

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

*This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States of America, and may not be offered or sold in the United States unless registered under applicable securities laws or unless an exemption from such registration is available.*

Initial Public Offering

Preliminary Prospectus

Dated: August 24, 2007

**ETHOS CAPITAL CORP.**  
**(a Capital Pool Company)**  
Suite 720 – 789 West Pender Street Vancouver BC V6C 1H2  
**Telephone:** (604) 682-4750  
**Fax:** (604) 682-4809

**\$300,000**  
**1,500,000 common shares**

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**PRICE: \$0.20 PER COMMON SHARE**

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Ethos Capital Corp. (the "Corporation") hereby offers (the "Offering") through its agent, PI Financial Corp. (the "Agent"), 1,500,000 common shares (the "Common Shares") for sale to the public at a price of \$0.20 per share. The purpose of the Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as hereafter defined). Any proposed Qualifying Transaction must be approved by the Exchange and, if the proposed Qualifying Transaction is non-arm's length, receive Majority of the Minority Approval (as hereafter defined), in accordance with Exchange Policy 2.4 ("Policy 2.4"). The Corporation is a Capital Pool Company ("CPC") as defined in Policy 2.4. It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in Policy 2.4, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

|                                  | <b>Price to the Public</b> | <b>Agent's Commission<sup>(2)</sup></b> | <b>Proceeds to the Corporation<sup>(3)</sup></b> |
|----------------------------------|----------------------------|---|--|
| Per common share                 | \$0.20                     | \$0.02                                  | \$0.18   |
| Total Offering <sup>(1)(4)</sup> | \$300,000                  | \$30,000                                | \$270,000  |

Notes:

1. A total of 1,500,000 common shares are offered hereunder, not including the Agent's Option (as defined herein) or the incentive stock options granted to directors and officers of the Company to purchase up to 875,000 common shares at a price of \$0.20 per share. The Agent's Option and incentive stock options are qualified and distributed under this prospectus. See "Plan of Distribution" and "Options to Purchase Securities".
2. PI Financial Corp. will act as Agent under the Offering. The Agent will receive a total commission of 10% of the gross proceeds of this Offering or \$30,000, being \$0.02 per Common Share sold. In addition, the Agent will be granted an option to purchase up to 150,000 common shares, being 10% of the aggregate number of Common Shares sold under the Offering, which expires 24 months from the date the Company's common shares are listed for trading on the Exchange and which may be exercised at a price of \$0.20 per common share ("Agent's Option"). The Company will reimburse the Agent for out-of-pocket expenses incurred in connection with this Offering including legal fees estimated to be \$10,000. See "Plan of Distribution". The Company will pay the Agent a corporate finance fee of \$10,000 plus GST.

3. Before deducting the costs of this issue, estimated at approximately \$50,000, exclusive of the Agent's commission and pre-offering costs of \$11,931.
4. The latest date that the distribution is to remain open as may be permitted by securities legislation is the earlier of 90 days after the date of issuance of a receipt for the final prospectus by the Executive Director of the British Columbia Securities Commission, the Executive Director of the Alberta Securities Commission and the Executive Director of the Ontario Securities Commission (the "Securities Regulatory Authorities") and 12 months from the date of issuance of a receipt for the preliminary prospectus by the Securities Regulatory Authorities.

This Offering is made on a commercially reasonable efforts basis by the Agent and is subject to a minimum subscription of 1,500,000 Common Shares for total gross proceeds to the Corporation of \$300,000. The Offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement between the Corporation and the Agent. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

**Members of the Agent's Pro Group hold 1,125,000 Common Shares, 800,000 Common Shares purchased at \$0.10 and 325,000 Common Shares purchased at \$0.20 per share. These shares will be deposited with the Trustee, as herein defined, pursuant to the Escrow Agreement. See "Escrowed Securities".**

Pursuant to the Agency Agreement, the Agent will be granted a non-transferable option (the "Agent's Option"). The Agent's Option is qualified under this prospectus for distribution. In addition, and subject to regulatory approval, the Corporation intends to grant options to purchase 875,000 Common Shares under a directors', officers', employees' and key consultants' stock option program. See "Stock Options".

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

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

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

There is no market through which the Common Shares offered by this Prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues including deduction of selling and related expenses) per Common Share of approximately \$0.0165 or 8.25%. The Corporation was only recently incorporated and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction approved by the Exchange and if the proposed transaction is non-arm's length the majority of the minority of the Corporation's shareholders; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. **Although the Corporation has commenced the process of identifying potential acquisitions, the Corporation has yet to enter into any negotiations with respect to such potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic.** The Corporation has not entered into an Agreement in Principle (as hereafter defined). The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing. The Executive Director of the British Columbia Securities Commission may issue a cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of the Common

Shares may result in the cancellation of all of the Common Shares of the Corporation owned by insiders issued prior to this Offering. Investors must rely solely on the expertise of the Corporation's promoters, directors and officers for any possible return on their investment. The Corporation's promoters, directors, officers and control persons, and their associates and affiliates, as a group, beneficially own or control, directly or indirectly, 1,125,500 Common Shares, which represents 12% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 10% of the issued and outstanding Common Shares after giving effect to this Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Conflicts of Interest", and "Risk Factors".

No person is authorized by the Corporation to provide any information or to make any representations other than those contained in this prospectus in connection with the issue and sale of the securities offered pursuant to this prospectus. See "Plan of Distribution".

The Shares are offered subject to prior sale, if, as, and when issued and in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of McCullough O'Connor Irwin LLP, , Vancouver, B.C. on behalf of the Agent and by Bull Housser & Tupper LLP, Vancouver, B.C. on behalf of the Corporation, of such legal matters for which approval has been specifically sought by the Corporation or the Agent. Pursuant to Policy 2.4, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 30,000 (\$6,000) of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 60,000 (\$12,000) of the total number of Common Shares offered under this prospectus. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates for the Shares evidencing the Common Shares in definitive form will be available for delivery on the date the Offering is closed.

**Exclusive Agent for the Offering:**

**PI Financial Corp.**  
Suite 1900 - 666 Burrard Street  
Vancouver, British Columbia  
V6C 3N1  
Telephone: (604) 664-2900  
Fax: (604) 664-2666

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## GLOSSARY

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

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

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

A Company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

**“Agency Agreement”** means the agreement between the Agent and the Corporation dated ◆, 2007.

**“Agent”** means PI Financial Corp.

**“Agent’s Option”** means an option granted to the Agent pursuant to the Agency Agreement pursuant to which the Agent may purchase up to 150,000 common shares, being 10% of the aggregate number of Common Shares sold under the Offering, which expires 24 months from the date the Corporation’s common shares are listed for trading on the Exchange and which may be exercised at a price of \$0.20 per common share.

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

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

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

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

**“Associate”** when used to indicate a relationship with a person or company, means:

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

**“CPC”** or **“Capital Pool Company”** means a corporation:

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

**“Common Shares”** means the shares of the Corporation to be sold under the Offering.

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

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

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

**“Corporation”** means Ethos Capital Corp.

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

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

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

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

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

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

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

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

**“NEX”** means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange TMR for Tier 2 issuers may continue to trade.

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

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

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

**“Policy 2.4”** means TSX Venture Exchange Policy 2.4 – Capital Pool Companies, available for review at [www.tsx.com/en/pdf/Policy2-4.pdf](http://www.tsx.com/en/pdf/Policy2-4.pdf).

**“Principal”** means:

- (a) a person or company who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the initial public offering (“IPO”) prospectus;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a **20% holder** – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;
- (d) a **10% holder** – a person or company that:

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

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

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

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

**"Pro Group"** means:

- (a) Subject to subparagraphs (b), (c) and (d) and (e) "Pro Group" shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;
- (d) The Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Member determines that:
  - (i) the Person is an affiliate or associate of the Member acting at arm's length of the Member;
  - (ii) the associate or affiliate has a separate corporate and reporting structure;
  - (iii) there are sufficient controls on information flowing between the Member and the associate or affiliate; and
  - (iv) the Member maintains a list of such excluded Persons.

