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

This prospectus constitutes a public offering of 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.

PRELIMINARY PROSPECTUS

Initial Public Offering **August 28, 2009**

ELSON ENERGY ENTERPRISES LTD.
(a capital pool company)

$200,000
1,000,000 Common Shares

Price: $0.20 per Common Share

Elson Energy Enterprises Ltd. (the "**Corporation**") hereby qualifies for distribution, through its agent, Lightyear Capital Inc. (the "**Agent**"), 1,000,000 common shares in the capital of the Corporation (the "**Common Shares**") for aggregate gross proceeds of $200,000 (the "**Offering**"). The purpose of this 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 TSX Venture Exchange Inc. (the "**Exchange**") and, in the case of a Non Arm's Length Qualifying Transaction, as hereafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 - *Capital Pool Companies* (the "**CPC Policy**"). The Corporation is a Capital Pool Company ("**CPC**"). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See *"Business of the Corporation"* and *"Use of Proceeds"*.

	Price to the Public	**Agent's Commission(1)(2)**	**Net Proceeds to the Corporation(3)**
Per Common Share	$0.20	$0.012	$0.188
Total Offering	$200,000	$12,000	$188,000

Notes:

(1) A cash commission of 6% of the gross proceeds of the Offering will be paid to the Agent and the Agent will also be reimbursed by the Corporation for its reasonable expenses and legal fees estimated at $20,000 plus taxes and disbursements. See *"Plan of Distribution"*.

(2) Pursuant to the Agency Agreement (as hereafter defined), the Agent and any sub-agents will be granted a non-transferable option (the "**Agent's Option**") to purchase such number of Common Shares that is equal to 10% of the total number of Common Shares sold in connection with the Offering at a price of $0.20 per Common Share and which may be exercised for a period of 24 months from the date the Common Shares are listed on the Exchange. This prospectus qualifies for distribution the grant of the Agent's Option. See *"Plan of Distribution – Agency Agreement and Agent's Compensation"*.

(3) Before deducting the costs of this Offering estimated at $50,000 exclusive of the Agent's commission, which includes legal and audit fees and other expenses of the Corporation, the listing fee payable to the Exchange and filing fees payable to the Commissions. See *"Use of Proceeds"*.

This Offering is made on a "best efforts" agency basis by the Agent and is subject to the completion of a minimum subscription of 1,000,000 Common Shares for gross proceeds to the Corporation of $200,000. 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 an agency agreement between the Corporation and the Agent (the "**Agency Agreement**") and referred to under *"Plan of Distribution"*. If the minimum subscription is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Other 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 commission that is designated the principal regulator pursuant to Multilateral Instrument 11-102 - *Passport System* ("**MI 11-102**") and National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* ("**NP 11-202**") 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 authority(ies) grants a discretionary order.

There currently is no market through which these securities may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. See *"Risk Factors"*. 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. The Corporation was only recently incorporated and has no active business or assets other than cash. The Corporation 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 (based on the gross proceeds from this and prior issuances without deduction of selling and related expenses) per Common Share of $0.0324 or 16.2%. 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 Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction. See *"Business of the Corporation"*, *"Use of Proceeds"*, *"Directors, Officers and Promoters"*, *"Dilution"* and *"Risk Factors"*.

The Corporation may be a "connected issuer" of the Agent for the purposes of National Instrument 33-105 - *Underwriting Conflicts* ("NI 33-105") as two Managing Directors and an employee of the Agent previously purchased an aggregate of 357,500 Common Shares at a price of $0.20 per share representing approximately 13.2% of the issued and outstanding Common Shares prior to the completion of the Offering and 9.7% of the issued and outstanding Common Shares assuming completion of the Offering. See *"Plan of Distribution - Subscriptions By and Restrictions on the Agent"*, *"Prior Sales"*, *"Escrowed Securities"*, *"Principal Shareholders"* and *"Relationship Between the Corporation and the Agent"*.

The Agent conditionally offers these Common Shares on a "best efforts" agency basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under *"Plan of Distribution"* and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, Calgary, Alberta, on behalf of the Corporation, and by Blake, Cassels & Graydon LLP, Calgary, Alberta, on behalf of the Agent. Pursuant to the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, or 20,000 Common Shares ($4,000). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, or 40,000 Common Shares ($8,000). Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery at Closing.

Lightyear Capital Inc.
Suite 660, 202 - 6th Avenue S.W.
Calgary, Alberta T2P 2R9
Telephone: (403) 218-1400
Facsimile: (403) 537-6512

TABLE OF CONTENTS

Page

GLOSSARY

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

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

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

"**Agency Agreement**" means the agency agreement dated ●, 2009 between the Corporation and the Agent.

"**Agent**" means Lightyear Capital Inc.

"**Agent's Option**" means the non-transferable option to be granted by the Corporation to the Agent and any sub-agents entitling the Agent and any sub-agents to acquire such number of Common Shares that is equal to 10% of the number of Common Shares sold in connection with the Offering at an exercise price of $0.20 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares are listed on the Exchange.

"**Agent's Warrant**" means a Common Share purchase warrant issued to the Agent on July 28, 2009 in connection with a brokered private placement of the Corporation entitling the holder thereof to purchase one Common Share at an exercise price of $0.20 per Common Share and which may be exercised for a period that is 6 months from the date that the last of the Agent's Warrants are released from escrow in accordance with Exchange Policy 2.4.

"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.

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

(a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;

(b) identifies the parties to the Qualifying Transaction;

(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and

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

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

(a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and

(d) in the case of a Person who is an individual:

(i) that Person's spouse or child, or

(ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"**Closing**" means the completion of the Offering.

"**Commissions**" means the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Financial Services Commission, the Manitoba Securities Commission and the Ontario Securities Commission.

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

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

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

"**Control Person**" means any Person that holds or is one of a combination of Persons 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 Elson Energy Enterprises Ltd., a corporation incorporated under the *Business Corporations Act* (Alberta), having its registered office in the City of Calgary, in the Province of Alberta.

"**CPC**" means a corporation:

(a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in Canada in compliance with the CPC Policy; and

(b) in regard to which the Final Exchange Bulletin has not yet been issued.

"**CPC Policy**" means Exchange policy 2.4 - *Capital Pool Companies*.

"**Escrow Agreement**" means the escrow agreement dated ●, 2009 among the Corporation, the Trustee and certain shareholders of the Corporation.

"**Exchange**" means the TSX Venture Exchange Inc.

