued for the year ended December 31, 2011. As the Company did not complete the required QT subsequent to December 31, 2012, the Company was no longer contingently liable for issuing shares to the consultant.
- b) On March 26, 2013, the Company entered into a Letter of Intent with Newlox Gold Ventures Corp ("Newlox") whereby a subsidiary of Newlox will enter into an amalgamation agreement with the Company and shareholders of Newlox will receive approximately 2,000,000 shares of the amalgamated company.
- c) On May 17, 2013, the Company extended the expiry dates of some vested options and warrants as follows:

#### *Options:*

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
May 30, 2013	\$0.16	689,063	November 30, 2014
October 14, 2013	\$0.10	3,000,000	October 14, 2018

#### *Warrants:*

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
June 1, 2013	\$0.16	240,625	November 30, 2014
May 30, 2013	\$0.16	117,187	November 30, 2014
May 30, 2013	\$0.20	6,250,000	November 30, 2014

- d) Newlox filed an Information Circular dated June 25, 2013 incorporating the transaction affecting the Company as describe in Note 11 (b).

**Global MGA Financial Inc.**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2012**

**DATE OF REPORT: June 25, 2013**

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the consolidated financial statements of Global MGA Financial Inc. (the “Company”) for the year ended December 31, 2012. All amounts are expressed in Canadian dollars unless otherwise stated. The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). References to notes are with reference to the consolidated financial statements.

**FORWARD-LOOKING INFORMATION**

This report, including the MD&A, may contain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company’s actual results to differ materially from those contemplated by the forward - looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company’s required financial statements and filings.

It is the Company’s policies that all forward-looking statements, if any, are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements are subject to change, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements that may be contained in this MD&A, may include, but are not limited to, information or statements concerning management’s expectations for the Company’s ability to raise capital and meet our obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in “Risks and Uncertainties” below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

**DESCRIPTION OF BUSINESS**

Global MGA Financial Inc. was incorporated under the Business Corporations Act (British Columbia) on February 19, 2009. The Company has subsidiaries in Hong Kong and China, and operates a life insurance brokerage through its subsidiary, Mega Bright Financial Incorporated (“MBF”), in Canada.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding Company
Zhaoying (Shanghai) Management Consulting Co. Ltd. (China WOFE)	China	Holding Company
Mega Bright Financial Incorporated	British Columbia, Canada	Insurance Agency

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

## SELECTED ANNUAL FINANCIAL INFORMATION

The financial information below is presented in Canadian dollars (except where noted) and is prepared in accordance with IFRS:

	2012	2011	2010
	\$	\$	\$
Commission Revenues	11,142	Nil	Nil
Net loss	(350,093)	(666,879)	(384,151)
Total assets	1,429,697	1,791,916	265,221
Working capital	1,417,613	1,767,706	244,941
Shareholders' equity	1,417,613	1,767,706	244,941
Loss per share	(0.01)	(0.02)	(0.02)

## OUTLOOK

The company's focus for 2013 will be to grow its insurance operations in Canada. The company will be expecting to become a publicly-listed company. Management expects that its operating expenses will increase through the year in preparation of becoming publicly-listed. Emphasis will also be on acquisition of insurance agencies and raising additional capital to finance its acquisitions as well as working capital.

## RESULTS OF OPERATIONS

The Company's major activities have been the identification and evaluation of insurance agencies for the purpose of acquisitions and growth. In July 2012 the Company established its own insurance agency through its subsidiary, Mega Bright Financial Incorporated.

The following table presents the Company's condensed consolidated statement of comprehensive loss for 2012 and 2011. The financial information is presented in Canadian dollars (except where noted) and was prepared in accordance with International Financial Reporting Standards (IFRS)

	2012	2011
	\$	\$
Commission Income	11,142	Nil
Operating Expenses	374,276	678,307
Loss from Operations	(363,134)	(678,307)
Interest and other income	13,041	11,428
Comprehensive Loss attributable to common shareholders	(350,093)	(666,879)

### *Year ended December 31, 2012*

The Company's net loss totaled \$350,093 for the year ended December 31, 2012 (2011: \$666,879), with basic and diluted loss per share of \$0.01 (2011: \$0.02).

Net loss primarily related to salaries expense \$158,075 (2011 \$118,621), professional fees of \$123,252 (2011 \$241,569), office expenses of \$86,080 (2011 \$71,456), and share based compensation expense of \$nil (2011: \$246,661).

### *Three months ended December 31, 2012*

The Company's net loss totaled \$92,627 for the three month period ended December 31, 2012, with basic and diluted loss per share of \$0.00. The net loss consisted of: commission expense of \$2,360, professional fees of \$27,840, and salaries expense of \$43,395, office expense of \$27,883, and other income of \$5,226.

The net loss for three month period ended December 31, 2011 was \$332,139, with basic and diluted loss per share of \$0.01. The net loss consisted of: professional fees of \$55,320, and salaries expense of \$34,050, office expense of \$5,680, share-based compensation of \$246,661, and other income of \$9,572.

## SELECTED QUARTERLY RESULTS

The quarterly results have been restated to reflect accounting policies consistent with International Financial Reporting Standards ("IFRS"). A summary of selected information for each of the quarters presented below is as follows:

Three Months Ended	Revenues \$	Net Loss \$	Basic and Diluted Loss Per Share \$
December 31, 2012	3,627	(92,627)	(0.00)
September 30, 2012	7,515	(85,748)	(0.00)
June 30, 2012	-	(87,990)	(0.00)
March 31, 2012	-	(83,729)	(0.00)

## LIQUIDITY AND CAPITAL RESOURCES

	2012 \$	2011 \$
Cash used in operating activities	(375,320)	(417,591)
Cash provided by (used in) investing activities	508,531	(1,611,257)
Cash provided by financing activities	4,738	1,942,983
Increase (decrease) in cash	137,949	(85,865)
Cash, beginning	161,335	247,200
Cash, ending	299,284	161,335

### *Cash and Working Capital*

As at December 31, 2012, the Company had cash of \$299,284 (2011 - \$161,335), and a working capital of \$1,417,613 (2011 - \$1,767,706).

## OUTSTANDING SHARE DATA

### *Authorized Share Capital*

At December 31, 2012, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

### *Issued Share Capital*

At December 31, 2012, the issued share capital comprised 41,754,115 common shares.

### *Details of Private Placement Issues of Common Shares in 2011*

On May 30, 2011, the Company completed a brokered private placement financing of 12,500,000 units at a price of \$0.16 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one additional common share in the capital of the

Company at a price of \$0.20 per share for twenty four months from the date of issue of the warrant. Finders' fees were \$129,000 cash, 117,187 warrants with a fair value of \$3,153 that are exercisable at a price of \$0.16 per share for 24 months, and 689,063 share options with a fair value of \$18,537 that are exercisable at a price of \$0.16 per share for 24 months.

#### Share-based compensation

During the year ended December 31, 2011, 1,250,000 common shares were issued to an independent consultant for corporate finance advice and investor relations services at a deemed value of \$200,000.

#### Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

The continuity of share purchase options for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011	Granted	Exercised	Expired/Cancelled	December 31, 2012	Option Exercisable
January 21, 2011	\$0.05	-	-	-	-	-	-
May 30, 2013	\$0.16	689,063	-	-	-	689,063	689,063
October 14, 2013	\$0.10	3,300,000	-	-	-	3,300,000	3,300,000
December 31, 2013	\$0.16	333,334	-	-	-	333,334	333,334
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
		4,989,063	-	-	-	4,989,063	4,989,063
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life						0.98	0.98

The continuity of share purchase options for the year ended December 31, 2011 is as follows:

Expiry Date	Exercise Price	Dec 31, 2010 (Unaudited)	Granted	Exercised (i)	Expired/Cancelled	Dec 31, 2011	Option Exercisable
January 21, 2011	\$0.05	2,475,000	-	(2,075,000)	(400,000 )	-	-
May 30, 2013	\$0.16	-	689,063	-	-	689,063	689,063
October 14, 2013	\$0.10	3,700,000	-	-	(400,000 )	3,300,000	3,300,000
December 31, 2013	\$0.16	-	333,334	-	-	333,334	333,334
December 31, 2014	\$0.16	-	333,333	-	-	333,333	333,333
December 31, 2015	\$0.16	-	333,333	-	-	333,333	333,333
		6,175,000	1,689,063	(2,075,000)	(800,000 )	4,989,063	4,989,063
Weighted average exercise price			\$0.16			\$0.12	\$ 0.12
Weighted average contractual remaining life			2.4			2.0	2.0

- (i) During the year ended December 31, 2011, \$103,755 was credited to share capital with respect to share purchase options that were exercised. This includes \$103,750 consideration received on exercise, plus \$5 representing the vested fair value of the share purchase options.