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

**"Related Party"** of an entity means a person or company that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be:

- (a) a control block holder of the entity;
- (b) a person or company of which a person or company referred to in paragraph (a) is a control block holder;
- (c) a person or company of which the entity is a control block holder;
- (d) a person or company, other than a bona fide lender, that beneficially owns or exercises control or direction over voting securities of the entity carrying more than 10 per cent of the voting rights attached to all the outstanding voting securities of the entity;
- (e) a director or senior officer of:
  - (i) the entity; or
  - (ii) a person or company described in any other paragraph of this definition;
- (f) a person or company that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person or company and the entity, including the general partner of an entity that is a limited partnership, but excluding a person or company acting under bankruptcy or insolvency law;
- (g) a person or company of which persons or companies described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of equity securities; or
- (h) an affiliated entity of any person or company described in any other paragraph of this definition.

**"Related Party Transaction"** means, for an issuer, a transaction between the issuer and a person or company that is a Related Party of the issuer at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, the issuer directly or indirectly:

- (a) purchases or acquires an asset from the Related Party for valuable consideration;
- (b) purchases or acquires, as a joint actor with the Related Party, an asset from a third party if the proportion of the asset acquired by the issuer is less than the proportion of the consideration paid by the issuer;
- (c) sells, transfers or disposes of an asset to the Related Party;
- (d) sells, transfers or disposes of, as a joint actor with the Related Party, an asset to a third party if the proportion of the consideration received by the issuer is less than the proportion of the asset sold, transferred or disposed of by the issuer;
- (e) leases property to or from the Related Party;
- (f) acquires the related party, or combines with the Related Party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors;

- (g) issues a security to the related party or subscribes for a security of the Related Party;
- (h) amends the terms of a security of the issuer if the security is beneficially owned, or is one over which control or direction is exercised, by the Related Party, or agrees to the amendment of the terms of a security of the related party if the security is beneficially owned by the issuer or is one over which the issuer exercises control or direction;
- (i) assumes or otherwise becomes subject to a liability of the Related Party;
- (j) borrows money from or lends money to the related party, or enters into a credit facility with the Related Party;
- (k) releases, cancels or forgives a debt or liability owed by the Related Party;
- (l) materially amends the terms of an outstanding debt or liability owed by or to the Related Party, or the terms of an outstanding credit facility with the Related Party; or
- (m) provides a guarantee or collateral security for a debt or liability of the Related Party, or materially amends the terms of the guarantee or security.

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

**“Seed Shares”** means securities issued before an issuer’s IPO, or by a private Target Company before an RTO, COB or Qualifying Transaction, regardless of whether the securities are subject to Resale Restrictions or are free trading.

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

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

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

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

## PROSPECTUS SUMMARY

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

- CORPORATION:** The Corporation was incorporated in British Columbia on March 12, 2007 as Ethos Capital Corp.
- BUSINESS OF THE CORPORATION:** The Corporation is a Capital Pool Company as defined in Policy 2.4. The principal business of the Corporation will be identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Corporation”.
- OFFERING:** A total of 1,500,000 Common Shares are being offered under this prospectus at a price of \$0.20 per Common Share. In addition, the Corporation will grant an option to the Agent to purchase up to 150,000 Common Shares, being 10% of the aggregate number of Common Shares sold under the Offering, at a price of \$0.20 per share which will be exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange which option is qualified under this prospectus. The Corporation also intends to grant options to purchase 875,000 Common Shares to directors, officers, and technical consultants, all of which options are qualified for distribution under this prospectus.
- DIRECTORS AND MANAGEMENT:** The Directors and Officers of the Corporation are as follows:
- Gary Freeman – Chief Executive Officer, President and Director*
- Peter Wong, CA – Chief Financial Officer and Director*
- Chris Theodoropoulos, LLB – Director*
- Godfrey Walton – Director*
- Mary Davies, MBA – Corporate Secretary*
- See “Management and Key Personnel” and “Directors, Officers and Promoters”.
- AGENT:** PI Financial Corp. (the “Agent”).
- USE OF PROCEEDS:** The proceeds net of commissions to the Corporation will be \$270,000. The net proceeds of this Offering after commissions and expenses of approximately \$50,000 will be used together with funds on-hand to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in Policy 2.4, a maximum of 30% of the gross proceeds realized from the sale of all securities of the Corporation, to a maximum of \$210,000, may be used for purposes other than evaluating business or assets.
- ESCROWED SECURITIES:** 2,425,000 Common Shares, will be deposited in escrow pursuant to the terms of a the Founder’s Escrow Agreement and the Insider/Pro Group Escrow Agreement, as hereafter defined, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “Escrowed Securities”.

**RISK FACTORS:**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of approximately 8.25% or \$0.0165 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transactions. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the CPC will be able to identify or complete a suitable Qualifying Transaction.

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

## **THE CORPORATION**

Ethos Capital Corp. was incorporated on March 12, 2007 under the British Columbia *Business Corporations Act* by the registration of its Notice of Articles and Articles. The Corporation is a Capital Pool Company as defined in Policy 2.4 (more particularly described below).

The head office of the Corporation is located at Suite 720 – 789 West Pender Street, Vancouver, BC V6C 1H2, telephone: (604) 682-4750, fax: (604) 682-4809. The registered office of the Corporation is located at Suite 720 – 789 West Pender Street, Vancouver, BC V6C 1H2.

The Corporation has no subsidiaries.

## **BUSINESS OF THE CORPORATION**

### **Preliminary Expenses**

As of the date hereof, the Corporation has incurred or accrued share issue costs of \$1,931 and prepaid \$10,000 for Agent's expenses, including legal counsel to the Agent, in the aggregate amount of approximately \$10,000. A total of \$3,070 expenses have been incurred or accrued since the date of the financial statements included in this prospectus, comprising rent (\$1,250), salaries (\$1,250) and office costs \$570.

Upon completion of the Offering, the deposit of \$10,000, which has been paid to the Agent, will be applied towards the payment of the expenses of the Agent and its legal counsel. The Corporation has also incurred legal expenses, including expenses in respect of the prior issuances of Common Shares, general legal services and costs associated with the incorporation and organization of the Corporation.

Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the present Offering, including the expenses of its auditors, legal counsel, the Agent's legal counsel, the fees of the Exchange and the Securities Regulatory Authority. See "Use of Proceeds".

### **Proposed Operations Until Completion of a Qualifying Transaction**

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with Policy 2.4. The Corporation has not conducted commercial operations. The Corporation currently intends to pursue a Qualifying Transaction in the resource sector, but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction of the Corporation following Completion of the Qualifying Transaction.

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

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

### **Method of Financing**

The Corporation may use either cash, bank financing, the issuance of treasury shares or public financing of debt or equity, or a combination of the foregoing, for the purpose of financing its proposed Qualifying Transaction. **A**

**Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### **Criteria for a Qualifying Transaction**

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

### **Shareholder Approval of a Qualifying Transaction**

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under the heading "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non-Arm's Length Qualify Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with Policy 2.4 and Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

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

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

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

Upon issuance of the Final Exchange Bulletin, Policy 2.4 will generally cease to apply, with the exception of the escrow provisions of Policy 2.4 and the restrictions in Policy 2.4 precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

### **Potential Qualifying Transactions**

There are no Qualifying Transactions currently being reviewed by the Corporation.

### **Minimum Listing Requirements**

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

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

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

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

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

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

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

If the CPC has not completed a Qualifying Transaction within the time frame prescribed by Policy 2.4, it may apply for listing on NEX rather than be delisted. In order to be eligible for NEX, the CPC must:

- (a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non-Arm's Length Parties to the CPC; and
- (b) either:
  - (i) cancel all Seed Shares purchased by Non Arm's Length Parties to the CPC at a discount to the IPO price, in accordance with Policy 2.4, as if the CPC had delisted from the Exchange; or
  - (ii) subject to majority shareholder approval, cancel an amount of the Seed Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

CPCs listing on NEX must continue to comply with all of the requirements and restrictions of Policy 2.4.

