CATCH THE WIND LTD.
(D/B/A BLUESCOUT TECHNOLOGIES)

Annual Information Form
For The Fiscal Year Ended December 31, 2011

August 31, 2012

GENERAL MATTERS AND FORWARD-LOOKING INFORMATION

Information contained in this Annual Information Form ("**AIF**") is given as of August 30, 2012. Unless otherwise noted or the context otherwise indicates, the "Company", "BlueScout", "we", "us", "our" and "our Company" refers collectively to Catch the Wind Ltd. (d/b/a BlueScout Technologies) and its wholly-owned subsidiary, BlueScout Technologies, Inc. ("**BlueScout**"). As of August 31, 2012, the Company is listed on the TSX Venture Exchange ("**TSXV**") under the stock symbol "SCT". The Company is seeking shareholder approval on September 20, 2012 to change its name from Catch the Wind Ltd. to "BlueScout Technologies Ltd.". Notwithstanding that the name of the publicly listed company has not yet been formally changed, this AIF will in all cases use the name BlueScout rather than Catch the Wind Ltd.

Unless otherwise indicated, all dollar amounts in this AIF are expressed in U.S. dollars. References to "$" or "USD" are to U.S. dollars and references to "C$" are to Canadian dollars.

Forward-Looking Statements

Certain statements in this AIF, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect our current views with respect to future events and financial performance. When used in this AIF, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other terminology of a forward-looking nature. The forward-looking statements appearing in this AIF reflect current expectations of BlueScout's management.

Although management believes that such forward-looking statements are reasonable, these statements address matters that involve risks, and are not guarantees of future performance. Accordingly, our actual results, performance or achievements, or industry results, may be materially different from any future results expressed or implied by such forward-looking statements. Factors that could cause actual future results to differ materially include, but are not limited to, availability of financing on acceptable terms, our reliance on suppliers and contract manufacturers, increased efforts by competitors to compete in our markets, growth in our key markets, our ability to manage our growth, foreign currency fluctuations, our reliance on key personnel, our ability to protect our intellectual property, rapid technological change, potential product liability claims, potential infringement by us of others' intellectual property rights, and potential adverse outcomes of litigation involving BlueScout.

We cannot predict all of the risk factors, nor can we assess the impact of such risk factors on our business. Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

Except as may be required by applicable securities laws, BlueScout disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that the forward-looking statements contained in this AIF will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

All subsequent written and oral forward-looking statements attributable to BlueScout or persons acting on its behalf are expressly qualified in their entirety by this notice.

Trademarks and Trade Names

The BlueScout and BlueScout Technologies marks, designs, logos and other trademarks or service marks of BlueScout are the property of BlueScout. Marks incorporating "Catch the Wind" and "CTW" were formerly used under license by BlueScout. Solely for convenience, trademarks, trade names and service marks used by BlueScout and referred to in this AIF will appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that BlueScout will not assert, to the fullest extent under applicable law, its rights or the right of the applicable licensor to these trademarks, trade names and service marks.

This AIF may contain additional trade names, trademarks or service marks of other companies. BlueScout does not intend the use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of BlueScout by these other companies.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company has been incorporated under the laws of the Cayman Islands since June 2010. The Company was originally incorporated in the Province of Ontario as "Bayview Public Ventures Inc.", a capital pool company. In connection with the completion of its qualifying transaction in 2008, the Company was continued into the State of Delaware. In 2010 the Company was re-domesticated to the Cayman Islands.

The Company has one wholly-owned subsidiary, BlueScout Technologies, Inc. (formerly Catch the Wind, Inc.), which was incorporated in the State of Virginia in 2008 and was subsequently re-domesticated to the State of Delaware on July 31, 2012, at which time its name was changed to BlueScout Technologies, Inc. As part of an overall re-branding program, on July 31, 2012 the Company began doing business as "BlueScout Technologies". Provided shareholders approve the change of name of the Company from Catch the Wind Ltd. to BlueScout Technologies Ltd. at the shareholders meeting to be held on September 20, 2012, the Company will formally change its name from Catch the Wind Ltd. to BlueScout Technologies Ltd. in September, 2012.

BlueScout operates in one reportable segment. Substantially all of BlueScout's assets are located in the United States of America. Our head office is located at 4309 Henninger Court, Chantilly, Virginia 20151, U.S.A. Our registered office is located at c/o Solaris Corporate Services Ltd., P.O. Box 1990, 3rd Floor, First Caribbean House, George Town, Grand Cayman KY1-1104, Cayman Islands. We market and sell our products worldwide. Our website address is www.bluescout.com. The information on our website is not incorporated by reference into this AIF.

For a more detailed description of our corporate history, please see our consolidated financial statements for the financial years ended December 31, 2011 and 2010, which are incorporated herein by reference, and which are available on SEDAR at www.sedar.com.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

BlueScout's primary product is an optical system that measures wind speed and direction. The primary product, the BlueScout OCS-210 optical control system ("**OCS**"), is a next generation turbine control system for utility-scale wind turbines. From its position on top of the nacelle, it measures speed and direction of the approaching wind inflow. This information is used to improve turbine control, increasing energy production and decreasing turbine wear.

BlueScout's secondary product, the BlueScout OWS-150 optical wind sensor system ("**OWS**"), is a lightweight, portable, all-weather wind assessment tool that precisely measures wind speed. The system is used for wind resource assessment for both land-based and marine applications. The system can sense wind profiles well into the air, in most cases reaching the full blade height of utility-scale wind turbines.

History of BlueScout

BlueScout's activities since inception in 2008 through the date of this report consisted primarily of company formation, capital raising, initial marketing, manufacturing of product prototype units, performance testing, and other organizational activities, transition to contract manufacturing for commercial production, and gaining market acceptance for product accuracy and reliability, and market adoption of laser wind sensing for turbine control. As of the date of this AIF, BlueScout's revenues have been modest.

Key Developments in 2010

On March 1, 2010, Mr. Martin Crotty was appointed as an independent director of the Company.

On April 20, 2010, the Company announced that it had completed a private placement of 2,576,000 units at a price of C$2.00 per unit, generating gross proceeds of C$5,152,000.

On July 20, 2010, the Company announced that it had signed a sales agreement with enXco, Inc., an EDF Energies Nouvelles Company, for an OCS unit. The sales agreement provides for the purchase of additional OCS units upon successful performance of the unit as confirmed by independent third party validation of relevant test results.

On August 17, 2010, Mr. Christopher Lowe was appointed as an independent director of the Company and as the Chairman of the Company's audit committee. Mr. Lowe subsequently resigned as a director of the Company and as the Chairman of the Company's audit committee on April 19, 2011, and on that date, Mr. Martin Crotty was appointed as the Chairman of the Company's audit committee on an interim basis.

On September 1, 2010, the Company announced that it had granted AXYS Technologies an exclusive license to combine and integrate the OWS with custom marine floating platforms and to sell the bundled products worldwide for maritime wind resource assessment applications. The exclusive license expands on a previously announced agreement signed by both companies. Under the terms of the five-year licensing agreement, AXYS Technologies agreed to purchase a minimum of 47 OWS units over the five year term of the agreement in accordance with an agreed upon schedule.

On September 8, 2010, the Company announced the appointment of Robin Roge, the Company's Director of Accounting, as its acting Chief Financial Officer, a position she held until November 14, 2011.

On November 29, 2010, the Company announced that it had completed a private placement of 17,316,359 units and 5,665,588 common shares at a price of $0.39 per unit and $0.34 per share, respectively, generating gross proceeds of C$8,679,680.

Key Developments in 2011

On May 20, 2011, Dr. Jo Major, and Ms. Susan Nickey were appointed as independent directors of the Company. On that same date, Ms. Nickey was appointed as the Chairman of the Company's audit committee and as a member of the Company's corporate governance and compensation committee, and Mr. Crotty stepped down as the interim Chairman of the Company's audit committee.

