

A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of British Columbia, Alberta and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated 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 these securities only in those jurisdictions where they may be lawfully offered for sale and therein 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.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “US Securities Act”), or any securities laws of any State of the United States. Accordingly, except as permitted under the Agency Agreement, as defined herein, the securities offered hereby may not be offered or sold, hereby in the United States to, for the account or benefit, persons in the United States. See “Plan of Distribution”.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED OCTOBER 31, 2013, AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED SEPTEMBER 19, 2013

INITIAL PUBLIC OFFERING

GRANDE WEST TRANSPORTATION GROUP INC.

26180 31B AVENUE
ALDERGROVE, BC V4W 2Z6
TELEPHONE: (604) 607-4000

OFFERING:

MINIMUM OF \$4,000,000 TO A MAXIMUM OF \$5,000,000
MINIMUM OF 8,000,000 SHARES TO A MAXIMUM OF 10,000,000 SHARES
AT A PRICE OF \$0.50 PER COMMON SHARE

Grande West Transportation Group Inc. (the “**Corporation**”) hereby qualifies for distribution in British Columbia, Alberta and Ontario of a minimum of 8,000,000 Common Shares to a maximum of 10,000,000 Common Shares (the “**Common Shares**”) in the capital of the Corporation at a price of \$0.50 per Common Share (the “**Offering**”). This Offering is being made to investors resident in British Columbia, Alberta and Ontario. The price and terms of the Common Shares offered pursuant to this Offering have been determined by negotiation between the Corporation, Macquarie Private Wealth Inc. (“**Macquarie**”) and Euro Pacific Canada, Inc. (“**Euro Pacific**”) (collectively, the “**Agents**”).

	Price to Public ⁽¹⁾		Agents' Commission ⁽²⁾		Net Proceeds to the Issuer ⁽³⁾	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Per Share	\$0.50		\$0.04		\$0.46	
Total Offering	\$4,000,000	\$5,000,000	\$320,000	\$400,000	\$3,680,000	\$4,600,000

⁽¹⁾ The Offering Price of the Common Shares was determined by negotiation between the Corporation and the Agents.

- (2) The Agents will be paid a cash commission equal to 8% of the proceeds from the sale of Common Shares pursuant to this Offering. Macquarie will also be paid a corporate finance fee equal to \$27,500, plus GST. The commission will be reduced to 4% of the proceeds from the sale of the Common Shares to purchasers introduced to the Agents by the Corporation. The Corporation will also grant to the Agents non-transferable options (the “**Agents’ Options**”) entitling the Agents to purchase that number of Common Shares as is equal to 8% of the number of Common Shares sold pursuant to the Offering (up to 800,000 Common Shares). This prospectus qualifies the distribution of the Agents’ Options to the Agents. The Agents’ Options may be exercised at a price of \$0.50 per Common Share for a period of twenty-four (24) months from the Closing Date (as defined herein). The Corporation will reimburse the Agents for its reasonable legal fees and expenses in relation to the Offering, and has already provided the Agents with an initial retainer of \$25,000 to be applied to the Agents’ out of pocket expenses. See “Plan of Distribution”.
- (3) Before deducting the balance of expenses of the Offering, estimated at \$470,000.

The Corporation also hereby qualifies for distribution an additional 1,200,000 Common Shares issuable pursuant to a Debt Settlement Agreement dated August 8, 2013 made between the Corporation, GWTI and 1210706 Alberta Ltd. as well as an additional 400,000 Common Shares issuable pursuant to a Corporate Finance Services Agreement dated August 21, 2012, as amended June 14, 2013, between the Corporation, GWTI and Evans & Evans Inc. See “Other Material Facts”.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

The Offering hereunder is subject to a minimum subscription of 8,000,000 Common Shares (\$4,000,000). If the minimum Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the distribution will cease, unless an amendment is filed and receipted (provided that the total period for distribution must end not more than 180 days from the receipt of the final prospectus), and all subscription monies will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agents.

As at the date of the prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group PLC.

The Corporation intends to complete a financing on a private placement basis, concurrent with the closing of the Offering (the “**Concurrent Private Placement**”), of up to 500,000 Common Shares at a price equal to the Offering Price for gross proceeds of up to \$250,000. The closing of the Concurrent Private Placement is conditional upon the closing of the Offering. A finders’ fee will be paid to qualified finders in cash equal to up to 8% of the proceeds from the sale of Common Shares pursuant to the Concurrent Private Placement and/or the Corporation will grant non-transferable warrants (the “**Compensation Warrants**”) entitling the finders to purchase that number of Common Shares as is equal to up to 8% of the number of Common Shares sold pursuant to the Concurrent Private Placement (up to 40,000 Common Shares). The Compensation Warrants may be exercised at a price of \$0.50 per Common Share for a period of twenty-four (24) months from the closing of the Concurrent Private Placement. This prospectus does not qualify the distribution of the Common Shares issued pursuant to the Concurrent Private Placement nor any Compensation Warrants. The Common Shares purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period. See “Plan of Distribution”.

The Corporation has applied to list the Common Shares distributed under this prospectus and the Concurrent Private Placement on the TSX Venture Exchange. Listing of the Corporation’s Common Shares will be subject to the Corporation fulfilling all of the listing requirements of the TSX Venture Exchange.

DILUTION

The Common Shares offered under this prospectus will be subject to immediate and substantial dilution in the net tangible book value per share. If the Corporation issues treasury shares for financing purposes, control of the Corporation may change and purchasers may suffer additional dilution.

Upon completion of the minimum Offering (excluding the Concurrent Private Placement), this issue will represent 24.1% of the Corporation's issued and outstanding Common Shares (28.4% if the maximum offering is completed) and 61.1% (57.7% if the maximum offering is completed, excluding the Concurrent Private Placement) of the Corporation's issued and outstanding Common Shares will then be owned by the promoters, insiders, and holders of escrowed shares. One or more of the directors of the Corporation has an interest, direct or indirect, in other natural resource companies. Reference should be made to the items "Risk Factors" and "Conflicts of Interest" herein for further details.

The following table sets forth the number of securities issuable to the Agents under the Agents' Options:

Agents' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Agents' Options ⁽¹⁾	800,000 Common Shares ⁽²⁾	Up to twenty-four (24) months from the Closing Date	\$0.50 per Agents' Option

⁽¹⁾ The Agents' Options are qualified for distribution by this prospectus. See "Plan of Distribution".

⁽²⁾ Assuming maximum Offering is completed.

In addition to the above, as of the date of this prospectus, members of the Pro Group (Leede Financial Markets Inc.) hold 160,000 Common Shares of the Corporation. See "Other Material Facts".

The Corporation is not a related or connected issuer (as such term is defined in National Instrument 33-105 Underwriting Conflicts) to the Agents. See "Relationship between the Corporation and the Agents".

The Agents, as exclusive Agents of the Corporation for the purposes of this Offering, conditionally offers the Common Shares on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agents in accordance with the Agency Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Corporation by Salley Bowes Harwardt Law Corporation and on behalf of the Agents by Anfield Sujir Kennedy & Durno LLP. 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. This Offering is subject to a minimum of 8,000,000 Common Shares being subscribed for. If the minimum Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the distribution will cease, unless an amendment is filed and receipted (provided that the total period for distribution must end not more than 180 days from the receipt of the final prospectus), and all subscription monies will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agents. It is expected that one or more global certificates for the Common Shares distributed by this prospectus will be issued in registered and definitive form to CDS Clearing and Depository Services Inc. ("CDS") and will be deposited with CDS on the Closing Date. No certificates evidencing the Common Shares will be issued, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Shares will receive only a customer confirmation from the registered dealer from or through whom the Common Shares are purchased. Certificates in registered and definitive form may be issued in limited circumstances. No person is authorized to provide any information or make any representation in connection with the Offering, other than as contained in this prospectus.

**MACQUARIE PRIVATE
WEALTH INC.**

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Facsimile: (604) 640-0464

EURO PACIFIC CANADA, INC.

1111 Melville Street, Suite 480
Vancouver, British Columbia V6E 3V6
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are “forward-looking statements”, which reflect the expectations of management regarding the Corporation’s future growth, results of operations, performance and business prospects and opportunities. The words “believes”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “estimates” and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this prospectus. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to the availability of sufficient working capital to market the Corporation’s products and provide after-sales maintenance and support services to the Corporation’s customers, access to adequate services and supplies to operate the Corporation’s business, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to develop, manufacture and sell the Corporation’s products on economically favourable terms. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this prospectus are based upon what management believes to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this prospectus and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws. All subsequent written and oral forward-looking statements attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this prospectus.

