

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

## PROSPECTUS

Initial Public Offering

July 30, 2007

### BLUE RIBBON CAPITAL CORPORATION

(A Capital Pool Company)

**Minimum Offering: \$500,000 or 2,500,000 Common Shares**  
**Maximum Offering: \$1,000,000 or 5,000,000 Common Shares**

**Price: \$0.20 per Common Share**

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

This Offering is being conducted on a commercially reasonable best efforts basis by Union Securities Ltd. (the "Agent") in the Provinces of Ontario, Alberta and British Columbia and consists of a minimum of 2,500,000 common shares (the "Common Shares") of the Corporation (the "Minimum Offering") and a maximum of 5,000,000 Common Shares (the "Maximum Offering") at a price of \$0.20 (the "Offering Price") for total gross proceeds to the Corporation of a minimum of \$500,000 and a maximum of \$1,000,000. The Offering Price was determined by negotiation between the Corporation and the Agent. See "Plan of Distribution".

The Corporation will grant non-transferable warrants ("Agent's Warrants") to the Agent to purchase that number of Common Shares that is equal to 9% of the total number of Common Shares sold under this Offering at a price of \$0.20 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange. This prospectus also qualifies for distribution the Agent's Warrants. In addition, the Corporation will grant incentive stock options to the directors of the Corporation to purchase, in aggregate, up to a maximum of 605,000 Common Shares at a price of \$0.20 per Common Share, exercisable for a period of five years from the date of grant (the "Incentive Stock Options"). The Incentive Stock Options are also qualified under this prospectus. The Incentive Stock Options must be granted within 90 days of the issuance of a receipt for this prospectus

	<b><u>Price to the Public</u></b>	<b><u>Agent's Commission<sup>(1)</sup></u></b>	<b><u>Proceeds to the Corporation<sup>(2)</sup></u></b>
Per Common Share	\$0.20	\$0.018	\$0.182
Minimum Offering	\$500,000	\$45,000	\$455,000
Maximum Offering	\$1,000,000	\$90,000	\$910,000

Notes:

- (1) The Agent has agreed to act as agent in connection with the Offering and will receive a commission equal to 9% of the gross proceeds of the Offering. In addition, the Agent will receive a corporate finance fee of \$10,000 plus G.S.T. The Corporation will also grant to the Agent the Agent's Warrants, which warrants are qualified for distribution under this prospectus. See "Plan of Distribution".
- (2) Before deducting costs of the Offering estimated at \$57,000 (exclusive of the Agent's Commission), including the corporate finance fee of \$10,000 plus G.S.T., legal fees of the Agent's counsel which are estimated at \$7,500 plus disbursements and applicable taxes, legal and auditor's fees of the Corporation estimated at \$21,500 plus disbursements and G.S.T., Exchange listing fees of approximately \$5,500 plus G.S.T. and filing fees of approximately \$10,000 plus G.S.T.

The Offering is subject to a minimum subscription of 2,500,000 Common Shares which must be raised within 90 days of the issuance of a receipt for this prospectus, or such time as may be consented to by persons or companies who subscribed within that period, as well as agreed to by the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement, as hereinafter defined. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "Plan of Distribution".

### **Risk Factors**

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

There is currently no market through which the securities offered hereby may be sold. The Exchange has conditionally accepted the listing of the Common Shares. Listing is subject to the Corporation fulfilling all of the listing requirements of the Exchange

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

The Corporation has not commenced commercial operations and has no assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until the Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See "Corporate Structure", "Business of the Corporation" and "Use of Proceeds".

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and they are and will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Directors, Officers and Promoters".

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

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 14.79% or \$0.0296 per Common Share assuming completion of the Minimum Offering and approximately 8.68% or \$0.0174 per Common Share assuming completion of the Maximum Offering, before the deduction of selling commissions and related expenses incurred by the Corporation. See "Dilution".

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

even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors. See "Use of Proceeds".

The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction.

In the event that the management of the Corporation resides out of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

**As a result of these factors, the Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares. See "Business of the Corporation", "Directors, Officers and Promoters", "Management of the Corporation", "Use of Proceeds" and "Risk Factors".**

### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus (being 50,000 Common Shares in the case of the Minimum Offering and 100,000 Common Shares in the case of the Maximum Offering). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus (being 100,000 Common Shares in the case of the Minimum Offering and 200,000 Common Shares in the case of the Maximum Offering).

The Agent hereby offers for sale, on a commercially reasonable best efforts basis as agent on behalf of the Corporation, a minimum of 2,500,000 Common Shares and a maximum of 5,000,000 Common Shares at a price of \$0.20 per Common Share. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Corporation, and in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval by Heenan Blaikie LLP on behalf of the Corporation and by McCullough O'Connor Irwin LLP on behalf of the Agent of such legal matters for which approval is specifically sought by the Corporation or the Agent.

### **Receipt of Subscriptions**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery on the closing of the Offering.

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## ELIGIBILITY FOR INVESTMENT

In the opinion of Heenan Blaikie LLP, counsel to the Corporation, provided the Common Shares are listed on a prescribed stock exchange (which includes the Exchange) at the relevant time, the Common Shares when issued will be qualified investments, within the meaning of the *Income Tax Act* (Canada), for trusts governed by registered retirement saving plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

## GLOSSARY

“**Affiliate**” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

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

A Company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Aggregate Pro Group**” means all Persons who are members of any Pro Group whether or not the Member of the Pro Group is involved in a contractual relationship with the Corporation to provide financing sponsorship and other advisory services.