On June 6, 2011 the Company announced that it had sold 6 OCS units (subsequently reduced to 4 OCS units) to affiliated entities of Invenergy Wind LLC, a developer, owner and operator of large-scale renewable and other clean energy generation facilities in North America and Europe.

On June 6, 2011, the Company announced that it had sold six OCS units to Boralex Inc., a power producer with an installed capacity of 700 megawatts in Canada, the Northeastern United States and France, with an option to purchase hundreds of additional OCS units over a set period of time.

On June 22, 2011, the shareholders of the Company approved an increase to the authorized common share capital of the Company from 150,000,000 common shares to 300,000,000 common shares.

On July 18, 2011 the Company announced that: (i) Philip Rogers had resigned as the Chairman of the board of directors of the Company (the "**Board**"); (ii) Dr. Jo Major, had been appointed as the non-executive Chairman of the Board; (iii) Alisa Rogers had resigned as a director of the Company; and (iv) Philip Rogers would not renew his employment contract with the Company and would remain President and Chief Executive Officer of the Company until the earlier of December 31, 2011 or the date his successor was found.

On August 5, 2011, the Company completed a best efforts short form prospectus offering of units and common shares for gross proceeds of approximately C$15 million (the "**Prospectus Offering**"). See "*Prior Sales*".

On September 2, 2011, the Company announced that Dr. Jo Major, had been named interim President and Chief Executive Officer of the Company and that Philip Rogers had resigned as President and Chief Executive Officer of the Company and made a demand on the Company for severance under his employment agreement.

In September and October of 2011, the Company became party to various legal proceedings involving Philip Rogers and Alisa Rogers and parties related to them. See "*Legal Proceedings*".

On October 26, 2011, the Company announced that it had withdrawn its membership in Falcon Fifty LLC effective October 22, 2011, which was originally formed in September 2009 to acquire a Falcon 50 aircraft, and, as a result the Company ceased, as of the date of withdrawal, to hold any interest in any aircraft.

On November 15, 2011, the Company announced the appointment of John E. Green as Chief Financial Officer of the Company and Frederick C. Belen as Vice President of Technology and Product Line Management of the Company.

Key and Proposed Activities in 2012

On January 11, 2012, the Company announced that after 45 days of testing, results of the first ever deployment of the OWS in AXYS Technologies Inc.'s WindSentinel offshore buoy were an unprecedented success; providing wind profile information from the Great Lakes to wind resource researchers and analysts at Grand Valley State University, University of Michigan, the Weather Service and Michigan State University. Similar data collection success was achieved off the US east coast early in 2012 and a second Great Lakes deployment began during the spring of 2012.

On February 6, 2012, the Company announced that it signed a sales agreement with Saturn Power to equip all wind turbines at Saturn Power's Gesner wind farm in Ontario, Canada with the OCS. The installation of the OCS would be in parallel with the construction of the new turbines, without modification of the warranty agreement, a critical achievement milestone for the Company.

In February and March 2012, the Company became a party to additional legal proceedings involving Philip Rogers, Alisa Rogers, their daughter, Elizabeth Dakin, and Falcon Fifty, LLC and Tristar Aviation, LLC (entities owned and controlled by Philip and Alisa Rogers). See "*Legal Proceedings*".

On March 19, 2012, the Company announced that it had completed the transfer of manufacturing of the OCS to Sanmina-SCI, a tier 1 engineering and manufacturing solutions partner, with the first OCS having been assembled and shipped from Sanmina-SCI's Kanata, Ontario facility on February 14, 2012.

On March 22, 2012, the Company announced that it had signed the Company's first follow-on order by way of a multi-unit sales agreement with EDF Renewable Energy (formerly enXco), an EDF Energies Nouvelles Company, for the purchase of five additional OCS units to outfit wind turbines at multiple North American wind farms, with installation and turbine control scheduled to begin in April of 2012.

On April 2, 2012, the Company announced that it had undertaken a thorough review of the Company's existing technology and its patent portfolio and concluded that its products and business did not require licensing of any patents.

On June 11, 2012, the Company announced that the Board had appointed Dr. Major as Chief Executive Officer of the Company and had launched a rebranding program. The appointment of Dr. Major was part of a larger agreement with InSite Partners, LLC ("**InSite**") of which Dr. Major is the Chief Executive Officer, General Partner and co-founder (the "**InSite Executive Agreement**"). Under the InSite Executive Agreement, Dr. Major will serve as President and Chief Executive Officer of the Company, with other members of the InSite team serving in a variety of executive roles. See "*Interests of Management and Others in Material Transactions*".

On June 26, 2012, the Company announced that it had entered into an agreement with Availon GmbH, to provide sales representation, installation and maintenance services in the German market (the "**Availon Agreement**").

On August 1, 2012, the Company announced the rebranding of the Company from Catch the Wind to BlueScout Technologies.

On August 3, 2012, the Company's stock symbol on the TSXV was changed from "CTW" to "SCT".

On August 24, 2012, the Company completed a private placement of 51,081,154 special warrants at a price of C$0.06 per special warrant and 1,200 debenture units at a price of C$1,000 per debenture unit, for aggregate gross proceeds of C$4,264,869.24. See "*Prior Sales*".

During the remainder of the 2012 fiscal year, BlueScout's focus will be oriented toward commercialization of its business. These commercialization activities will include dedicating resources to the sales and business development function; executing additional contracts for the sale of BlueScout's OCS product to manufacturers of utility grade wind turbines and wind farm owners and operators; developing specific integration hardware and software to provide control solutions for additional turbine makes and models as the customer base expands; obtaining certifications for product safety, reliability and performance through additional product testing in conjunction with leading global wind energy industry consulting firms; product cost reduction initiatives through supply chain efficiencies and the design efforts of a new turbine control product to be manufactured in 2013; and increasing the footprint of turbine makes and models whose control systems have been integrated with the OCS, in turn, expanding BlueScout’s served available market.

Research, Development and Production

From inception of the Company through December 31, 2011, BlueScout estimates that approximately $18.2 million dollars was spent on research and development, professional engineering fees and capitalized project development costs for the OCS and other wind sensor products.

All research, development and engineering functions are currently performed by employees or other consultants of BlueScout. Design and development is currently performed at BlueScout’s premises. BlueScout has outsourced the production of its production units to Sanmina-SCI Corporation ("**Sanmina**") pursuant to the terms of a manufacturing services agreement between BlueScout and Sanmina.

Proprietary Protection

The OCS and OWS technology is protected by patents and patent applications filed by and issued to BlueScout. The "BlueScout" and "BlueScout Technologies" marks are protected by trademark applications filed by BlueScout.

During the fourth quarter of 2011 and the first quarter of 2012, with the assistance of outside patent counsel, BlueScout undertook a detailed review of the patents licensed from Optical Air Data Systems ("**OADS**") under a licensing agreement between BlueScout and OADS entered into in 2008. As a result of that review, BlueScout concluded that its products and conduct do not come within any valid claims of any issued and unexpired patents within the United States or Europe. Consequently, BlueScout has ceased making licensing payments to third parties, and believes that such protection is now achieved through patents and patent applications filed by and issued to BlueScout. On June 6, 2012, BlueScout received notice from OADS alleging that BlueScout had breached the licensing agreement. BlueScout does not consider the licensing agreement to be significant to its operations due to the fact that the patents covered within the licensing agreement do not apply to the products of BlueScout. The trademarks previously licensed under the licensing agreement are no longer used by BlueScout.