## Warrants

The continuity of warrants for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011	Granted	Exercised	Expired/Cancelled	December 31, 2012
June 1, 2013	\$0.16	240,625	-	-	-	240,625
May 30, 2013	\$0.16	117,187	-	-	-	117,187
May 30, 2013	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.41

The weighted average fair value of share purchase options and warrants granted during the year ended December 31, 2011 is \$0.03 each. Options and warrants were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Options	Warrants
Risk-free interest rate	1.80%	1.61%
Expected option life in years	3.18	2.00
Expected share price volatility	28%	28%
Grant date share price	\$0.16	\$0.16
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

No warrants were issued during the year ended December 31, 2012.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

## RELATED PARTIES TRANSACTIONS AND BALANCES

*Details of outstanding balances with related parties including key management personnel are as follows:*

	December 31, 2012	December 31, 2011
	\$	\$
Due from an officer	8,582	-
Due to an officer	(13,320)	-
	(4,738)	-

Balances due from (to) related parties are unsecured, do not bear any interest and have no fixed terms of repayments

### *Compensation of the executive management team and directors*

The company has identified its directors and senior officers as its key management personnel.

Total compensation of \$141,048 (2011: \$107,393), all relating to short-term employment benefits, was paid to the Company's executive management team and directors.

During the year ended December 31, 2012, the Company paid consulting fees of \$60,000 (2011: \$60,000) to an officer who is also a director of the Company in lieu of salaries.

## CONTINGENCY AND CONTRACTUAL OBLIGATIONS

The Company does not have any other contingencies or contractual obligations, except for what have been disclosed.

## COMMITMENTS

The Company is committed to consulting fees of \$72,000 in total per year to two officers, one of whom is also a director, until cancellation of the consulting agreements, which requires notice of thirty to ninety days by either party.

The Company entered into a lease agreement for office space located in Burnaby, British Columbia beginning in July 2012. The lease expires on June 30, 2013 with an option to renew at the same terms for an additional year. The current monthly rental expense is approximately \$2,050.

On March 12, 2013, the Company entered into an agreement for professional services in connection with listing the Company on the CNSX Stock Exchange. The Company is committed to total payment of \$25,000 and issuance of 100,000 shares of the Company upon completion of the transaction as described in Note 11 (a). As at March 31, 2013, the Company made a deposit of \$5,000 as required by the agreement.

## SUBSEQUENT EVENT

On March 26, 2013, the Company entered into a Letter of Intent with Newlox Gold Ventures Corp (“Newlox”) whereby a subsidiary of Newlox will enter into an amalgamation agreement with the Company and shareholders of Newlox will receive approximately 2,000,000 shares of the amalgamated company.

As at December 31, 2011, the Company was contingently liable for issuing an additional 1,250,000 common shares to an independent consultant, of which 625,000 shares are issuable subject to the Company completing a Qualifying Transaction (“QT”) with a listed Capital Pool Corporation or becoming a publicly listed company in any other manner, and the remainder 625,000 shares issuable upon satisfactory completion of certain post-QT milestones, before January 31, 2013. No amount was accrued for the year ended December 31, 2011. As the Company did not complete the required QT subsequent to December 31, 2012, the Company was no longer liable for issuing shares to the consultant.

On May 17, 2013, the Company extended the expiry dates of some vested options and warrants as follows:

### Options:

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
May 30, 2013	\$0.16	689,063	November 30, 2014
October 14, 2013	\$0.10	3,000,000	October 14, 2018

### Warrants:

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
June 1, 2013	\$0.16	240,625	November 30, 2014
May 30, 2013	\$0.16	117,187	November 30, 2014
May 30, 2013	\$0.20	6,250,000	November 30, 2014

## FINANCIAL INSTRUMENTS

### *Management of capital*

The Company's objectives for managing capital (defined as all components of shareholders' equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new shares or new debt.

### *Fair values*

The Company's carrying values for short-term investments, accounts payable and due to a related party approximate their fair value due to the immediate or short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	December 31, 2012	December 31, 2011
	\$	\$
FVTPL (i)	1,402,010	1,772,592
Other financial liabilities (ii)	12,084	24,210

- (i) Cash and short-term investments
- (ii) Accounts payable, and due to a related party

### *Currency Risk*

It is management's opinion that the Company is not exposed to significant currency risk as its short term investments are all denoted in Canadian dollars.

### *Credit, Liquidity, Interest rate and Market Risks*

It is management's opinion that the Company is not exposed to significant credit, liquidity, interest rate and other market risks.

All of the Company's financial liabilities have maturities of one year or less.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the recognition and valuation of impairment of assets,
- the recognition and valuation of accrued liabilities,
- the provision for the income tax expense which is included in profit or loss and the measurement of deferred income tax assets and liabilities included in the statements of financial position,

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

- the determination of functional currency of the Company;
- the determination of revenue recognition policy.

### *Provisions*



Provisions represent liabilities of the Company for which the amount or timing is uncertain. A provision is recognized when, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

The IASB has issued new accounting standards which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements.

The following is a brief summary of the new standards:

### *IFRS 9 – Financial Instruments*

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its financial statements.

### *IFRS 10, 11, & 12 and SIC 13 - Consolidation Related Standards*

In May 2011, the IASB issued the following new standards:

- IFRS 10 – Consolidated Financial Statements (“IFRS 10”) which will replace parts of IAS 27 – Consolidated and Separate Financial Statements (“IAS 27”), and SIC-12 – Consolidation – Special Purpose Entities (“SIC-12”);
- IFRS 11 – Joint Ventures (“IFRS 11”) which will replace IAS 31 – Interests in Joint Ventures, and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers; and
- IFRS 12 – Disclosures of Involvement with Other Entities

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, eliminating the risks and rewards approach included in SIC-12. IFRS 10 requires continuous assessment of control over an investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation based on the rights and obligations of the parties to the joint arrangements. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

### *IFRS 13 - Fair Value Measurement and Disclosure*

IFRS 13 was issued in May 2011, and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods

beginning on or after January 1, 2013.

#### *IAS 1 – Presentation of Financial Statements*

IAS 1 was amended to change the disclosure of items presented in other comprehensive income (“OCI”), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012.

#### *IAS 19 – Employee Benefits*

Amendments to IAS 19 was issued in June 2011, and requires all changes in defined benefit obligations and plan assets be recognized in other comprehensive income in the period they occur, eliminating the ability to defer and amortize such changes under the corridor method. These amendments are effective for annual periods beginning on or after January 1, 2013.

## **RISKS FACTORS**

#### *Need for funds to implement our business plan*

The Company will require external capital to implement its business plan of developing, growing and operating insurance and financial services distribution in Canada and Greater China/South East Asia (CSEA) through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation.. There can be no certainty that the Company can obtain these funds.

#### *Dependence on Management Team*

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who have developed key relationships in the industry is also relied upon to oversee the core marketing, business development, operational and fund raising activities. As the insurance and financial services industries continues to become more competitive, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company’s business, financial condition and results of operations.