USE OF MARKET AND INDUSTRY DATA

This prospectus includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management on the basis of its knowledge of and experience in the industry in which the Corporation operates (including management’s estimates and assumptions relating to the industry based on that knowledge). Management’s knowledge of the industry has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable. Although management believes it to be reliable, neither management or the Agents have independently verified any of the data from third party sources referred to in this prospectus or ascertained the underlying economic assumptions relied upon by such sources. In addition, the Agents have not independently verified any of the industry data prepared by management or ascertained the underlying estimates and assumptions relied upon by management.

CONVENTIONS

Certain terms used herein are defined in the “Glossary”. Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars. There are also references herein to renminbi (RMB) and United States dollars (US\$). As at October 31, 2013, the noon exchange rate for one Canadian dollar in RMB was \$1=RMB5.845 and the closing rate for one Canadian dollar in US\$ was \$1=US\$0.959. Except where indicated, all financial information with respect to the Corporation has been presented in Canadian dollars in accordance with International Financial Reporting Standards (“IFRS”) in Canada.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from a document filed with the various securities commissions or similar regulatory authorities in Canada. Copy of the document incorporated herein by reference may be obtained electronically at www.sedar.com.

The following document, filed by the Corporation with the various securities commissions or similar regulatory authorities in the provinces of British Columbia, Alberta and Ontario, are specifically incorporated by reference into, and form a part of, this prospectus: marketing materials consisting of a presentation dated October 2013 and filed on SEDAR on October 15, 2013.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

GLOSSARY

The following terms used in this prospectus have the meaning ascribed to them below. This Glossary is not exhaustive of the defined terms or expressions used in this prospectus and other terms and expressions may be defined throughout this prospectus.

“Agency Agreement” means the Agency Agreement dated ♦, 2013 between the Agents and the Corporation.

“Agents” means Macquarie Private Wealth Inc. and Euro Pacific Canada, Inc.

“Agents’ Options” means the share purchase options to purchase up to a maximum of 800,000 Common Shares (assuming the completion of the maximum Offering) at a price of \$0.50 per share for a period of two years from the Closing Date granted to the Agents as described under the heading “Plan of Distribution”.

“Closing Date” means such date that the Corporation and the Agents mutually determine to close the sale of the Common Shares of the Corporation offered pursuant to this prospectus.

“CMVSS” means the Canadian Motor Vehicle Safety Standard adopted by Transport Canada pursuant to the Canadian Motor Vehicle Safety and which sets out the safety requirements for manufacturers of motor vehicles in Canada.

“Common Share” means a common share without par value in the capital of the Corporation.

“Compensation Warrants” has the meaning ascribed thereto on the cover page.

“Concurrent Private Placement” has the meaning ascribed thereto on the cover page.

“Corporate Finance Fee” means the corporate finance fee of \$27,500, plus GST, payable to Macquarie on completion of the Offering.

“Corporation” and **“Grande West”** means Grande West Transportation Group Inc., incorporated pursuant to the laws of the Province of British Columbia.

“Debt Settlement Agreement” means the agreement dated August 8, 2013 between the Corporation, GWTI and 1210706 Alberta Ltd. pursuant to which 1210706 Alberta Ltd., a related party to the Corporation, has agreed to settle a debt of \$600,000 owed to it by the Corporation by the issuance of 1,200,000 shares at a deemed price equal to the Offering Price.

“Escrow Agent” means Computershare Investor Services Inc.

“Escrow Agreement” means the Escrow Agreement dated August 15, 2013 between the Corporation, the Escrow Agent and principals of the Corporation.

“Euro Pacific” means Euro Pacific Canada, Inc.

“Evans & Evans Agreement” means the Corporate Finance Services Agreement date August 21, 2012, as amended on June 24, 2013, between the Corporation, GWTI and Evans & Evans Inc. **“GWTI”** means Grande West Transportation International Ltd., a wholly owned subsidiary of the Corporation, incorporated pursuant to the laws of the Province of British Columbia.

“Leede” means Leede Financial Markets Inc.

“Listing Date” means the date the Common Shares are unconditionally listed and posted for trading on

the TSX Venture.

“**Macquarie**” means Macquarie Private Wealth Inc.

“**Offering**” has the meaning ascribed to it on the face page of this prospectus.

“**Offering Price**” means \$0.50 per common share.

“**Other Agents’ Options**” means the share purchase options to purchase up to a maximum of 333,600 Common Shares at a price of \$0.25 per share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018 granted to Macquarie and Leede as described under the heading “Business of the Corporation – General Development of the Business – Seed Financings”.

“**Pro Group**” means members of the TSX Venture (brokerage firms) including employees of the member; partners, officers or directors of the member; affiliates of the member; and associates of any of the foregoing parties.

“**prospectus**” means this amended and restated preliminary prospectus which amends and restates the preliminary prospectus of the Corporation dated September 19, 2013.

“**Securities Commissions**” means the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission.

“**Stock Option Plan**” means a stock option plan dated August 9, 2013, providing for the granting of incentive stock options to the Corporation’s directors, officers, employees, consultants and eligible charitable organizations in accordance with the policies of the TSX Venture.

“**Stock Options**” means the stock options granted by the Corporation pursuant to the terms of the Stock Option Plan.

“**Subscriber**” means a subscriber for the Common Shares offered under this Offering.

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

“**Vicinity**” is the certified community shuttle bus designed and developed by the Corporation to target the niche demand for green, compact buses in the North American transit market.

“**Yaxing**” means Yaxing Motor Coach Co., Ltd. a large-scale bus manufacturer based in Yangzhou, China through which the Corporation manufactures the Vicinity.

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

Grande West Transportation Group Inc. is a British Columbia bus manufacturing company in the business of marketing and selling a community shuttle bus. The Corporation is initially targeting the niche demand for green, compact buses in the North American transit market and has developed a 27.5 foot bus, known as the “Vicinity”. The Corporation has one direct wholly owned subsidiary, Grande West Transportation International Ltd.

See “General Development of the Business”.

Management, Directors & Officers

William R. Trainer	-	<i>President, Chief Executive Officer and Director</i>
John J. Sutherland	-	<i>Chief Financial Officer and Corporate Secretary</i>
Joseph Miller	-	<i>Director</i>
Michael Evans	-	<i>Director and Chairman of the Board</i>
Joanne Yan	-	<i>Director</i>
John Wang	-	<i>Vice President</i>

See “Directors and Officers”.

The Offering

Offering

Minimum of 8,000,000 Common Shares, up to a maximum of 10,000,000 Common Shares, at a price of \$0.50 per Common Share for gross proceeds of \$4,000,000 (minimum offering) to \$5,000,000 (maximum offering).

Additional Distribution

This prospectus also qualifies the distribution of:

- (i) the Agents’ Options;
- (ii) the Stock Options;
- (iii) the Common Shares to be issued pursuant to the Debt Settlement Agreement; and
- (iv) the Common Shares to be issued pursuant to the Evans & Evans Agreement.

See “Plan of Distribution”, “Options to Purchase Securities”, and “Other Material Facts”.

Use of Proceeds

If the minimum Offering is completed, then the net proceeds to the Corporation will be \$3,680,000, (\$4,600,000 if the maximum offering is completed), less the sum of \$350,000 representing the Corporation’s estimated working capital deficiency as at October 31, 2013 (which assumes the completion of the Debt Settlement Agreement), for an aggregate of \$3,330,000, if the minimum offering is completed and \$4,250,000 if the maximum offering is completed, as the total available funds to the

Corporation, which funds are intended to be spent by the Corporation, in order of priority, as follows:

<u>Principal Purpose</u>	<u>Funds to be Used Assuming Completion of Minimum Offering</u>	<u>Funds to be Used Assuming Completion of Maximum Offering</u>
To pay the estimated remaining costs of this Offering ⁽¹⁾	\$470,000	\$470,000
To fund the establishment of a service and sales dealership network and parts inventory ⁽²⁾	\$250,000	\$250,000
To fund the development and implementation of a marketing plan and corporate communications program ⁽²⁾	\$150,000	\$150,000
To fund hiring of additional operational staff ⁽²⁾	\$120,000	\$120,000
To fund research and development and engineering ⁽²⁾	\$175,000	\$375,000
To fund commencement of regulatory approval process in the U.S. ⁽²⁾	\$100,000	\$100,000
To pay the estimated general and administrative expenses for 12 months ⁽³⁾	\$1,542,000	\$1,542,000
Unallocated working capital ⁽⁴⁾⁽⁵⁾	\$523,000	\$1,243,000
Total:	<u>\$3,330,000</u>	<u>\$4,250,000</u>

(1) Includes Macquarie's Corporate Finance Fee, the Agents' expenses, legal, audit, regulatory, listing and printing fees and fees payable pursuant to Evans & Evans Agreement.

(2) See "Use of Proceeds – Business Objectives and Milestones"

(3) See "Use of Proceeds – Administrative Costs".

(4) Any net proceeds realized from the Concurrent Private Placement will be added to unallocated working capital. See "Plan of Distribution".