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

"**initial public offering**" or "**IPO**" means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

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

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

(b) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

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

"**Majority of the Minority Approval**" means the approval of a Qualifying Transaction by the majority of the votes cast by shareholders, other than:

(a) Non Arm's Length Parties to the CPC;

(b) Non Arm's Length Parties to the Qualifying Transaction; and

(c) in the case of a Related Party Transaction:

(i) if the CPC holds its own shares, the CPC, and

(ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

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

"**Member**" means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

"**Members' Agreement**" means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

"**Minimum Listing Requirements**" means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

"**Non Arm's Length Party**" means in relation to a Company: (i) 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; or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person. In relation to an individual, means any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person.

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

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

"**Offering**" means the offering of Common Shares in accordance with the terms of this prospectus.

"**Person**" means a Company or individual.

"**Principal**" means:

(a) a Person who acted as a Promoter of the Issuer within two years before the IPO prospectus or Final Exchange Bulletin;

(b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

(c) a "20% holder" – a Person 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 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.

"**Promoter**" has the meaning specified in section 1(rr) of the *Securities Act* (Alberta).

"**Pro Group**" means:

(a) Subject to subparagraphs (b), (c) and (d), "Pro Group" shall include, either individually or as a group:

(i) the Member;

(ii) employees of the Member;

(iii) partners, officers and directors of the Member;

(iv) Affiliates of the Member; and

(v) Associates of any parties referred to in subparagraphs (i) through (iv).

(b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;

(c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length to the Member;

(d) The Exchange 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 Exchange 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 Transaction**" has the meaning ascribed to that term under Multilateral Instrument 61-101, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

"**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 a reverse take-over bid, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading.

"**SEDAR**" means System for Electronic Document Analysis and Retrieval.

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Minimum Listing Requirements.

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

"**Sponsor Report**" means the report to be provided to the Exchange by the Sponsor.

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

"**Trustee**" means Olympia Trust Company, a trust corporation having an office in the City of Calgary, in the Province of Alberta.

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

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.

The Corporation:	Elson Energy Enterprises Ltd.
Business of the Corporation:	The Corporation is a CPC. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See *"Business of the Corporation"*.
Offering:	A total of 1,000,000 Common Shares are being offered under this prospectus at a price of $0.20 per Common Share. In addition, the Corporation will grant to the Agent and any sub-agents the Agent's Option to purchase up to 100,000 Common Shares (being the number of Common Shares equal to 10% of the number of Common Shares sold pursuant to the Offering) at a price of $0.20 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares are listed on the Exchange, which option is qualified for distribution under this prospectus. The Corporation also intends to grant options to purchase 350,000 Common Shares at a price of $0.20 per Common Share to the directors and officers of the Corporation, which options are qualified for distribution under this prospectus. See *"Plan of Distribution"*.
Use of Proceeds:	The total net proceeds to the Corporation, accounting for total cash proceeds raised prior to this Offering and total proceeds of this Offering, net of all Offering expenses, will be approximately $518,736. The Corporation estimates incurring general and administrative costs of approximately $60,000 until the Completion of the Qualifying Transaction, which will reduce the total net funds available for pursuing a Qualifying Transaction to $458,736. The net funds available will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or $210,000 may be used for purposes other than evaluating businesses or assets. See "*Use of Proceeds*".
Directors and Officers:	The directors and officers of the Corporation are:

Elson J. McDougald	Chief Executive Officer, Chief Financial Officer and Director
Randy Hawkings	Director
Donald Seaman	Director
C. Kent Jespersen	Director
Henry Lawrie	Director
Daniel G. Kolibar	Secretary and Director
Bradley McDougald	Director

See *"Directors, Officers and Promoters"*.

Escrowed Securities:	An aggregate of 1,200,000 Common Shares issued at $0.10 per share and an aggregate of 357,500 Common Shares issued at $0.20 per share will be deposited into escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the

date of the Final Exchange Bulletin.

In addition, 150,000 Agent's Warrants and all Common Shares acquired on exercise of the Agent's Warrants will be deposited into escrow pursuant to the terms of the Escrow Agreement 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. The Corporation 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 (based on the gross proceeds from this and prior issuances without deduction of selling and related expenses) per Common Share of $0.0324 or 16.2%. 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 Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

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. See *"Business of the Corporation"*, *"Directors, Officers and Promoters"*, *"Dilution"* and *"Risk Factors"*.

THE CORPORATION

The Corporation was incorporated on May 15, 2009, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) under the name “Elson Energy Enterprises Ltd.”. On ●, 2009, the Corporation amended its articles to remove the restrictions against the transfer of securities.

The registered office of the Corporation is located at 1000 Canterra Tower, 400 3rd Avenue S.W. Calgary, Alberta T2P 4H2 and the head office is located at 515, 808 - 4th Avenue S.W., Calgary, Alberta T2P 3E8.

BUSINESS OF THE CORPORATION

Preliminary Expenses

As at August 26, 2009, the Corporation had incurred preliminary expenses for auditing and legal fees in the amount of approximately $20,000. Subsequent to August 26, 2009, the Corporation paid $5,250 to the Exchange as part of the Corporation’s listing fee. Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditors and legal fees, the fees of the Exchange, the Agent’s fees and expenses of the Agent and the fees of the securities regulatory authorities. 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 the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to pursue a Qualifying Transaction in the oil and gas sector but there is no assurance that this sector will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

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

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

Method of Financing

The Corporation may use cash, bank financing, the issuance of treasury shares, public debt or equity financing 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

All potential Qualifying Transactions will be screened initially by management of the Corporation to determine their economic viability. Approval of the Qualifying Transaction will be made by the board of directors of the Corporation. The board of directors will examine any proposed Qualifying Transaction having regard to sound business fundamentals, utilizing the expertise and experience of the directors. 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 having regard 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.

Filings and Shareholder Approval of the 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 *"Business of the Corporation - Trading Halts, Suspensions and Delisting"*. Within 75 days after issuance of such news release, the Corporation is required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

(a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR; or

(b) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

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

(a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;

(b) confirmation of closing of the Qualifying Transaction; and

(c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

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

Minimum Listing Requirements

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

Trading Halts, Suspensions 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 lifted by the Exchange.

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

(a) the unacceptable nature of the business of the Resulting Issuer; or

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

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation 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. See "*Business of the Corporation - Filings and Shareholder Approval of the Qualifying Transaction*".