#### *Suitable Acquisition Candidates*

The Company expects a significant and major portion of its future growth to come from acquisitions of high-quality Insurance Agencies, intermediaries, brokers and agents. There is no assurance that the Company can successfully identify suitable acquisition candidates. If suitable candidates are identified, however, the Company may not be able to complete an acquisition on terms that are beneficial and acceptable to the Company. In addition, the Company competes with other entities to acquire quality insurance agencies, brokers and agents. Many of its competitors may have substantially greater financial resources than the Company does and may be able to outbid the Company for these acquisition targets. If the Company is unable to complete acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

If the Company succeeds in acquiring insurance agencies, its ability to integrate an acquired entity and its operations is subject to a number of factors. These factors include difficulties in the integration of acquired operations and retention of personnel, especially the sales agents who are not employees of the acquired company, entry into unfamiliar markets, unanticipated problems or legal liabilities, and tax and accounting issues. The need to address these factors may divert management’s attention from other aspects of its business and materially and adversely affect its business prospects. In addition, costs associated with integrating newly acquired companies could negatively affect the Company’s operating margins.

Furthermore, the acquired companies may not perform to the Company’s expectations for various reasons, including

legislative or regulatory changes that affect the insurance products in which a company specializes, the loss of key agents, sales managers and clients after the acquisition closes, general economic factors that impact a company in a direct way and the cultural incompatibility of an acquired company's management team with that of the Company. If an acquired company cannot be operated at the same profitability level as the Company's other operations, the acquisition would have a negative impact on the Company's operating margin. The Company's inability to successfully integrate an acquired entity or its failure to perform to its expectations may materially and adversely affect its business, prospects, results of operations and financial condition.

#### *Attracting and retaining productive sales professionals or agents.*

MBF sales are conducted through its individual sales professionals or agents who are independent contractors. If MBF are unable to attract and retain productive sales professionals or sales agents, our business could be materially and adversely affected. Competition for sales personnel from insurance companies, other insurance Agencies and intermediaries may also force us to increase the compensation and commission of our sales professionals or sales agents, which would increase expenses, operating costs and reduce our profitability

#### *Premiums or Commission and Fee Rates*

The Company is engaged in the insurance agency business and derives revenues primarily from commissions and fees paid by the insurance companies whose policies its customers purchase. The commission and fee rates are set by insurance companies and are based on the premiums that the insurance companies charge. Commission and fee rates and premiums can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies. These factors, which are not within the Company's control, include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, the availability of alternative insurance products such as government benefits and self-insurance plans, as well as the tax deductibility of commissions and fees and the consumers themselves.

Because the Company does not determine, and cannot predict, the timing or extent of premium or commission and fee rate changes, the Company cannot predict the effect any of these changes may have on its operations. Any increase in premiums or changes in commission and fee rates may significantly affect its profitability. In addition, its budget for future acquisitions, capital expenditures and other expenditures may be disrupted by unexpected decreases in revenues caused by increase in premiums or changes in commission and fee rates, thereby adversely affecting the Company's operations.

#### *Contracts with insurance companies*

MBF primarily acts as an intermediary for insurance companies in distributing their products to retail customers. If our contract and agreement with these insurance companies are terminated or changes, our business and operating results could be adversely affected.

#### *Insurance regulations*

Insurance distribution is a regulated industry in Canada and in the growth markets the company plans to enter. The insurance regulatory framework is undergoing significant changes in these markets. Some of these changes and the further development of regulations applicable to us may result in additional restrictions on our activities and impede our acquisitions, partnerships, joint-ventures and strategic alliances plans.

#### *Competition*

The insurance intermediary industry is highly competitive, and the Company expects competition to persist and intensify. In insurance product distribution, the Company faces competition from insurance companies that use their in-house sales force and exclusive sales agents to distribute their products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks as well as from other professional insurance intermediaries and other Insurance Agencies. The Company competes for customers on the basis of product offerings, customer services and reputation. Many of its competitors have greater financial and marketing resources and history than our Company and may be able to offer products and services that the Company does not currently offer. If the

Company is unable to compete effectively against those competitors, the Company may lose customers and agents and its financial results may be negatively affected.

#### *Information Technology Systems*

The Company's business is highly dependent on the ability of its information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of its financial control, accounting, customer database, customer service and other data processing systems is critical to the Company's business and to its ability to compete effectively. There can be no assurances that the Company's business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of its information technology system could damage its reputation and materially and adversely affect the Company's future prospects and profitability.

*This Company is only suitable to investors who are willing to rely solely on management of the Company 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.*

**Global MGA Financial Inc.**  
**Management Discussion and Analysis**  
**For the three months ended March 31, 2013**

**DATE OF REPORT: June 25, 2013**

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the consolidated financial statements of Global MGA Financial Inc. (the “Company”) for the quarter ended March 31, 2013. All amounts are expressed in Canadian dollars unless otherwise stated. The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). References to notes are with reference to the consolidated financial statements.

**FORWARD-LOOKING INFORMATION**

This report, including the MD&A, may contain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company’s actual results to differ materially from those contemplated by the forward - looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company’s required financial statements and filings.

It is the Company’s policies that all forward-looking statements, if any, are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements are subject to change, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements that may be contained in this MD&A, may include, but are not limited to, information or statements concerning management’s expectations for the Company’s ability to raise capital and meet our obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in “Risks and Uncertainties” below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

**DESCRIPTION OF BUSINESS**

Global MGA Financial Inc. was incorporated under the Business Corporations Act (British Columbia) on February 19, 2009. The Company has subsidiaries in Hong Kong and China, and operates a life insurance brokerage through its subsidiary, Mega Bright Financial Incorporated (“MBF”), in Canada.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding Company
Zhaoying (Shanghai) Management Consulting Co. Ltd. (China WOFE)	China	Holding Company
Mega Bright Financial Incorporated	British Columbia, Canada	Insurance Agency

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

## OUTLOOK

The company's focus for 2013 will be to grow its insurance operations in Canada. The company will be expecting to become a publicly-listed company. Management expects that its operating expenses will increase through the year in preparation of becoming publicly-listed. Emphasis will also be on acquisition of insurance agencies and raising additional capital to finance its acquisitions as well as working capital.

## RESULTS OF OPERATIONS

The Company's major activities have been the identification and evaluation of insurance agencies for the purpose of acquisitions and growth. In July 2012 the Company established its own insurance agency through its subsidiary, Mega Bright Financial Incorporated.

The following table presents the Company's condensed consolidated statement of comprehensive loss for the three month period ending March 31, 2013. The financial information is presented in Canadian dollars (except where noted) and was prepared in accordance with International Financial Reporting Standards (IFRS).

	Three months ended March 31, 2013 \$	Three months ended March 31, 2012 \$
Commission Income	3,749	Nil
Operating Expenses	111,763	88,444
Loss from Operations	(108,014)	(88,444)
Interest and other income	4,502	4,715
Comprehensive Loss attributable to common	(103,512)	(83,729)

### *Three months ended March 31, 2013*

The Company's net loss totaled \$103,512 for the three month period ended March 31, 2013, with basic and diluted loss per share of \$0.002. The net loss consisted of: commission income of \$3,749, commission expense of \$3,174, professional fees of \$42,233, and salaries expense of \$43,541, office expense of \$22,815, and other income of \$4,502.

### *Three months ended March 31, 2012*

The net loss for three month period ended March 31, 2012 was 83,729, with basic and diluted loss per share of \$0.00. The net loss consisted of: professional fees of \$35,918, and salaries expense of \$38,720, office expense of \$13,706, and other income of \$4,615.

## SELECTED QUARTERLY RESULTS

The quarterly results have been restated to reflect accounting policies consistent with International Financial Reporting Standards ("IFRS"). A summary of selected information for each of the quarters presented below is as follows:

Three Months Ended	Revenues \$	Net Loss \$	Basic and Diluted Loss Per Share \$
March 31, 2013	3,749	(103,512)	(0.00)
December 31, 2012	3,626	(92,627)	(0.00)
September 30, 2012	7,515	(85,748)	(0.00)
June 30, 2012	-	(87,990)	(0.00)
March 31, 2012	-	(83,729)	(0.00)

## LIQUIDITY AND CAPITAL RESOURCES

	March 31, 2013 \$	December 31, 2012 \$	December 31, 2011 \$
Cash used in operating activities	(93,111)	(375,320)	(417,591)
Cash provided by (used in) investing activities	96,919	508,531	(1,611,257)
Cash provided by financing activities	(1,616)	4,738	1,942,983
Increase (decrease) in cash	2,192	137,949	(85,865)
Cash, beginning	299,284	161,335	247,200
Cash, ending	301,476	299,284	161,335

### *Cash and Working Capital*

As at March 31, 2013, the Company had cash of \$301,476 (2012 - \$156,896), and a working capital of \$1,314,101 (2012 - \$1,676,427).