## Refusal of Qualifying Transaction

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

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

## USE OF PROCEEDS

### Proceeds and Principal Purposes

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$300,000, which, together with \$1,688,150 cash on hand as of the date hereof (\$1,700,000 proceeds from the sale of Seed Shares, plus GST receivable of \$81, less \$11,931 spent to date), provides a total of \$1,987,988 available for expenditure had the Offering completed on that date. The balance of the Offering expenses are estimated at \$50,000 and after the deduction of commission of \$30,000, the net proceeds to the Corporation will be \$220,000. Assuming the Corporation requires the maximum period of 24 months to identify a Qualifying Transaction, corporate and administrative expenses and legal, audit and other fees not related to the Qualifying Transaction are estimated to be \$90,000, leaving the Corporation with \$1,817,988 (excluding interest thereon) to identify and evaluate potential acquisitions and complete the Qualifying Transaction. The following indicates the principle uses to which the Corporation proposes to use the total funds available to it upon the completion of this Offering:

|   |                 |             |
|---|-----------------|-------------|
| Cash proceeds raised prior to this Offering <sup>(1)</sup>          | \$1,700,000     |             |
| Interest income   | 0               |             |
| GST Receivable  | 81              |             |
| Expenses and costs relating to raising the pre-Offering proceeds    | <u>(11,931)</u> |             |
| Cash on hand  | \$1,688,150     | \$1,688,150 |
| Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup> | 300,000         |             |
| Less: Commissions   | <u>(30,000)</u> |             |

|   |                     |                                  |
|---|---------------------|----------------------------------|
| Expenses and costs relating to the Offering (including listing)   | 270,000<br>(50,000) |                                  |
| Net Proceeds after expenses: legal fees, audit fees and agent's expenses)                                 | 220,000             | <u>220,000</u>                   |
| <br>Total net proceeds  |                     | <br>\$1,908,150                  |
| <br>Use of Proceeds:  |                     |                                  |
| Estimated funds available for identifying and evaluating assets or Business proposals                     |                     | \$1,818,150                      |
| Estimated general and administrative expenses until Completion of a Qualifying Transaction <sup>(3)</sup> |                     | <u>90,000</u>                    |
| <b>Total net proceeds<sup>(4)</sup>:</b>  |                     | <b><u><u>\$1,908,150</u></u></b> |

Notes:

1. See "Prior Sales".
2. In the event the Agent exercises the Agent's Option, or the directors, officers or technical consultants exercise their options, there will be available to the Corporation a maximum of an additional \$175,000 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
3. This estimate assumes that it takes the Corporation the full 24 months to identify and complete a Qualifying Transaction.
4. In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$1,817,988 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

**Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by Policy 2.4 and described in "Restrictions on Use of Proceeds", "Private Placements for Cash" and "Prohibited Payments to Related Parties", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

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

- (a) valuation or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements;

- (g) fees for legal and accounting services; and
- (h) Agent's fees, cost and commissions,

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

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

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

Until Completion of a Qualifying Transaction, no more than \$210,000 of the total gross proceeds raised by the Corporation up to and including this Offering will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Uses of Funds", listed above, include:

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

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

### **Private Placements for Cash**

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

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

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind,

directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including

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

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

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

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

## **PLAN OF DISTRIBUTION**

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

Pursuant to an agency agreement (the "Agency Agreement") dated ◆, 2007 between the Corporation and PI Financial Corp., the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public 1,500,000 Common Shares as provided in this prospectus, at a price of \$0.20 per Common Share, for gross proceeds of \$300,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of \$30,000 (10%) of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation has paid to the Agent a corporate finance fee of \$10,000 plus GST and will pay the Agent's legal fees and expenses, estimated at \$10,000.

The Corporation has also agreed to grant to the Agent a non-transferable option to purchase up to 150,000 Common Shares, being 10% of the aggregate number of Common Shares sold under the Offering, at a price of \$0.20 per share, which may be exercised for a period of 24 months from the date the Common Shares of the Corporation are listed on the Exchange. All of the Agent's Option is qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

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

The total Offering is 1,500,000 Common Shares for total gross proceeds of \$300,000. Under Policy 2.4, no purchaser of the Common Shares is permitted to purchase more than 2% or 30,000 of the total Common Shares in the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates of Affiliates of that purchaser is 4% or 60,000 of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$300,000 has been deposited. The total subscription must be raised within 90 days of the date a

receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

The Offering will be made in accordance with the rules and policies of the Exchange which will be on or before the earlier of 90 days from the date of issue of the final receipt for this prospectus and 12 months from the date of issue by the Securities Regulatory Authorities of the preliminary receipt for this prospectus. All subscription funds will be deposited with the Agent and if the total subscription is not raised, subscription funds will be returned to subscribers without interest or deduction. If the total subscription is raised, the Corporation will receive the net proceeds from the Offering within ten business days of completion of the Offering.

### **Other Securities To Be Distributed**

The Corporation also proposes to grant options to purchase 875,000 Common Shares to directors and officers in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus.

### **Determination of Price**

The distribution price of the 1,500,000 Common Shares offered hereunder was determined by negotiation between the Corporation and the Agent.

### **Listing Application**

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

In accordance with the policies of the Exchange, trading in all securities of the Corporation, other than the initial distribution of the securities pursuant to this prospectus, is not permitted between the date of the receipt for the Corporation's preliminary prospectus and the time the securities are posted for trading on the Exchange, except with the prior written acceptance of the Exchange and the Securities Regulatory Authorities.

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

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of Policy 2.4 that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to Policy 2.4.

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

The Agent has advised the Corporation that to the best of its knowledge and belief, no other directors, officers, employees or contractors of the Pro Group or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation, except as set out below (see "Escrowed Shares"):

| <b>Name and Municipality of Residence of Shareholder</b> | <b>No. of Common Shares held Prior to Offering</b> | <b>Price Per Share</b> |
|--|--|------------------------|
| Monty Sutton<br>Vancouver, BC                            | 50,000 <sup>(1)</sup>                              | \$0.10                 |

| <b>Name and Municipality of Residence of Shareholder</b> | <b>No. of Common Shares held Prior to Offering</b> | <b>Price Per Share</b> |
|--|--|------------------------|
| Monty Sutton<br>Vancouver, BC                            | 25,000 <sup>(2)</sup>                              | \$0.20                 |
| Renee Patterson<br>Vancouver, BC                         | 40,000 <sup>(1)</sup>                              | \$0.10                 |
| Elsie Ames<br>Vancouver, BC                              | 40,000 <sup>(1)</sup>                              | \$0.10                 |
| Lisa May<br>Vancouver, BC                                | 40,000 <sup>(1)</sup>                              | \$0.10                 |
| Bill Whitehead<br>Vancouver, BC                          | 250,000 <sup>(1)</sup>                             | \$0.10                 |
| Leona Nielson<br>West Vancouver, BC                      | 25,000 <sup>(1)</sup>                              | \$0.10                 |
| Dino Minicucci<br>West Vancouver, BC                     | 75,000 <sup>(1)</sup>                              | \$0.10                 |
| Kim Sorenson<br>Vancouver, BC                            | 40,000 <sup>(1)</sup>                              | \$0.10                 |
| Harj Thind<br>Burnaby, BC                                | 40,000 <sup>(1)</sup>                              | \$0.10                 |
| Craig A. Roberts<br>Vancouver, BC                        | 100,000 <sup>(1)</sup>                             | \$0.10                 |
| Craig A. Roberts<br>Vancouver, BC                        | 100,000 <sup>(2)</sup>                             | \$0.20                 |
| Cal Everett<br>Vancouver, BC                             | 100,000 <sup>(1)</sup>                             | \$0.10                 |
| Erminia Minicucci<br>Vancouver, BC                       | 100,000 <sup>(2)</sup>                             | \$0.20                 |
| Jasper Holdings Ltd.<br>Vancouver, BC                    | 100,000 <sup>(2)</sup>                             | \$0.20                 |
| Total  | 1,124,981  |                        |

Notes:

1. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
2. These shares are held in escrow pursuant to the Insider/Pro Group Escrow Agreement.

**Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of options to the directors and officers of the Corporation no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the Securities Regulatory Authorities and the time the Common Shares are listed for trading on the Exchange, except

subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **OPTIONS TO PURCHASE SECURITIES**

### **Stock Option Plan**

The Corporation has adopted a stock option plan (the “Plan”), pursuant to which a maximum of 10% of the issued and outstanding Common Shares of the Corporation at the closing of the IPO, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Corporation’s Board of Directors to eligible optionees (the “Optionees”) under the Plan. While the Plan is in effect there can never be more than 10% of the Corporation’s issued and outstanding Common Shares reserved for issuance at any point in time. A maximum of 1,090,000 Common Shares may be issued under the Plan until completion of the Qualifying Transaction.

**Until the Corporation completes its Qualifying Transaction and ceases to be a CPC, all stock options granted under the Plan will be subject to the terms and conditions of Policy 2.4.**

#### *Eligible Optionees*

Under the policies of the Exchange, to be eligible for the issuance of a stock option under the Plan an Optionee must either be a director, officer, employee, consultant or an employee of a company providing management or other services to the Corporation or a subsidiary at the time the option is granted.

Options may be granted only to an individual or to a non-individual that is wholly owned by individuals eligible for an option grant. If the option is granted to a non-individual, it must provide the Exchange with an undertaking that it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect, without the consent of the Exchange.

#### *Material Terms of the Plan*

The following is a summary of the material terms of the Plan:

- (a) all options granted under the Plan are non-assignable and non-transferable and for a period of up to 5 years;
- (b) for stock options granted to employees or service providers (inclusive of management company employees), the Corporation must ensure that the proposed Optionee is a bona fide employee or service provider (inclusive of management company employees), as the case may be, of the Corporation or any subsidiary;
- (c) if an Optionee ceases to be employed by the Corporation (other than as a result of termination with cause) or ceases to act as a director or officer of the Corporation or a subsidiary of the Corporation, any option held by such Optionee may be exercised within 90 days after the date of such Optionee ceases to be employed as an officer or director or, as the case may be, or within 30 days if the Optionee is engaged in Investor Relations Activities. (No options will be granted under the Plan to any person providing Investor Relations Activities until the Corporation ceases to be a CPC.) ;
- (d) the minimum exercise price of an option granted under the Plan must not be less than the greater of the price per share pursuant to the Offering and the Discounted Market Price (as defined in the policies of the Exchange);
- (e) options granted to technical consultants cannot exceed 2% of the issued and outstanding shares of the Corporation in any one year; and

- (f) subject to (e) above, no Optionee can be granted an option or options to purchase more than 5% of the outstanding listed shares of the Corporation in any one year period.

### Options

On closing of the Offering the Corporation will have outstanding the following options to purchase common shares:

| <u>Name of Optionee</u>       | <u>Number</u>  | <u>Exercise Price</u> | <u>Expiry Date</u>  |
|-------------------------------|----------------|-----------------------|---|
| Gary Freeman                  | 300,000        | \$0.20                | 5 years after the listing of the common shares on the Exchange. |
| Godfrey Walton                | 100,000        | \$0.20                | 5 years after the listing of the common shares on the Exchange. |
| Chris Theodoropoulos          | 300,000        | \$0.20                | 5 years after the listing of the common shares on the Exchange. |
| Peter Wong                    | 100,000        | \$0.20                | 5 years after the listing of the common shares on the Exchange. |
| Mary Davies                   | 50,000         | \$0.20                | 5 years after the listing of the common shares on the Exchange. |
| Dayna Caouette <sup>(1)</sup> | <u>25,000</u>  | \$0.20                | 5 years after the listing of the common shares on the Exchange  |
| <b>TOTAL</b>                  | <b>875,000</b> |                       |   |

Note:

1. Dayna Caouette is a contractor providing secretarial and administrative services to the Corporation.

The options to purchase 875,000 Common Shares to be granted after closing this Offering to directors and officers are qualified for distribution pursuant to this prospectus.

There are no assurances that the options described above will be exercised in whole or in part.

### Stock Option Terms

The Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to director, officers, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance, will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the Optionee's position with the Corporation, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any

Common Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Shares”.

### CAPITALIZATION

|                  | Amount authorized or to be authorized | Amount outstanding as of July 14, 2007 <sup>(1)</sup> | Amount outstanding as of July 14, 2007 | Amount outstanding if all Common Shares offered are sold <sup>(3)</sup> |
|------------------|---------------------------------------|---|--|---|
| Common Shares    | Unlimited                             | 9,400,000   | 9,400,000 <sup>(2)</sup>               | 10,900,000  |
| Preferred Shares | Unlimited                             | None  | None                                   | None  |
| Options          | 1,090,000                             | None  | None                                   | 875,000 <sup>(4)</sup>  |
| Agent’s Options  | 150,000                               | None  | None                                   | 150,000 <sup>(5)</sup>  |

Notes:

1. At June 30, 2007, the Corporation had not commenced actively searching for a business of merit.
2. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$300,000, which, together with \$1,688,150 cash on hand as at the date hereof (\$1,700,000 proceeds from the sale of Seed Shares, plus GST receivable of \$81, less \$11,931 spent to date), provides a total of \$1,987,988 available for expenditure had the Offering completed on that date. The balance of the Offering expenses are estimated at \$50,000, and after deduction of commission of \$30,000 the net proceeds to the Corporation will be \$1,907,988.
3. As of the date hereof, the 2,425,000 common shares issued to Insiders of the Corporation and Non-Arm’s Length Parties to the Corporation are held in escrow in accordance with Policy 2.4. See “Escrowed Shares”.
4. These options will be granted to directors and officers of the Corporation concurrently with Closing of the Offering. See “Options to Purchase Securities”.
5. These options will be issued to the Agent concurrently with Closing of the Offering. See “Plan of Distribution”.

### Authorized and Issued Shares

The authorized capital of the Corporation consists of unlimited common shares without par value and unlimited preferred shares without par value. As at July 14, 2007, there were 9,400,000 common shares issued and outstanding and no preferred shares outstanding. See “Prior Sales”.

### Fully Diluted Share Capital

|   | <u>Number of Securities</u>     | <u>Percentage of Total</u> |
|---|---------------------------------|----------------------------|
| (a) Issued as of July 14, 2007 <sup>(1)</sup> | 9,400,000                       | 78.8%                      |
| (b) Offered under the prospectus              | 1,500,000                       | 12.6%                      |
| (c) Securities reserved for future issue      | <u>1,025,000</u> <sup>(2)</sup> | 8.6 %                      |
| Total   | 11,925,000                      | 100%                       |

Notes:

1. See “Prior Sales”.
2. The following shares of the Corporation are reserved for future issuance: 150,000 common shares on exercise of the Agent’s Option and 875,000 common shares on exercise of stock options.

### ***Agent's Option***

The Corporation will grant to the Agent, upon completion of this Offering, a non-transferable option to purchase up to 150,000 Common Shares, being 10% of the aggregate number of Common Shares sold under the Offering, at a price of \$0.20 per common share which may be exercised for a period of 24 months following the date of listing of the Corporation's common shares on the Exchange. A total of fifty (50%) percent of the common shares held pursuant to the exercise of the Agent's Option may be sold by the Agent prior to completion of a Qualifying Transaction by the Corporation. The remaining fifty (50%) percent may only be sold after completion of a Qualifying Transaction. The Agent's Option is qualified for distribution under this prospectus. See "Plan of Distribution".