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

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

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

“**Associate**” when used to indicate a relationship with a Person or Company, means

- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a Person, a relative of that Person, including
  - (i) that Person’s spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company.

“**CPC**” means a corporation:

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

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

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**Exchange**” means the TSX Venture Exchange Inc.

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

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;

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

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

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

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

“**Member**” means a Person who has executed the Members’ Agreement, as amended from time to time, with the Exchange and is accepted as and becomes a member of the Exchange.

“**Non Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Non Arm’s Length Parties to the Qualifying Transaction**” means the Vendor, any Target Company and includes, in relation to Significant Assets or any Target Company, the Non Arm’s Length Parties of the Vendor, the Non Arm’s Length Parties of any Target Company and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“**Non Arm’s Length Qualifying Transaction**” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

“**Person**” means a Company or individual.

“**Principal**” means

- (a) a Person or Company who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the initial public offering (“IPO”) prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person or Company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and

immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;

- (d) a 10% holder - a Person or Company that
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

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

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

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

**"Pro Group"** means

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



- (ii) the Associate or Affiliate has a separate corporate and reporting structure;
- (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
- (iv) the Member maintains a list of such excluded Persons.

**“Qualifying Transaction”** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**“Resulting Issuer”** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

**“Seed Shares”** means securities issued before the Corporation’s initial public offering, or by a private Target Company before a reverse take-over, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading.

**“Significant Asset”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

**“Sponsor”** has the meaning specified in Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

**“Target Company”** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

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

## PROSPECTUS SUMMARY

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

- Corporation:** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Corporation”.
- Offering:** A minimum of 2,500,000 Common Shares and a maximum of 5,000,000 Common Shares are being offered under this prospectus at a price of \$0.20 per Common Share in the provinces of Ontario, Alberta and British Columbia. The Agent’s Warrants to purchase that number of Common Shares that is equal to 9% of the total number of Common Shares sold under this Offering at a price of \$0.20 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange, are qualified for distribution under this prospectus. The Incentive Stock Options to be granted to the directors of the Corporation to purchase up to a maximum of 605,000 Common Shares, at a price of \$0.20 per Common Share, exercisable for a period of five years from the date of grant, are also qualified under this prospectus. See “Use of Proceeds”, “Plan of Distribution” and “Incentive Stock Options”.
- Use Of Proceeds:** The net proceeds to the Corporation from the Offering, after the payment of all costs in respect of the Offering, are estimated to be \$498,000 in the case of the Minimum Offering and \$953,000 in the case of the Maximum Offering. The net proceeds of the Offering together with the proceeds from prior sales of Common Shares will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. The CPC Policy provides that until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of (i) 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities, and (ii) \$210,000, may be used for purposes other than evaluating businesses or assets. See “Use of Proceeds”, “Business of the Corporation”, “Criteria for Qualifying Transaction” and “Risk Factors”.
- Directors and Officers:** The directors of the Corporation are Kevin Xuereb, Nicholas Hooper, Allan Beach and Ennio D’Angela. Kevin Xuereb is the President of the Corporation and Randy Koroll is the Chief Financial Officer of the Corporation. See “Management of the Corporation” and “Directors, Officers and Promoters”.
- Escrowed Securities:** All 1,050,000 of the currently issued Common Shares have been deposited in escrow pursuant to the terms of an Escrow Agreement (as hereinafter defined) and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “Escrowed Securities”.

**Risk Factors:**

**Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.** The Corporation was recently incorporated and has no active business or assets other than cash, and has not identified a potential company, asset or business with a view to completing a Qualifying Transaction. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 14.79% or \$0.0296 per Common Share in the case of the Minimum Offering and approximately 8.68% or \$0.0174 per Common Share in the case of the Maximum Offering, before the deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and investors may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction. See "Corporate Structure", "Business of the Corporation", "Directors, Officers and Promoters", "Management of the Corporation", "Use of Proceeds", "Risk Factors" and "Conflicts of Interest".

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

## CORPORATE STRUCTURE

Blue Ribbon Capital Corporation was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) dated September 12, 2006, which articles were amended June 25, 2007.

The head office and the registered office of the Corporation are located at Suite 110, 141 Adelaide St. W, Toronto, Ontario, M5H 3L5.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

As at the date hereof, the Corporation has incurred or accrued preliminary expenses with respect to the incorporation and organization of the Corporation, legal and auditing fees and expenses, and the retainer for fees of legal counsel to the Agent in the aggregate amount of approximately \$41,500.

A portion of the proceeds of the Offering will be used to satisfy the obligations of the Corporation related to the Offering, including the expenses of its legal counsel and auditor. See "Use of Proceeds".

### Proposed Operations Until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction will also be subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to begin the process of identifying potential acquisitions with a view to completing a Qualifying Transaction. The Corporation currently intends to pursue a Qualifying Transaction in the mining sector, but there is no assurance that this will, in fact, be the business sector of the proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

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

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

### Method of Financing Participation or Acquisitions

The Corporation may use cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### Criteria for Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such participations or acquisitions other than sound business fundamentals. Such fundamentals include, but are not limited to (i) the ratio of risk to reward; (ii) the potential for growth; (iii) the length of the payout period; and (iv) the rate of return.