(5) Does not include cash flow which the Corporation anticipates will be available from the sale of Vicinity buses. In addition, the Corporation has an operating line of credit with its bank with a limit of \$150,000.

The Corporation intends to spend the funds available to it as stated in this prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. See "Use of Proceeds".

Concurrent Private Placement

The Corporation intends to complete a financing on a private placement basis, concurrent with the closing of the Offering, of up to 500,000 Common Shares at a price equal to the Offering Price for gross proceeds of up to \$250,000. The closing of the Concurrent Private Placement is conditional upon the closing of the Offering. This prospectus does not qualify the distribution of the Common Shares issued pursuant to the Concurrent Private Placement. The Common Shares purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period. See "Plan of Distribution".

Risk Factors

An investment in the Common Shares offered hereunder should be considered highly speculative, and investors may incur a loss on their investment. There are additional risks associated with the investment relating to the Corporation's prospects for success, availability of subsequent financing, no market for the securities, competition in the industry, and potential liability for damages arising during operations, governmental regulation and changes in income tax laws.

An investment in the Corporation's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Investors should consult with their professional advisors to assess an investment in the Corporation's securities. See "Risk Factors".

Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Corporation and notes thereto appearing elsewhere in the prospectus. The selected financial information is derived from the audited financial information for the nine month period ended May 31, 2013 and for the three fiscal years ended August 31, 2012, 2011, and 2010. The Corporation has established August 31 as its fiscal year end. See “Selected Financial Information and Management Discussion and Analysis”.

	Nine-Month Period Ended May 31, 2013 (audited)	Year Ended August 31, 2012 (audited)	Year Ended August 31, 2011 (audited)	Year Ended August 31, 2010 (audited)
Total Revenue	Nil	Nil	Nil	Nil
Expenses	\$1,167,052	\$900,714	\$926,599	\$521,226
Net Loss for Period	\$1,167,052	\$900,714	\$926,599	\$521,226
Total Assets	\$4,176,311	\$1,858,275	\$397,846	\$606,578
Current Assets	\$3,897,262	\$1,736,963	\$115,348	\$159,253
Other Assets	\$279,049	\$121,312	\$282,498	\$447,325
Total Liabilities	\$5,199,012	\$4,132,507	\$1,771,364	\$1,053,497
Current	\$4,180,257	\$2,005,815	\$129,946	\$15,087
Long Term	\$1,018,755	\$2,126,692	\$1,641,418	\$1,038,410
Working Capital	\$(282,995)	\$(268,852)	\$(14,598)	\$144,166
Shareholder Equity	\$(1,022,701)	\$(2,274,232)	\$(1,373,518)	\$(446,919)
Loss per Share	\$0.08	\$0.08	\$0.08	\$0.05

Currency

Unless otherwise indicated, all currency amounts referred to in this prospectus are stated in Canadian Dollars.

CORPORATE STRUCTURE

Name and Incorporation

The Corporation was incorporated pursuant to the *Business Corporations Act* (British Columbia) on December 4, 2012 under the name “Grande West Transport Group Inc.” The Corporation changed its name to “Grande West Transportation Group Inc.” on August 7, 2013. The Corporation has an authorized share capital consisting of an unlimited number of common shares without par value.

The Corporation’s head office is located at 26180 31B Avenue, Aldergrove, British Columbia, V4W 2Z6, and the registered office is located at Salley Bowes Harwardt LC, Barristers and Solicitors, Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia V6E 4E6.

Intercorporate Relationships

The Corporation has one direct wholly owned subsidiary, Grande West Transportation International Ltd. (“GWTI”), which was incorporated on September 2, 2008 pursuant to the *Business Corporations Act* (British Columbia).

The following chart illustrates the Corporation’s organizational structure:

Grande West Transportation Group Inc. (British Columbia, Canada)	
	100%
Grande West Transportation International Ltd. (British Columbia, Canada)	

BUSINESS OF THE CORPORATION

General Development of the Business

History Since Incorporation of GWTI

GWTI was formed in 2008 to design and develop a 27.5 foot bus, known as the “Vicinity”, to respond to a Request for Proposal (“RFP”) by BC Transit, a crown agency of the Province of British Columbia (“BC Transit”). The Vicinity is a Canadian-designed, community shuttle bus initially targeting the niche demand for green, compact buses in the North American transit market, and is customizable to specific customer needs.

The Grande West team has worked closely with senior management and engineers at BC Transit to understand their requirements, develop and amend the specifications of the Vicinity. The first Vicinity prototype bus was delivered in February 2010 as part of a beta-testing program and began its trial during the 2010 Olympic and Paralympic Games, helping to provide BC Transit’s enhanced service during the period in the Sea-to-Sky region. Initial trials and evaluations were completed for 21 months during the Vicinity’s tour of B.C. and the prototype was tested in a variety of climate conditions and terrain. Since completing trials in October 2011, Grande West has received certification by the Canada Motor Vehicle Safety Standard (“CMVSS”), Transport Canada, and the British Columbia Ministry of Transportation for Vicinity.

In October 2011, Grande West secured an initial order for 15 Vicinity-model buses from BC Transit with a contract value of \$3.8 million and BC Transit accepted delivery of the 15 Vicinity-model buses on August 30, 2013. In addition, the Corporation has secured an order by way of an RFP from Kings Transit Authority, Nova Scotia for the delivery of three buses by February 2014 and a purchase order from Véolia Transdev Québec Inc. in Quebec for the delivery of nine buses. Negotiations are also underway between Grande West and additional transit agencies across North America.

The Vicinity was designed by Grande West, specifically for the North American market. Grande West has engaged Yaxing Motor Coach Co., Ltd. (“Yaxing”), a large-scale bus manufacturer based in Yangzhou, China to manufacture the Vicinity.

The Corporation has incurred in excess of \$2.0 million in extensive engineering, development and certification costs in respect of the Vicinity over a period of approximately three years. As a result of these efforts, Vicinity has been CMVSS tested and certified with Transport Canada and has obtained commercial vehicle safety inspection approval from the BC Ministry of Transportation. The Corporation has complete control over the design of the Vicinity, including the full range of drawings and official certification from the CMVSS for North America.

Grande West has agreements in place with Cummins Western Canada Limited Partnership (“Cummins”), of Surrey, B.C. to supply the Corporation with the engines required to power the Vicinity. Cummins and Grande West have agreed to work closely and cooperatively to implement appropriate programs and procedures for, among other things, (1) on board diagnostics and engine manufacturer’s diagnostics; (2) installation of after-treatment devices; (3) California Air Resources Board idle regulation; (4) emissions warranty and warranty reporting; (5) design of changes to components; and (6) US Environmental

Protection Agency defect reporting.

Engines will be supplied to the Corporation by Cummins on as needed basis with each supply contract to include a detailed description of the purchased goods, purchase price, delivery point, and delivery dates. Pursuant to the agreement, Cummins is responsible for obtaining any import licenses and other consents in relation to the purchased goods.

Corporate Restructuring

On February 4, 2013, GWTI became a wholly owned subsidiary of the Corporation following a corporate reorganization whereby shareholders of GWTI transferred 100% of their ownership interests in GWTI to the Corporation in exchange for 374,440 common shares of the Corporation. The former GWTI shareholders also assigned to the Corporation total outstanding shareholders' loans in the aggregate amount of \$1,317,303 in consideration for the issuance by the Corporation of 6,586,515 Common Shares at a deemed price of \$0.20 per Share.

Seed Financings

Following the corporate restructuring described above, the Corporation completed the following rounds of private placement seed financings.

On December 4, 2012 and January 31, 2013, the Corporation issued an aggregate 11,039,045 Common Shares to the founders of GWTI for a nominal consideration of \$0.0001 per Share.

On May 16, 2013, the Corporation completed a brokered private placement of 4,190,000 Common Shares at a price of \$0.25 per Share for gross proceeds of \$1,047,500. In connection with the brokered private placement and pursuant to an agency agreement dated May 17, 2013, the Corporation paid Macquarie a fee consisting of a cash commission of \$82,400 and issued the Other Agents' Options to Macquarie and Leede entitling them to purchase up to 329,600 Common Shares at a price of \$0.25 per share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018. In addition, the Corporation paid a corporate finance fee of \$7,500 to Macquarie.

In May 2013, the Corporation also completed non-brokered private placements of 1,450,000 Common Shares at \$0.25 per share for gross proceeds of \$362,500. In connection with the non-brokered private placements, the Corporation paid a finder's fee to Macquarie consisting of a cash commission of \$8,250 and issued to Macquarie Other Agents' Options entitling it to purchase up to 4,000 Common Shares at a price of \$0.25 per share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018. The Corporation also paid a cash finder's fee of \$14,250 to Evans & Evans Inc. pursuant to the Evans & Evans Agreement.