### **PRIOR SALES**

Since the date of incorporation of the Corporation, 9,400,000 common shares of the Corporation have been issued as follows:

| <u>Date</u>    | <u>Number of Common Shares</u> | <u>Issue Price per Common Share</u> | <u>Aggregate Issue Price</u> | <u>Nature of Consideration Received</u> |
|----------------|--------------------------------|-------------------------------------|------------------------------|---|
| March 12, 2007 | 1 <sup>(1)</sup>               | \$0.10                              | \$0.10                       | Cash                                    |
| May 29, 2007   | 1,799,999 <sup>(1)</sup>       | \$0.10                              | \$179,999.90                 | Cash                                    |
| July 14, 2007  | 7,600,000 <sup>(2)</sup>       | \$0.20                              | \$1,520,000                  | Cash                                    |

Notes:

1. All of these shares are escrowed. See "Escrowed Shares".
2. 625,000 of these shares are escrowed. See "Escrowed Shares".

### **ESCROWED SHARES**

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

A total of 2,425,000 Common Shares are subject to escrow. All of the 1,800,000 Common Shares of the Corporation issued prior to this Offering at a price below \$0.20 per Common Share, including all Common Shares that may be acquired by Non-Arm's Length Parties of the Corporation, either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with Pacific Corporate Trust Company under an Escrow Agreement dated ◆, 2007 (the "Founder's Escrow Agreement"). An additional 625,000 Common Shares issued prior to the Offering at a price of \$0.20 per Common Share, which were issued to Non-Arm's Length Parties to the Corporation and members of the Aggregate Pro Group will be deposited with Pacific Corporate Trust Company under an Escrow Agreement dated ◆, 2007 (the "Insiders/Pro Group Escrow Agreement").

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

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

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

| <b>Name and Municipality of Residence of Shareholder</b>       | <b>No. of Common Shares held Prior to Offering</b> | <b>Percentage Prior to Offering</b> | <b>No. of Common Shares held in Escrow</b> | <b>No. of Common Shares held After Offering</b> | <b>Percentage After Offering</b> | <b>Percentage After Offering Fully Diluted</b> |
|--|--|-------------------------------------|--|---|----------------------------------|--|
| G.F. Consulting Corp. <sup>(1)</sup><br>Vancouver, BC          | 650,000  | 6.91 %                              | 650,000 <sup>(2)(3)</sup>                  | 650,000   | 5.96%                            | 7.97% <sup>(4)</sup>                           |
| G.F. Walton & Associates <sup>(5)</sup><br>North Vancouver, BC | 125,000  | 1.33%                               | 125,000 <sup>(6)</sup>                     | 125,000   | 1.15 %                           | 1.89% <sup>(7)</sup>                           |
| Mawenzi Capital Corp. <sup>(8)</sup><br>North Vancouver, BC    | 50,000   | 0.53%                               | 50,000 <sup>(9)</sup>                      | 50,000  | 0.46%                            | 0.84 % <sup>(10)</sup>                         |
| Peter Wong<br>Vancouver BC                                     | 125,000  | 1.33%                               | 125,000 <sup>(11)</sup>                    | 125,000   | 1.15%                            | 1.89 % <sup>(12)</sup>                         |
| Chris Theodoropoulos<br>West Vancouver, BC                     | 350,000  | 3.72%                               | 350,000 <sup>(13)</sup>                    | 350,000   | 3.21%                            | 5.45% <sup>(14)</sup>                          |
| Monty Sutton <sup>(19)</sup><br>Vancouver, BC                  | 75,000   | 0.80%                               | 75,000 <sup>(16) (17)</sup>                | 75,000  | 0.69%                            | 0.63%  |
| Renee Patterson <sup>(19)</sup><br>Vancouver, BC               | 40,000   | 0.43%                               | 40,000 <sup>(15)</sup>                     | 40,000  | 0.37%                            | 0.34%  |
| Elsie Ames <sup>(19)</sup><br>Vancouver, BC                    | 40,000   | 0.43%                               | 40,000 <sup>(15)</sup>                     | 40,000  | 0.37%                            | 0.34%  |
| Lisa May <sup>(19)</sup><br>Vancouver, BC                      | 40,000   | 0.43%                               | 40,000 <sup>(15)</sup>                     | 40,000  | 0.37%                            | 0.34%  |
| Bill Whitehead <sup>(19)</sup><br>Vancouver, BC                | 250,000  | 2.66%                               | 250,000 <sup>(15)</sup>                    | 250,000   | 2.29%                            | 2.1%   |
| Leona Nielson <sup>(19)</sup><br>West Vancouver, BC            | 25,000   | 0.27%                               | 25,000 <sup>(15)</sup>                     | 25,000  | 0.23%                            | 0.21%  |
| Dino Minicucci <sup>(19)</sup><br>West Vancouver, BC           | 75,000   | 0.80%                               | 75,000 <sup>(15)</sup>                     | 75,000  | 0.69%                            | 0.63%  |
| Kim Sorenson <sup>(19)</sup><br>Vancouver, BC                  | 40,000   | 0.43%                               | 40,000 <sup>(15)</sup>                     | 40,000  | 0.37%                            | 0.34%  |
| Harj Thind <sup>(19)</sup><br>Burnaby, BC                      | 40,000   | 0.43%                               | 40,000 <sup>(15)</sup>                     | 40,000  | 0.37%                            | 0.34%  |
| Craig A. Roberts <sup>(19)</sup><br>Vancouver, BC              | 200,000  | 2.13%                               | 200,000 <sup>(15)(18)</sup>                | 200,000   | 1.83%                            | 1.68%  |
| Cal Everett <sup>(19)</sup><br>Vancouver, BC                   | 100,000  | 1.06%                               | 100,000 <sup>(15)</sup>                    | 100,000   | 0.92%                            | 0.84%  |

| <b>Name and Municipality of Residence of Shareholder</b>  | <b>No. of Common Shares held Prior to Offering</b> | <b>Percentage Prior to Offering</b> | <b>No. of Common Shares held in Escrow</b> | <b>No. of Common Shares held After Offering</b> | <b>Percentage After Offering</b> | <b>Percentage After Offering Fully Diluted</b> |
|---|--|-------------------------------------|--|---|----------------------------------|--|
| Erminia Minicucci <sup>(19)</sup><br>Vancouver, BC        | 100,000  | 1.06%                               | 100,000 <sup>(18)</sup>                    | 100,000   | 0.92%                            | 0.84%  |
| Jasper Holdings Ltd. <sup>(19)(20)</sup><br>Vancouver, BC | 100,000  | 1.06%                               | 100,000 <sup>(18)</sup>                    | 100,000   | 0.92%                            | 0.84%  |
| Total   | 2,425,000  |                                     | 2,425,000                                  | 2,425,000                                       |                                  |  |

Notes:

- G.F. Consulting Corp. is beneficially owned and controlled by Gary Freeman, a director of the Corporation. Mr. Freeman holds 100% of the shares of G.F. Consulting Corp.
- 350,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- 300,000 escrow shares purchased for \$0.20 per share. These Shares are held in escrow pursuant to the Insiders/Pro Group Escrow Agreement.
- Mr. Freeman holds 300,000 stock options to purchase common shares.
- G.J. Walton & Associates. is beneficially owned and controlled by Godfrey Walton, a director of the Corporation. Mr. Walton holds 100% of the shares of G.J. Walton & Associates.
- 125,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- Mr. Walton holds 100,000 stock options to purchase common shares.
- Mawenzi Capital Corp. is beneficially owned and controlled by Mary Davies, an officer of the Corporation. Ms. Davies holds 100% of the shares of Mawenzi Capital Corp.
- 50,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- Ms. Davies holds 50,000 stock options to purchase common shares.
- 125,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- Mr. Wong holds 100,000 stock options to purchase common shares.
- 350,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- Mr. Theodoropoulos 300,000 stock options to purchase common shares.
- These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- 50,000 escrow shares purchased for \$0.10 per share. These Shares are held in escrow pursuant to the Founder's Escrow Agreement.
- 25,000 escrow shares purchased for \$0.20 per share. These Shares are held in escrow pursuant to the Insiders/Pro Group Escrow Agreement.
- These Shares are held in escrow pursuant to the Insiders/Pro Group Escrow Agreement.
- Member of the Agent's Pro Group.
- Jasper Holdings Ltd. is beneficially owned and controlled by Victoria Everett.