Marketing Plans and Strategies

BlueScout employs a small internal sales force with external distributors for business development. Within the wind turbine industry, a significant segment exists to provide operations and maintenance support to wind farms. BlueScout commenced initial marketing of the OCS at the WINDPOWER 2008 Conference & Exhibition, in June 2008 in Houston, Texas, and has since participated in several industry conferences, including, most recently, the European Wind Energy Association 2012 Annual Event in Copenhagen, Denmark in March 2012, and similar events involving the American Wind Energy

Association in June 2012 and the Canadian Wind Energy Association in October 2011. BlueScout intends to further its presence in the wind industry through the entry into international sales channel partner marketing and distribution agreements with leading European wind turbine operations and maintenance companies (such as the Availon Agreement), participation in additional trade shows on a global basis, and further advertising and marketing efforts in industry trade journals.

As its commercial sales initiatives continue to progress, BlueScout will continue to seek to sell its OCS product to leading wind farm owners and operators and leading global wind turbine generator manufacturers. As of the date of this AIF, BlueScout has entered into agreements with Gamesa and three undisclosed leading global wind turbine manufacturers allowing for the integration of the OCS with their operating systems without voiding the turbine manufacturer's product warranty. In addition, BlueScout has agreements to ship, and with certain of the clients, has shipped multiple OCS units to five wind energy companies (BP Wind Energy, enXco, Boralex, Invenergy and Saturn Power), three research and development activities (NREL, IIT and TechnoCentre), and BlueScout's exclusive licensing partner for the maritime and terrestrial wind resource assessment markets, AXYS Technologies.

Competition

Presently, BlueScout believes that the OCS is the only commercially available, light detection and ranging ("**LIDAR**") wind measurement system available to the wind power industry that has been used to actively control the operation of utility grade wind turbine. BlueScout has to date approximately 250,000 hours of OCS operation. Other LIDAR-based wind sensing systems, and sonic detection and ranging ("**SODAR**") -based wind sensing systems, have been designed for use on the ground, predominantly for the wind resource assessment industry or for wind turbine performance measurement, and are much costlier and larger in size, and often rely on moving parts that could potentially affect their reliability.

Additionally, other wind measurement systems and technologies do not have the required attributes to be useful in the control of a modern wind turbine.

In the market of wind resource assessment, only the unique measurement techniques in the OCS make it possible to accurately compensate for changing sensor orientation, such as experienced on an off-shore buoy.

Employees

As at December 31, 2011, BlueScout had 15 full-time and no part-time employees. In addition, BlueScout retains external consultants to augment staffing in key functional areas, as needed.

Specialized Skill and Knowledge

BlueScout employs a number of engineers with degrees in electrical, mechanical and software engineering, as well as advanced degrees and doctorates in physics and applied mathematics and specialties in fiber-optic and pulsed laser technologies, to develop and advance BlueScout's laser wind sensing technologies. In addition, BlueScout's executive team has extensive experience in ramping production of technology products, in particular optical systems, through experience at a variety of companies, including Avanex, Infinera, Intel, JDS Uniphase, Advanced Micro Devices (AMD), Corsair Components, Inc. and SDL.

Facilities

Effective August 31, 2011, BlueScout executed a lease agreement with an arm's length third party for a lease term of approximately one year commencing September 15, 2011 and ending September 30, 2012 for approximately 6,100 square feet at a cost of $11.25 per square foot annually. BlueScout had the right to extend the lease for a two-year period with an annual escalation of 3% per year, which option BlueScout exercised on July 10, 2012, thereby extending the lease agreement through September 30, 2014.

Reorganization

In June, 2010, the Company completed its redomestication to the Cayman Islands. See "*Corporate Structure – Name, Address and Incorporation*".

RISK FACTORS

Given the speculative nature of the business of BlueScout, an investment in the shares of BlueScout should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered to be exhaustive and may not represent all of the risks that BlueScout may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risk factors that investors should carefully consider are detailed in the filing statement of the Company dated September 8, 2008, filed in connection with the completion of the Company's qualifying transaction, and in our other public filings, which risk factors are incorporated herein by reference. Additional risks and uncertainties not presently known to BlueScout or that BlueScout currently consider immaterial may also impair BlueScout's business operations. If any of the risks described below or in our other public filings occur, BlueScout's business, financial condition, liquidity and results of operations could be materially harmed.

Going Concern Assumption

The audited consolidated financial statements of the Company for the fiscal year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") on a going concern basis, which presumes that BlueScout will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. BlueScout has incurred significant losses, including $24,040,900 for the fiscal year ended December 31, 2011, and has an accumulated deficit of $52,037,329 as at December 31, 2011. Historically, the Company has financed its operations and capital requirements mainly through equity issuances. While these initiatives were planned to enable the Company to improve its ability to generate cash from its operations, the Company's continuation as a "going concern" is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to achieve profitable operations, the generation of cash from operations, and upon its ability to obtain financing arrangements and capital in the future. Although the Company is actively pursuing financing alternatives, there can be no assurance that new capital will be available as necessary to meet the Company's continuing expenditures, or if the capital is available, that it will be on terms acceptable to the Company.

BlueScout will seek to achieve profitability from its existing operations by focusing on establishing long-term sales relationships, product improvement and cost reduction initiatives, enhancing turbine control algorithms for OCS integration, and by pursuing opportunities for financing or strategic partnerships. There can be no assurance that such undertakings will materialize on a timely basis or be obtained on favorable terms. If BlueScout is unable to achieve profitability from its existing operations and is unable to obtain additional financing, management may be required to curtail or cease BlueScout's operations.

These material uncertainties cast significant doubt upon BlueScout's ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the "going concern" assumption was not appropriate for the consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Additional Financing

BlueScout will require additional financing to fund growth in working capital, to make further investments, and/or to complete development and commercial production of its products. The ability of BlueScout to arrange such financing will depend in part upon the success of BlueScout's existing and new service offerings and competing technological and market developments. There can be no assurance that BlueScout will be successful in its efforts to arrange additional financing on terms satisfactory to BlueScout, or at all. Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of BlueScout will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, BlueScout may be unable to develop or enhance its services and products, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on BlueScout's business, financial condition and operating results; or BlueScout may be forced to cease operations.

Litigation Risk

BlueScout is involved in certain legal disputes that could, if determined adversely to BlueScout, have a material adverse effect on the business, financial condition, liquidity and results of operations of BlueScout, including the proceedings described below.

Limited Operating History

BlueScout has minimal operating history upon which its business can be evaluated. As such, BlueScout's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development that are establishing a new technology and market. Such risks include the early stage development and production of the OCS, BlueScout's ability to anticipate and adapt to its marketplace, market acceptance and the ability to attract customers and meet its targeted growth plan, and the ability to identify, attract and retain qualified personnel.

Intellectual Property Protections

BlueScout's commercial success depends upon its ability to develop or license new or improved technologies and products, and to successfully obtain, defend or claim under license patent or other proprietary or statutory protection for these technologies and products in the U.S., Canada, the European Union and other countries. BlueScout will devote significant resources to protecting its proprietary technology. However, BlueScout may not be able to develop or license technology that is patentable, patents may not be issued in connection with its pending applications, and allowed claims may not be sufficient to protect its technology. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage.

In addition to patents, BlueScout will rely on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While BlueScout generally enters into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, customers, potential customers and others in an attempt to limit access to, and distribution of, proprietary and confidential information, it is possible that:

- some or all of its confidentiality agreements may not be honored;
- third parties may independently develop equivalent technology or misappropriate BlueScout's technology and/or designs;
- disputes may arise with BlueScout's strategic partners, customers or others concerning the ownership of intellectual property;
- there may be unauthorized disclosure of source code owned or used by BlueScout;
- BlueScout may be found to be violating another party's patents;
- unauthorized disclosure of BlueScout's know-how or trade secrets may occur; or
- contractual provisions may not be enforced in foreign jurisdictions.

There can be no assurance that BlueScout will be successful in protecting its proprietary rights. In addition, effective patent, copyright and trademark protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Despite BlueScout's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of BlueScout's products or to obtain and use information that BlueScout regards as proprietary. Policing unauthorized use of BlueScout's products will be difficult. There can be no assurance that the steps taken by BlueScout will prevent misappropriation of its technology and proprietary property.