## OUTSTANDING SHARE DATA

### *Authorized Share Capital*

At March 31, 2013, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

### *Issued Share Capital*

At March 31, 2013, the issued share capital comprised 41,754,115 common shares.

### *Details of Private Placement Issues of Common Shares in 2011*

On May 30, 2011, the Company completed a brokered private placement financing of 12,500,000 units at a price of \$0.16 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at a price of \$0.20 per share for twenty four months from the date of issue of the warrant. Finders' fees were \$129,000 cash, 117,187 warrants with a fair value of \$3,153 that are exercisable at a price of \$0.16 per share for 24 months, and 689,063 share options with a fair value of \$18,537 that are exercisable at a price of \$0.16 per share for 24 months.

### *Share-based compensation*

During the year ended December 31, 2011, 1,250,000 common shares were issued to an independent consultant for corporate finance advice and investor relations services at a deemed value of \$200,000.

### *Share Purchase Option Compensation Plan*

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

The continuity of share purchase options for the three months ended March 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012	Granted	Exercised	Expired/Cancelled	March 31, 2013	Option exercisable
January 21, 2011	\$0.05	-	-	-	-	-	-
May 30, 2013	\$0.16	689,063	-	-	-	689,063	689,063
October 14, 2013	\$0.10	3,300,000	-	-	(300,000)	3,000,000	3,000,000
December 31, 2013	\$0.16	333,334	-	-	-	333,334	333,334
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
		4,989,063	-	-	(300,000)	4,689,063	4,689,063
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life						0.73	0.73

The continuity of share purchase options for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011	Granted	Exercised	Expired/Cancelled	December 31, 2012	Option exercisable
January 21, 2011	\$0.05	-	-	-	-	-	-
May 30, 2013	\$0.16	689,063	-	-	-	689,063	689,063
October 14, 2013	\$0.10	3,300,000	-	-	-	3,300,000	3,300,000
December 31, 2013	\$0.16	333,334	-	-	-	333,334	333,334
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
		4,989,063	-	-	-	4,989,063	4,989,063
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life						0.98	0.98

The continuity of share purchase options for the year ended December 31, 2011 is as follows:

Expiry Date	Exercise Price	Dec 31, 2010 (Unaudited)	Granted	Exercised (i)	Expired/Cancelled	Dec 31, 2011	Option exercisable
January 21, 2011	\$0.05	2,475,000	-	(2,075,000)	(400,000 )	-	-
May 30, 2013	\$0.16	-	689,063	-	-	689,063	689,063
October 14, 2013	\$0.10	3,700,000	-	-	(400,000 )	3,300,000	3,300,000
December 31, 2013	\$0.16	-	333,334	-	-	333,334	333,334
December 31, 2014	\$0.16	-	333,333	-	-	333,333	333,333
December 31, 2015	\$0.16	-	333,333	-	-	333,333	333,333
		6,175,000	1,689,063	(2,075,000)	(800,000 )	4,989,063	4,989,063
Weighted average exercise price			\$0.16			\$0.12	\$ 0.12
Weighted average contractual remaining life			2.4			2.0	2.0

(i) During the year ended December 31, 2011, \$103,755 was credited to share capital with respect to share purchase options that were exercised. This includes \$103,750 consideration received on exercise, plus \$5 representing the vested fair value of the share purchase options.



## Warrants

The continuity of warrants for the three months ended March 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012	Granted	Exercised	Expired/Cancelled	March 31, 2013
June 1, 2013	\$0.16	240,625	-	-	-	240,625
May 30, 2013	\$0.16	117,187	-	-	-	117,187
May 30, 2013	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.16

The continuity of warrants for the year ended December 31, 2012 is as follows:

Expiry Date	Exercise Price	December 31, 2011	Granted	Exercised	Expired/Cancelled	December 31, 2012
June 1, 2013	\$0.16	240,625	-	-	-	240,625
May 30, 2013	\$0.16	117,187	-	-	-	117,187
May 30, 2013	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.41

The weighted average fair value of share purchase options and warrants granted during the year ended December 31, 2011 is \$0.03 each. Options and warrants were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Options	Warrants
Risk-free interest rate	1.80%	1.61%
Expected option life in years	3.18	2.00
Expected share price volatility	28%	28%
Grant date share price	\$0.16	\$0.16
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

No warrants were issued during the three months ended March 31, 2013 and during the year ended December 31, 2012.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

## RELATED PARTIES TRANSACTIONS AND BALANCES

*Details of outstanding balances with related parties including key management personnel are as follows:*

	March 31, 2013	December 31, 2012
	\$	\$
Due from an officer		8,582
Due to an officer	(3,121)	(13,320)
	(3,121)	(4,738)

Balances due from (to) related parties are unsecured, do not bear any interest and have no fixed terms of repayments.

### *Compensation of the executive management team and directors*

The company has identified its directors and senior officers as its key management personnel.

Total compensation for the three months ended March 31, 2013 of \$39,286 (2012: \$34,273), all relating to short-term employment benefits, was paid to the Company's executive management team and directors.

During the three months ended March 31, 2013, the Company paid consulting fees of \$15,000 (2012: \$15,000) to an officer who is also a director of the Company in lieu of salaries.

## CONTINGENCY AND CONTRACTUAL OBLIGATIONS

The Company does not have any other contingencies or contractual obligations, except for what have been disclosed.

## COMMITMENTS

The Company is committed to consulting fees of \$72,000 in total per year to two officers, one of whom is also a director, until cancellation of the consulting agreements, which requires notice of thirty to ninety days by either party.

The Company entered into a lease agreement for office space located in Burnaby, British Columbia beginning in July 2012. The lease expires on June 30, 2013 with an option to renew at the same terms for an additional year. The current monthly rental expense is approximately \$2,050.

On March 12, 2013, the Company entered into an agreement for professional services in connection with listing the Company on the CNSX Stock Exchange. The Company is committed to total payment of \$25,000 and issuance of 100,000 shares of the Company upon completion of the transaction as described in Note 11 (a). As at March 31, 2013, the Company made a deposit of \$5,000 as required by the agreement.

## SUBSEQUENT EVENT

On March 26, 2013, the Company entered into a Letter of Intent with Newlox Gold Ventures Corp ("Newlox") whereby a subsidiary of Newlox will enter into an amalgamation agreement with the Company and shareholders of Newlox will receive approximately 2,000,000 shares of the amalgamated company.

As at December 31, 2011, the Company was contingently liable for issuing an additional 1,250,000 common shares to an independent consultant, of which 625,000 shares are issuable subject to the Company completing a Qualifying Transaction ("QT") with a listed Capital Pool Corporation or becoming a publicly listed company in any other manner, and the remainder 625,000 shares issuable upon satisfactory completion of certain post-QT milestones, before January 31, 2013. No amount was accrued for the year ended December 31, 2011. As the Company did not complete the required QT subsequent to December 31, 2012, the Company was no longer liable for issuing shares to the consultant.

On May 17, 2013, the Company extended the expiry dates of some vested options and warrants as follows:

*Options:*

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
May 30, 2013	\$0.16	689,063	November 30, 2014
October 14, 2013	\$0.10	3,000,000	October 14, 2018

*Warrants:*

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
June 1, 2013	\$0.16	240,625	November 30, 2014
May 30, 2013	\$0.16	117,187	November 30, 2014
May 30, 2013	\$0.20	6,250,000	November 30, 2014

## FINANCIAL INSTRUMENTS

### *Management of capital*

The Company's objectives for managing capital (defined as all components of shareholders' equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new shares or new debt.