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

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

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

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

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

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on NEX, either:
  - (i) cancel all Seed Shares purchased by Non-Arm's Length Parties to the CPC, at a discount from the IPO price, in accordance with section 11.2(a) of Policy 2.4, or
  - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO Price.

#### **Escrowed Securities on Qualifying Transaction**

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

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

- (a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and
- (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, and
- (b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

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

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

### PRINCIPAL SHAREHOLDERS

As of the date hereof, no persons own 10% or more of the issued and outstanding Common Shares of the Corporation.

### DIRECTORS, OFFICERS AND PROMOTERS

#### Name, Address, Occupation, Security Holding and Involvement with Other Report Issuers

The following are the names, ages and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation, their principal occupations during the past five years and the number, class and kind of securities of the Corporation held by each of them as of the date hereof. See also "Management and Key Personnel".

| Name, Age and Municipality of Residence         | Position Held               | Principal Occupation <sup>(1)</sup> | Number of Securities of the Corporation Held (% of class) |              |   |              |         |              |
|---|-----------------------------|-------------------------------------|---|--------------|---|--------------|---------|--------------|
|   |                             |                                     | Common Shares Before Offering                             | (% of class) | Common Shares After Offering <sup>(3)</sup> | (% of class) | Options | (% of class) |
| Gary Freeman, 49 <sup>(2)</sup> , Vancouver, BC | CEO, President and Director | Businessman                         | 650,000   | 6.91%        | 650,000                                     | 5.96%        | 300,000 | 34.2%        |
| Peter Wong, 41 <sup>(2)</sup>                   | CFO and                     | Chartered                           | 125,000   | 1.33%        | 125,000                                     | 1.15%        | 100,000 | 11.4%        |

| Name, Age and Municipality of Residence                          | Position Held       | Principal Occupation <sup>(1)</sup> | Number of Securities of the Corporation Held (% of class) |              |   |              |                        |              |
|--|---------------------|-------------------------------------|---|--------------|---|--------------|------------------------|--------------|
|  |                     |                                     | Common Shares Before Offering                             | (% of class) | Common Shares After Offering <sup>(3)</sup> | (% of class) | Options                | (% of class) |
| Vancouver, BC  | Director            | Accountant                          |   |              |   |              |                        |              |
| Godfrey Walton, 53<br>North Vancouver, BC                        | Director            | Geologist                           | 125,000   | 1.33 %       | 125,000                                     | 1.15%        | 100,000                | 11.4%        |
| Chris Theodoropoulos,<br>52 <sup>(2)</sup><br>West Vancouver, BC | Director            | Lawyer                              | 350,000   | 3.72%        | 350,000                                     | 3.21%        | 300,000                | 34.2%        |
| Mary Davies, 48<br>North Vancouver, BC                           | Corporate Secretary | Paralegal                           | 50,000  | 0.53%        | 50,000                                      | 0.46%        | 50,000                 | 5.7%         |
| TOTAL SECURITIES   |                     |                                     | 1,300,000   | 12.8 %       | 1,300,000                                   | 9.2%         | 850,000 <sup>(4)</sup> | 96.9%        |

Notes:

1. See "Management and Key Personnel" for additional information regarding the principal occupations of the Corporation's directors and officers.
2. Messrs. Wong, Walton and Theodoropoulos are members of the audit committee.
3. Assumes no Common Shares are purchased pursuant to the Offering.
4. A total of 875,000 stock options will be granted after the Closing.

## Management and Key Personnel

The following is a brief description of the management and key personnel of the Corporation:

### **Gary Freeman** – *Chief Executive Officer, President and Director*

Mr. Freeman, 49, is a Vancouver-based entrepreneur who has acted in financing, marketing and shareholder relations' capacities with a number of junior exploration companies, and he has over 23 years of valuable experience in the industry. Mr. Freeman is currently the President and CEO of Pediment Exploration Ltd. since March 2005. He has also been President and CEO of Wealth Minerals Ltd. from March 2000 to December 2004 and a Director from March 2000 to November 2006. Mr. Freeman is now, or has been in the last five years a director or officer of four public companies or reporting issuers. Mr. Freeman will devote approximately 50% of his time to the business of the Corporation.

### **Peter Wong** – *Chief Financial Officer and Director*

Mr. Wong, 41, is a member of the Institute of Chartered Accountants of British Columbia and holds a Bachelor of Commerce from the University of British Columbia (1989). From 1989 to 1992, he articulated with the accounting firm of Deloitte and Touche in Vancouver and obtained his Chartered Accountant designation in 1992. Subsequently, he has held a number of progressive senior financial management positions with a number of mineral exploration stage, development stage and producing companies, including as Chief Financial Officer of Asia Pacific Resources Ltd. from November 2000 to January 2003, as Chief Financial Officer of Rubicon Minerals Corporation from December 2003 to August 2005. Mr. Wong is currently Chief Financial Officer of Plutonic Power Corporation since September 2005.

Mr. Wong is now, or has been in the last five years a director or officer of five public companies or reporting issuers. Mr. Wong will devote approximately 5% of his time to the business of the Corporation.

**Godfrey Walton - Director**

Mr. Walton, 53, is a Professional geologist with 32 years experience in the mining sector, specializing in the exploration and development of ore deposits. He holds a B.Sc. Geology (Honours) degree, University of Alberta, Edmonton AB, 1974. and an M.Sc. Geology degree, Queen's University, Kingston Ontario, 1978. From 1974 to 1993, Mr. Walton worked as project and senior geologist for INCO, Chevron Minerals and Hemlo Gold Mines, managing exploration and development programs for uranium, precious metals and base metals in Canada and the Lisheen zinc-lead-silver discovery/mine in Ireland. Since 2001, Mr. Walton has acted as geological consultant with G.J. Walton and Associates Ltd. in the evaluation and management of mineral projects throughout North America, South America and Europe. He acted as Vice President for Canarc Resource Corp. from August 1996 to March 2001 and President of Endeavour Silver since February 2005. Mr. Walton has published several geological/geochemical papers in leading technical journals, and is an active member of APEGBC, CIMM, MAC, SEG, PDAC and BCYCM.

Mr. Walton is now, or has been in the last five years a director or officer of six public companies or reporting issuers. Mr. Walton will devote approximately 5% of his time to the business of the Corporation.

**Chris Theodoropoulos, LLB - Director**

Mr. Theodoropoulos, 52, received his civil law degree (BCL) in 1981 and his common law degree (LLB) in 1982, both from McGill University. For the past 20 years he has practiced principally in the fields of corporate, securities, mining and commercial law involving publicly traded companies. Chris has held a number of directorships in public companies involved in the mining and technology sectors and has also been involved in the resolution and settlement of commercial disputes. He currently serves as Chairman of the Board of Africo Resources Ltd.

Mr. Theodoropoulos is now, or has been in the last five years a director or officer of six public companies or reporting issuers. Mr. Theodoropoulos will devote approximately 15% of his time to the business of the Corporation.

**Mary Davies, MBA – Corporate Secretary**

Ms. Davies, 48, has been a securities paralegal with Lang Michener LLP since 1991. Ms. Davies was a founding director of Caliente Capital Corp., a CPC formed in October 1999. Caliente completed its qualifying transaction, the acquisition of Webtech Wireless Inc., in March 2003. Ms. Davies was also a founding director of Arrabbiata Capital Corp., a CPC company listed on the TSXV in August, 2003. Arrabbiata completed its qualifying transaction, the acquisition of Olivut Resources Ltd., in January 2007. Ms. Davies received her Masters of Business Administration from Athabasca University in October 2006. Ms. Davies is a founding director of Golden Pacific Capital Corporation, a CPC listed on the TSX Venture Exchange.

Ms. Davies is now or has been in the last five years a director or officer of three public companies or reporting issuers. Ms. Davies will devote approximately 5% of her time to the business of the Corporation.