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

(a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non Arm's Length Parties of the Corporation; and

(b) either:

(i) cancel all Seed Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the IPO price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange, or

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

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

Refusal of Qualifying Transaction

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

(a) the Resulting Issuer fails to satisfy the applicable Minimum Listing Requirements of the Exchange;

(b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:

(i) a Member firm of the Exchange;

(ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and

(iii) Associates of any such person,

collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;

(c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;

(d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or

(e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be $200,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus was $420,000. From the aggregate gross proceeds of $620,000 will be deducted the expenses and costs of this issue, including legal, accounting, audit, printing, regulatory fees and the Agent's commission, fees and expenses, estimated in the aggregate, to be approximately $62,000. The Corporation estimates that $518,736 will be available to the Corporation from the sale of Common Shares distributed by this prospectus and the prior sales of Common Shares.

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

Item	**Total Offering**
Gross cash proceeds raised prior to this Offering (Seed Shares)(1)	$420,000
Expenses and costs relating to raising Seed Share proceeds	($39,264) (2)
Gross cash proceeds to be raised pursuant to this Offering	$200,000
Estimated expenses and costs relating to the Offering (3)	($62,000)
Estimated funds available on completion of the Offering (4)	**$518,736**
Funds available for identifying and evaluating assets or business prospects (4)(5)	$458,736
Estimated general and administrative expenses until Completion of a Qualifying Transaction	$60,000
Total Net Proceeds	**$518,736**

Notes:

(1) See *"Prior Sales"*.

(2) Expenses and costs relating to the completion of a brokered private placement by the Corporation on July 28, 2009. See the Corporation's balance sheet as at July 31, 2009.

(3) Includes listing and filing fees, Agent's commission, the Agent's fees and expenses and the Corporation's legal fees, audit fees and other expenses.

(4) In the event the Agent's Warrants, Agent's Option or any portion of the options to be granted to the directors and officers of the Corporation are exercised, there will be available to the Corporation a maximum of an additional $120,000 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.

(5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire $458,736 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 sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

Permitted Use of Funds

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

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

(i) valuations or appraisals;

(ii) business plans;

(iii) feasibility studies and technical assessments;

(iv) sponsorship reports;

(v) engineering or geological reports;

(vi) financial statements, including audited financial statements;

(vii) fees for legal and accounting services; and

(viii) Agent's fees, costs and commissions,

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

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

Restrictions on Use of Proceeds

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

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale to the public on a "best efforts" basis, 1,000,000 Common Shares at a price of $0.20 per Common Share for aggregate gross proceeds of $200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 6% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay the Agent's legal fees and disbursements, estimated at $20,000 plus taxes, and any other reasonable expenses of the Agent.

The Corporation has also agreed to grant to the Agent and any sub-agents the Agent's Option which entitles the Agent and any sub-agents to purchase up to 100,000 Common Shares at a price of $0.20 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent's Option is qualified under this prospectus for distribution. The Agent intends to sell to the public any Common Shares received by it upon the exercise of the Agent's Option. 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 "best efforts" to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Best Efforts Offering and Minimum Distribution

The total Offering is for 1,000,000 Common Shares at a price of $0.20 per share for total gross proceeds of $200,000. Under the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares in the Offering, or 20,000 Common Shares ($4,000). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares in the Offering, or 40,000 Common Shares ($8,000). The funds received from the Offering will be deposited with the Agent, and will not be released until proceeds of $200,000 have 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 the Agent and 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.

Other Securities to be Distributed

The Corporation also proposes to grant options to purchase 350,000 Common Shares to the directors and officers of the Corporation in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus. See *"Options to Purchase Securities"*.

Determination of Price

The offering price of the Common Shares 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. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Subscriptions by and Restrictions on the Agent

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

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

Two Managing Directors and an employee of the Agent previously purchased an aggregate of 357,500 Common Shares at a price of $0.20 per share representing approximately 13.2% of the issued and outstanding Common Shares prior to the completion of the Offering and 9.7% of the issued and outstanding Common Shares assuming completion of the Offering. The Agent has advised the Corporation that, other than the foregoing individuals, to the best of its knowledge and belief, no directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the foregoing have subscribed for Common Shares. See *"Escrowed Securities"*, *"Prior Sales"*, *"Principal Shareholders"* and *"Relationship Between the Corporation and the Agent"*.

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 commission that is designated the principal regulator pursuant to MI 11-102 and NP 11-202 and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 2,700,000 are issued and outstanding as fully paid and non-assessable, 1,000,000 Common Shares are reserved for issuance under this prospectus, 350,000 are reserved for issuance pursuant to the options to be granted to the directors and officers of the Corporation, 100,000 are reserved for issuance pursuant to the Agent's Option and 150,000 are reserved for issuance pursuant to the Agent's Warrants. See *"Plan of Distribution"*.

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Corporation and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares (the "**Preferred Shares**"), issuable in series, none of which are issued and outstanding as of the date hereof.

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of July 31, 2009[(1)]	Amount Outstanding as of the Date Hereof[(1)]	Amount Outstanding After Giving Effect to the Offering[(2)(3)]
Common Shares	unlimited	$420,000 (2,700,000 Common Shares)[(4)]	$420,000 (2,700,000 Common Shares)[(4)]	$620,000 (3,700,000 Common Shares)
Preferred Shares	unlimited	nil	nil	nil

Notes:

(1) As at July 31, 2009 and as of the date hereof, the Corporation had not commenced operations.

(2) The Corporation has reserved a maximum of 100,000 Common Shares at $0.20 per share pursuant to the Agent's Option, 350,000 Common Shares at $0.20 per share pursuant to the options to be granted to the directors and officers and 150,000 Common Shares at $0.20 per share pursuant to the Agent's Warrants. See *"Plan of Distribution"* and *"Options to Purchase Securities"*.

(3) Based on the gross proceeds of the Offering of $200,000 and before deducting the Agent's commission, fees and expenses and the other costs of this Offering, estimated at $62,000**.**

(4) A total of 1,557,500 of these Common Shares are subject to escrow restrictions. See "*Escrowed Securities*".

OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the "**Option Plan**") which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and 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. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, 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 consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

The Option Plan provides that upon the participant's permanent, physical or mental disability, or death such participant's options may be exercised to purchase the total number of Common Shares not previously purchased by the participant whether or not the rights to purchase some or all of those Common Shares have previously vested in or are exercisable by the participant as of the date of ceasing to be a participant, provided such exercise occurs prior to the earlier of the expiry date of the options and 90 days after the participant ceases to be a participant due to such permanent physical or mental disability or death. If a participant ceases to be a participant by reason of the participant's office, directorship or employment or services agreement with the Corporation terminating or ending otherwise than by reason of permanent physical or mental disability, or death or termination with or without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the participant may exercise the options to purchase Common Shares not previously purchased by the participant but only to the extent that rights to purchase the Common Shares have vested in and are exercisable by the participant as at the date of such ceasing to be a participant, provided such exercise occurs at any time on or before the earlier of the expiry date of the options and 21 days after the participant ceases to be a participant due to the termination or ending of the participant's office, directorship or employment or services agreement. If a participant ceases to be a participant by reason of termination without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the participant may exercise the options to purchase Common Shares not previously purchased by the participant but only to the extent that rights to purchase the Common Shares have vested in and are exercisable by the participant as at the date of such ceasing to be a participant, provided that such exercise occurs prior to the date that the participant ceases to be a participant. If a participant ceases to be a participant by reason of termination and the participant is entitled to reasonable notice of termination or compensation in lieu thereof then the participant may exercise the options to purchase Common Shares not previously purchased by the participant but only to the extent that rights to purchase the Common Shares are vested in and are exercisable by the participant on or before the date of such ceasing to be a participant provided that such exercise occurs prior to the earlier of the expiry date of the options and where the participant is given a reasonable period of notice prior to termination, the date the participant ceases to be a participant or where the participant is paid compensation in lieu of reasonable notice the date that is 21 days after the participant ceases to be a participant.

In addition, options granted to participants who do not continue as a director, officer, employee or consultant of the Resulting Issuer have a maximum term of the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the participant's position with the Resulting Issuer. 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 Securities"*.

As at the date hereof, the Corporation has reserved 350,000 Common Shares for issuance under the Option Plan to be granted to the Corporation's officers and directors at the Closing. Such options are qualified for distribution pursuant to this prospectus and are expected to be allocated on the following basis:

Optionee	**Number of Common Shares Reserved**	**Exercise Price**	**Expiry Date**
Elson J. McDougald	50,000	$0.20	Five years from the date of grant
Randy Hawkings	50,000	$0.20	Five years from the date of grant
Henry Lawrie	50,000	$0.20	Five years from the date of grant
Donald Seaman	50,000	$0.20	Five years from the date of grant
C. Kent Jespersen	50,000	$0.20	Five years from the date of grant
Daniel G. Kolibar	50,000	$0.20	Five years from the date of grant
Bradley McDougald	50,000	$0.20	Five years from the date of grant
Total	**350,000**		

PRIOR SALES

Since the date of incorporation of the Corporation, 2,700,000 Common Shares have been issued as follows:

Date	**Number of Common Shares**(1)	**Issue Price Per Share**	**Aggregate Issue Price**	**Consideration Received**
May 15, 2009	1,200,000	$0.10	$120,000	Cash
July 28, 2009	1,500,000(2)	$0.20	$300,000	Cash

Notes:

(1) A total of 1,557,500 of these Common Shares will be held in escrow. See *"Escrowed Securities"*.

(2) A total of 357,500 of these Common Shares were issued to two Managing Directors and an employee of the Agent, members of the Aggregate Pro Group.

ESCROWED SECURITIES

An aggregate of 1,200,000 Common Shares issued prior to this Offering which were issued at a price of $0.10 per Common Share and an aggregate of 1,500,000 Common Shares issued prior to this Offering which were issued at a price of $0.20 per Common Share and all Common Shares that may be acquired from treasury of the Corporation 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 the Trustee under the 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.

Notwithstanding the foregoing, Common Shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See *"Escrowed Securities - Escrowed Securities on Private Placement"*.

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

Name and Municipality of Residence of Shareholder	Common Shares	Number of Common Shares Held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering[1]	Percentage of Common Shares After Giving Effect to the Offering[2]
Elson J. McDougald Drumheller, Alberta	400,000	400,000	14.8%	10.8%
Randy Hawkings Calgary, Alberta	100,000	100,000	3.7%	2.7%
Donald Seaman Calgary, Alberta	100,000	100,000	3.7%	2.7%
Henry Lawrie Calgary, Alberta	100,000	100,000	3.7%	2.7%
C. Kent Jespersen Calgary, Alberta	100,000	100,000	3.7%	2.7%
Daniel G. Kolibar Calgary, Alberta	100,000	100,000	3.7%	2.7%
Cliff McDougald Drumheller, Alberta	100,000	100,000	3.7%	2.7%
David McDougald Drumheller, Alberta	100,000	100,000	3.7%	2.7%
Bradley McDougald Drumheller, Alberta	100,000	100,000	3.7%	2.7%
Murray Weimer[3] Calgary, Alberta	166,250	166,250	6.2%	4.5%
Louise Duchesne[3] Calgary, Alberta	166,250	166,250	6.2%	4.5%
Spencer Glenn[4] Calgary, Alberta	25,000	25,000	0.9%	0.7%
Total	**1,557,500**	**1,557,500**	**57.7%**	**42.1%**

Notes:

(1) Due to rounding, figures in the table may not add exactly.

(2) Assuming no Common Shares are purchased by these persons under the Offering.

(3) A Managing Director of Lightyear Capital Inc., the agent for the Corporation in connection with this Offering, and a member of the Aggregate Pro Group. See *"Plan of Distribution - Subscriptions by and Restrictions on the Agent"*.

(4) An employee of Lightyear Capital Inc., the agent for the Corporation in connection with this Offering, and a member of the Aggregate Pro Group. See *"Plan of Distribution - Subscriptions by and Restrictions on the Agent"*.

In addition, 150,000 Agent's Warrants held by the Agent and all Common Shares acquired on exercise of the Agent's Warrants will be deposited with the Trustee into escrow.

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

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

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

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Trustee 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 Corporation at a discount from the IPO price, in accordance with section 11.2(a) of the CPC Policy, or

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

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 subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 3 year escrow release mechanism with 5% of the escrowed securities releasable at the time of the Final Exchange Bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

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

Escrowed Securities on Private Placement

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

(a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or

(b) the private placement is announced concurrently with the Agreement in Principle and

   (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,

   (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and

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

PRINCIPAL SHAREHOLDERS

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

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Shares	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering(1)
Elson J.McDougald Calgary, Alberta	Direct	400,000	14.8%	10.8%(2)

Notes:
(1) Assuming no Common Shares are purchased by Mr. McDougald under the Offering.
(2) 10.5% assuming exercise of 150,000 Agent's Warrants, 100,000 Agent's Options and 350,000 options issued to the directors and officers of the Corporation, including the exercise of 50,000 options issued to Mr. McDougald.

DIRECTORS, OFFICERS AND PROMOTERS

The following are the names, ages and municipalities of residence of the directors, officers and Promoters of the Corporation, their positions and offices with the Corporation, their principal occupations during the last five years and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised.