Customer Concentration

The Company's initial sales have and will continue to be made to a concentrated group of customers, such as wind farm operators, turbine manufacturers and wind resource assessment operators. The concentration of the Company's initial sales to a few customers stretches the sales cycle for product and market acceptance.

Limited Manufacturing Experience

To meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market its products, the Company will continue to outsource the production of these units to qualified contract manufacturers, such as Sanmina, which is currently the Company's sole production contract manufacturer. To date, the Company has not had any of its products, including the OCS, manufactured on a high-volume basis.

Limited Forecasting Ability

BlueScout may not be able to accurately forecast sales, cost of goods and resultant cash burn as it ramps up to meet forecasted growth. Any failure to accurately forecast these items could have a material adverse impact on BlueScout's business, including BlueScout's ability to achieve its stated business objectives.

Registration with the United States Securities and Exchange Commission

BlueScout believes that it qualifies as a "foreign private issuer" ("**Foreign Private Issuer**") as defined in Rule 3b-4 of the *United States Securities Exchange Act of 1933*, as amended. However, if in the future more than 50% of BlueScout's common shares were to be held by residents of the United States, BlueScout would cease to qualify as a Foreign Private Issuer. BlueScout cannot control acquisitions of common shares by United States residents purchasing in the secondary market. Loss of Foreign Private Issuer status would subject BlueScout and its shareholders to more onerous United States securities law regulations relating to the issuance and resale of BlueScout's securities. Should BlueScout cease to qualify as a Foreign Private Issuer it may be required to register the Common Shares with the United States Securities and Exchange Commission (the "**SEC**"). Registration with the SEC may result in BlueScout incurring additional legal, accounting and other expenses.

Quarterly Financial Results are Likely to Fluctuate Significantly

Because BlueScout is a pre-revenue company and is introducing a new product to create a new market, BlueScout's revenues and expenses may be materially affected by the decisions, including timing and market adoption/acceptance decisions, of a relatively consolidated customer base. General economic conditions in the industries in which BlueScout's customers compete, technological innovations and the adoption of technical standards can also be expected to affect operating results. As a result, BlueScout may experience significant, unanticipated quarterly losses and significant fluctuation in results of operations from quarter to quarter.

Segregation of Duties

Certain duties within the Company's accounting and finance departments are not properly, nor can be, segregated due to the small number of individuals employed in these areas. These deficiencies may be considered to be a significant deficiency in internal control, or a material weakness resulting in a more than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

Competition

Competition within the industries in which BlueScout operates is intense and is expected to increase in the future. There is no assurance that BlueScout will be able to respond effectively or in a timely manner to the various competitive factors affecting the industries in which it operates.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which BlueScout is subject could have a significant impact on BlueScout's business. There can be no assurance that BlueScout will be able to comply with any future laws, rules, regulations and policies. Failure by BlueScout to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on BlueScout's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact BlueScout's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Product Failure or Product Liability Risks

Any liability for damages resulting from defects in, or malfunctions of, BlueScout's products or other costs incurred to remedy problems relating to BlueScout's products, such as recalls, could be substantial and could increase BlueScout's expenses and prevent growth of its business. BlueScout's products have been, and will continue to be, sold with a warranty, which could expose BlueScout to significant warranty expenses. Furthermore, a defect in, or malfunction of, any of BlueScout's products could result in tort or warranty claims. A well-publicized actual or perceived problem could adversely affect the market's perception of BlueScout's products. This could result in a decrease in demand for BlueScout's products, which could have a material adverse effect on its business, financial condition, liquidity and results of operations.

Technology Changes

The market for renewable energy products, specifically wind energy technology, is characterized by rapidly changing technology, evolving industry standards and increasingly diverse and sophisticated customer requirements. The introduction by competitors of products, which may use new technology and any emergence of new industry standards, could make BlueScout's products obsolete and unmarketable, or could exert price pressure on BlueScout's products. In order to succeed, BlueScout must be able to anticipate and respond quickly to such changes by developing or licensing new products or enhancing pre-existing technology. BlueScout cannot provide assurance that it will successfully develop or license new products or enhance pre-existing technology, that its products will receive market acceptance, or that the introduction of new products by others will not render BlueScout's technology and products obsolete. In order to remain competitive, BlueScout may be required to invest significantly greater resources than is currently projected in research and development and product enhancement efforts, which could result in increased operating expenses.

Treated as a U.S. Corporation for U.S. Federal Income Tax Purposes

For U.S. federal income tax purposes, under Section 7874 of the Internal Revenue Code of 1986, as amended, or the Code, BlueScout is considered a U.S. corporation, even though it has redomesticated to the Cayman Islands. Any dividends will be treated as income derived from sources within the United States and, if paid to non-U.S. holders, generally will be subject to the latest U.S. federal withholding tax rate (30% as of the date of this AIF) of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty.

DIVIDEND POLICY

BlueScout has not paid any dividends to its shareholders to date and does not currently intend to pay dividends on its shares in the near future. The declaration of dividends is within the discretion of the Board. The Board will review BlueScout's dividend policy from time to time having regard to, among other factors, earnings, growth plans and operating and financial requirements.

CAPITAL STRUCTURE

The Company's authorized share capital consists of 300,000,000 common shares, 150,000,000 restricted voting shares, and 75,000,000 preferred shares, all having a par value of $0.001 and having the following attributes:

Common Shares

Voting: Each common share entitles the holder to receive notice of and to attend any meeting of members of the Company and to exercise (in person or by proxy) one vote for each common share held at all meetings of members of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series.

Dividends: All dividends declared on the common shares and the restricted voting shares shall be declared and paid at the same time, and in equal amounts, share for share, without any preference or priority of one class over another.

Liquidation: Subject to the right of the shares of any other class ranking senior to the common shares, the holders of common shares shall be entitled to receive the remaining assets of BlueScout in the event of any liquidation event *pari passu* with the holders of the restricted voting shares on a per share basis.

Restricted Voting Shares

Voting: Subject to the provisions of the Company's articles, each restricted voting share entitles the holder to receive notice of and to attend any meeting of members of the Company, including meetings at which directors are to be elected or removed, and to exercise (in person or by proxy) one vote for each restricted voting share held on an "as converted into common shares" basis at all meetings of members of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series.

Limitation on Voting Rights: Holders of restricted voting shares, in their capacities as such, will not be entitled to vote for the appointment or removal of directors, the sanctioning of a dividend or the fixing of the remuneration of the Company's auditors.

Dividends: All dividends declared on the restricted voting shares and the common shares shall be declared and paid at the same time, and in equal amounts, share for share, without any preference or priority of one class over another.

Liquidation: Subject to the right of the shares of any other class ranking senior to the restricted voting shares, the holders of restricted voting shares shall be entitled to receive the remaining assets of the Company in the event of the liquidation of the Company *pari passu* with the holders of common shares on a per share basis.

Conversion Rights: Holders of restricted voting shares shall have the right to convert any restricted voting shares held by them into common shares at any time without restriction.

Preference Shares

The Board is authorized to provide out of the unissued shares of the Company for one or more series of preferred shares, and to fix for each such series the number of shares constituting such series and the designation of such series, such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights, if any, and such qualifications, limitations or restrictions thereof, if any, including, without limitation, the authority to provide that any such class or series may be: (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Company; or (iv) convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of the Company at such price or prices or at such rates of exchange and with such adjustments as may be stated in such resolution or resolutions.

There are no restricted voting shares or preferred shares outstanding as at the date of this AIF.