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

Given its modest size, the Corporation does not have an executive committee of its directors or any other committee except the audit committee.

**Other Reporting Issuer Experience**

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

| <b>Name</b>                  | <b>Name of Reporting Issuer</b>                                  | <b>Name or Exchange or Market</b> | <b>Position</b>        | <b>From</b>    | <b>To</b>     |
|------------------------------|--|-----------------------------------|------------------------|----------------|---------------|
| Gary Freeman                 | Pediment Exploration Ltd.  | TSX Venture Exchange              | Director               | March 2005     | Present       |
|                              |  |                                   | President              | July 2005      | Present       |
|                              | Becker Gold Mines Ltd.   | TSX Venture Exchange              | Director               | June 2007      | Present       |
|                              | Peterborough Capital Corp.                                       | TSX Venture Exchange              | Director               | September 2005 | July 2007     |
|                              | Excalibur Resources Ltd.<br>(formerly Discfactories Corporation) | CNQ                               | Director and President | March 2006     | November 2006 |
|                              | Wealth Minerals Ltd.   | TSX Venture Exchange              | Director               | March 2000     | November 2006 |
| Godfrey Walton               | Endeavour Silver Corp.   | TSX                               | Director               | July 2002      | Present       |
|                              |  |                                   | President              | February 2005  | Present       |
|                              | Largo Resources Ltd.   | TSX Venture Exchange              | Director               | May 2003       | March 2005    |
|                              | Crowflight Minerals Inc.   | TSX Venture Exchange              | Director               | June 2003      | December 2004 |
|                              | Golden Cariboo Resources Ltd.                                    | TSX Venture Exchange              | VP                     | May 2001       | July 2003     |
|                              | International Wayside Gold Mines Ltd.                            | TSX Venture Exchange              | VP                     | May 2001       | July 2003     |
|                              | Island Mountain Gold Mines                                       | TSX Venture Exchange              | VP                     | June 2001      | July 2003     |
|                              | Peter Wong   | Plutonic Power Corporation        | TSX                    | CFO            | Sept 2005     |
| Blackstone Ventures Inc.     | TSX Venture Exchange   | CFO                               | Sept 2005              | December 2006  |               |
| Western Keltic Mines Inc.    | TSX Venture Exchange   | CFO                               | Sept 2005              | December 2006  |               |
| Rubicon Minerals Corporation | TSX  | CFO                               | December 2003          | August 2005    |               |
| Asia Pacific Resources Ltd.  | TSX  | CFO and Secretary                 | November 2000          | January 2003   |               |

| <b>Name</b>            | <b>Name of Reporting Issuer</b>                       | <b>Name or Exchange or Market</b> | <b>Position</b>       | <b>From</b>   | <b>To</b>    |
|------------------------|---|-----------------------------------|-----------------------|---------------|--------------|
| Chris Theodoropoulos   | Pediment Exploration Ltd.                             | TSX Venture Exchange              | Director              | March 2007    | Present      |
|                        | Africo Resources Ltd.                                 | TSX                               | Director              | July 2006     | Present      |
|                        |   |                                   | Chairman              | April 2006    | Present      |
|                        | Peer 1 Network Enterprises Inc.                       | TSX Venture Exchange              | Director              | December 2005 | Present      |
|                        | Novra Technologies Inc. (formerly Century Gold Corp.) | TSX Venture Exchange              | Chairman              | July 1998     | June 2002    |
|                        |   |                                   | Director              | April 1997    | Present      |
|                        | Canarc Resources Corp.                                | TSX                               | Director              | March 1996    | June 2007    |
| Goldquest Mining Corp. | TSX Venture Exchange                                  | Director and Chairman             | December 2005         | June 2006     |              |
| Mary Davies            | Caliente Capital Corp. (now WebTech Wireless Inc.)    | TSX Venture                       | Director              | July 1999     | March 2003   |
|                        | Arrabiata Capital Corp. (now Olivut Resources Ltd.)   | TSX Venture <sup>(1)</sup>        | President and CEO     | April 2006    | January 2007 |
|                        |   |                                   | Director              | August 2003   | January 2007 |
|                        | Golden Pacific Capital Corporation                    |                                   | CEO, CFO and Director | April 2006    | Present      |

Note:

1. Arrabiata Capital Corp. was listed on NEX from April 2006 to January 2007.

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer or promoter of the Corporation is, or within the ten years prior to the date of this prospectus has been, a director, officer or promoter, of any company that, while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy or made a proposal under any regulation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

### **Penalties or Sanctions**

No director, officer or promoter of the Corporation has, within the ten years prior to the date of this prospectus, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded company, or theft or fraud.

### **Personal Bankruptcies**

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

### **Conflicts of Interest**

There are no known conflicts of interest involving the directors.

There may in future arise conflicts of interest to which some of the directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation because some of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some of the directors, officers, insiders and promoters will be or will be perceived to be in competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia) and pursuant to common law.

## **EXECUTIVE COMPENSATION**

### **Remuneration**

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

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

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"), which reimbursements, since incorporation, are nil. No reimbursements may be made for any payment made to lease or buy a vehicle for an insider.

The directors and officers of the Corporation will be granted stock options as part of their compensation.

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

## DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 8.25% or \$0.0165 per Common Share on the basis of there being 10,900,000 Common Shares issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation, as follows:

| Item   | Total Proceeds     |
|--|--------------------|
| Gross proceeds of prior share issuances  | \$1,700,000        |
| Gross proceeds of the offering   | <u>\$ 300,000</u>  |
| Total gross proceeds   | <u>\$2,000,000</u> |
| Offering price per Common Share  | \$0.20             |
| Gross proceeds per Common Share after the Offering<br>(\$2,000,000/10,900,000) | \$0.1835           |
| Dilution per Common Share  | \$0.0165           |
| Percentage dilution in relation to the Offering price                          | 8.25%              |

## RISK FACTORS

**INVESTMENTS IN SMALL BUSINESSES INVOLVE A HIGH DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

The Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction.

Investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development.

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

Assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 8.25% or \$0.0165 per Common Share.

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

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

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

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

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

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

Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction.

Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.

The Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing.

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

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

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.

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

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

## LEGAL PROCEEDINGS

### Legal Proceedings

There are no actual or pending legal proceedings to which the Corporation is a party or of which any of its assets are subject.

## **RELATIONSHIP BETWEEN CPC AND AGENT**

### **Relationship Between CPC and Agent**

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

## **RELATIONSHIP BETWEEN CPC AND PROFESSIONAL PERSONS**

### **Relationship Between CPC and Professional Persons**

No beneficial interest, direct or indirect, in any securities or properties of the CPC or of an associate or affiliate of the CPC, held by a professional person, a responsible solicitor or any partner of a responsible solicitor's firm.

No professional person, nor the responsible solicitor or any partner of the responsible solicitor's firm is, or is expected to be elected, appointed or employed as a director, senior officer or employee of the CPC or of an associate or affiliate of the CPC, or a promoter of the CPC or of an associate or affiliate of the CPC.

In this section, "professional person" means a person whose profession gives authority to a statement made by the person in the person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist.

## **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **Auditors**

The Corporation's auditor is Hay & Watson, Chartered Accountants, 1822 West 2<sup>nd</sup> Avenue, Vancouver, British Columbia, V6J 1H9.

### **Transfer Agent and Registrar**

The registrar and transfer agent of the Corporation is Pacific Corporate Trust Company, 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## **MATERIAL CONTRACTS**

### **Material Contracts**

The Corporation has not entered into any material contracts since its incorporation except as follows:

1. Agency Agreement dated ◆, 2007 with PI Financial Corp. See "Plan of Distribution".
2. Stock Option Plan dated ◆, 2007. See "Options to Purchase Securities".
3. Founder's Escrow Agreement dated ◆, 2007 among the Corporation, Pacific Corporate Trust Company, and each of G.F. Consulting Corp., G. J. Walton & Associates, Peter Wong, Chris Theodoropoulos, Mawenzi Capital Corp., Renee Patterson, Monty Sutton Elsie Ames, Lisa May, Bill Whitehead, Leona Nielson, Dino Minicucci, Kim Sorenson, Harj Thind, Craig A. Roberts, and Cal Everett See "Escrowed Shares".