See "Selected Financial Information and Management's Discussion and Analysis", "Prior Sales" and the financial statements attached hereto for further details with respect to such financings, including the Corporation's use of the funds raised through these private placement seed financings.

Industry Overview

Demanding an alternative to 40-foot 80 passenger buses, transit agencies throughout North America are looking to maximize efficiencies, using larger-sized vehicles on busy routes during peak hours, and sizing down to smaller vehicles during non-peak hours and on low volume routes. Current bus manufacturers have been slow to answer the need of such transit agencies, due to current production backlogs for the larger models, and limited funding has been committed towards the research and development ("R&D") for new models.

In cooperation with BC Transit, Grande West has developed and tested the Vicinity to respond to the significant market demands for a compact, efficient transit vehicle. Western Canada transit agencies have

expressed interest in replacing upwards of 200 buses alone.

The Vicinity

The Vicinity is a sleek, low-floor, kneeling (lowering of bus for ease of access) 27.5 foot Canadian-designed bus with European styling, and is customizable for specific customers' needs.

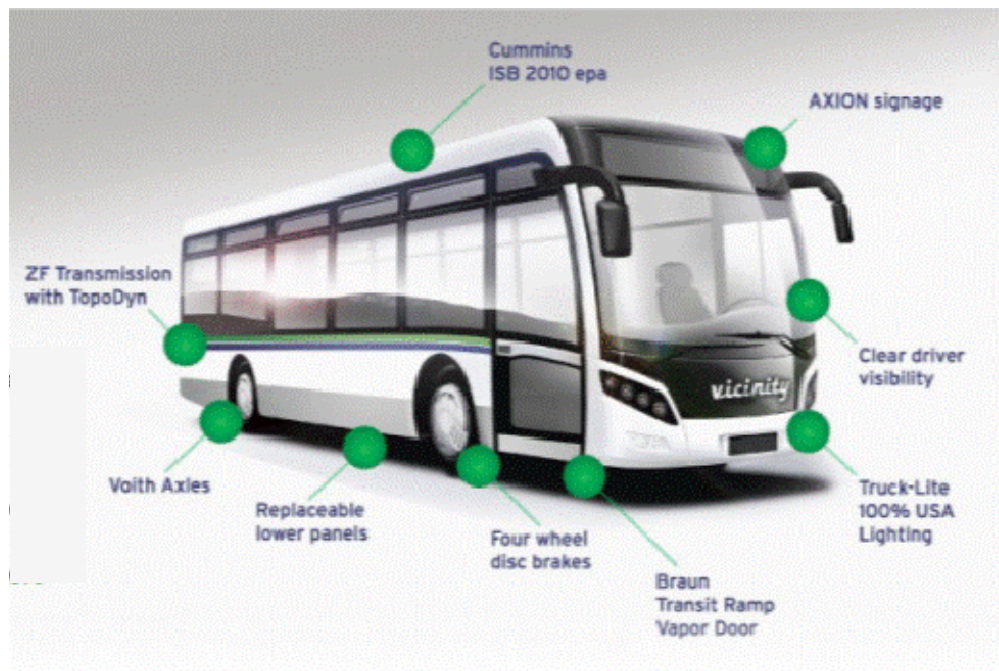
A low-floor bus is a bus that has no steps between one or more entrances and part or all of the passenger cabin. Being low-floor improves the accessibility of the bus for the public, particularly the elderly or infirm, or those with push chairs, and increasingly, those in wheelchairs. Low-floors can be complemented by a hydraulic or pneumatic “kneeling device”, which can be used when the bus is not in motion, tilting it or lowering it at the front axle even further, often down to normal curb height. Depending on how close to the curb the bus is parked and wheelchair design, this can allow wheelchair users to board unaided. Though such technology has been available and in use on high-floor buses since the 1970s, it is of significant utility on low-floor vehicles only where it enables less-mobile passengers to board and leave the vehicle without help from others. Many vehicles are also equipped with wheel-chair lifts, or ramps which, when combined with a low floor, can provide a nearly level entry.

Smaller than a typical bus, the compact and narrow Vicinity is ideally suited as an alternative for use on local, community routes, often travelling through residential streets. The Vicinity is more fuel efficient, smaller, easier to handle and is considered by management of the Corporation to be ideal for smaller “community” routes, which could also be used to augment existing routes that now use larger buses but do not require that much passenger capacity at certain times of the day.



Main features of the Vicinity include:

- 27.5 feet in length with full accessibility for walkers, strollers, wheelchairs and scooters;
- tiered theater rear seating and roomy open floor concept;
- 24 seated and 16 standing capacity; and
- bumper to bumper 2 year standard warranty.



The Vicinity has been CMVSS-tested and certified with Transport Canada and has obtained Commercial Vehicle Safety Inspection approval from the B.C. Ministry of Transportation.

Customers

In addition to BC Transit, negotiations are also underway between Grande West and additional municipal and local transit authorities across North America. The Corporation has plans to establish long-term relationships with such transportation agencies from which Grande West expects to be able to generate repeat business. Given the large number of transit systems in North America (over 100 in Canada and over 7,000 in the U.S.), the Corporation does not anticipate the risk of reliance on certain customers for a large portion of its revenues going forward.

The initial order from BC Transit is the first order received by the Corporation. In June 2013, the Corporation also secured an order by way of an RFP from Kings Transit Authority, Nova Scotia, for a total of three buses and a purchase order from Véolia Transdev Québec Inc. in Quebec for a total of nine buses. Management intends to actively pursue additional purchase orders from BC Transit as well as other transit authorities across Canada.

BC Transit

BC Transit is the provincial crown agency charged with coordinating the delivery of public transportation throughout the Province of British Columbia (outside the Greater Vancouver Regional District). BC Transit links communities, businesses and lifestyles in over 50 communities across the province through 58 local government funding partners, including the Victoria Regional Transit Commission and regional hospital districts, with operations provided by 18 private operating companies, five public operating organizations and 14 non-profit agencies. BC Transit currently has a fleet of 1,030 conventional and double-deck buses and minibuses with \$47.6 million in capital expenditures in the fiscal year ended March 31, 2013. (Source: BC Transit Annual Report 2012/13).

During the 21-month tour of the province of B.C. as part of beta-program for the Vicinity, information related to impacts on passengers, fuel efficiency and ease of maintenance was gathered through surveys from drivers, maintenance staff and customers. Test results have shown substantial long-term cost savings, drivers have commented that the bus offers improved visibility and is easier to drive, while

customers have noticed a smoother ride, due to the computerized air-ride suspension. As a result of the extensive testing conducted by BC Transit, marketing of the Vicinity to other transit agencies in Canada is expected to be greatly assisted by the approval already obtained by the Corporation from BC Transit for the Vicinity.

BC Transit Order

The Corporation received its first Vicinity purchase order from BC Transit in October, 2011 (the “BC Transit Order”). Pursuant to the BC Transit Order, the Corporation is supplying 15 low floor transit buses (i.e., the Vicinity) (the “BC Transit Buses”) for an approximate price of \$250,000 per bus.

Payment Milestone

The BC Transit Order provides for the purchase price to be paid in four instalments as follows: 25% deposit (paid), 20% upon factory acceptance (paid), 30% upon delivery acceptance (paid) and 25% to be held back and paid 60 days following delivery acceptance, provided no deficiencies or defects in BC Transit buses arise during the holdback period.

Delivery Schedule

The BC Transit Buses were delivered to the Corporation’s head office in Aldergrove, British Columbia in early May 2013 following which the Corporation prepared the BC Transit Buses for delivery. BC Transit accepted delivery of the BC Transit Buses on August 30, 2013.

Warranty

Pursuant to the BC Transit Order, each of Grande West and Yaxing have represented and warranted to BC Transit that the BC Transit Buses have been designed and constructed for the intended purpose of public transit throughout B.C. with a ten-year in service life expectancy. The warranty commences upon date of acceptance of delivery of the BC Transit Buses by BC Transit and covers the complete bus (bumper to bumper, with the exception of the wear and tear of a number of items including belts, tires, anti-vibration bushes, mounting buses, alternator brushes, friction material, brake discs, and consumables) for two years at unlimited kilometres. The BC Transit Order provides for an extended warranty on the bus frame, including chassis, structure members and stress panels expiring the earlier of ten years from the delivery acceptance date or 1,000,000 kilometres. In addition, a one-time 10 year \$400,000 bond backed by the Company’s bank facility has been issued to BC Transit. The bond is to assure an adequate supply of parts over the intended life of the initial 15 bus order.

Facilities and Employees

The Corporation’s head office is located in Aldergrove, British Columbia, Canada, where it occupies approximately 6000 square feet of leased space. The Vicinity is manufactured in China for the Corporation by Yaxing. Management believe that the Corporation’s facilities are adequate for its current needs and that suitable additional or substitute space will be available as needed to accommodate planned expansion of operations.