## **REGULATORY AND SHAREHOLDER APPROVAL**

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

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

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

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

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

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

### **Minimum Listing Requirements**

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

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

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

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

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

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

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

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on NEX (the market on which former Exchange and Toronto Stock Exchange issuers that do not meet the minimum listing requirements for Tier 2 issuers may continue to trade) rather than be delisted. In order to be eligible to list on NEX the Corporation must:

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

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

## **Refusal of Qualifying Transaction**

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

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

#### USE OF PROCEEDS

##### Proceeds and Principal Purposes

The gross proceeds received by the Corporation from the combination of prior sales of Common Shares and the sale of the Common Shares offered by this Offering will be \$600,000 in the case of the Minimum Offering, and \$1,100,000 in the case of the Maximum Offering.

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

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Cash proceeds raised prior to the Offering <sup>(1)</sup>	\$105,000	\$105,000
Cash proceeds to be raised pursuant to the Offering	\$500,000	\$1,000,000
Estimated expenses of the Offering including Commission, corporate finance fee, legal, accounting, audit and other expenses relating to the Offering <sup>(3)</sup>	(\$102,000)	(\$147,000)
<b>Estimated funds available (on completion of Offering)<sup>(2)</sup></b>	<b>\$503,000</b>	<b>\$958,000</b>
Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>	\$503,000	\$958,000
Estimated general and administrative expenses until Completion of the Qualifying Transaction	\$30,000	\$30,000
<b>Total Use of Proceeds<sup>(2)</sup></b>	<b>\$473,000</b>	<b>\$928,000</b>

Notes:

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Warrants, there will be available to the Corporation an additional \$45,000 in the case of the Minimum Offering or \$90,000 in the case of the Maximum Offering which will be added to the working capital of the Corporation. In the event that all Incentive Stock Options are exercised, there will be available to the Corporation an additional \$71,000 in the case of the Minimum Offering or \$121,000 in the case of the Maximum Offering which will be added to the working capital of the Corporation. There is no assurance that all, or any part of, the Agent's Warrants or Incentive Stock Options will be exercised.
- (3) See "Business of the Corporation - Preliminary Expenses" and the Corporation's balance sheet as at March 31, 2007.
- (4) In the event that the Corporation enters into an Agreement in Principle prior to spending all of its funds identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets, for working capital after Completion of the Qualifying Transaction, or for other purposes.

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

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

**Permitted Use of Proceeds**

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

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

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agent's fees, costs and commissions;

relating to the identification and evaluation of assets or businesses and, in the case of a Non Arm's Length Qualifying Transaction, obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction. Subject to Exchange approval, the Corporation may use a portion of the gross proceeds to pay directors' and officers' insurance premiums, which the Corporation estimates will be approximately \$18,000 per annum.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of



such advance, provided due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

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

The CPC Policy provides that until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of (i) 30% of the gross proceeds realized from the sale of all securities issued by the Corporation, and (ii) \$210,000 may be used for purposes other than evaluating businesses or assets. For greater certainty, expenditures which are not included under "Permitted Use of Funds" include:

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

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

### **Private Placements for Cash**

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

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

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

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

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

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

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

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

Pursuant to an agency agreement (the "Agency Agreement") dated July 30, 2007 between the Corporation and the Agent, the Corporation will appoint the Agent as agent to offer for sale to the public on a commercially reasonable basis a minimum of 2,500,000 and a maximum of 5,000,000 Common Shares, as provided in this prospectus, at a price of \$0.20 per Common Share, subject to the terms and conditions in the Agency Agreement. The Agent will receive a cash commission of 9% of the gross proceeds from the sale of the Common Shares pursuant to the Offering. In addition, the Corporation will reimburse the Agent's reasonable expenses incurred pursuant to the Offering, including the legal fees of the Agent's legal counsel estimated at \$7,500 plus disbursements and taxes, and the Corporation will pay to the Agent a non-refundable corporate finance fee in the amount of \$10,000 plus G.S.T. on the closing of the Offering.

The Corporation has also agreed to grant to the Agent the Agent's Warrants to purchase that number of Common Shares that is equal to 9% of the total number of Common Shares sold under this Offering at a price of \$0.20 per Common Share, which may be exercised for a period of 24 months from the date that the Common Shares are listed on the Exchange. The Agent's Warrants are qualified for distribution under this prospectus. The Agent intends to sell to the public any Common Shares received by it upon the exercise of the Agent's Warrants. Not more than 50% of the Common Shares received on the exercise of the Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

### **Offering and Minimum Distribution**

The total Offering is of 2,500,000 Common Shares for total gross proceeds of \$500,000 in the case of the Minimum Offering and of 5,000,000 Common Shares for total gross proceeds of \$1,000,000 in the case of the Maximum Offering. Under the CPC Policy, the maximum number of Common Shares that may be purchased, directly or indirectly, by any single subscriber to the Offering is 2% of the Offering, being 50,000 Common Shares in the case of the Minimum Offering and 100,000 Common Shares in the case of the Maximum Offering. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus, being 100,000 Common Shares in the case of the Minimum Offering and 200,000 Common Shares in the case of the Maximum Offering.