MARKET FOR SECURITIES

The common shares of the Company were listed on the TSXV under the symbol "CTW" until August 3, 2012, at which time the stock symbol was changed to "SCT". The monthly high and low closing prices and the monthly volume for the common shares of the Company during the most recently completed financial year (being the financial year ended December 31, 2011) were as follows:

	C$ per Common Share		**Monthly Share Volume**
Month	**High**	**Low**	
December 2011	0.30	0.20	142,719
November 2011	0.25	0.13	687,443
October 2011	0.22	0.13	266,000
September 2011	0.39	0.15	772,392
August 2011	0.43	0.30	251,349
July 2011	0.43	0.25	174,215
June 2011	0.50	0.355	183,258
May 2011	0.70	0.42	446,542
April 2011	0.79	0.66	87,320
March 2011	1.04	0.50	596,993
February 2011	0.46	0.27	244,372
January 2011	0.345	0.29	294,989

PRIOR SALES

The following table summarizes the distribution of securities other than our common shares that were issued by the Company during the period commencing on January 1, 2011 and ending on August 30, 2012:

Date	Type of Security	Number of Securities	Price Per Security Issued or to be Issued (or Exercise Price per Security, where applicable) (C$)
August 24, 2012	Special warrants, exercisable into common shares and warrants(1)	51,081,154	$0.06
August 24, 2012	Debenture units comprised of one $1,000 debenture and 2,500 common share purchase warrants(1)	1,200	$1,000

Date	Type of Security	Number of Securities	Price Per Security Issued or to be Issued (or Exercise Price per Security, where applicable) (C$)
August 24, 2012	Compensation options to purchase common shares(1)	720,000	$0.10
August 24, 2012	Compensation options to purchase compensation warrants (1)	3,064,870	$0.06
June 20, 2012	Options to purchase common shares	29,000	$0.15
March 21, 2012	Options to purchase common shares	430,000	$0.145
January 18, 2012	Options to purchase common shares	69,168	$0.20
January 11, 2012	Options to purchase common shares	150,000	$0.20
November 14, 2011	Options to purchase common shares	1,975,667	$0.16
October 11, 2011	Options to purchase common shares	395,810	$0.21
August 5, 2011	Units, including warrants to purchase common shares (2)	6,799,042	$0.40 per unit and $0.60 per warrant (1)
August 5, 2011	Compensation options to purchase units and common shares (2)	2,521,787	$0.40 per unit and $0.35 per share (2)
May 20, 2011	Options to purchase common shares	1,600,000	$0.55

Notes:

(1) On August 24, 2012, the Company completed a private placement of 51,081,154 special warrants at a price of C$0.06 per special warrant and 1,200 debenture units at a price of C$1,000 per debenture unit, for aggregate gross proceeds of C$4,264,869.24. The special warrants are exercisable (for no additional consideration) into common shares and warrants of the Company (with each underlying warrant entitling the holder to purchase one common share of the Company for a three year period at a price of C$0.10 per share) at any time following the closing, and all unexercised special warrants will be deemed to be exercised on the earlier of: (a) the date that is four months and one day following the closing, and (b) the third business day after a receipt is issued for a final prospectus in each of the provinces of Canada where special warrants were sold qualifying the distribution of the common shares and warrants (and underlying warrant shares) issuable on exercise of the special warrants. If a receipt for a final prospectus is not obtained within 45 days following closing, a holder of special warrants will be entitled to receive (for no additional consideration) an additional 10% of the special warrants it holds. Each debenture unit consists of one 10% unsecured convertible subordinated debenture and warrants to purchase 2,500 common shares. The debentures will mature on August 24, 2015, and are convertible at the holder's option into common shares at any time before the maturity date at a price of C$0.10 per share. The debentures will automatically convert into common shares at this price if, at any time between the first and third anniversaries of closing, the closing price of the Company's common shares exceeds C$0.12 for 30 consecutive trading days. The warrants forming part of the debenture units bear a three year term and are exercisable at a price of C$0.10 per share.

The company retained Stifel Nicolaus Canada Inc. and Fraser Mackenzie Limited to act as agents on the offerings, and paid the agents a cash fee equal to 6% of the gross proceeds of the offerings, as well as: (a) 3,064,870 compensation warrants to purchase an equal number of compensation options, with each compensation option entitling the holder to purchase on unit of the Company consisting of one common share and one warrant, with each compensation warrant being exercisable for a two year period at a price of C$0.06 per unit; and (b) compensation options to purchase 720,000 common shares, exercisable for a three year period at a price of C$0.10 per share.

(2) On August 5, 2011, the Company completed the Prospectus Offering. Each unit was priced at C$0.40 and consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of C$0.60 per share at any time within two years following the closing of the Prospectus Offering. A total of 6,799,042 units (consisting of 6,799,042 common shares and 3,403,561 whole warrants) were issued under the Prospectus Offering. The Company granted the agent under the Prospectus Offering compensation options, exercisable at any time within two years following the closing of the Prospectus Offering, to purchase: (a) 2,112,875 common shares of the Company at an exercise price of C$0.35 per share; and (b) 408,912 units of the Company at an exercise price of C$0.40 per unit, with each unit consisting of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of CDN$0.60 per share at any time within two years following the closing of the Offering.

DIRECTORS AND OFFICERS

As of the date of this AIF, the directors and executive officers of the Company as a group beneficially own, or control or direct, directly or indirectly, a total of 347,069 common shares of the Company, representing approximately 0.3% of the Company's total outstanding common shares. In addition directors and executive officers of the Company as a group beneficially own, or control or direct, directly or indirectly, a total of 6,961,770 special warrants of the Company. For a description of the terms of the special warrants, see "*Prior Sales*".

The following table sets forth the names, municipalities of residence, positions held with and principal occupations of the directors and executive officers of the Company and, if a director, the year in which the person first became a director. The directors of the Company are elected annually and each director is expected to hold office until the Company’s next annual shareholders’ meeting, or until a successor is elected or appointed.

Directors and Officers

Name and Municipality of Residence	Position with the Company	Principal Occupation during the Previous Five Years	Director/Officer since
David Garman[1] *Virginia, USA*	Director	Mr. Garman has been a principal and owner of Decker Garman Sullivan and Associates, LLC, an energy, management and public affairs consulting firm, since February 2007. Prior to that, he was the Under Secretary, United States Department of Energy from June 2005 to January 2007 and Assistant Secretary, United States Department of Energy from May 2001 to June 2005. Mr. Garman is also a member of the advisory board of ThermoEnergy Corporation (OTCBB).	2008
Martin Crotty[2] *Oregon, USA*	Director	Mr. Crotty has been the Chief Operating Officer and a Director of Threshold Power Administrator Inc., a newly formed clean energy company that acts as the	2010

Name and Municipality of Residence	**Position with the Company**	**Principal Occupation during the Previous Five Years**	**Director/Officer since**
		administrator of Threshold Power Trust ("**Threshold Power**"), since February 2012. Prior to that, he was the Chief Executive Officer of Upwind Solutions, Inc. from March 2010 to September 2011. Prior to that, he was President of AES Wind Generation, part of AES Corporation, from July 2008 to March 2010, and Managing Director, Wind Asset Management of AES Corporation from March 2005 to July 2008.	
Dr. Jo Major, (3) *California, USA*	Chairman, President and Chief Executive Officer	Dr. Major has been the Chief Executive Officer and General Partner of InSite Partners, LLC since October 2008 and has been serving as the President and Chief Executive Officer of the Company since June 2012 and, before that, was the Interim President and Chief Executive Officer of the Company since September 2011. Prior to that, he was Chief Executive Officer, President and Chairman of the Board of Avanex from July 2004 to June 2008.	2011
Susan Nickey(4) *Illinois, USA*	Director	Ms. Nickey has been the Chief Executive Officer and a Director of Threshold Power since February 2012. Prior to that, she was the Chief Financial Officer of Acciona Energy North America Corporation from March 2007 to October 2010. Prior to that, she was Managing Director, Investment Banking, Project Finance Group of Mesirow Financial, Inc., a private asset management and financial services firm, from May 2001 to March 2007.	2011
John E. Green *Virginia, USA*	Chief Financial Officer	Mr. Green has been the Chief Financial Officer of the Company since November 2011 and became Corporate Secretary of BlueScout in August 2012. Prior to that, he was the Vice President of Process Analysis and Reengineering at Corsair Components Inc. (formerly Corsair Memory Inc.) from February 2009 to June 2011, and its Chief Financial Officer from June 2000 to February 2009. Previously, he was Chief Financial Officer, Chief	2011