The Corporation currently employs six employees in its head office with one involved in R&D, one involved in management/sales, one involved in management/finance and three involved in support of Vicinity buses.

Production and Services

The Vicinity is manufactured for the Corporation by Yaxing, a large-scale bus manufacturer currently listed on the Shanghai Stock Exchange. Yaxing and its predecessor companies have been involved in bus manufacturing since 1979 (additional details on Yaxing are provided below). All of the Vicinity buses

are currently being manufactured by Yaxing, at pre-negotiated pricing between Yaxing and the Corporation. Payments from the Corporation to Yaxing follow the same milestones as BC Transit's payments to Grande West, as per the BC Transit Order, in four instalments based on the purchase price by the Corporation from Yaxing as follows: 25% deposit (paid), 20% upon factory acceptance (paid), 30% upon delivery acceptance (paid) and 25% to be held back and paid 60 days following delivery acceptance to Grande West's customer.

Yaxing Motor Coach Co., Ltd.

Yaxing was founded by Jiangsu Yaxing Automobile Group Co., Ltd., a company with more than thirty years of operational history in bus manufacturing. In August 1999, Yaxing issued 60 million of its class "A" shares through the Shanghai Stock Exchange, becoming the first listed company in Yangzhou and also one of the few listed bus companies in China. Yaxing has total assets of approximately RMB1,182 million (or \$202 million using an exchange rate of \$1.00=RMB5.845) as at December 31, 2012, revenues of RMB988.1 million (or \$169 million using an exchange rate of \$1.00=RMB5.845) in the year ended December 31, 2012 and over 1,300 employees. Its products range from larger buses to small-sized buses and from luxury buses to standard buses, including 20 product series and 130 product varieties. Yaxing has a network of over 280 after-sales service outlets across China.

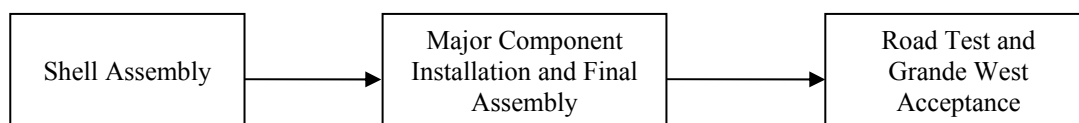
Yaxing's technical center has over 140 R&D personnel, including engineering experts and senior bus engineers. Many Yaxing engineers were trained in Germany, by Mercedes-Benz, through a joint bus venture, Yaxing-Benz Ltd., which operated from 1997-2006, from which Yaxing has gained extensive experience.

Manufacturing Process

The manufacturing planning process begins at the time of an initial bid for a production order from a potential customer, well in advance of actual fabrication or assembly. Planning continues after a purchase contract has been signed, usually for a period of approximately four months prior to the commencement of production. During this period the supply chain is managed such that when the unit enters the production line, all necessary materials and components are delivered according to scheduled need to allow for timely assembly. Generally, Yaxing manufactures the buses, from frame welding to final assembly, in approximately five weeks. However, as production rates increase, manufacturing time decreases (and conversely, a decrease in production rates result in increased manufacturing times). Despite such fluctuations in production rates and manufacturing times, the contract price is stabilized by purchasing forward contracts.

Yaxing's production facility operates multiple production lines with a number of off-line electronic component and small parts assembly stations and a pre-production fabricating group that creates materials for assembly on the production line. At Yaxing's plant, a bus goes through the structure weld, shell assembly and painting phases of production. The partially completed shell is then assembled with the engine, axles, transmission, driver and passenger seating and air conditioning systems during the final assembly stage.

Yaxing's manufacturing process at its production facility is summarized in the following chart:



Utilizing Yaxing's manufacturing facility, Grande West achieves a substantial cost savings over North

American competition, mainly due to the access to lower-cost labour in the assembly of the buses in China. Competitors to Grande West, such as large bus manufacturers such as New Flyer Industries Inc., which manufacture and assemble its buses in North America, face comparatively higher costs due to the higher labour rates in Canada and the U.S.

Product Warranty and Other Contractual Provisions

Transit agencies typically stipulate the appropriate warranty levels required for the bus, structure and major subsystem. These transit agencies will often request additional coverage as part of the initial capital purchase to lower their operational costs. Grande West prices each requested extended warranty costs into its bids.

Extended warranties for major subsystems such as engines, transmissions, axles and air conditioning are purchased for the customer from the component supplier. Certain other extended warranties, including those covering brake systems, lower level components, fleet defect provisions and engine systems, cannot be purchased and Grande West is responsible for warranty costs during a warranty period of approximately two years, depending on the contract. In connection with a long-term bus supply agreement with its customer BC Transit, Grande West, through an Ancillary Support Agreement with Yaxing, has agreed to provide an enhanced warranty. Under the fleet defect provisions included in the BC Transit Order and to be included in future bus purchase contracts, Grande West is required to repair the entire fleet of buses delivered under the contract if the same defect occurs in more than a specified percentage of the fleet (typically 20%). The fleet defect warranty period matches the warranty period of the particular bus component that is defective. Grande West also provides a parts availability warranty in the BC Transit Order, which will also be provided in future BC Transit bus purchase contracts, under which the Corporation warrants that bus parts will be available to the customer for a certain period of time, usually ten years following delivery of the bus. Similar to the BC Transit Order, the Corporation plans to generally provides its customers with a two-year base warranty on the entire bus and a ten-year warranty on the bus structure. Grande West intends to build an estimate of these costs into each of its contracts based on the Corporation's historical experience and technical expectations.

Bus manufacturing contracts typically include liquidated damages provisions, which result in fines on a per bus per day basis when buses are not delivered to the customer by the deadline specified in the contract. The Corporation actively manages these terms with its customers in the event of specification changes that impact production timing. The Corporation does not expect to incur liquidated damages penalties in the normal course of its operations.

In addition, bus purchase contracts in the transit bus industry typically include a right of transit authorities to terminate the contract for convenience. As such, the Corporation's customers may, with notice, terminate their relationships with the Corporation during the term of a contract. Nominally there are provisions to provide for expenses paid to date and compensate for any or all restocking fees.

Distribution, Sales and Marketing

The Corporation is in the process of establishing a service and dealership network for the provision of maintenance and after-sales support to customers. The Corporation plans to sell and market its bus products through such dealership network with geographic coverage responsibilities. To date, Grande West has appointed City View Sales & Service Ltd. ("City View") to serve as its distributor in Ontario, Quebec and Maritimes for the Vicinity. City View is an established distributor in Eastern Canada of mid-heavy duty and cutaway buses. In Western Canada, the Corporation intends to hire a sales manager within the first quarter after the completion of the Offering to service the western provinces territory and oversee the activities of City View. Discussions are also ongoing with various other dealers and bus manufacturers in Canada and the U.S. to explore additional opportunities for the Vicinity.

Through the service and distribution network, Grande West plans to provide customer service and support including providing technical support to solve performance and maintenance issues, as well as providing

manuals, product training, and warranty administration. The Corporation plans to provide full-time support to transit authorities during delivery, acceptance and the warranty period as required by each customer contract with professional customer service representatives experienced in manufacturing, assembly, quality and customer training. The service network will be equipped to provide prompt delivery inspection services, retrofit services and local service and parts support.

Aftermarket parts and service have become increasingly important elements in the purchase decision of a transit authority and the availability of a solid service network to support the Corporation's sales is critical to the growth of Grande West. The network will be supported with parts inventories as well as marketing, service support and procedures/manuals from the Corporation.

The Corporation has also received an additional Vicinity-model demo bus to meet the existing demand from transit authorities for trials and testing of the Vicinity that cannot be satisfied by the original Vicinity prototype bus.

Marketing resources will be directed on the basis of a customer priority rating determined by a variety of criteria including bid type (low bid or negotiated), size, margin expectations, multi-year procurement opportunities, aftermarket opportunities and complexity relative to volume.

Grande West's sales process consists of the following distinct steps which are described below.

Customer Identification and Solicitation of Bids

Grande West identifies potential customer opportunities in one of two ways:

- (i) Through its sales force and network of industry contacts, Grande West is able to identify municipalities that are planning to upgrade or replace their bus fleets.
- (ii) Ongoing dialogue with existing customers, enhanced by a service or support relationship, assists in identifying opportunities for new business.

Tender Process

A customer will generally go to a RFP in which it will provide a detailed specification of its requirements to Grande West and competing manufacturers. The customer specifications will include interior and exterior colour schemes, seat type and length of bus and fuel and propulsion systems required. Manufacturers will submit tendered price with details of their product. Over a four to six-week period, the bids tendered in response to an RFP are examined by the transit authority and a decision is made for purchase.

Bid Stage

In the RFP process, manufacturers submit proposals that address specific criteria for evaluation such as quality, maintenance, aftermarket parts and service and price. Bids are negotiated on the basis of all the relevant criteria, which allows manufacturers to win contracts on factors other than price alone.