The Offering is subject to the Minimum Offering being raised within 90 days of the issuance of a receipt for this prospectus, or within such time as may be consented to by persons or companies who subscribed within that period and to by the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant

to the terms of the Agency Agreement, and will not be released until the Minimum Offering has been deposited. If the Minimum Offering is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

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

The Corporation also proposes to grant options to purchase 10% of the number of Common Shares issued and outstanding after giving effect to the Offering (assuming completion of the Offering) to directors and officers of the Corporation in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus. See "Incentive Stock Options".

### **Determination of Price**

The price of the Common Shares offered pursuant to the Offering was determined by negotiation between the Corporation and the Agent.

### **Listing Application**

The Exchange has conditionally accepted the listing of the Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all the listing requirements of the Exchange.

### **Restrictions on the Agent**

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

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

The Agent has advised the Corporation that to the best of its knowledge and belief, no directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the foregoing have subscribed for any Common Shares of the Corporation.

### **Restrictions on Trading**

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

## **DESCRIPTION OF SECURITIES DISTRIBUTED**

The Corporation is authorized to issue an unlimited number of Common Shares, of which as of the date hereof 1,050,000 Common Shares are issued and outstanding as fully-paid and non-assessable. The holders of Common

Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of Common Shares are entitled to share rateably the remaining assets of the Corporation.

In addition, up to a maximum of 450,000 Common Shares are reserved for issuance upon the exercise of the Agent's Warrants and up to a maximum 605,000 Common Shares are reserved for issuance upon the exercise of Incentive Stock Options. See "Plan of Distribution" and "Incentive Stock Options".

### CAPITALIZATION

Description of Security	Amount Authorized	Amount outstanding as of the date of the balance sheet contained in the prospectus <sup>(1)(2)(3)</sup>	Amount outstanding as of the date hereof <sup>(1)(2)</sup>	Amount to be outstanding after giving effect to the Offering <sup>(1)(2)(4)</sup>	
				Minimum Offering	Maximum Offering
Common Shares	Unlimited	\$105,000 (1,050,000 Common Shares)	\$105,000 (1,050,000 Common Shares)	\$605,000 <sup>(4)</sup> (3,550,000 Common Shares)	\$1,105,000 <sup>(4)</sup> (6,050,000 Common Shares)

Notes:

- (1) The Corporation has reserved a maximum of 450,000 Common Shares for issuance upon the exercise of the Agent's Warrants. See "Plan of Distribution".
- (2) The Corporation has reserved up to a maximum of 605,000 Common Shares for issuance upon exercise of the Incentive Stock Options. See "Incentive Stock Options".
- (3) As at the date of the balance sheet, the Corporation had not yet commenced commercial operations.
- (4) This amount represents gross proceeds of this and prior issues of Common Shares of the Corporation, prior to deducting the estimated expenses of the Offering (estimated to be \$102,000 in the case of the Minimum Offering, and \$147,000 in the case of the Maximum Offering). See "Use of Proceeds".

### INCENTIVE STOCK OPTIONS

The Corporation intends to enter into stock option agreements granting the Incentive Stock Options to purchase, in aggregate, up to a maximum of 605,000 Common Shares at a price of \$0.20 per Common Share, which Incentive Stock Options are qualified for distribution under this prospectus. Such stock option agreements will be entered into upon the issue of a receipt for this prospectus from the applicable securities regulatory authorities, and in any event within 90 days of the issuance of such receipt, as follows:

Name	Number of Common Shares Under Option		Exercise Price per Common Share	Expiry Date
	Minimum Offering	Maximum Offering		
Allan Beach	88,750	151,250	\$0.20	Five (5) years from date of grant
Ennio D'Angela	88,750	151,250	\$0.20	Five (5) years from date of grant
Nicholas Hooper	88,750	151,250	\$0.20	Five (5) years from date of grant
Kevin Xuereb	88,750	151,250	\$0.20	Five (5) years from date of grant
<b>Total</b>	<b>355,000</b>	<b>605,000</b>		

The Corporation intends to adopt a stock option plan (the "Plan") in accordance with the rules and policies of the Exchange. Pursuant to the draft Plan, the Board of Directors of the Corporation will be permitted from time to time,

in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares, and shall not be exercisable for a period greater than 5 years from the date of grant.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Incentive Stock Options may be exercised at any time until the later of 12 months after the Completion of the Qualifying Transaction if the optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer and 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

### PRIOR SALES

Since the date of incorporation of the Corporation, 1,050,000 Common Shares have been issued and are outstanding as follows:

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
September 12, 2006	1 <sup>(1)</sup>	\$0.10	\$0.10	Cash
May 15, 2007	1,000,000	\$0.10	\$100,000.00	Cash
July 20, 2007	50,000	\$0.10	\$5,000.00	Cash
<b>Total</b>	<b>1,050,000</b>		<b>\$105,000.00</b>	

Notes:

(1) This initial incorporator's share was purchased for cancellation on September 12, 2006.

The 1,050,000 Common Shares issued at a price of \$0.10 will be held in escrow. See "Escrowed Securities".

### ESCROWED SECURITIES

#### Securities Escrowed Prior to the Completion of Qualifying Transaction

All of the 1,050,000 Common Shares issued prior to the Offering at a price below \$0.20 per Common Share, and all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with Equity Transfer Services Inc. (the "Transfer Agent") under an escrow agreement dated July 30, 2007 (the "Escrow Agreement").