### *Fair values*

The Company's carrying values for short-term investments, accounts payable and due to a related party approximate their fair value due to the immediate or short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2013	December 31, 2012	December 31, 2011
	\$	\$	\$
FVTPL (i)	1,307,283	1,402,010	1,772,592
Other financial liabilities (ii)	12,226	12,084	24,210

- (i) Cash and short-term investments
- (ii) Accounts payable, and due to a related party

### *Currency Risk*

It is management's opinion that the Company is not exposed to significant currency risk as its short term investments are all denoted in Canadian dollars.

### *Credit, Liquidity, Interest rate and Market Risks*

It is management's opinion that the Company is not exposed to significant credit, liquidity, interest rate and other market risks.

All of the Company's financial liabilities have maturities of one year or less.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the recognition and valuation of impairment of assets,
- the recognition and valuation of accrued liabilities,
- the provision for the income tax expense which is included in profit or loss and the measurement of deferred income tax assets and liabilities included in the statements of financial position,

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

- the determination of functional currency of the Company;
- the determination of revenue recognition policy.

### *Provisions*

Provisions represent liabilities of the Company for which the amount or timing is uncertain. A provision is recognized when, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

## RECENT ACCOUNTING PRONOUNCEMENTS

The IASB has issued new accounting standards which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements.

The following is a brief summary of the new standards:

### *IFRS 9 – Financial Instruments*

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its financial statements.

### *IFRS 10, 11, & 12 and SIC 13 - Consolidation Related Standards*

In May 2011, the IASB issued the following new standards:

- IFRS 10 – Consolidated Financial Statements (“IFRS 10”) which will replace parts of IAS 27 – Consolidated and Separate Financial Statements (“IAS 27”), and SIC-12 – Consolidation – Special Purpose Entities (“SIC-12”);
- IFRS 11 – Joint Ventures (“IFRS 11”) which will replace IAS 31 – Interests in Joint Ventures, and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers; and
- IFRS 12 – Disclosures of Involvement with Other Entities

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, eliminating the risks and rewards approach included in SIC-12. IFRS 10 requires continuous assessment of control over an investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation based on the rights and obligations of the parties to the joint arrangements. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

#### *IFRS 13 - Fair Value Measurement and Disclosure*

IFRS 13 was issued in May 2011, and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

#### *IAS 1 – Presentation of Financial Statements*

IAS 1 was amended to change the disclosure of items presented in other comprehensive income (“OCI”), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012.

#### *IAS 19 – Employee Benefits*

Amendments to IAS 19 was issued in June 2011, and requires all changes in defined benefit obligations and plan assets be recognized in other comprehensive income in the period they occur, eliminating the ability to defer and amortize such changes under the corridor method. These amendments are effective for annual periods beginning on or after January 1, 2013.

## **RISKS FACTORS**

#### *Need for funds to implement our business plan*

The Company will require external capital to implement its business plan of developing, growing and operating insurance and financial services distribution in Canada and Greater China/South East Asia (CSEA) through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation.. There can be no certainty that the Company can obtain these funds.

#### *Dependence on Management Team*

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who have developed key relationships in the industry is also relied upon to oversee the core marketing, business development, operational and fund raising activities. As the insurance and financial services industries continues to become more competitive, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

### *Suitable Acquisition Candidates*

The Company expects a significant and major portion of its future growth to come from acquisitions of high-quality Insurance Agencies, intermediaries, brokers and agents. There is no assurance that the Company can successfully identify suitable acquisition candidates. If suitable candidates are identified, however, the Company may not be able to complete an acquisition on terms that are beneficial and acceptable to the Company. In addition, the Company competes with other entities to acquire quality insurance agencies, brokers and agents. Many of its competitors may have substantially greater financial resources than the Company does and may be able to outbid the Company for these acquisition targets. If the Company is unable to complete acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

If the Company succeeds in acquiring insurance agencies, its ability to integrate an acquired entity and its operations is subject to a number of factors. These factors include difficulties in the integration of acquired operations and retention of personnel, especially the sales agents who are not employees of the acquired company, entry into unfamiliar markets, unanticipated problems or legal liabilities, and tax and accounting issues. The need to address these factors may divert management's attention from other aspects of its business and materially and adversely affect its business prospects. In addition, costs associated with integrating newly acquired companies could negatively affect the Company's operating margins.

Furthermore, the acquired companies may not perform to the Company's expectations for various reasons, including legislative or regulatory changes that affect the insurance products in which a company specializes, the loss of key agents, sales managers and clients after the acquisition closes, general economic factors that impact a company in a direct way and the cultural incompatibility of an acquired company's management team with that of the Company. If an acquired company cannot be operated at the same profitability level as the Company's other operations, the acquisition would have a negative impact on the Company's operating margin. The Company's inability to successfully integrate an acquired entity or its failure to perform to its expectations may materially and adversely affect its business, prospects, results of operations and financial condition.

### *Attracting and retaining productive sales professionals or agents.*

MBF sales are conducted through its individual sales professionals or agents who are independent contractors. If MBF are unable to attract and retain productive sales professionals or sales agents, our business could be materially and adversely affected. Competition for sales personnel from insurance companies, other insurance Agencies and intermediaries may also force us to increase the compensation and commission of our sales professionals or sales agents, which would increase expenses, operating costs and reduce our profitability

### *Premiums or Commission and Fee Rates*

The Company is engaged in the insurance agency business and derives revenues primarily from commissions and fees paid by the insurance companies whose policies its customers purchase. The commission and fee rates are set by insurance companies and are based on the premiums that the insurance companies charge. Commission and fee rates and premiums can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies. These factors, which are not within the Company's control, include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, the availability of alternative insurance products such as government benefits and self-insurance plans, as well as the tax deductibility of commissions and fees and the consumers themselves.

Because the Company does not determine, and cannot predict, the timing or extent of premium or commission and fee rate changes, the Company cannot predict the effect any of these changes may have on its operations. Any increase in premiums or changes in commission and fee rates may significantly affect its profitability. In addition, its budget for future acquisitions, capital expenditures and other expenditures may be disrupted by unexpected decreases in revenues caused by increase in premiums or changes in commission and fee rates, thereby adversely affecting the Company's operations.

### *Contracts with insurance companies*

MBF primarily acts as an intermediary for insurance companies in distributing their products to retail customers. If our

contract and agreement with these insurance companies are terminated or changes, our business and operating results could be adversely affected.

#### *Insurance regulations*

Insurance distribution is a regulated industry in Canada and in the growth markets the company plans to enter. The insurance regulatory framework is undergoing significant changes in these markets. Some of these changes and the further development of regulations applicable to us may result in additional restrictions on our activities and impede our acquisitions, partnerships, joint-ventures and strategic alliances plans.

#### *Competition*

The insurance intermediary industry is highly competitive, and the Company expects competition to persist and intensify. In insurance product distribution, the Company faces competition from insurance companies that use their in-house sales force and exclusive sales agents to distribute their products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks as well as from other professional insurance intermediaries and other Insurance Agencies. The Company competes for customers on the basis of product offerings, customer services and reputation. Many of its competitors have greater financial and marketing resources and history than our Company and may be able to offer products and services that the Company does not currently offer. If the Company is unable to compete effectively against those competitors, the Company may lose customers and agents and its financial results may be negatively affected.

#### *Information Technology Systems*

The Company's business is highly dependent on the ability of its information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of its financial control, accounting, customer database, customer service and other data processing systems is critical to the Company's business and to its ability to compete effectively. There can be no assurances that the Company's business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of its information technology system could damage its reputation and materially and adversely affect the Company's future prospects and profitability.