Management believes that Grande West has a competitive advantage in the RFP process, as the Corporation can market the quality of its products (i.e., the Vicinity can last for up to ten years while other cutaway buses last for anywhere from two to five years), the Vicinity fulfilling the requirements of a niche transit market and its aftermarket parts and service system as compared with the more "commodity" nature of the low bid process. Management believes that customers have increasingly come to prefer the RFP process because it enables them to factor the lifetime cost of the bus into their purchase decision, taking into account maintenance costs, aftermarket support and warranties and fleet standardization objectives, rather than merely the initial capital purchase cost.

In preparing its bid, Grande West will cost out all elements of the product, factoring in component costs and production slot availability and targeting a minimum dollar contribution. The Corporation seeks to obtain commitments from suppliers for all major raw materials, components and systems in order to lock in as much of the margin as possible.

Successful Bid and Signing of Purchase Order

Once a bid has been awarded there is usually a one month period of documentation negotiation prior to a purchase order being issued by the customer.

Pre-Production

Once a bus contract is signed, Grande West initiates the pre-production process that begins approximately four months prior to production of a bus. The Corporation assigns the project to an internal account specialist, responsible for establishing and maintaining a dialogue with the customer. Over the course of the pre-production period, Grande West and the customer review the specifications in the contract to confirm their mutual understanding and expectations. Typically, this process yields changes to the original specifications, which is permitted at the customer's expense. The contracts typically permit customers to make changes at their own expense. These changes are logged in a document known as the Master Resolution List ("MRL"), which has been approved by the customer prior to commencement of production. The MRL, along with the technical summary (which is a running log of the original specifications), will follow the bus order through the production line to ensure strict adherence to the final specifications. The sale process culminates with a final inspection and acceptance by the customer. The customer generally sends a representative to Grande West's facility (and if requested, Yaxing's facility) to inspect and test the vehicles before taking delivery. Third party drivers then deliver the buses to customers and customers are then given a final opportunity to inspect the vehicle.

Training

Grande West is in the process of developing a product training program that is designed to maximize the safety, reliability, and life of the bus products by enabling customer personnel to successfully implement the procedures necessary to operate, inspect, maintain and repair each and every system on the buses. The training program will consist of instructional modules for specific areas and systems on the bus and will contain detailed lesson plans for each module to support the transit operator's maintenance training unit. The Corporation will also work with its major component suppliers to provide additional training when required.

Research and Development

Grande West will continue working closely with Yaxing in the development of additional bus-related technology and component specifications, allowing the Corporation to raise awareness of Grande West through the introduction of additional products and technologies. A long-term commitment to monitoring the market for technology updates and enhancing the breadth and quality of products and services offered is critical to ensuring long-term sustainability and profitability of the Corporation.

The Corporation will continually seek and identify new product segments where the Vicinity can be deployed to provide increased efficiencies and cost savings for customers. Upon successful penetration of the Vicinity in the North American transit market, Grande West plans to explore additional opportunities for the employment of the Vicinity in the private bus market, such as for use as personnel shuttles in the oilfields, as airport shuttles, and as staff shuttles.

Yaxing's engineering and R&D teams are continuing to develop electric propulsion technologies. They have many electric and super capacitor buses operating throughout Asia. It is Grande West's intention to utilize Yaxing's technical advancements, and potentially to introduce all-electric propulsion vehicles.

Competition

The Corporation's competitors offer lines of buses which compete with the Vicinity. Price, quality and delivery are the primary competitive factors.

Most of these manufacturers, often larger in size than the Corporation, already have production backlogs in the order of two to three years. As a result, motivation to commence development of new products is low given the need to justify the risk in designing and building a bus for a new market segment. Production of a new bus model would require either new investment in infrastructure, or replacing a productive assembly line to manufacture the new model.

Historically, when transit agencies have issued RFPs for a smaller bus, manufacturers have responded with design funding requests upfront to engineer the bus. The timeline needed to design, build, and test a bus like the Vicinity is expected to be in the order of three years, given current corporate constraints and government safety regulations.

Competitors in the Canadian market place include mostly cutaway buses with a substantially decreased life expectancy.

Management believes the transit bus industry is an attractive market for the following reasons:

- Stable Industry: The transit bus industry in North America is stable and driven largely by fleet replacement and expansion purchases. A key priority of governments and public authorities is currently financial support of public transit infrastructure due to the significant population base that is highly reliant on public transportation.
- Forward Orders Visibility: New buses are generally ordered up to one year in advance of delivery. Funds for bus purchases are approved and allocated at the time of order, cancellations are rare. As a result, this allows Grande West to have significant visibility on its forward order book and production schedule, enabling the efficient planning of the Corporation's production schedule, thereby minimizing expenses and working capital requirements.

Competitive Strengths

Management believes that Grande West's business model has several unique attributes that support stable and predictable cash flows:

- Variable Cost Structure. Due to the assembly nature of Yaxing's manufacturing process, the majority of Grande West's total bus manufacturing cost structure is variable, thereby providing the Corporation with the ability to effectively control costs. The Corporation anticipates the ability to generally pass cost fluctuations in materials and components on to its customers.
- Niche Market for Small Commuter Buses. The Vicinity is targeted as a small commuter bus and community shuttle that is more fuel efficient, smaller, easier to handle and can also be used to augment existing routes that now use larger buses but do not require that much passenger capacity at certain times of the day. The Vicinity offers to the transit market an alternative to existing cutaway buses that are priced in the range of \$170,000 to \$200,000 but that need to be replaced after two to five years, in comparison to the Vicinity that is priced at \$220,000 to \$280,000 with a service life of up to ten years.
- Cost Savings. Management of the Corporation believes that the Vicinity offers substantial initial capital cost savings coupled with long term operating cost savings from increased fuel efficiency, lower on-going maintenance expenses and increased service life.

Competitive Weaknesses

- Limited Operating History. Incorporated on September 2, 2008, GWTI has a limited operating history. There can be no assurance that the Corporation will continue to produce revenue or operate profitably. GWTI and the Corporation have relied on sales of equity securities and shareholders loans to meet their cash requirements in the past. There can be no assurance that funding from this or other sources will be sufficient in the future to satisfy operational requirements and cash commitments.

Legal and Regulatory Environment

Environmental Legislation

Grande West is subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and legal requirements contained in approvals or that arise under common law. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances, dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odours (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws.

The Corporation believes that it is in substantial compliance with all material environmental and health and safety legal requirements and is not aware of any breach of such requirements or other similar liabilities the resolution of which would have a material adverse effect on the Corporation and its operations.

Grande West may be subject to environmental-related litigation from time to time in the ordinary course of its business and is not aware of any pending or threatened litigation that would have a material adverse effect on the Corporation and its operations.

Environment Canada mandates compliance with Canadian emissions standards for vehicles in Canada and the Environmental Protection Agency (the “EPA”) mandates such compliance in the U.S.

Motor Vehicle Safety Standards

All buses sold must comply with federal, state and provincial motor vehicle safety standards. In both Canada and the U.S., vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. In this regard, Canadian and U.S. motor vehicle safety standards are substantially the same. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Grande West’s Vicinity has been certified under applicable federal standards in Canada and the Corporation plans to certify each new bus model before its market launch. Grande West believes that the Corporation is in material compliance with all current federal and provincial motor vehicle safety regulations for the Vicinity. Compliance with federal standards in Canada allows the Corporation’s customers to operate the Vicinity in any region of Canada. Grande West has not yet applied for approvals in the U.S.

Motor Vehicle Road Use Standards

Transit bus operators are subject to provincial and state motor vehicle road use regulations. Although it is the responsibility of the transit bus operator to comply with such regulations, Grande West is required to comply with applicable provincial and state regulatory requirements under its customer contracts. Management believes that the Vicinity is in material compliance with such motor vehicle regulations.

Intellectual Property

The Corporation has invested significant resources in the design, development and CMVSS certification

of the Vicinity bus. Although Grande West does not currently hold any registered trademarks, patents or pending patent applications, the CMVSS certified designs for the Vicinity bus constitute trade secrets and intellectual property of the Corporation. The Corporation has taken appropriate measures to ensure that such designs remain confidential. The Corporation also intends to apply for Canadian and U.S. registered trademarks for the name “Vicinity” and such other trademarks that it may develop for use in the future.

Grande West also seeks to avoid disclosure of the Corporation’s intellectual property and proprietary information by requiring employees and consultants to execute non-disclosure and assignment of intellectual property agreements. Such agreements require employees and consultants to assign to the Corporation all intellectual property developed in the course of their employment or engagement. The Corporation also utilizes non-disclosure agreements to govern interaction with business partners and prospective business partners and other relationships where disclosure of proprietary information may be necessary.