Name, Age and Municipality of Residence	Position(2)	Principal Occupation During the Last Five Years	Number of Common Shares
Elson J. McDougald Age 64 Drumheller, Alberta	Chief Executive Officer, Chief Financial Officer , Director and Promoter	Independent businessman and Chairman and Chief Executive Officer of CanElson Drilling Inc. From August 2006 to May 2008, Mr, McDougald was Chairman of Savanna Energy Services Corp. Prior thereto, Mr. McDougald was the Chairman and Chief Executive Officer of Western Lakota Energy Services Inc.	400,000
Randy Hawkings(1) Age 52 Calgary, Alberta	Director	President and Chief Operating Officer of CanElson Drilling Inc. and Principal Engineer of Enercon International Inc. From August 2006 to August 2007 Vice President and General Manager of the Lakota Drilling Division of Savanna Energy Services Corp. Prior thereto Vice President and Chief Operating Officer of Western Lakota Energy Services Inc.	100,000
Donald Seaman Age 84 Calgary, Alberta	Director	President of D.R.S. Resource Investments Inc., a personal investment Corporation.	100,000
C. Kent Jespersen Age 63 Calgary, Alberta	Director	Chairman and Chief Executive Officer of La Jolla Resources International Ltd. since 1998, an advisory and investment company. Currently Chairman and a director of Orvana Minerals Ltd. and CCR Technologies Ltd. and a director or Matrikon Inc. and Axia NetMedia Corporation.	100,000

Name, Age and Municipality of Residence	Position(2)	Principal Occupation During the Last Five Years	Number of Common Shares
Henry Lawrie(1) Age 71 Calgary, Alberta	Director	Chartered Accountant and self-employed businessman.	100,000
Daniel G. Kolibar(1) Age 46 Calgary, Alberta	Secretary and Director	Partner with Borden Ladner Gervais LLP.	100,000
Bradley McDougald Age 34 Drumheller, Alberta	Director	President and director of Dynacrest Farms Inc. Chairman of the Stewarts on the Drumheller Knox United Church board.	100,000

Notes:
(1) Member of the Corporation's Audit Committee.
(2) All directors will hold office until the Corporation's first annual meeting of shareholders at which directors are elected, or until a successor is appointed.

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

As of the date hereof, the directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or have control or direction over, an aggregate of 1,000,000 Common Shares, representing 37.0% of the issued and outstanding Common Shares prior to giving effect to the Offering.

All of the directors and officers of the Corporation currently have employment outside of the Corporation. Each of the directors and officers of the Corporation has agreed to devote as much time as necessary to complete the Corporation's Qualifying Transaction.

None of the directors and officers of the Corporation has entered into a non-competition or non-disclosure agreement with the Corporation.

The following is a brief description of the background of the key management and directors of the Corporation.

Elson J. McDougald - Chief Executive Officer, Chief Financial Officer and Director

Mr. McDougald is currently an independent businessman and Chairman and Chief Executive Officer of CanElson Drilling Inc. ("**CanElson**"). From August 2006 until May 2008, Mr. McDougald was the Chairman of Savanna Energy Services Corp. ("**Savanna**") (an oil and gas drilling company). Mr. McDougald was a co-founder and the President, Chief Executive Officer and a director of Western Lakota Energy Services Inc. ("**WLE**") (an oil and gas drilling company) from May 2000 until August 2006, when WLE merged with Savanna. In addition, Mr. McDougald is a director of CCR Technologies Ltd. (a chemical purification technology company) and Decision Dynamics Technology Ltd. (a technology company). Mr. McDougald was formerly Chairman, Chief Executive Officer, a Director and founder of Tetonka Drilling (an oil and gas drilling company) and founder of Laredo Drilling Inc. (an oil and gas drilling company) as well as past Chairman of Alberta Petroleum Equipment Company, Lakeside Industries Ltd., Biotechnica Ltd., a past director of Vencap Equities Alberta Inc. and the Alberta Treasury Branches and a past trustee of Phoenix Technology Income Fund (an oil and gas drilling services company).

Randy Hawkings, P.Eng. - Director

Mr. Hawkings is a professional engineer and is currently the President and Chief Operating Officer of CanElson and Principal Engineer of Enercon International Inc. (a personal consulting company). Prior thereto, from August 2006 until August 2007, Mr. Hawkings was Vice President and General Manager of the Lakota Drilling Division of Savanna. From September 2003 until August 2006, Mr. Hawkings was Vice President and Chief Operating Officer of WLE. Mr. Hawkings received a Bachelor of Applied Science degree in Engineering from the University of British Columbia in 1979 and was granted the designation of Professional Engineer from the Association of Professional Engineers, Geologists and Geophysicists of Alberta in 1981.

Donald Seaman - Director

Mr. Seaman has over 50 years experience in the oil and gas industry. Mr. Seaman is currently the President of D.R.S. Resource Investments Inc., a private investment holding company. Mr. Seaman has served as a director of a number of publicly listed entities and currently serves as a director of CCR Technologies Ltd. CanElson and Far West Mining Ltd. Mr. Seaman received a Bachelor of Science, Mechanical Engineering from the University of Saskatchewan in 1947.

Henry Lawrie, C.A. - Director

Mr. Lawrie is a chartered accountant who was in public practice for many years with PricewaterhouseCoopers ("**PWC**") in Calgary, Toronto, Dallas and Midland, Texas. He retired in 1997 as Managing Partner of the Calgary Office. Mr. Lawrie was twice elected to the Policy Board of the Canadian firm and was a member of numerous international PWC committees. Mr. Lawrie also served as a member and as Chair of the Auditing Standards Committee of the Canadian Institute of Chartered Accountants, Chair of the Full Cost Accounting Committee, the Canadian representative on the International Auditing Standards Committee, Chair of the Oil and Gas Securities Taskforce and as a director of a number of charitable organizations. Following his retirement from PWC, he joined the Alberta Securities Commission as Chief Accountant and after five years joined the Ross Smith Energy Group as a senior analyst to which he currently provides consulting services. Mr. Lawrie has been a director of nine public companies in the oil and gas industry and is presently a director of four of these. Mr. Lawrie received the designation of Chartered Accountant from the Institute of Chartered Accountants of Alberta in 1960.

C. Kent Jespersen – Director

Mr. Jespersen has been Chairman and Chief Executive Officer of La Jolla Resources International Ltd. since 1998, an advisory and investment company. He has also held senior executive positions with NOVA Corporation of Alberta, Foothills Pipe Lines Ltd. and Husky Oil Limited before assuming the Presidency of Foothills Pipe Lines Ltd. and later, NOVA Gas International Ltd. Mr. Jespersen is Chairman and a director of Orvana Minerals Ltd. and CCR Technologies Ltd. and a director of Matrikon Inc. and Axia NetMedia Corporation. Mr. Jespersen holds a Bachelor of Science degree in Education and a Master of Science degree in Education from the University of Oregon.