All Common Shares acquired on exercise of stock options prior to Completion of a Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

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

Name and Municipality of Residence of Shareholder	Number of Common Shares Held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering	
			Minimum Offering <sup>(1)(2)</sup>	Maximum Offering <sup>(1)(2)</sup>
Kevin Xuereb Toronto, Ontario	250,000	23.8%	7.04%	4.13%
Randy Koroll Toronto, Ontario	50,000	4.76%	1.41%	0.83%
Ennio D'Angela Toronto, Ontario	250,000	23.8%	7.04%	4.13%
Allan Beach Toronto, Ontario	250,000	23.8%	7.04%	4.13%
Nicholas Hooper London, England	250,000	23.8%	7.04%	4.13%
<b>TOTAL</b>	<b>1,050,000</b>			

Notes:

- (1) Before giving effect to the exercise of the Agent's Warrants and the Incentive Stock Options. On a fully-diluted basis, reflecting the assumption that all Agent's Warrants and all the Incentive Stock Options are exercised, the percentage of Common Shares owned after the Minimum Offering / Maximum Offering would be approximately 8.20% / 5.65% for each of Kevin Xuereb, Ennio D'Angela, Nicholas Hooper and Allan Beach and approximately 1.21% / 0.70% for Randy Koroll.
- (2) Assuming that no Common Shares are purchased by any of the above named shareholders pursuant to the Offering.

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

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

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

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

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on the NEX board of the Exchange, either:
  - (i) cancel all Common Shares issued prior to the Offering purchased by Non-Arm's Length Parties to the CPC at a discount from the offering price under this prospectus (the "Seed Shares"), in accordance with section 11.2(a) of the CPC Policy, or

- (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties of the CPC so that the average cost of the remaining Seed Shares is at least equal to the offering price under this prospectus.

### **Escrowed Securities On Qualifying Transaction**

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

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a six-year escrow release mechanism with: (a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier I issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three-year escrow release mechanism with: (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin; and (b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

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

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and

- (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

### PRINCIPAL SHAREHOLDERS

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

Name and Municipality of Residence	Type of Ownership	Number of Common Shares <sup>(1)</sup>	Percentage of Common Shares Prior to Offering	Percentage of Common Shares After Minimum Offering <sup>(2) (3)</sup>	Percentage of Common Shares After Maximum Offering <sup>(2) (3)</sup>
Kevin Xuereb Toronto, Ontario	Direct	250,000	23.8%	7.04%	4.13%
Ennio D'Angela Toronto, Ontario	Direct	250,000	23.8%	7.04%	4.13%
Nicholas Hooper London, United Kingdom	Direct	250,000	23.8%	7.04%	4.13%
Allan Beach Toronto, Ontario	Direct	250,000	23.8%	7.04%	4.13%

Notes:

- (1) These shares are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
- (2) Before giving effect to the exercise of the Agent's Warrants and the Incentive Stock Options. On a fully-diluted basis, reflecting the assumption that all Agent's Warrants and Incentive Stock Options are exercised, the percentage of Common Shares owned after the Minimum Offering would be approximately 8.20% for each of Kevin Xuereb, Ennio D'Angela, Nicholas Hooper and Allan Beach and after the Maximum Offering, would be approximately 5.65% for each of these persons.
- (3) Assuming that no Common Shares are purchased by any of the above named shareholders pursuant to the Offering.

### DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Corporation, their position and offices with the Corporation and their principal occupations during the last five years. See also "Management of the Corporation".

Name and Municipality of Residence	Positions with Corporation	No. Common Shares Owned	Principal Occupation
Kevin Xuereb Toronto, Ontario	President Director	250,000	Independent Businessman
Randy Koroll Toronto, Ontario	Chief Financial Officer	50,000	Accountant
Ennio D'Angela Toronto, Ontario	Director	250,000	President, Novadan Capital Ltd.
Nicholas Hooper London, United Kingdom	Director	250,000	Independent Businessman



<b>Name and Municipality of Residence</b>	<b>Positions with Corporation</b>	<b>No. Common Shares Owned</b>	<b>Principal Occupation</b>
Allan Beach Toronto, Ontario	Director	250,000	Lawyer, Fasken Martineau DuMoulin LLP

Each of the directors of the Corporation has been a director since May 15, 2007.

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

Prior to the completion of the Offering, the directors, officers and promoters of the Corporation directly or indirectly collectively hold approximately 100% of the Common Shares of the Corporation. Following the completion of the Offering, the directors and officers of the Corporation will directly or indirectly collectively hold approximately 29.6% of the Common Shares in the case of the Minimum Offering and 17.4% in the case of the Maximum Offering, and approximately 34.0% on a fully-diluted basis in the case of the Minimum Offering and 23.3% on a fully-diluted basis in the case of the Maximum Offering.

## **MANAGEMENT OF THE CORPORATION**

### **Kevin Xuereb – President and Director**

Kevin Xuereb, 35, is a director and the President of the Corporation. Mr. Xuereb has over 15 years experience as a senior operations manager at Sunbeam Corporation and BX Deluxe Post Production. Over the years, Mr. Xuereb has been responsible for the structuring of several key mergers and acquisitions for the various companies for whom he has been involved.

It is anticipated that Mr. Xuereb will devote approximately 10% of his time to the affairs of the Corporation; however, as a director and officer of the Corporation, it is expected that he will devote such time and expertise as is required by the Corporation.