INDUSTRY OVERVIEW

A nation’s growth and the need to meet mobility, environmental and energy objectives place demands on public transit systems. Current systems, some of which are old and in need of upgrades, must expand service areas, increase service frequency, and improve efficiency to serve these demands.

Public transit is an essential service with predictable funding as capital budgets for public transportation are approved years in advance, which can allow the Corporation to market to transit agencies and secure contracts for the replacement of current buses that can generate recurring revenue for Grande West over the long term.

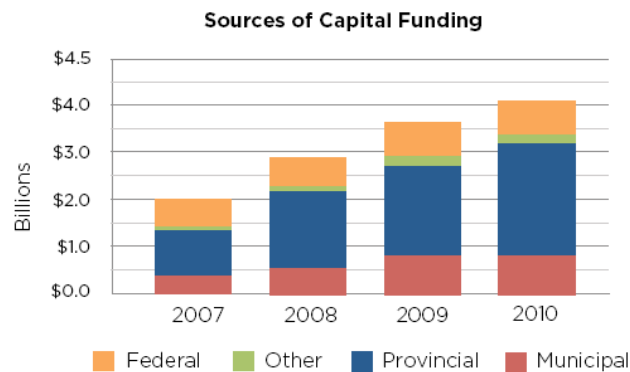
According to the Transit Cooperative Research Program by the Transportation Research Board of the National Research Council¹, approximately 58% of the transit system members of American Public Transportation Association (“APTA”) and Canadian Urban Transit Association (“CUTA”) use small buses; on average, small buses make up approximately 18% of each fleet. Two of the most important rationales cited for purchasing small buses were the ability to match capacity with demand and the higher maneuverability of small buses on narrow streets. Other important rationales were marketing image, lower capital costs, community complaints and lower maintenance costs. The negotiating of a lower small bus wage rate significantly decreases the cost of operating small buses and increases their cost-effectiveness in the lower level demand routes and service areas typically found in suburban areas.

Public Transit Market in Canada

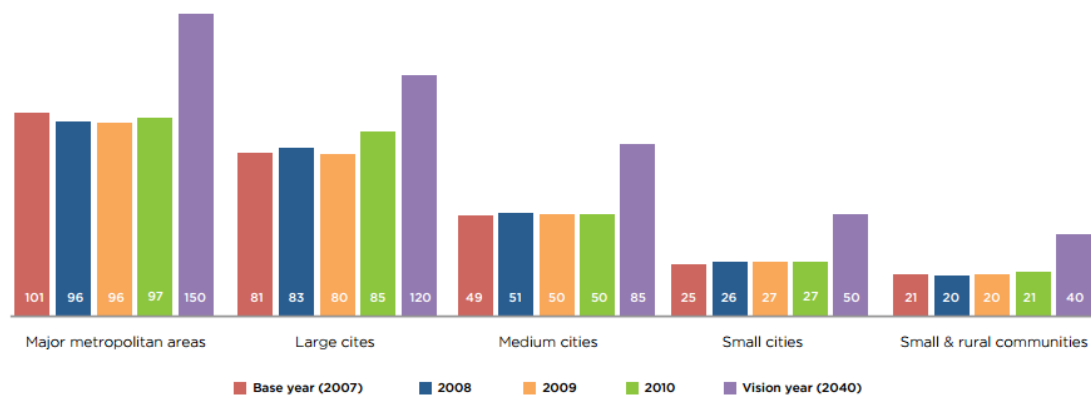
The following information on the public transit market in Canada has been extracted from the CUTA 2011 Progress Report.

According to the 2011 Progress Report issued by CUTA, capital funding for transit projects in Canada reached an all-time high in 2010, a continued growth from previous years, while providing economic benefits to Canadians. Transit riders provide a majority of operating funding through fares, while municipalities provide most of the remaining balance.

¹ The Transit Cooperative Research Program focuses on the use of small buses in transit service in Canada and the U.S. “Small buses” are defined as vehicles used in urban public transit services open to the general public that were 30 foot or less in length.



Transit ridership per capita (the number of public transit trips taken divided by the population of transit service areas) in Canada from 2007-2010, with forecast 2040 numbers, are presented below for five different categories of communities, by size. A distinct expected growth in ridership in 2040 is anticipated:



The Canadian transit industry has two key environmental goals: to support local and national sustainability, and to minimize the ecological footprint of transit operations. The industry is meeting this second challenge in a number of ways, including the development of greening and energy strategies that will set objectives for 2020, 2030 and 2040, and help industry members to identify strategies for greener, less energy-intensive operations.

In the last few years, Canadian transit systems have accelerated their replacement of an aging bus fleet. This and the adoption of alternative propulsion systems, innovations by manufacturers to reduce weight and fuel consumption, have kept greenhouse gas emissions from transit operations stable.

Figure 8. Greenhouse gas emissions from transit operations (kilograms per kilometre)

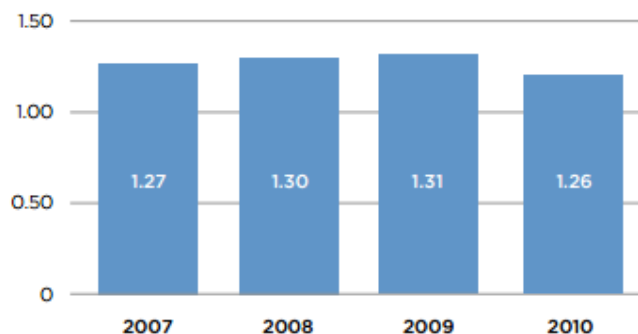
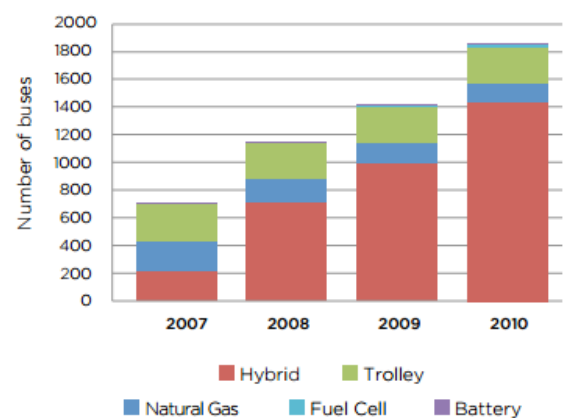


Figure 9. Alternative propulsion systems in Canadian transit buses



The number of buses using alternative propulsion systems (electric trolley, hybrid diesel-electric, natural gas or fuel cell, rather than diesel or gasoline) continues to increase. In 2010, the proportion of alternative propulsion buses grew to 12%, up from 9% the previous year. This is a clear indication of the interest and commitment of Canadian transit systems for alternative propulsion technologies. Grande West is in a favorable position to utilize alternate propulsion opportunities through its relationship with Yaxing.

USE OF PROCEEDS

Proceeds

This Offering is subject to a minimum subscription of 8,000,000 Common Shares (\$4,000,000) to a maximum subscription of 10,000,000 Common Shares (\$5,000,000) being subscribed for. If the minimum Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the distribution will cease, unless an amendment is filed and receipted (provided that the total period for distribution must end not more than 180 days from the receipt of the final prospectus), and all subscription monies will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agents.

Funds Available

If the minimum Offering is completed, then the net proceeds to the Corporation will be \$3,680,000 (\$4,600,000 if the maximum Offering is completed), less the sum of \$350,000 representing the Corporation's estimated working capital deficiency as at October 31, 2013 (which assumes the completion of the Debt Settlement Agreement), for an aggregate of \$3,330,000 if the minimum offering is completed and \$4,250,000 if the maximum offering is completed, as the total available funds to the Corporation, which funds are intended to be spent by the Corporation, in order of priority, as follows:

Principal Purposes

<u>Principal Purpose</u>	<u>Funds to be Used Assuming Completion of Minimum Offering</u>	<u>Funds to be Used Assuming Completion of Maximum Offering</u>
To pay the estimated remaining costs of this Offering ⁽¹⁾	\$470,000	\$470,000
To fund the establishment of a service and sales dealership network and parts inventory ⁽²⁾	\$250,000	\$250,000
To fund the development and implementation of a marketing plan and corporate communications program ⁽²⁾	\$150,000	\$150,000
To fund hiring of additional operational staff ⁽²⁾	\$120,000	\$120,000
To fund research and development and engineering ⁽²⁾	\$175,000	\$375,000
To fund commencement of regulatory approval process in the U.S. ⁽²⁾	\$100,000	\$100,000
To pay the estimated general and administrative expenses for 12 months ⁽³⁾	\$1,542,000	\$1,542,000
Unallocated working capital ⁽⁴⁾⁽⁵⁾	\$523,000	\$1,243,000
Total:	<u>\$3,330,000</u>	<u>\$4,250,000</u>

(1) Includes Macquarie's Corporate Finance Fee, the Agents' expenses, legal, audit, regulatory, listing and printing fees and fees payable pursuant to Evans & Evans Agreement.