Daniel G. Kolibar, B.A., LL.B. – Secretary and Director

Mr. Kolibar is a partner at the law firm of Borden Ladner Gervais LLP, Calgary, Alberta. Mr. Kolibar specializes in securities law with a focus in both private and public offerings and mergers and acquisitions. From 1991 to 1994 Mr. Kolibar was legal counsel with the Alberta Securities Commission. Mr. Kolibar has served as a director or Corporate Secretary of a number of public companies and is currently the Corporate Secretary of Sure Energy Inc., a director and Corporate Secretary of CanElson and a director and Corporate Secretary of Traverse Energy Ltd. Mr. Kolibar received a Bachelor of Arts degree from the University of Calgary in 1985 and his Bachelor of Laws degree from the University of Alberta in 1988.

Bradley McDougald, – Director

Mr. McDougald is the President and a director of Dynacrest Farms Inc. He is also the Chairman of the Stewarts on the Drumheller Knox United Church board. Mr. McDougald is on the board of the Verdant Valley Ag. Society. Mr. McDougald held a position on the board of Dynamic Swine Inc. from 1997 to 2000. Brad is in his third year as a leader in the Delia 4-H Beef Club.

Other Reporting Issuer Experience

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

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term
Elson J. McDougald	CanElson Drilling Inc.	TSX-V	Chairman, Chief Executive Officer and Director	December 2008-Present
	CCR Technologies Ltd.	CNSX	Chairman and Director	May 1995 - Present
	Decision Dynamics Technology Ltd.	TSX-V	Director	July 2005 - Present
	EnQuest Energy Services Corp.	TSX-V	Director	April 2008 – April 2009
	Phoenix Technology Income Fund	TSX	Director	June 2000 - May 2008
	Savanna Energy Services Corp.	TSX	Chairman	August 2006 - May 2008
	Western Lakota Energy Services Inc.	TSX	President, Chief Executive Officer and Director	May 2000 - August 2006
Randy Hawkings	CanElson Drilling Inc.	TSX-V	President, Chief Operating Officer and Director	December 2008-Present
	Western Lakota Energy Services	TSX	Vice President and Chief Operating Officer	September 2003 - August 2006
Donald Seaman	CanElson Drilling Inc.	TSX-V	Director	December 2008 - Present
	CCR Technologies Ltd.	CNSX	Director	May 1994 - Present
	Far West Mining Ltd.	TSX	Director	April 2009 - Present
	Grand Cache Coal Corporation	TSX	Director	April 2004 – November 2008
	Savanna Energy Services Corp.	TSX	Director	August 2006 – May 2007
	Titan Digital Corporation	TSX-V	Director	May 2000 – January 2008
	Western Lakota Energy Services Inc.	TSX	Director	May 2000 – August 2006
Henry Lawrie	Berens Energy Ltd.	TSX	Director	March 2004 - Present

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term
	Bow Valley Energy Ltd.	TSX	Director	December 2002 - Present
	CanElson Drilling Inc.	TSX-V	Director	December 2008 -Present
	CCR Technologies Ltd.	CNSX	Director	June 2004 - November 2006
	Circa Enterprises Inc.	TSX	Director	June 2003 - June 2005
	Delphi Energy Corp.	TSX	Director	June 2003 - Present
	EnQuest Energy Services Corp.	TSX-V	Director	April 2008 - August 2008
	Flagship Energy Inc.	TSX-V	Director	May 2005 - July 2008
	Storm Exploration Inc.	TSX	Director	June 2004 - Present
	Tiverton Petroleums Ltd.	TSX	Director	May 2003 - July 2005
	Ultima Energy Trust	TSX	Director	May 2003 - June 2004
	Western Lakota Energy Services Inc.	TSX	Director	December 2002 - August 2006
C. Kent Jespersen	Axia NetMedia Corporation	TSX	Director	November 2000 – Present
	Bow Valley Energy Ltd.	TSX	Director	May 1998 – May 2004
	CanElson Drilling Inc.	TSX-V	Director	December 2008 - Present
	CCR Technologies Ltd.	CNSX	Chairman and Director	May 1999 - Present
	Geac Computer Corporation Limited	TSX/Nasdaq	Chairman and Director	October 2001 – March 2006
	Matrikon Inc.	TSX	Director	March 2001 - Present
	Orvana Minerals Ltd.	TSX	Chairman and Director	December 2007 - Present
	Telesystem International Wireless Inc.	TSX/Nasdaq	Director	March 1999 – December 2005
	TransAlta Corporation	TSX	Director	January 2004 - Present
Daniel G. Kolibar	AIC Diversified Canada Split Corp.	TSX	Director	April 2001 – June 2009
	CanElson Drilling Inc.	TSX-V	Corporate Secretary and Director	December 2008 – Present
	Raven Energy Ltd.	TSX-V	Corporate Secretary	September 1998 - June 2006
	Sure Energy Inc.	TSX	Corporate Secretary	August 2006 - Present
	Traverse Energy Ltd.	TSX-V	Corporate Secretary and Director	June 2009 - Present
	Western Lakota Energy Services Inc.	TSX	Corporate Secretary	November 2000 - August 2006

Corporate Cease Trade Orders or Bankruptcies

No director, officer, Insider or Promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

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

Personal Bankruptcies

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or has instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Corporation may be subject in connection with the operations of the Corporation. All 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 the directors, officers, Insiders and Promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

Executive Compensation

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 or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

(a) remuneration, which includes but is not limited to:

  (i) salaries;

  (ii) consulting fees;

  (iii) management contract fees or directors' fees;

  (iv) finder's fees;

(v) loans, advances, bonuses; and

(b) deposits and similar payments.

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**").

In accordance with the policies of the Exchange, the Corporation may grant options to purchase Common Shares to the directors and officers of the Corporation. See *"Options to Purchase Securities"*.