*This Company is only suitable to investors who are willing to rely solely on management of the Company 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.*

**SCHEDULE "M"**  
**LETTER OF INTENT BETWEEN NEWLOX GOLD VENTURES CORP. AND CDN MSOLAR CORP. DATED**  
**MARCH 22, 2013**



**NEWLOX GOLD VENTURES CORP**  
2000-1500 West Georgia Street  
Vancouver BC V6G 2Z6  
December 11, 2012

March 22, 2013

Mr. Warren Lee CEO,  
Cdn MSolar Corp.  
5121 Keith Street  
Burnaby, BC  
V5J 3C3

Attention: Mr. Lee,

Dear **Sirs**,

RE: Cdn MSolar Corp. (the "Company") ("CMS")

The purpose of this Letter of Intent ("Letter") is to set forth certain non-binding understandings and certain binding obligations between Newlox Gold Ventures Corp., or its assignee ("Newlox") and Cdn MSolar Corp. ("CMS") and the shareholders of CMS (the "CMS Shareholders"), owners of 100% of the issued and outstanding capital stock of CMS, with respect to a proposed Amalgamation in which Newlox will purchase all of the issued and outstanding capital stock of CMS (the "Shares") from CMS and the CMS Shareholders. For purposes of this Letter, Newlox, CMS, and the CMS Shareholders are sometimes collectively referred to as "parties" and individually as a "party."

By executing this Letter of Intent, all parties confirm their mutual intention that they will proceed to the execution and delivery of a definitive agreement (the Amalgamation Agreement").

The terms and conditions contained herein are non-binding except for section: Public Announcements, below and the binding terms include agreement of the Parties to deal exclusively, for the purpose of enabling Newlox to complete the proposed Amalgamation agreement until such time as notice and completion of the procedure to terminate negotiations on 10 days notice (see below) may occur, or the completion of the due diligence period and satisfaction of the conditions precedent.

A summary of the principal terms and conditions of the Amalgamation are as follows:

**Structure:** Newlox and CMS will enter into a merger agreement or an Amalgamation agreement whereby the common shares of Newlox and the common shares of CMS will be exchanged

for the common shares and preferred shares of the Listing Applicant company that shall adopt the name of the private company or any new name chosen for the amalgamated company (“AMALCO”) on the terms set out herein. It is intended that common shares of AMALCO will be listed on the CNSX.

**Amalgamation and Consideration:**

The Amalgamation will proceed on the basis that each Newlox shareholder will receive one common share of AMALCO for eight shares of Newlox and the equivalent for any unexercised options, resulting in approximately 1,700,000 shares issued to Newlox shareholders (which must not exceed more than 8% of the total shares issued by AMALCO), and each CMS shareholder will receive one (1) common share of AMALCO for every one (1) share of CMS and the equivalent for any unexercised warrants and options, and one (1) preferred share of AMALCO for each preferred share of CMS with the same terms, rights and features as the class of preferred in CMS.

**Plan of Arrangement:**

Newlox has certain assets to be retained or spun off coincidentally with the merger with CMS and is entitled to do so by Plan of Arrangement to be approved by shareholders.

**CMS Active Business:**

CMS is a privately held corporation duly incorporated and organized in accordance with the laws of the Province of B.C.

**The Purchaser:**

Newlox will maintain itself in good standing until completion of the proposed Amalgamations.

**Standstill:**

Newlox and CMS shall exclusively negotiate in good faith towards the completion of the Amalgamation agreement.

**Conditions Precedent:**

Execution of a definitive and final Amalgamation agreement between Newlox and CMS.

**Due Diligence:**

All due diligence, acceptable to the parties, in their discretion, to be completed prior to the execution of the Amalgamation Agreement. CMS further agrees to provide Newlox with such additional information as may be reasonably requested pertaining to CMS’s business and assets to the extent reasonably necessary to complete the Definitive Agreement.

**Purchaser Obtaining Requisite Shareholder and Regulatory Approvals:**

Acknowledgement of the right of Newlox to assign this agreement to a subsidiary and to obtain any necessary regulatory, corporate and shareholder approval to the Amalgamation and plan of arrangement for the spinoff of assets of Newlox to effectively “butterfly” Newlox into separate reporting issuers.

<b>Absence of Material Litigation or Adverse Change:</b>	There must be no pending or threatened material claims or litigation involving CMS or AMALCO, and no “material adverse change” in the business of CMS or AMALCO; “material adverse change” is defined as any amount greater than \$10,000.
<b>Completion of Adequate Financing:</b>	The completion of adequate financing to qualify for listing on CNSX is mandatory for closing.
<b>Fees and Expenses:</b>	CMS will be responsible for expenses of the parties relating to this transaction prior to the completion of the proposed Amalgamations including setup costs for the reporting issuer and spinoff of Newlox assets as a reporting Issuer, and all costs are to be budgeted and agreed by the parties.
<b>Board Representation:</b>	The Board of Directors of AMALCO upon completion of the Amalgamation shall initially be composed of the current board of CMS or its appointees.
<b>Public Announcements:</b>	Neither party shall disclose for any purpose whatsoever to any person (except agents or advisors) the existence or contents of this letter until required by relevant securities regulatory or stock exchange requirements or agreed to by both parties. The parties will keep confidential and not disclose to any third party (except counsel or advisors) confidential information provided by the other party without prior written consent of the other party.
<b>DAG Consulting Corp.</b>	Principals of Newlox operate as DAG Consulting Corp to oversee and manage the entire merger and listing process and procedure, separate from but in conjunction with legal counsel, which services will be contracted separately by CMS.
<b>Closing Date:</b>	Closing of a final Amalgamation between Newlox and CMS is anticipated prior to June 30, 2013.
<b>Cancellation</b>	Until the date a definitive acquisition agreement is entered into or the parties agree this agreement is binding either party may provide notice of cancellation of 10 business days as long as reasons for the cancellation are provided and the party receiving notice retains exclusive rights of negotiation for the 10 day period and has the right to amend or revise the offer within that period to renew the agreement and rescind the notice of cancellation.

Newlox hereby warrants that the directors of Newlox have approved the execution of this Letter and, subject to the conditions precedent and other conditions above, the completion of the Amalgamation. By your acceptance of this letter, you warrant that the directors of CMS have approved the execution of this letter.

If the foregoing is acceptable to you would you kindly sign the copy of this letter where indicated and return to the undersigned on or before 5:00 p.m. (Vancouver time), March 22, 2013 otherwise the offer to merge contained herein may forthwith terminate and be of no further force and effect.

Yours truly,

**Newlox Gold Ventures Corp.**

THIS DAY OF March 22, 2013



Donald Gordon

**Cdn MSolar Corp.**

THIS 22 DAY OF March 2013.



Signature

WARREN LEE

Name of Director and/or Senior Officer

**SCHEDULE "N"**

**LETTER OF INTENT BETWEEN NEWLOX GOLD VENTURES CORP. AND GLOBAL MGA FINANCIAL INC.  
DATED MARCH 12, 2013**

**NEWLOX GOLD VENTURES CORP.**

2000-1500 West Georgia Street

Vancouver BC V6G 2Z6

December 11, 2012

March 12, , 2013

Global MGA Financial Inc.  
Metrotower II, 4720 Kingsway, Suite 2600  
Burnaby, BC Canada V5H 4N2

Attention: **John Gan, CEO**

Dear **Sirs**,

RE: Global MGA Financial Inc. (the “Company”) (“MGA”)

The purpose of this Letter of Intent (“Letter”) is to set forth certain non-binding understandings and certain binding obligations between Newlox Gold Ventures Corp., (“New”) and MGA and the shareholders of MGA (the “ MGA Shareholders”), owners of 100% of the issued and outstanding capital stock of MGA, with respect to a proposed Amalgamation in which New will purchase all of the issued and outstanding capital stock of MGA (the “Shares”) from MGA and the MGA Shareholders. This agreement may be assigned to a subsidiary of New and effected in a new entity held by New shareholders. For purposes of this Letter, New/Web, MGA, and the MGA Shareholders are sometimes collectively referred to as “parties” and individually as a “party.”

By executing this Letter of Intent, all parties confirm their mutual intention that they will proceed to the execution and delivery of a definitive agreement (the Amalgamation Agreement”).

The terms and conditions contained herein are non-binding except for section Public Announcements below and the binding terms include agreement of the Parties to deal exclusively, for the purpose of enabling New to complete the proposed Amalgamation agreement until such time as notice and completion of the procedure to terminate negotiations on 10 days notice (see below) may occur, or the completion of the due diligence period and satisfaction of the conditions precedent.