Name and Municipality of Residence	Position with the Company	Principal Occupation during the Previous Five Years	Director/Officer since
		Operating Officer and Vice President of Human Resources of Strategy Manufacturing, Inc. from April 1995 to May 2000.	
William Fetzer *Virginia, USA*	Vice-President, Customer Relations and Installations	Mr. Fetzer has been the Vice-President, Business Development of the Company since September 2008. Prior to that, he was President of Fetzer Enterprises, Inc. from July 1998 to September, 2008.	2008
Frederick Belen *Virginia, USA*	Vice President, Technology & Product Line Management	Mr. Belen has been the Vice-President of Technology and Product Line Management since November 2011. Prior to that he was the principal of Belen Associates Inc., a consulting company focusing on the advancement of a wide range of critical new technologies in industry and government since March 2003.	2011

Notes:

(1) Mr. Garman is Chair of the Corporate Governance and Compensation Committee (the "**GCC**") of the Board and was the Chair of the CEO Search Committee of the Board from its formation on July 16, 2011 until it was dissolved effective June 1, 2012 (the "**CEO Search Committee**").
(2) Mr. Crotty is a member of each of the Audit Committee of the Board (the "**Audit Committee**") and the GCC, and was the sole member of the Strategic Marketing and Business Development Committee of the Board (the "**Strategic Marketing and Business Development Committee**") from its establishment in September 2011 until its dissolution on May 21, 2012. Mr. Crotty was appointed interim Chair of the Audit Committee on April 19, 2011 following the resignation of Christopher Lowe as a director of the Company, a member of the GCC and as the Chair of the Audit Committee. Mr. Crotty stepped down as interim Chair of the Audit Committee on May 20, 2011 following the appointment of Ms. Nickey as Chair of the Audit Committee on such date.
(3) Dr. Major was appointed Chairman of the Board effective July 16, 2011. Dr. Major is a member of the Audit Committee and is the sole member of the Stock Option Committee of the Board (the "**Stock Option Committee**"). Dr. Major was also a member of the CEO Search Committee from its formation on July 16, 2011 until it was dissolved effective June 1, 2012.

(4) Ms. Nickey is Chair of the Audit Committee and a member of the GCC. Ms. Nickey was also a member of the CEO Search Committee from its formation on July 16, 2011 until it was dissolved effective June 1, 2012.

Corporate Cease Trade Orders or Bankruptcies

Within 10 years before the date of this AIF, none of the directors or executive officers of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the directors or executive officers of the Company, or, to the knowledge of the Company, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, are, or within ten years prior to the date of this AIF have been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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.

None of the directors or executive officers of the Company, or, to the knowledge of the Company, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has, within 10 years prior to the date of this AIF, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Penalties or Sanctions

No director or executive officer of the Company, or, to the knowledge of the Company, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Board Committees

Audit Committee

Audit Committee Charter

The Audit Committee charter is attached to this AIF as Schedule “A”. A copy of the charter may also be obtained by a security holder of BlueScout, free of charge, upon delivery of a request to the Chief Financial Officer of BlueScout at 4309 Henninger Court, Chantilly, Virginia 20151, U.S.A.

Composition of the Audit Committee and Primary Responsibility

The members of the Audit Committee are Dr. Major, Mr. Crotty and Ms. Nickey. Each of these individuals, other than Dr. Major, is "independent" for the purposes of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). All members of the Audit Committee are "financially literate" for the purposes of NI 52-110.

All three members of the Audit Committee have been senior officers and/or directors of publicly traded companies or have been government or business executives, in each case with the responsibility of performing financial functions, for a number of years. In these positions, each such director has been responsible for receiving financial information relating to the entities of which they were directors, officers or executives. They have, or have developed, an understanding of financial statements generally and of how statements are used to assess the financial position of a company and its operating results. Each member of the Audit Committee also has a significant understanding of the business in which BlueScout is engaged and has an appreciation for the relevant accounting principles used in BlueScout's business. The Audit Committee's primary responsibility is to assist the Board in discharging its oversight responsibilities with respect to financial matters and compliance with laws and regulations.

Audit Committee Oversight

The Board adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditor during the 2011 financial year.

Nature and Amount of Auditor's Fees

The Audit Committee pre-approves all audit and non-audit services not prohibited by law to be provided to BlueScout by its external auditors. Before the appointment of the external auditor for any non-audit service, the Audit Committee considers the compatibility of the service with the auditor's independence.

The Audit Committee also reviews the fees paid by BlueScout to the external auditor in respect of audit and non-audit services on an annual basis. The following table indicates the aggregate fees billed to BlueScout by its auditors in 2011.

Year	Audit Fees	Audit-Related Fees	Total
2011	$103,259 (1)	$256,140 (2)	$359,399

(1) Audit fees include fees billed by Deloitte & Touche LLP in 2011 in connection with the 2010 year-end audit and related administrative charges and expenses.
(2) Audit-related fees include fees billed by Deloitte & Touche LLP in 2011 for quarterly reviews of the interim 2011 financial statements and related reimbursable administrative charges and expenses ($154,265) and audit-related services related to the filing of the Company's May 10, 2011 Annual Information Form and the completion of the Prospectus Offering ($101,875).

Exemption

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

Corporate Governance and Compensation Committee

The current members of the GCC are Mr. Garman, Mr. Crotty and Ms. Nickey.

The GCC's primary responsibility is to develop BlueScout's system of an overall approach to corporate governance generally, consistent with applicable law, rules and regulations of applicable regulatory authorities and its needs. Disclosure of BlueScout's corporate governance practices, in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, is attached to the Management Proxy Circular of the Company dated August 20, 2012, which is incorporated herein by reference and is available on SEDAR at www.sedar.com. BlueScout believes its corporate governance practices are appropriate and effective given its size and operations. BlueScout's method of corporate governance allows for it to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

CEO Search Committee

The CEO Search Committee was established in July of 2011 to search for a new President and Chief Executive Officer and was dissolved on June 1, 2012 when Dr. Major was appointed as the full-time President and Chief Executive Officer of the Company. The members of the CEO Search Committee were Mr. Garman, Dr. Major and Ms. Nickey.

Strategic Marketing and Business Development Committee

Mr. Crotty was the sole member of the Strategic Marketing and Business Development Committee, which was established by the Board in September of 2011 to assist members of management during the Company's search for a permanent President and Chief Executive Officer and its transition to independent business development and marketing. The Strategic Marketing and Business Development Committee was dissolved on May 21, 2012.

Stock Option Committee

Dr. Major is the sole member of the Stock Option Committee. The Stock Option Committee was established in November of 2011 to oversee and manage the Company's option compensation program.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's most recently completed financial year, the Company has been a party to the following transaction with an affiliate of its President and Chief Executive officer:

InSite Executive Agreement

BlueScout entered into the InSite Executive Agreement effective as of June 1, 2012. Under the terms of the InSite Executive Agreement, Dr. Major will serve as BlueScout's full-time President and Chief Executive Officer. In addition, other employees of InSite will provide management services with respect to BlueScout's day to day operations. The InSite Executive Agreement structure was intended to be aligned with shareholder interests by deferring compensation and making the overall value of the compensation package explicitly tied to increasing shareholder value.