### **Randy Koroll – Chief Financial Officer**

Randy Koroll, 43, is the Chief Financial Officer of the Corporation. He has 19 years of experience in the accounting industry, mainly focused on small-medium sized business segments for public accounting firms. Mr. Koroll previously worked in public practice as a senior manager responsible for small business. Prior thereto he held similar positions with a mid-tier firm in Toronto.

It is anticipated that Mr. Koroll will devote approximately 5% of his time to the affairs of the Corporation; however, as an officer of the Corporation, it is expected that he will devote such time and expertise as is required by the Corporation.

### **Ennio D'Angela –Director**

Ennio D'Angela, 52, is a director and the Secretary of the Corporation. Mr. D'Angela has worked primarily in the electrical utility and telecommunication industries for over two decades. He also has over 20 years of personal investment experience. During the last four years, his primary focus has been on researching, investing and financing small cap companies in the resource and technology sectors.

Mr. D'Angela obtained his B.A.Sc. (Electrical Engineering) from the University of Toronto in 1980 and his Professional Engineering designation in 1982.

It is anticipated that Mr. D'Angela will devote approximately 5% of his time to the affairs of the Corporation; however, as a director of the Corporation, it is expected that he will devote such time and expertise as is required by the Corporation.

**Nicholas Hooper – Director**

Nicholas Hooper, 36, is a director of the Corporation and a Director of Investment Banking at NM Rothschild & Sons Ltd. For the past 10 years Mr. Hooper has advised mining companies in numerous countries with respect to acquisitions, dispositions, mergers, as well as debt and equity financing.

Mr. Hooper is a graduate of the University of Western Ontario.

It is anticipated that Mr. Hooper will devote approximately 5% of his time to the affairs of the Corporation; however, as a director of the Corporation, it is expected that he will devote such time and expertise as is required by the Corporation.

**Allan Beach – Director**

Allan Beach, 53, is a director of the Corporation. Mr. Beach has been a partner for more than 20 years in Toronto with the international law firm of Fasken Martineau DuMoulin LLP. In addition to his general corporate finance and M&A practice, Mr. Beach has specific experience with mineral resource exploration, joint ventures, capital pool companies, Exchange listings, flow-through share offerings and other government incentive financings. Mr. Beach is a director of a number of other publicly listed companies and regularly advises a wide range of clients in the private and public sectors.

It is anticipated that Mr. Beach will devote approximately 5% of his time to the affairs of the Corporation; however, as a director of the Corporation, it is expected that he will devote such time and expertise as is required by the Corporation.

**OTHER REPORTING ISSUER EXPERIENCE OF THE DIRECTORS AND OFFICERS OF THE CORPORATION**

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

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange or Market</u>	<u>Position</u>	<u>From</u>	<u>To</u>
Ennio D'Angela	Khan Resources Inc.	TSX	Director	September 2005	August 2006
Randy Koroll	Lakota Resources Inc.	TSX Venture	CFO and Director	July 2006	Present
	Scorpio Capital Corp.	TSX Venture	CFO	February 2006	Present
	Nevada Exploration Inc.	TSX Venture	CFO	August 2006	Present
	Gemini Acquisitions Inc.	TSX Venture	CFO	July 2006	Present
Allan Beach	Purepoint Uranium Group Inc.	TSX Venture	Director	May 2005	Present
	IPICO Inc.	TSX Venture	Director	March 2006	Present

## PROMOTERS

Mr. Xuereb, Mr. Hooper and Mr. D'Angela may be considered to be promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. Messrs. Xuereb, Hooper and D'Angela have, directly and/or indirectly, subscribed for and received Common Shares of the Corporation and will be granted Incentive Stock Options following the completion of the Offering. See "Prior Sales", "Principal Shareholders" and "Incentive Stock Options".

## OTHER CORPORATE INFORMATION

### Corporate Cease Trade Orders or Bankruptcies

No director, officer, insider or promoter of the Corporation has, within the previous 10-year period, been a director, officer, insider or promoter of any other issuer that, while the person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### Penalties or Sanctions

No director, officer, Insider or Principal of the Corporation, within the last 10 years, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

### Personal Bankruptcies

No director, officer or Principal of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such Persons, has, within the 10 years preceding the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### Conflicts of Interest

There may be potential conflicts of interest to which the directors, officers, insiders and promoters of the Corporation may be subject in connection with the operations of the Corporation. The directors, officers, insiders and promoters may be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where a director, officer, insider or promoter will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Ontario).

### Audit Committee

The Corporation has in place an Audit Committee. The mandate of the Audit Committee includes direct responsibility for overseeing the Corporation's accounting and financial reporting process and audits of financial statements, and direct responsibility for the appointment, compensation, and oversight of the work of any registered external auditor employed by the Corporation (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The current members of the Audit Committee are Ennio D'Angela, Randy Koroll and Allan Beach. Messrs. D'Angela and Beach are "independent" within the meaning of the policies of the Exchange.

## EXECUTIVE COMPENSATION

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

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

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

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

## DILUTION

Assuming completion of the Offering, Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 14.79% or \$0.0296 per Common Share on the basis of there being 3,550,000 Common Shares issued and outstanding following completion of the Minimum Offering and an immediate dilution of approximately 8.68% or \$0.0174 per Common Share on the basis of there being 6,050,000 Common Shares outstanding following completion of the Maximum Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus without deduction of commissions or related expenses incurred by the Corporation.