A summary of the principal terms and conditions of the Amalgamation are as follows:

**Structure:** New and MGA will enter into a merger agreement or a Amalgamation agreement whereby the common shares of New and the common shares of MGA will be exchanged for the common shares a of the Listing Applicant company that

shall use the name Global MGA Financial Inc. (“AMALCO”) on the terms set out herein. It is intended that common shares of AMALCO will be listed on the CNSX.

**Amalgamation and Consideration:**

The Amalgamation will proceed on the basis that each New shareholder will receive one common share of AMALCO for a multiple of shares of New and the equivalent for any unexercised options, resulting in approximately 2,000,000 shares issued to New shareholders, and each MGA shareholder will receive one (1) common share of AMALCO for every one (1) share of MGA and the equivalent for any unexercised warrants and options..

**Plan of Arrangement:**

New has certain assets to be retained or spun off coincidentally with the merger with MGA and is entitled to reorganize its corporate structure to do so by Plan of Arrangement to be approved by shareholders in the circular approving the merger Amalgamation.

**MGA Active Business:**

MGA is a privately held corporation duly incorporated and organized in accordance with the laws of the Province of B.C.

**The Purchaser:**

New will maintain itself in good standing until completion of the proposed Amalgamations.

**Standstill:**

New and MGA shall exclusively negotiate in good faith towards the completion of the Amalgamation agreement.

**Conditions Precedent:**

Execution of a definitive and final Amalgamation agreement between New and MGA.

**Due Diligence:**

All due diligence, acceptable to the parties, in their discretion, to be completed prior to the execution of the Amalgamation Agreement. MGA further agrees to provide New with such additional information as may be reasonably requested pertaining to MGA’s business and assets to the extent reasonably necessary to complete the Definitive Agreement.

**Purchaser Obtaining Requisite Shareholder and Regulatory Approvals:**

Acknowledgement of the right of New to assign this agreement to a subsidiary and to obtain any necessary regulatory, corporate and shareholder approval to the Amalgamation and plan of arrangement for the spinoff of assets of New/Web. For the assignment of this agreement to a subsidiary which in turn enters into an amalgamation agreement, and a Plan of Arrangement to effectively “butterfly” New into separate reporting issuers.

**Absence of Material**

New and MGA confirms that there is no pending material

<b>Litigation or Adverse Change:</b>	claims or litigation involving MGA or AMALCO, and no “material adverse change” in the business of MGA or AMALCO; “material adverse change” is defined as any amount greater than \$10,000.
<b>Completion of Adequate Financing:</b>	The completion of adequate financing to qualify for listing on CNSX is mandatory for closing.
<b>Fees and Expenses:</b>	MGA will be responsible for expenses of all parties prior to the completion of the proposed Amalgamations including setup costs for the reporting issuer and spinoff arrangement to become a reporting Issuer and will be responsible for the expenses related to holding a special and/or extraordinary meeting, including but not limited to legal counsel, accountants, transfer agent, CDS and consultants until such time as the Amalgamation is completed. Expenses are restricted to this transaction only, and are supported and budgeted for MGA review. A deposit against expenses of \$10,000 is requested on acceptance.
<b>Board Representation:</b>	The Board of Directors of AMALCO upon completion of the Amalgamation shall initially be composed of the current board of MGA or its appointees.
<b>Public Announcements:</b>	Neither party shall disclose for any purpose whatsoever to any person (except agents or advisors) the existence or contents of this letter until required by relevant securities regulatory or stock exchange requirements or agreed to by both parties. The parties will keep confidential and not disclose to any third party (except counsel or advisors) confidential information provided by the other party without prior written consent of the other party.
<b>DAG Consulting Corp.</b>	A principals of New operates as DAG Consulting Corp to oversee and manage the entire merger and listing process and procedure, separate from but in conjunction with legal counsel, which services will be contracted separately by MGA.
<b>Closing Date:</b>	Closing of a final Amalgamation between New and MGA is anticipated prior to June 30, 2013.
<b>Cancellation</b>	Until the date a definitive acquisition agreement is entered into or the parties agree this agreement is binding either party may provide notice of cancellation of 10 business days as long as reasons for the cancellation are provided and the party receiving notice retains exclusive rights of negotiation for the 10 day period and has the right to amend or revise the offer within that period to renew the agreement and rescind the notice of cancellation.



New hereby warrants that the directors of New have approved the execution of this Letter and, subject to the conditions precedent and other conditions above, the completion of the Amalgamation. By your acceptance of this letter, you warrant that the directors of MGA have approved the execution of this letter.

If the foregoing is acceptable to you would you kindly sign the copy of this letter where indicated and return to the undersigned on or before 5:00 p.m. (Vancouver time), March 15, 2013 otherwise the offer to merge contained herein may forthwith terminate and be of no further force and effect.

Yours truly,

***NEWLOX GOLD VENTURES CORP.***

THIS DAY OF March 12, 2013



Donald Gordon \_\_\_\_\_

**GLOBAL MGA FINANCIAL INC.**

THIS 12th DAY OF March 2013.

Signature  \_\_\_\_\_

John Gan, CEO

\_\_\_\_\_  
Name of Director and/or Senior Officer

**SCHEDULE "O"**

**LETTER OF INTENT BETWEEN NEWLOX GOLD VENTURES CORP. AND CHAGAI MINING CORP. DATED  
APRIL 19, 2013**

**Newlox Gold Ventures Corp.**  
2000-1500 West Georgia Street  
Vancouver BC V6G 2Z6

April 19, 2013

Chagai Mining Corporation  
Suite 401 10722 103<sup>rd</sup> Avenue  
Edmonton Alberta  
TJT 5G7

Attention: Larry Whitehead, President

Dear Sirs,

**RE: Chagai Mining Corporation (the "Company")**

The purpose of this Letter of Intent ("Letter") is to set forth certain non-binding understandings and certain binding obligations between Newlox Gold Ventures Corp. ("Newlox") and the Company and the Companies shareholders ("Shareholders"), owners of 100% of the issued and outstanding capital stock of the Company, with respect to a proposed amalgamation in which Newlox will purchase all of the issued and outstanding capital stock of the Company (the "Shares") from the Company and the Shareholders. For purposes of this Letter, Newlox, the Company, and the Shareholders are sometimes collectively referred to as "parties" and individually as a "party."

By executing this Letter, all parties confirm their mutual intention that they will proceed to the execution and delivery of a definitive agreement (the Amalgamation").

The terms and conditions contained herein are non-binding except for section: Public Announcements, below and the binding terms include agreement of the Parties to deal exclusively, for the purpose of enabling Newlox to complete the proposed Amalgamation until such time as notice and completion of the procedure to terminate negotiations on 10 days notice (see below) may occur, or the completion of the due diligence period and satisfaction of the conditions precedent.

A summary of the principal terms and conditions of the Amalgamation are as follows:

**Structure:**

Newlox and Chagai will enter into a merger agreement or an Amalgamation agreement whereby the common shares of Newlox and the common shares and preferred shares of the Company will be exchanged for the common shares and preferred shares of the Listing Applicant company that shall adopt the name of the private company or any new name chosen for the amalgamated company ("AMALCO") on the terms set out herein. It is intended that common shares of