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its 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 16.2% or $0.0324 per Common Share on the basis of there being 3,700,000 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 the filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Item	**Total Offering**
Gross proceeds of prior share issues	$420,000
Gross proceeds of this Offering	$200,000
Total gross proceeds after this Offering	$620,000
Offering price per share	$0.2000
Proceeds per share after this Offering	$0.1676
Dilution per share to subscriber	$0.0324
Percentage of dilution in relation to offering price	16.2%

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 following are risk factors associated with the Corporation:

(a) 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 shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;

(b) investment in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;

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

(d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 16.2% or $0.0324 per Common Share;

(e) 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;

(f) 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;

(g) 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;

(h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;

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

(j) 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;

(k) 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;

(l) 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;

(m) 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;

(n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;

(o) 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 of 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;

(p) 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; and

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

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

LEGAL PROCEEDINGS

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

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Corporation may be a "connected issuer" of the Agent for the purposes of NI 33-105 as two Managing Directors and an employee of the Agent previously purchased an aggregate of 357,500 Common Shares at a price of $0.20 per share representing approximately 13.2% of the issued and outstanding Common Shares prior to the completion of the Offering or 9.7% assuming completion of the Offering.

In addition, 150,000 Agent's Warrants were issued to the Agent as partial compensation for its services in connection with the issue and sale of Common Shares of the Corporation pursuant to an agency agreement dated July 28, 2009 between the Corporation and the Agent.

The Agent was not involved in the decision by the Corporation to distribute Common Shares pursuant to the Offering, nor was the Offering requested or suggested to the Corporation by the Agent. The Agent, through its corporate finance department, of which the two Managing Directors and the employee are members, was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the Common Shares on a "best efforts" basis. The Agent does not own, prior to the completion of the Offering, directly or indirectly, any securities of the Corporation, other than 150,000 Agent's Warrants, and the only proceeds of the Offering to be received by the Agent is the remuneration to be paid to the Agent in connection with the sale of the Common Shares, which includes the Agent's commission and the Agent's Option. See *"Plan of Distribution"*.

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Borden Ladner Gervais LLP, Calgary, Alberta, on behalf of the Corporation, and by Blake, Cassels & Graydon LLP, Calgary, Alberta, on behalf of the Agent. Excluding Daniel G. Kolibar, a partner with Borden Ladner Gervais LLP, the partners and associates of Borden Ladner Gervais LLP do not own any Common Shares (but may subscribe for Common Shares pursuant to the Offering). Mr. Kolibar is Secretary and a director of the Corporation and is the holder of 100,000 Common Shares, which represents 3.7% of the issued and outstanding Common Shares prior to giving effect to the Offering and 2.7% of the issued and outstanding Common Shares after giving effect to the Offering. Mr. Kolibar is expected to receive 50,000 options, issued pursuant to the Option Plan, to be granted at the Closing. Borden Ladner Gervais LLP receives remuneration for legal services provided to the Corporation subject to the restrictions set forth in the CPC Policy.

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by such person or company and who is named in this prospectus has received or shall receive a direct or indirect interest in any securities or property of the Corporation and any Associate or Affiliate of the Corporation or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Kenway Mack Slusarchuck Stewart LLP, Chartered Accountants, at 220, 333 – 11 Avenue S.W., Calgary, Alberta T2R 1L9.

Olympia Trust Company at its Calgary office located at 2300, 125 - 9th Avenue SE, Calgary, Alberta T2G 0P6, is the transfer agent and registrar for the Common Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired Common Shares. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation. See *"Escrowed Securities"*, *"Principal Shareholders"* and *"Plan of Distribution"*.

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares hereunder within the two years prior to the date hereof, other than the following:

1. The Agency Agreement. See *"Plan of Distribution"*.

2. The Escrow Agreement. See *"Escrowed Securities"*.

3. The transfer agency and registrarship agreement dated as of ●, 2009 between the Corporation and the Trustee.

Copies of these agreements will be available for inspection at the registered office of the Corporation located at the offices of Borden Ladner Gervais LLP, solicitors of the Corporation, located at 1000 Canterra Tower, 400 - 3rd Avenue S.W., Calgary, Alberta T2P 4H2, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter and are also available electronically under the Corporation's profile at www.sedar.com.

OTHER MATERIAL FACTS

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

DIVIDEND POLICY

To date, the Corporation has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, financial condition of the Corporation and other factors which the board of directors of the Corporation may consider in the circumstances.

PROMOTERS

Elson McDougald, Chief Executive Officer, Chief Financial Officer and a director of the Corporation, is considered to be a Promoter of the Corporation in that he took the initiative in organizing the Corporation. See also *"Prior Sales"* and *"Directors, Officers and Promoters"*.

PURCHASERS' STATUTORY RIGHTS

Securities legislation of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario 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 the purchaser's province for the particulars of these rights or consult with a legal adviser.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Corporation, the Common Shares, if, as and when listed on a designated stock exchange in Canada (which includes the Exchange), will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account (the "**Plans**") under the *Income Tax Act* (Canada) (the "**Act**") and the regulations thereunder. If the Common Shares are not listed on a designated stock exchange and the Corporation: (i) meets certain distribution requirements with respect to its shares as prescribed by the Act; (ii) files an election to become a "public corporation" before the end of its first taxation year; and (iii) elects in its tax return for its first taxation year to be deemed to have been a "public corporation" from the beginning of its first taxation year until the time when it so became a "public corporation", the Common Shares will be qualified investments for such Plans from the beginning of that year notwithstanding that such shares were not listed on a designated stock exchange at the time of issue hereunder. Counsel has been advised that the Corporation intends to take necessary actions to ensure that the Common Shares will be "qualified investments" for the Plans.

Notwithstanding that the Common Shares will, subject to the foregoing discussion, constitute qualified investments for a trust governed by a tax-free savings account (a "**TFSA**"), the holder of a TFSA will be subject to a penalty tax on the Common Shares held in the TFSA if such Common Shares are a "prohibited investment" for the purposes of section 207.01 of the Act. Provided that the holder of a TFSA deals at arm's length with the Corporation and the holder does not hold a "significant interest" (as such term is defined in the Act) in the Corporation or any corporation, partnership or trust that does not deal at arm's length with the Corporation for purposes of the Act, the Common Shares will not be a "prohibited investment" for a trust governed by a TFSA.

AUDITORS' CONSENT

We have read the prospectus of Elson Energy Enterprises Ltd. (the "**Corporation**") dated ●, 2009 relating to the issue and sale of 1,000,000 common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the board of directors of the Corporation on the balance sheet of the Corporation as at July 31, 2009. Our report is dated August 21, 2009 (except as to note 7 which is as of ●, 2009).

●
CHARTERED ACCOUNTANTS

Calgary, Alberta
●, 2009

FINANCIAL STATEMENTS

Financial Statements of

ELSON ENERGY ENTERPRISES LTD.

Period from Incorporation on May 15, 2009 to July 31, 2009

Elson Energy Enterprises Ltd.