Pursuant to the terms of the InSite Executive Agreement, BlueScout will pay InSite an aggregate annual amount of USD$1,083,333 (the "**Annual Fee**"), which will be payable as follows: (a) 50% of the Annual Fee will be payable monthly, subject to BlueScout's right to defer, at its sole election, payment of this amount until the earlier of (i) 6 months following the effective date of the InSite Executive Agreement, or (ii) the date on which the Company completes a significant financing; and (b) the remaining 50% of the Annual Fee (the "**Deferred Fee**") will be payable on the earlier of (i) 3 years following the effective date of the InSite Executive Agreement, and (ii) the date on which BlueScout completes a transaction that results in a change of control. The Deferred Fee may be increased or decreased relative to either the market capitalization of BlueScout at the time the Deferred Fee is required to be paid or the value of BlueScout as determined by the change of control transaction.

BlueScout may terminate the InSite Executive Agreement on 30 days' notice if it is not satisfied with the services performed by InSite. In addition, either party may terminate the InSite Executive Agreement in connection with an uncured material breach by the other party.

As additional compensation, but subject to obtaining all required regulatory approvals, including the approval of the TSXV, the Company will issue options to Dr. Major and InSite to purchase, in the aggregate, up to 4,000,000 common shares of the Company, exercisable for a period of 3 years following the issuance date at an exercise price equal to the closing market price of the Company's common shares on the trading day immediately prior to the issuance date. The options will vest in equal monthly tranches, and all unvested options will be cancelled if BlueScout terminates the InSite Executive Agreement. The options will in all respects be subject to the terms of the Company's 2008 Stock Option Plan. The options have not yet been issued.

Conflicts of Interest

Dr. Major, a director and the President, Chief Executive Officer and Chairman of BlueScout, is also the Chief Executive Officer, General Partner and co-founder of InSite. As a result, a material conflict of interest could potentially arise between BlueScout and Dr. Major if, for instance, BlueScout terminates the InSite Executive Agreement or there is a material disagreement between BlueScout and InSite. If a material disagreement arises between BlueScout and InSite, or if the Board proposes to terminate the InSite Executive Agreement, Dr. Major would be required to recuse himself from any such decision on behalf of BlueScout.

LEGAL PROCEEDINGS

BlueScout is occasionally named as a party in various claims and legal proceedings which arise during the normal course of its business. In addition, BlueScout is currently a party to the following proceedings:

On September 27, 2011, BlueScout filed an action against OADS and Philip Rogers, the former CEO of the Company, in Virginia Circuit Court for Prince William County seeking relief for recovery of essential property. On November 2, 2011, OADS and Mr. Rogers asserted counterclaims for breach of a sublease agreement between BlueScout and OADS and for breach of Mr. Rogers's employment agreement with BlueScout. On March 2, 2012, BlueScout filed a plea of statutory recoupment seeking to recover damages from Mr. Rogers for breach of his employment agreement. In addition, BlueScout filed an Amended Complaint of the property detention, and asserted new claims for monetary damages against Mr. Rogers for breach of his employment agreement and against OADS for breach of the services agreement entered into by the parties in 2008. On February 10, 2012, BlueScout filed a complaint in the Virginia Circuit Court for Prince William County against Philip and Alisa Rogers, their daughter Elizabeth Dakin, Falcon Fifty and Tristar Aviation, LLC seeking damages, the costs of the action, and rescission of the Falcon Fifty LLC formation transaction, including rescission of the indemnification agreement.

On July 18, 2012, the lawsuits were consolidated. On August 13, 2012, BlueScout filed an Order in the consolidated case that dismisses with prejudice the claims asserted against Philip Rogers for breach of his employment agreement as well as all of the February 10, 2012 claims asserted by BlueScout against Philip Rogers, Alisa Rogers, Elizabeth Dakin, Falcon Fifty and Tristar Aviation, LLC.

The claims that remain pending in the consolidated case are BlueScout's claims against OADS for monetary damages as a result of property detention and for breach of the aforementioned services agreement. The Rogers' separate action against BlueScout to enforce an indemnification agreement relative to the Falcon Fifty LLC transaction also remains pending for trial in October 2012 before the Fairfax County Circuit Court.

On July 10, 2012, OADS filed a lawsuit against BlueScout in the District Court for the Eastern District of Virginia seeking damages for alleged breach of the licensing agreement entered into by the parties in 2008, declaratory relief, unspecified monetary damages, and injunctive relief for alleged trademark violations, and an order for BlueScout to return OADS confidential information allegedly being detained by BlueScout. OADS filed an Amended Complaint against BlueScout on August 14, 2012.

Additional information regarding these claims is contained in the Company's interim consolidated financial statements, the notes thereto and related management's discussion and analysis for the three and six month periods ended March 31, 2012 and 2011, which are incorporated by reference herein and are available on SEDAR at www.sedar.com.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Equity Financial Trust Company, and may be contacted at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, by telephone at 1-866-393-4891, or by email at investor@equityfinancialtrust.com.

MATERIAL CONTRACTS

Other than the InSite Executive Agreement, BlueScout did not enter into any material contracts within the past year, other than in the ordinary course of business. BlueScout does not have any material contracts still in effect that were entered into during prior years.

INTERESTS OF EXPERTS

The Company's consolidated financial statements for the fiscal year ended December 31, 2011 have been audited by Deloitte & Touche LLP, auditors for the Company. Deloitte & Touche LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information concerning the Company can be found on the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under the Company's equity compensation plans is contained in the Company's Management Information Circular for the Annual and Special Meeting of shareholders to be held on September 20, 2012.

Additional financial information, including the Company's consolidated comparative audited financial statements for the fiscal year ended December 31, 2011, is provided in the Company's annual consolidated financial statements, the notes thereto, the auditor's report thereon and related management's discussion and analysis for the year ended December 31, 2011. A copy of all such documents can be found on the Company's profile on SEDAR at www.sedar.com.

SCHEDULE " A"

CATCH THE WIND LTD.
(D/B/A BLUESCOUT TECHNOLOGIES)

AUDIT COMMITTEE CHARTER

To the directors of BlueScout Technologies (the "**Company**"):

1. RESPONSIBILITY

The Audit Committee (the "**Committee**") is responsible for assisting the board of directors of the Company (the "**Board**") in relation to:

(i) the integrity of the Company's consolidated financial statements;

(ii) the Company's compliance with legal and regulatory requirements related to financial reporting;

(iii) the qualifications, independence and performance of the Company's auditor;

(iv) the design and implementation of accounting systems, internal controls and disclosure controls, including the Company's written disclosure policy;

(v) the review and identification of the principal risks facing the Company and development of appropriate procedures to monitor and mitigate such risks;

(vi) the development, implementation and administration of the Company's Investment Policy, Disclosure Policy and Whistleblower Policy; and

(vii) any additional matters delegated to the Committee by the Board.

2. MEMBERS

The Committee will be comprised of 3 directors selected by the Board. In accordance with TSX Venture Exchange (the "**Exchange**") Policy 3.1, the majority of the members of the Committee will not be employees, "Control Persons" or officers of the Company or any of its "Associates" or "Affiliates" (as each of those terms are defined in Exchange Policy 1.1). The Board will, after each annual securityholders' meeting, appoint or re-appoint, as the case may be, the members of the Committee.

Each member of the Committee will be "financially literate" within the meaning of applicable securities laws, including without limitation, Multilateral Instrument 52-110 – *Audit Committees*.

3. DUTIES

The Committee is responsible for performing the duties set out below as well as any other duties at any time required by law to be performed by the Committee or otherwise delegated to the Committee by the Board.