	AMALCO will be listed on the CNSX.
<b>Amalgamation and Consideration:</b>	The Amalgamation will proceed on the basis that each Newlox shareholder will receive one common share of AMALCO for a multiple of shares of Newlox and the equivalent for any unexercised options, resulting in no more than 900,000 shares issued to Newlox shareholders, and each Company shareholder will receive one (1) common share of AMALCO for every one (1) share of the Company and the equivalent for any unexercised warrants and options, and one (1) preferred share of AMALCO for each preferred share of the Company with the same terms, rights and features as the class of preferred in the Company. It is estimated Newlox will have approximately 60 shareholders each holding a board lot post Amalgamation.
<b>Plan of Arrangement:</b>	Newlox has certain assets to be transferred immediately before the merger with the Company and is entitled to do so by Plan of Arrangement to be approved by shareholders in the circular approving the merger Amalgamation.
<b>The Company:</b>	The Company is a privately held corporation duly incorporated and organized in accordance with the laws of the Province of Alberta.
<b>The Purchaser:</b>	Newlox will maintain itself in good standing until completion of the proposed Amalgamation.
<b>Standstill:</b>	Newlox and the Company shall exclusively negotiate in good faith towards the completion of the Amalgamation agreement.
<b>Conditions Precedent:</b>	Execution of a definitive and final Amalgamation agreement between Newlox and the Company.
<b>Due Diligence:</b>	All due diligence, acceptable to the parties, in their discretion, to be completed prior to the execution of the Amalgamation Agreement. The Company further agrees to provide Newlox with such additional information as may be reasonably requested pertaining to the Companies business and assets to the extent reasonably necessary to complete the Definitive Agreement.
<b>Purchaser Obtaining Requisite Shareholder and Regulatory Approvals:</b>	Acknowledgement of the right of Newlox to assign this agreement to a subsidiary and to obtain any necessary regulatory, corporate and shareholder approval to the Amalgamation and plan of arrangement for the spinoff of assets of Newlox to effectively “butterfly” Newlox into separate reporting issuers.
<b>Absence of Material</b>	There must be no pending or threatened material claims or

<b>Litigation or Adverse Change:</b>	litigation involving the Company or AMALCO, and no “material adverse change” in the business of the Company or AMALCO; “material adverse change” is defined as any amount greater than \$10,000.
<b>Completion of Adequate Financing:</b>	The completion of adequate financing to qualify for listing on the CNSX is mandatory for closing.
<b>Fees and Expenses:</b>	The Company will be responsible for expenses of all parties prior to the completion of the proposed Amalgamation including setup costs for the reporting issuer and spinoff of Newlox assets as a reporting Issuer and will be responsible for the expenses related to holding a special and/or extraordinary meeting if necessary, including but not limited to legal counsel, accountants, transfer agent, CDS and consultants until such time as the Amalgamation is completed. The costs of the proposed Amalgamation will be shared proportionately by the three proposed spinoff companies and the estimated cost of the Amalgamation expenses will be provided by Newlox.
<b>Board Representation:</b>	The Board of Directors of AMALCO upon completion of the Amalgamation shall initially be composed of the current board of the Company or its appointees.
<b>Public Announcements:</b>	Neither party shall disclose for any purpose whatsoever to any person (except agents or advisors) the existence or contents of this letter until required by relevant securities regulatory or stock exchange requirements or agreed to by both parties. The parties will keep confidential and not disclose to any third party (except counsel or advisors) confidential information provided by the other party without prior written consent of the other party.
<b>DAG Consulting Corp.</b>	Principals of Newlox operate as DAG Consulting Corp to oversee and manage the entire merger and listing process and procedure, separate from but in conjunction with legal counsel, which services will be contracted separately by the Company.
<b>Closing Date:</b>	Closing of a final Amalgamation between Newlox and the Company is anticipated prior to June 30, 2013.
<b>Cancellation</b>	Until the date a definitive acquisition agreement is entered into or the parties agree this agreement is binding either party may provide notice of cancellation of 10 business days as long as reasons for the cancellation are provided and the party receiving notice retains exclusive rights of negotiation for the 10 day

period and has the right to amend or revise the offer within that period to renew the agreement and rescind the notice of cancellation.

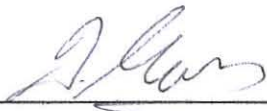
Newlox hereby warrants that the directors of Newlox have approved the execution of this Letter and, subject to the conditions precedent and other conditions above, the completion of the Amalgamation. By your acceptance of this letter, you warrant that the directors of the Company have approved the execution of this letter.

If the foregoing is acceptable to you would you kindly sign the copy of this letter where indicated and return to the undersigned on or before 5:00 p.m. (Vancouver time), April 18, 2013 otherwise the offer to merge contained herein may forthwith terminate and be of no further force and effect.

Yours truly,

**Newlox Gold Ventures Corp.**

This 19<sup>th</sup> day of April, 2013

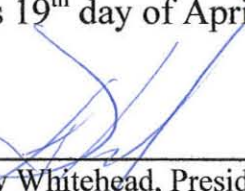


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Donald Gordon

**CHAGAI MINING CORPORATION**

This 19<sup>th</sup> day of April, 2013

Per:   
Larry Whitehead, President & CEO

**SCHEDULE "P"**  
**CONSENTS OF AUDITORS**

p | 604.683.3277  
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE  
555 BURRARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9



charlton & company  
CHARTERED ACCOUNTANTS

### AUDITORS' CONSENT

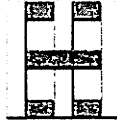
We have read the Information Circular of Newlox Gold Ventures Corp. ("Newlox") dated June 25, 2013 relating to the Plan of Arrangement between Newlox, MN, Carnelian and Sor and the Amalgamation of MN and CMS, the Amalgamation of MGA and Carnelian and the Amalgamation of CMC and Sor. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned Information Circular of our report to the directors of Newlox on the balance sheet of Newlox as at March 31, 2013 and the statements of operations and comprehensive loss, shareholders' equity and cash flows for the year ended March 31, 2013. Our report is dated June 25, 2013.

*"Charlton and Company"*  
Chartered Accountants

Vancouver, Canada  
June 25, 2013





**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7

Phone: 604.714.3600 Fax: 604.714.3669 Web: [manningelliott.com](http://manningelliott.com)

June 25, 2013

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
Canadian National Stock Exchange

**Re: Newlox Gold Ventures Corp.**

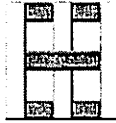
We refer to the Notice of Meeting and Management Information Circular for Annual General and Special Meeting of Shareholders in respect of an Annual General Meeting of Newlox Gold Ventures Corp and an Arrangement between Newlox Gold Ventures Corp., MN Ventures Ltd., Carnelian Strategic Capital Corp. and Sor Baroot Resources Corp., and an Amalgamation between CDN MSolar Corp. and MN Ventures Ltd., and Amalgamation between Global MGA Financial Inc. and Carnelian Strategic Capital Corp. (the "Information Circular") dated June 25, 2013.

We consent to being named and to the use in the above mentioned Information Circular of our report dated June 25, 2013 to the directors of the Global MGA Financial Inc. on the following consolidated financial statements of Global MGA Financial Inc.:

- Audited consolidated statements of financial position as at December 31, 2012 and 2011;
- Audited consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and 2011, and a summary of the significant accounting policies and other explanatory information.

We report that we have read the Information Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the consolidated financial statements upon which we have reported or that are within our knowledge as a result of our audits of such consolidated financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Information Circular as these terms are described in the CICA Handbook – Assurance.

*Manning Elliott LLP*



**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7

Phone: 604.714.3600 Fax: 604.714.3669 Web: [manningelliott.com](http://manningelliott.com)

June 25, 2013

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
Canadian National Stock Exchange

**Re: Newlox Gold Ventures Corp.**

We refer to the Notice of Meeting and Management Information Circular for Annual General and Special Meeting of Shareholders in respect of an Annual General Meeting of Newlox Gold Ventures Corp. and an Arrangement between Newlox Gold Ventures Corp. and MN Ventures Ltd. and Carnelian Strategic Capital Corp. and Sor Baroot Resources Corp. and an Amalgamation between Cdn MSolar Corp. and MN Ventures Ltd. and Amalgamation between Global MGA Financial Inc. and Carnelian Strategic Capital Corp. (the "Information Circular") dated June 25, 2013.

We consent to being named and to the use in the above mentioned Information Circular of our report dated June 25, 2013 to the directors of Cdn MSolar Corp. on the following financial statements of Cdn MSolar Corp.:

- Audited statement of financial position as at March 31, 2013;
- Audited statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on March 15, 2013 to March 31, 2013, and a summary of the significant accounting policies and other explanatory information.

We report that we have read the Information Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audits of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Information Circular as these terms are described in the CICA Handbook – Assurance.

*Manning Elliott LLP*