Auditors' Report

To: The Directors of:
Elson Energy Enterprises Ltd.

We have audited the balance sheet of **Elson Energy Enterprises Ltd.** as at **July 31, 2009** and the statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2009, and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

August 21, 2009, except for note 7
which is dated at *
Calgary, Alberta

Chartered Accountants

ELSON ENERGY ENTERPRISES LTD.

BALANCE SHEET
July 31, 2009

	$
ASSETS	
CURRENT	
Cash	388,236
DEFERRED FINANCING COSTS	20,465
	408,701
LIABILITIES	
CURRENT	
Accrued liabilities	27,965
SHAREHOLDERS' EQUITY	
Share capital (Notes 4 and 7)	364,927
Contributed surplus (Note 4)	15,809
	380,736
	408,701

APPROVED BY THE BOARD

(signed) "Elson J. McDougald" Director

(signed) "Randy Hawkings" Director

See accompanying notes to the financial statements

ELSON ENERGY ENTERPRISES LTD.

STATEMENT OF CASH FLOWS
Period from Incorporation on May 15, 2009 to July 31, 2009

	$
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of common shares	420,000
Share issue costs	(31,764)
Change in cash for the period	388,236
Cash, beginning of period	-
Cash, end of period	388,236

See accompanying notes to the financial statements

1. INCORPORATION AND NATURE OF BUSINESS

Elson Energy Enterprises Ltd. (the "**Corporation**") was incorporated as a private company by articles of incorporation under the *Business Corporation Act* (Alberta) on May 15, 2009.

The Corporation is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "**Exchange**"). The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will identify an appropriate business for acquisition or investment and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Corporation to pursue such an initiative and the Corporation may be unable to obtain such financing on terms which are satisfactory to it. Further, there is no assurance that businesses acquired will be profitable.

The Corporation has not commenced operations at the balance sheet date. Accordingly, statements of earnings, comprehensive earnings and retained earnings have not been prepared.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Deferred Financing Costs

Costs incurred relating to the proposed issuance of shares are deferred (see note 7). Deferred costs consist primarily of corporate finance fees and professional fees. Costs will be charged to share capital upon the issuance of shares. In the event that the share issuance does not occur, costs will be charged to income in that period.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the balance sheet. Actual amounts could differ from these estimates.

(c) Financial Instruments

The Corporation's financial instruments consist of cash held at a major Canadian bank which is designated as held for trading and accrued liabilities designated as other financial liability. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value given the short term to maturity.

(d) Future Income Taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Stock-Based Compensation

The Corporation accounts for options granted using the fair value method. Under this method, the fair value of the options issued to directors, officers, employees and consultants is charged to earnings with an offsetting amount recorded to contributed surplus. The fair value of the options issued to agents in conjunction with public offerings is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes options pricing model.

(f) International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of fiscal 2011 will require the restatement for comparative purposes of amounts reported by the Company for the 2010 fiscal year. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(g) Recent Accounting Pronouncements

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material impact on the Company's financial statements until it engages in a business combination.

3. CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide adequate returns for shareholders. The Corporation defines capital as total equity which was $380,736 at July 31, 2009.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lessor of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

4. SHARE CAPITAL

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series, none of which are issued or outstanding as of July 31, 2009.

4. SHARE CAPITAL (Continued)

Issued Common Shares

	Number of Shares	Amount $
Issued for cash May 15, 2009	1,200,000	120,000
Issued for cash July 28, 2009	1,500,000	300,000
	2,700,000	420,000
Share issue costs		(55,073)
Balance as at July 31, 2009	2,700,000	364,927

Under the requirements of the applicable securities regulatory authorities and the Exchange, 1,557,500 shares will be held in escrow and 10% will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") announcing final acceptance of the Qualifying Transaction and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The Exchange's prior consent must be obtained before a transfer of escrowed common shares can be made.

Warrants

Pursuant to an agency agreement related to the July 28, 2009 financing 150,000 warrants ("Agent Warrants") were issued with an exercise price of $0.20 per share and exercisable at any time during the period commencing on the date that the Agent warrants are issued and ending on the date which is 6 months following the date that the last of the Agent's Warrants are released from escrow in accordance with TSX Venture Exchange Inc. policy 2.4.

The fair value of the 150,000 Agent Warrants have been valued at $15,809 and included as share issue costs. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.35%
Expected life of options	2 years
Annualized volatility	100%
Dividend rate	0%

Contributed Surplus

Agent Warrants	$15,809

Stock Options

The Corporation has adopted an incentive stock option plan, which provides that the Board of Directors of the Corporation may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees 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. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. No options have been granted to date.

5. INCOME TAXES

The significant component of the Corporation's future tax asset is shown below:

Share issue costs	$9,816
Valuation allowance	(9,816)
Net future income tax asset	$-

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion of all of the future income tax assets will not be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

6. RELATED PARTY TRANSACTIONS

The Corporation accrued $15,000 during the period relating to professional services provided by a law firm of which one of the Corporation's directors is a partner. $7,500 is included in deferred financing costs and $7,500 as share issue costs.

All of the transactions occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. SUBSEQUENT EVENTS

Pursuant to a prospectus filed with the securities regulatory authorities in each of the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and with the TSX Venture Exchange Inc. dated ● and an Agency Agreement dated ●, the Corporation is offering 1,000,000 common shares at $0.20 per share to the public. The gross proceeds to the Corporation are expected to be $200,000 before deducting expenses and commissions of this issue.

The Corporation will grant to its agent a non-transferable option to purchase up to 100,000 common shares at an exercise price of $0.20 per share exercisable for a period ending 24 months from the date of listing of the Corporation's common shares on the Exchange.

The Corporation intends to grant options to purchase 350,000 common shares at a price of $0.20 per common share to directors and officers of the Corporation under the incentive stock option plan.

CERTIFICATE OF THE CORPORATION

Date: August 28, 2009

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and the regulations thereunder.

(signed) "*Elson J. McDougald*"
Elson J. McDougald
Chief Executive Officer and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "*Randy Hawkings*"
Randy Hawkings
Director

(signed) "*Don Seaman*"
Don Seaman
Director

CERTIFICATE OF THE PROMOTERS

Date: August 28, 2009

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and the regulations thereunder.

(signed) "*Elson J. McDougald*"
Elson J. McDougald
Promoter

CERTIFICATE OF THE AGENT

Date: August 28, 2009

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

LIGHTYEAR CAPITAL INC.

Per: (signed) "*Murray A. Weimer*"
Murray A. Weimer
Managing Director