(a) Appointment and Review of the Auditor

The auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Company's relationship with the auditor. Specifically, the Committee will:

(i) select, evaluate and recommend an auditor to the Board for appointment or reappointment, as the case may be, by the Company's shareholders and make recommendations with respect to the auditor's compensation;

(ii) review and approve the auditor's engagement letter;

(iii) resolve any disagreements between senior management and the auditor regarding financial reporting;

(iv) at least annually, obtain and review a report by the auditor describing:

1. the auditor's internal quality-control procedures, including the safeguarding of confidential information;

2. any material issues raised by such procedures, or the review of the auditor by an independent oversight body respecting independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review;

(v) meet with senior management not less than quarterly without the auditor present for the purpose of discussing, among other things, the performance of the auditor and any issues that may have arisen during the quarter; and

(vi) where appropriate, recommend to the Board that the auditor be terminated.

(b) Confirmation of the Auditor's Independence

At least annually, and in any event before the auditor issues its report on the annual financial statements, the Committee will:

(i) review a formal written statement from the auditor describing all of its relationships with the Company;

(ii) discuss with the auditor any relationships or services that may affect its objectivity and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);

(iii) obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the applicable institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants or such other applicable body; and

(iv) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) Pre-Approval of Non-Audit Services

The approval of the appointment of the auditor for any non-audit service to be provided to the Company must be obtained from the Committee in advance; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board, the Independence Standards of the Canadian Institute of Chartered Accountants or any other applicable body or organization. Before the appointment of the auditor for any non-audit service, the Committee will consider the compatibility of the service with the auditor's independence. The Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services.

(d) Communications with the Auditor

The Committee has the authority to communicate directly with the auditor and will meet privately with the auditor periodically to discuss any items of concern to the Committee or the auditor.

(e) Review of the Audit Plan

The Committee will discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the auditor's audit plan for each audit and approve the audit plan with such amendments as it may agree to with the auditor.

(f) Review of Audit Fees

The Committee will review and determine the auditor's fee and the terms of the auditor's engagement and inform the Board thereof. In determining the auditor's fee, the Committee will consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of the Company, the size, complexity and financial condition of the Company and its subsidiaries and the extent of support to be provided to the auditor by the Company.

(g) Review of Consolidated Financial Statements and MD&A

The Committee will review and discuss with senior management and the auditor the annual audited consolidated financial statements, together with the auditor's report thereon and the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the auditor management's discussion and analysis relating to the annual audited consolidated financial statements and interim financial statements. The Committee will also engage the auditor to review the interim financial statements prior to the Committee's review of such financial statements.

(h) Review of Other Financial Information

The Committee will review:

(i) all earnings press releases and other press releases disclosing financial information, as well as financial information and written earnings guidance provided to analysts and rating agencies. The Committee will also review the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;

(ii) all other financial statements of the Company that require approval by the Board before they are released to the public including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities; and

(iii) disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings by the Company about any significant deficiencies and material weaknesses in the design or operation of the Company's internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Company's internal control over financial reporting.

(i) Oversight of Internal Controls and Disclosure Controls

The Committee will review periodically with senior management the adequacy of the internal controls and procedures that have been adopted by the Company and its subsidiaries to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management the controls and procedures that have been adopted by the Company to confirm that material information about the Company and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(j) Legal Compliance

The Committee will review any legal matters that could have a significant impact on the Company's financial statements.

(k) Risk Management

The Committee will oversee the Company's risk management function and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Company and the steps senior management has taken to monitor and control such exposures.

(l) Taxation Matters

The Committee will review with senior management the status of taxation matters of the Company.

(m) Investment Matters

The Committee will review and oversee the Company's investment strategies and policies in accordance with the Company's Investment Policy.

(n) Employees of the Auditor

The Committee will review and approve policies for the hiring by the Company of any partners and employees and former partners and former employees of the present or former auditor.

(o) Evaluation of Financial and Accounting Personnel

The Committee will have direct responsibility to:

(i) develop a position description for the Chief Financial Officer, setting out the Chief Financial Officer's authority and responsibilities, and present it to the Corporate Governance and Compensation Committee and the Board for approval;

(ii) review and approve the goals and objectives that are relevant to the Chief Financial Officer's compensation and present the same to the Corporate Governance and Compensation Committee and the Board for approval;

(iii) evaluate the Chief Financial Officer's performance in meeting his or her goals and objectives;

(iv) review and assess the performance of the Company's financial and accounting personnel; and

(v) recommend to the Corporate Governance and Compensation Committee and the Board remedial action where necessary.

(p) Signing Authority and Approval of Expenses

The Committee will determine the signing authority of officers and directors in connection with the expenditure and release of funds. The Committee will also review the Chief Executive Officer's and Chief Financial Officer's expense statements. Director expense statements will be reviewed by the Chief Executive Officer. Where the Chief Executive Officer thinks it advisable, he or she may request that the Committee review director expense statements.

4. COMPLAINTS PROCEDURE

The Committee will administer the Company's Whistleblower Policy for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, disclosure controls or auditing matters and any violation of the Company's Code of Business

Conduct and Ethics and the confidential, anonymous submission of concerns by employees of the Company regarding such matters.

5. REPORTING

The Committee will regularly report to the Board on:

(i) the auditor's independence, engagement and fees;

(ii) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;

(iii) the adequacy of the Company's internal controls and disclosure controls;

(iv) the Company's risk management procedures;

(v) its recommendations regarding the annual and interim financial statements of the Company, including any issues with respect to the quality or integrity of the financial statements;

(vi) its review of the annual and interim management's discussion and analysis;

(vii) any complaints made under and the effectiveness of the Company's Whistleblower Policy;

(viii) the Company's compliance with legal and regulatory requirements related to financial reporting; and

(ix) all other significant matters it has addressed or reviewed and with respect to such other matters that are within its responsibilities, together with any associated recommendations.

6. AUDIT COMMITTEE MEETINGS

(a) Scheduling

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will be not less than quarterly. A meeting of the Committee may be called by the auditor, the Chairman of the Committee, the Chairman, the Chief Executive Officer, the Chief Financial Officer or any Committee member.

Meetings will be held at a location determined by the Chairman of the Committee and notice shall be given in accordance with the provisions of the Company's bylaws.

(b) Notice to Auditor

The auditor is entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditor.

(c) Agenda

The Chairman of the Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) Distribution of Information

The Chairman of the Committee will distribute, or cause the officers of the Company to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

A portion of each meeting will be held without management (including management directors) being present.

(f) Quorum

Two members will constitute a quorum for any meeting of the Committee.

(g) Voting and Approval

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chairman of the Committee will not have a second or casting vote in addition to his or her original vote.

(h) Procedures

Procedures for Committee meetings will be determined by the Chairman of the Committee or by a resolution of the Committee or the Board.

(i) Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

(j) Absence of Chairman of the Committee

In the absence of the Chairman of the Committee at a meeting of the Committee, the members in attendance must select one of them to act as chairman of that meeting.

(k) Secretary

The Committee may appoint one of its members or any other person to act as secretary.

(l) Minutes of Meetings

A person designated by the Chairman of the Committee at each meeting will keep minutes of the proceedings of the Committee and the Chairman will cause an officer of the Company to circulate copies of the minutes to each member on a timely basis.

7. CHAIR

Each year, the Board will appoint one member who is qualified for such purpose to be Chairman of the Committee. If, in any year, the Board does not appoint a Chairman of the Committee, the incumbent Chairman of the Committee will continue in office until a successor is appointed.

8. REMOVAL AND VACANCIES

Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of the Committee's powers so long as a quorum remains in office.

9. ASSESSMENT

At least annually, the Corporate Governance and Compensation Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

10. REVIEW AND DISCLOSURE

The Committee will review this Charter at least annually and submit it to the Corporate Governance and Compensation Committee together with any proposed amendments. The Corporate Governance and Compensation Committee will review the Charter and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

11. ACCESS TO OUTSIDE ADVISORS AND RECORDS

The Committee may retain independent counsel and any outside advisor at any time and has the authority to determine the fees of any such advisors and other retention terms.

The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Company and all their respective officers, employees and agents which it deems relevant to the performance of its duties.