## RISK FACTORS

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment.**

The Corporation was only recently incorporated and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Corporation has not identified a potential asset or business for acquisition or participation and has not entered into an Agreement in Principle as defined in the CPC Policy. Until Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. See "Business of the Corporation".

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

Assuming completion of the Offering, Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 14.79% or \$0.0296 per Common Share in the case of the Minimum Offering and approximately 8.68% or \$0.174 per Common Share in the case of the Maximum Offering, before the deduction of selling commissions and related expenses incurred by the Corporation. See “Dilution”.

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Corporation. Subject to prior Exchange approval, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. See “Business of the Corporation” and “Use of Proceeds”.

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and, in the case of a Non Arm’s Length Qualifying Transaction, Majority of Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other applicable law, a shareholder who votes against a proposed Non Arm’s Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no other entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Corporation will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See “Business of the Corporation”.

The Corporation cannot be certain and provides no guarantee that, if a Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Corporation and its shareholders. Neither the Exchange nor any Securities regulatory authority passes on the merits of the proposed Qualifying Transaction. The Qualifying Transaction may also result in additional dilution to the Corporation’s shareholders, increased debt or a change in control of the Corporation. Any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Corporation, could have a material adverse effect on the Resulting Issuer’s business and results of operations.

In the event that the management of the Corporation resides out of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

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

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

### **LEGAL PROCEEDINGS**

The Corporation is not party to any legal proceedings, nor to the best of its knowledge are any legal proceedings threatened or pending.

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

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

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

No “professional person” (including the Corporation’s auditor or solicitors) holds any beneficial interest, direct or indirect, in any securities or properties of the Corporation.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditor of the Corporation is DMCT, LLP., 20 Eglinton Ave West, Suite 2100, Toronto, ON M4R 1K8.

The transfer agent and registrar for the Common Shares is Equity Transfer Services Inc.

### **MATERIAL CONTRACTS**

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

1. the Escrow Agreement dated July 30, 2007 among the Corporation, the Transfer Agent and certain shareholders of the Corporation. See “Escrowed Securities”;
2. the Agency Agreement dated July 30, 2007 between the Corporation and the Agent. See “Plan of Distribution”; and
3. the Registrar and Transfer Agency Agreement dated July 30, 2007 between the Corporation and the Transfer Agent. See “Auditor, Transfer Agent and Registrar”.

Copies of these agreements will be available for inspection at the offices of the Corporation’s counsel, Heenan Blaikie LLP, at Suite 2600, 200 Bay Street, Toronto, Ontario, M5J 2J4 at any time during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

### **OTHER MATERIAL FACTS**

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

### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, or in some jurisdictions damages, if this

prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

**Blue Ribbon Capital Corporation**  
(A capital pool corporation)

**Financial Statements**

**For the Period From Date of Incorporation  
(September 12, 2006) to April 30, 2007**



## AUDITORS' REPORT

To the Directors of

### **Blue Ribbon Capital Corporation**

We have audited the balance sheet of **Blue Ribbon Capital Corporation (A capital pool corporation)** as at **April 30, 2007** and the statements of operations, deficit and cash flows for the period from date of incorporation (September 12, 2006) to April 30, 2007. These financial statements are the responsibility of the company's management. 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 standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at **April 30, 2007** and the results of its operations and its cash flows for the period from date of incorporation (September 12, 2006) to April 30, 2007, in accordance with Canadian generally accepted accounting principles.

*"DMCT, LLP"*

Toronto, Ontario  
May 10, 2007 (except for Note 8 which is dated July 30, 2007)

# Blue Ribbon Capital Corporation

(A capital pool corporation)

## Balance Sheet As at April 30, 2007

	Note	
<b>Assets</b>		
<b>Current</b>		
Cash	3	\$ 56,635
Amounts receivable		1,302
		<b>57,937</b>
Deferred share issuance costs	4	51,553
		<b>\$ 109,490</b>

## Liabilities

<b>Current</b>		
Accounts payable and accrued liabilities		\$ 11,500

## Shareholders' Equity

Capital stock	5	100,000
Deficit		(2,010)
		<b>97,990</b>
		<b>\$ 109,490</b>

### *Subsequent Events (Note 8)*

Approved by the Board "Ennio D'Angela" "Allan Beach"

See accompanying notes.

# Blue Ribbon Capital Corporation

(A capital pool corporation)

## Statement of Operations and Deficit

For the Period From Date of Incorporation (September 12, 2006) to April 30, 2007

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### Expenses

Professional fees	\$ 2,000
Office and general	10

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2,010

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<b>Net loss and deficit at end of period</b>	<b>\$ (2,010)</b>
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See accompanying notes.

# Blue Ribbon Capital Corporation

(A capital pool corporation)

## Statement of Cash Flows

For the Period From Date of Incorporation (September 12, 2006) to April 30, 2007

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<b>Cash flows from operating activities</b>	
Net loss for the period	\$ (2,010)
Changes in non-cash working capital items	
Amounts receivable	(1,302)
	<hr/>
	(3,312)
<b>Cash flows from financing activities</b>	
Deferred share issuance costs	(40,053)
Issuance of capital stock	100,000
	<hr/>
	59,947
<b><u>Increase in cash during the period and cash at end of period</u></b>	<b>\$ 56,635</b>

See accompanying notes.