4. Insider/Pro Group Escrow Agreement dated ◆, 2007 among the Corporation, Pacific Corporate Trust Company, and each of G.F. Consulting Corp., Monty Sutton, Erminia Minicucci, Craig A. Roberts and Jasper Holdings Ltd.. See "Escrowed Shares".

#### **Inspection of Material Contracts**

The above contracts may be inspected at the registered office of the Corporation's solicitor at 3000, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R3 during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days after completion of the distribution.

#### **OTHER MATERIAL FACTS**

There are no other material facts relating to the securities proposed to be offered which have not been disclosed elsewhere in this prospectus.

#### **PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

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

#### **FINANCIAL STATEMENTS**

Audited financial statements for the Corporation for the period from inception to July 14, 2007 attached to this prospectus.

# **ETHOS CAPITAL CORP.**

## **Financial Statements**

July 14, 2007

And Auditor's Report

## **AUDITORS' REPORT**

### **To the Directors of Ethos Capital Corp**

We have audited the balance sheet of Ethos Capital Corp as at July 14, 2007 statement of cash flow for the period from inception, March 12, 2007 to July 14, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statement presents fairly, in all material respects, the financial position of the company as at July 14, 2007 and the results of its cash flow for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Vancouver, British Columbia  
July 20, 2007

**ETHOS CAPITAL CORP.**  
**Balance Sheet**

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|                                   | <b>July 14</b>      |
|-----------------------------------|---------------------|
|                                   | <b>2007</b>         |
| <b>ASSETS</b>                     |                     |
| <b>Current Assets</b>             |                     |
| Cash and cash equivalent          | \$ 1,687,988        |
| GST receivable                    | 81                  |
| Prepaid expenses                  | 10,000              |
| <hr/>                             |                     |
| <b>TOTAL CURRENT ASSETS</b>       | <b>\$ 1,698,069</b> |
| <hr/>                             |                     |
| <b>SHAREHOLDERS' EQUITY</b>       |                     |
| Share Capital (Note 7)            | \$ 1,698,069        |
| <hr/>                             |                     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b> | <b>\$ 1,698,069</b> |
| <hr/>                             |                     |

**APPROVED BY THE BOARD:**

          “Gary Freeman”           **Director**

          “Peter Wong”           **Director**

# ETHOS CAPITAL CORP.

## Statement of Cash Flow

From inception, March 12,2007 to July 14, 2007

|  | <u>From inception<br/>to July 14, 2007</u> |
|--|--|
| <b>Cash provided by (used in)</b>              |  |
| <b>Operating activities</b>                    |  |
| Changes in non-cash working capital components |  |
| GST receivable                                 | \$ (81)                                    |
| Prepaid expense                                | (10,000)                                   |
|  | <u>(10,081)</u>                            |
| <b>Financing Activities</b>                    |  |
| Common shares issued for cash                  | 1,700,000                                  |
| Share issue costs                              | (1,931)                                    |
|  | <u>1,698,069</u>                           |
| <b>INCREASE IN CASH</b>                        | 1,687,988                                  |
| <b>CASH, BEGINNING OF PERIOD</b>               | -  |
| <b>CASH, END OF PERIOD</b>                     | <u>\$ 1,687,988</u>                        |

# **ETHOS CAPITAL CORP.**

## **Notes to the Financial Statements**

July 14, 2007

### **1. OPERATIONS**

Ethos Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 12, 2007 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange.

The Company’s principal business activity will be to identify and evaluate opportunities for the acquisition of interests in assets or businesses that will meet the definition of a Qualifying Transaction as defined in Policy 2.4 of the TSX Venture Exchange.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles, which include the following significant accounting policies:

#### **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash in bank and short term investments that are highly liquid in nature and have a maturity date of three months or less.

#### **Financial Instruments**

The Company’s financial instruments consist of cash and cash equivalents, prepaid expense and amount due to related party. The Company is not exposed to significant interest, credit or exchange risk arising from these financial instruments. The estimated fair value of such financial instruments approximates their carrying values because of the short term to maturity of these instruments.

#### **Share-based Compensation**

The Company grants options to purchase shares under the terms described in Note 3. When options to purchase shares are granted to employees or directors, the fair value of the options on the date of the grant is recognized as a compensation expense, with a corresponding increase in contributed surplus, over the period during the related options vest. When options to purchase shares are granted to non employees in return for goods or services, the fair value of the options granted is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received. The consideration received on the exercise of share options is credited to share capital. When options are exercised, previously recorded compensation is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

# ETHOS CAPITAL CORP.

## Notes to the Financial Statements

July 14, 2007

### 3 SHARE CAPITAL

#### Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

#### Common shares

Issued and outstanding

|  | Number of<br>Shares | Amount              |
|--|---------------------|---------------------|
| Issued for cash pursuant to private placements | 9,400,000           | \$ 1,700,000        |
| Share issue costs                              | -                   | (1,931)             |
| <b>Balance, July 14, 2007</b>                  | <b>9,400,000</b>    | <b>\$ 1,698,069</b> |

2,228,500 common shares issued and outstanding have been placed into escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the acceptance by the TSX Venture Exchange of a qualifying transaction made by the Company. An additional 15% of the escrowed common shares will be released every 6 months following the acceptance of the qualifying transaction.

The Company has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of completion of the public offering. Such options will be exercisable up to five years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

Pursuant to the stock option plan, immediately after closing of the public offering, the board of Directors intends to grant the following options to purchase common shares to Directors, officers and consultants and to the issuing agent for the Company's public offering:

| Optionee               | Number of common<br>shares under option | Exercise price | Expiry date             |
|------------------------|---|----------------|-------------------------|
| Directors and officers | 850,000                                 | \$0.20         | 5 years from issue date |
| Employee               | 25,000                                  | \$0.20         | 5 years from issue date |
| Agent                  | 150,000                                 | \$0.20         | 2 years from issue date |

# **ETHOS CAPITAL CORP.**

## **Notes to the Financial Statements**

July 14, 2007

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### **4. SUBSEQUENT EVENTS**

The Company intends to list its shares for trading on the TSX Venture Exchange. To complete this listing, the Company expects to:

- complete an initial public offering (“IPO”) of 1,500,000 common shares without par value at a price of \$0.20 per share for gross proceeds of \$300,000
- pay the issuing agent of the public offering 10% of the gross proceeds of the common shares sold (\$30,000 if IPO fully subscribed)
- Issue options to the issuing agent entitling the agent to purchase up to 150,000 common shares at a price of \$0.20 per common share, expiring 24 months from the date the shares are listed for trading

The cost of the public offering of the Company’s common shares, including the agent’s commission noted above and a corporate finance fee of \$10,000 payable to the agent, is expected to be approximately \$50,000

## CERTIFICATES

### Certificate of the Corporation

**Dated: August 24, 2007**

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

"Gary Freeman" (signed)  
Gary Freeman  
Chief Executive Officer

"Peter Wong" (signed)  
Peter Wong  
Chief Financial Officer

### ON BEHALF OF THE BOARD

"Chris Theodoropoulos" (signed)  
Chris Theodoropoulos  
Director

"Godfrey Walton" ("signed")  
Godfrey Walton  
Director

### Certificate of the Promoter

**Dated: August 24, 2007**

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

By "Gary Freeman" (signed)  
Gary Freeman

### Certificate of the Agent

**Dated: August 24, 2007**

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

PI Financial Corp.

Per: "Bert Quattrociocchi" (signed)  
Bert Quattrociocchi, Executive Vice President

## ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in the attached prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14, 15 and 21 of this Form, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the prospectus; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described on Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at Vancouver, British Columbia this 24<sup>th</sup> day of August, 2007

Ethos Capital Corp.

Per:

“Gary Freeman”  
Gary Freeman