# Blue Ribbon Capital Corporation

(A capital pool corporation)

Notes to Financial Statements

April 30, 2007

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## 1. NATURE OF THE CORPORATION

Blue Ribbon Capital Corporation (the "Company") was incorporated under the Business Corporations Act (Ontario) on September 12, 2006 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange policy 2.4.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles, within reasonable limits of materiality and within the framework of the significant accounting policies described below:

### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and 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 revenue and expenses during the year. Actual results could differ from those estimates.

### Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

## 3. CASH

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

# Blue Ribbon Capital Corporation

(A capital pool corporation)

Notes to Financial Statements

April 30, 2007

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## 4. DEFERRED SHARE ISSUANCE COSTS

These costs related directly to the proposed issuance of shares by the Company as disclosed in Note 8. Upon completion of the initial public offering, the costs will be charged against capital stock.

## 5. CAPITAL STOCK

Authorized  
unlimited common shares

Issued

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	Number of Shares	Amount
Issued or issuable for cash	1,000,000	\$ 100,000

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The 1,000,000 issued Common Shares of the Corporation are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

## 6. INCOME TAXES

### (i) Income Tax Expense

The provision for income tax is different from the amount computed by applying the combined federal and provincial income tax rates to earnings before taxes. The reasons for the difference are as follows:

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Canadian statutory income tax rate	36.1%
Loss before income taxes	\$ (2,010)
Income tax provision at statutory rate	(726)
Effect on income taxes of:	
Change in valuation allowance	726
Income tax expense	\$ -

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# Blue Ribbon Capital Corporation

(A capital pool corporation)  
Notes to Financial Statements  
April 30, 2007

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## 6. INCOME TAXES (Cont'd)

### (ii) Future Income Taxes

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

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<b>Future tax asset</b>	
Amounts related to tax loss carryforwards	\$ 3,617
<b>Future tax liability</b>	
Deferred share issue costs	(2,891)
	<hr/> 726
Less: Valuation allowance	(726)
	<hr/> -
<b>Net future income tax asset</b>	<b>\$ -</b>

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Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Future income tax liabilities result primarily from amounts not deductible for accounting purposes until future periods. Future income tax assets result primarily from operating tax loss carry forwards and have been offset against future income tax liabilities.

(iii) The Corporation has non-capital losses of approximately \$10,020 available to apply against future taxable income. If not utilized, the non-capital losses will expire in 2027.

The potential tax benefit relating to these losses has not been reflected in these financial statements.

## 7. FINANCIAL INSTRUMENTS

The carrying values of cash, amounts receivable and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments.

## **8. SUBSEQUENT EVENTS**

- (i) Pursuant to an agency agreement dated July 30, 2007, between the Company and Union Securities Ltd. (the "Agent"), the Company has filed a prospectus dated July 30, 2007, offering a minimum of 2,500,000 common shares and a maximum of 5,000,000 at a price of \$0.20 per common share by way of an Initial Public Offering (the "Offering") pursuant to the policies of the TSX Venture Exchange governing Capital Pool Companies. The Company has agreed to pay the Agent a commission of 9% of the gross proceeds of this Offering and a corporate finance fee of \$10,000 plus GST. The Agent will also be granted non-transferable warrants to purchase common shares that is equal to 9% of the total number of common shares sold under this Offering at a price of \$0.20 per common share, exercisable for a period of 24 months from the date of listing of the common shares on the Exchange. The Agent has agreed to use commercially reasonable efforts to secure subscriptions for these shares.



## **AUDITOR'S CONSENT**

We have read the prospectus dated July 30, 2007 relating to the sale and issue of a minimum of 2,500,000 common shares and a maximum of 5,000,000 common shares of Blue Ribbon Capital Corp. (the "Corporation"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of my report to the directors of the Corporation on the balance sheet of the Corporation as at April 30, 2007 and the statement of cash flows for the period from the date of incorporation (September 12, 2006) to April 30, 2007. Our report is dated May 10, 2007, except as to Note 8, which is as of July 30, 2007.

*"DMCT, LLP"*

Chartered Accountants  
Toronto, Canada  
July 30, 2007

**CERTIFICATE OF THE CORPORATION**

Dated: July 30, 2007.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario), Part 9 of the *Securities Act* (Alberta) and Part 9 of the *Securities Act* (British Columbia) and the respective regulations thereunder.

**BLUE RIBBON CAPITAL CORPORATION**

“Kevin Xuereb”

KEVIN XUEREB  
PRESIDENT

“Randy Koroll”

RANDY KOROLL  
CHIEF FINANCIAL OFFICER

**On behalf of the Board of Directors of  
Blue Ribbon Capital Corporation**

“Ennio D’Angela”

ENNIO D’ANGELA

“Allan Beach”

ALLAN BEACH

**CERTIFICATE OF THE PROMOTERS**

Dated: July 30, 2007.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario), Part 9 of the *Securities Act* (Alberta) and Part 9 of the *Securities Act* (British Columbia) and the respective regulations thereunder.

“Kevin Xuereb”

KEVIN XUEREB

“Nicholas Hooper”

NICHOLAS HOOPER

“Ennio D’Angela”

ENNIO D’ANGELA

**CERTIFICATE OF AGENT**

Dated: July 30, 2007.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario), Part 9 of the *Securities Act* (Alberta) and Part 9 of the *Securities Act* (British Columbia) and the respective regulations thereunder.

**UNION SECURITIES LTD.**

By:                         “John Thompson”                          
  CHIEF EXECUTIVE OFFICER