(2) See "Use of Proceeds – Business Objectives and Milestones".

(3) See "Use of Proceeds – Administrative Costs".

(4) Any net proceeds realized from the Concurrent Private Placement will be added to unallocated working capital. See "Plan of Distribution".

(5) Does not include cash flow which the Corporation anticipates will be available from the sale of Vicinity buses.

In addition, the Corporation has an operating line of credit with its bank with a limit of \$150,000.

The Corporation intends to spend the funds available to it as stated in this prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary.

Since inception, the Corporation has had negative operating cash flow.

Until required for the Corporation's purposes, the proceeds will be invested only in securities of, or those guaranteed by, the Government of Canada or any province of Canada, in certificates of deposit or interest-bearing accounts of Canadian chartered banks or trust companies or in prime commercial paper.

Business Objectives and Milestones

The Corporation has identified the following objectives as key to implementing the business plan:

- **Establish Service and Sales Dealership Network and Parts Inventory.** The Corporation plans to put in place a service and sales dealership network with a parts inventory for the provision of maintenance and after-sales support to customers. The availability of a solid service network to support the Corporation's sales is critical to the growth of Grande West. The network will be supported with parts inventories as well as marketing, service support and procedures/manuals from the Corporation. The Corporation has allocated \$250,000 from the proceeds of the Offering for this objective, including approximately \$200,000 of parts inventory for the provision of maintenance and after-sales support in eastern Canada, and anticipates that the Canadian network will be in place by within the first quarter of completion of the Offering.
- **Develop and Implement Marketing Plan and Corporate Communications Program.** The Corporation plans to work with a marketing and design company to ensure the corporate Internet presence and brochures relating to Grande West's bus products all have a consistent, professional and quality image. All Corporation information and marketing materials will focus on the reliability and quality of the products offered by the Corporation (i.e. the Vicinity) and the stable corporate image of Grande West as an innovator in the transportation industry. Grande West intends to develop a corporate communications program to generate increasing public awareness. The Corporation has allocated \$150,000 from the proceeds of the Offering for this objective and anticipates that the marketing program will be in place during the first quarter of completion of the Offering.
- **Increase Operational Staff.** To facilitate the anticipated expansion, Grande West is anticipating bringing on further staffing in the areas of customer support, quality assurance, marketing, technical and training support to fully support the Corporation's growth and vision. The Corporation has allocated \$120,000 from the proceeds of the Offering for this objective and anticipates having up to 2 additional staff within 6 months of the completion of the Offering.
- **Research, Development and Engineering.** The Corporation requires ongoing engineering and a research and development program to continuously innovate and remain competitive. The Corporation has allocated \$175,000 from the proceeds of the Offering for this objective, which includes \$25,000 of external engineering services to be retained after completion of the Offering and \$150,000 of current engineering management salaries.
- **Begin Approval Process in the U.S.** The required certifications and approvals for the Vicinity have been secured and testing has been completed with positive results by an independent third party for the Vicinity to operate as a transit bus in Canada. The Corporation has allocated \$100,000 from the proceeds of the Offering to begin the approval process in the U.S. and anticipates commencing the US approval process within 3 months of completion of the Offering.
- **Identify and Develop Additional Strategic Business Partners.** Grande West management will

continue to review suitable marketing and business partners in order to develop long-term partnerships which have a positive effect on revenues and net income. No funds from the Offering have been allocated for this purpose and management anticipates that this process will be ongoing.

Administrative Costs

Upon completion of the Offering, the Corporation's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for twelve months.

The general and administrative expenses of the Corporation for the 12 months following completion of this Offering are estimated to be \$1,542,000. An estimated breakdown of these expenses is as follows:

Item	Monthly (\$)	Yearly (\$)
Management salaries	27,500	330,000
Technical support, administrative salaries, Directors' fees and staff benefit costs	30,083	361,000
Insurance – Manufacturers and General	25,916	311,000
Office and facility costs	10,000	120,000
Legal fees	2,000	24,000
Accounting and audit fees	6,000	72,000
Shareholder communication	11,667	140,000
Transfer agent and filing fees	1,667	20,000
Travel	11,667	140,000
Miscellaneous	2,000	24,000
Total:	128,500	1,542,000

DIVIDENDS OR DISTRIBUTIONS

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on Common Shares in the future will be made by the directors of the Corporation on the basis of the earnings, financial requirements, and other conditions existing at such time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

Selected Financial Information

The following table sets forth summary financial information of the Corporation for the nine month period ended May 31, 2013 and for each of the fiscal years ended August 31, 2012, 2011, and 2010. This summary financial information should only be read in conjunction with the Corporation's consolidated financial statements, including the notes thereto, included elsewhere in this prospectus.

	Nine-Month Period Ended May 31, 2013 (audited)	Year Ended August 31, 2012 (audited)	Year Ended August 31, 2011 (audited)	Year Ended August 31, 2010 (audited)
Total Revenue	Nil	Nil	Nil	Nil
Expenses	\$1,167,052	\$900,714	\$926,599	\$521,226

	Nine-Month Period Ended May 31, 2013 (audited)	Year Ended August 31, 2012 (audited)	Year Ended August 31, 2011 (audited)	Year Ended August 31, 2010 (audited)
Net Loss for Period	\$1,167,052	\$900,714	\$926,599	\$521,226
Total Assets	\$4,176,311	\$1,858,275	\$397,846	\$606,578
Current Assets	\$3,897,262	\$1,736,963	\$115,348	\$159,253
Other Assets	\$279,049	\$121,312	\$282,498	\$447,325
Total Liabilities	\$5,199,012	\$4,132,507	\$1,771,364	\$1,053,497
Current	\$4,180,257	\$2,005,815	\$129,946	\$15,087
Long Term	\$1,018,755	\$2,126,692	\$1,641,418	\$1,038,410
Working Capital	\$(282,995)	\$(268,852)	\$(14,598)	\$144,166
Shareholder Equity	\$(1,022,701)	\$(2,274,232)	\$(1,373,518)	\$(446,919)
Loss per Share	\$0.08	\$0.08	\$0.08	\$0.05

Management's Discussion and Analysis

This discussion is of the consolidated audited financial statements of the Corporation for the financial years ended August 31, 2012, 2011 and 2010 and for the nine month period ended May 31, 2013. The consolidated financial statements are included in this Prospectus and should be referred to when reading this discussion. The financial statements summarize the financial impact of the Corporation's financings, investments and operations, which financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Results of Operations

Nine Months Ended May 31, 2013 and Years Ended August 31, 2012, 2011 and 2010

Revenue

Revenue for the nine months ended May 31, 2013 was \$nil. Revenues for the year ended August 31, 2012, 2011, and 2010 were \$nil. The Corporation is completing on the delivery of an initial commercial order for 15 Vicinity buses. Deferred revenue of \$1,707,750 consists of deposits received against the order value of \$3,795,000. The sale proceeds of the order will be recognized when delivery is completed in the 4th quarter of fiscal year 2013 and ownership transfers to the buyer.

Cost of Sales

Cost of sales for the nine months ended May 31, 2013 was \$nil. Costs of sales for the year ended August 31, 2012, 2011, and 2010 were \$nil. As the sale of the initial commercial order has not been completed as of May 31, 2013, the cost of sales has not been recognized.

Gross Margin

No Gross Margin will be calculated until the sale of the initial commercial order for 15 Vicinity buses is completed.

Expenses

Depreciation expense for the nine months ended May 31, 2013 was \$107,040. Depreciation expense for the year ended August 31, 2012 was \$161,186, a decrease of \$3,641 or 2% from \$164,827 for the year ended 2011. In the year ended 2011, there was an increase in depreciation expense of \$106,582 or 183%

from \$58,245 for the year ended 2010. Depreciation of property and equipment includes the Vicinity demo bus, vehicles, computer equipment, office furniture and shop equipment.

General and administrative expenses for the nine months ended May 31, 2013 were \$265,406. General and administrative expenses for the year ended August 31, 2012 were \$136,216, an increase of \$85,118 or 167% from \$51,098 for the year ended 2011. In the year ended 2011, there was a decrease in general and administrative expenses of \$9,868 or 16% from \$60,966 for the year ended 2010. General and administrative expenses include accounting, office, consultants, insurance and going public costs. General and administrative expenses for the year ended 2012 and the nine months ended May 31, 2013 increased mainly due to the increased level of activity of the operations to construct the initial order of Vicinity buses and an additional demonstration bus. These expenses are relatively stable, but are expected to increase as operations expand.

Interest and bank charges for the nine months ended May 31, 2013 were \$81,034. Interest and bank charges for the year ended August 31, 2012 were \$25,007, an increase of \$20,632 or 472% from \$4,375 for the year ended 2011. In the year ended 2011, there was a decrease in interest and bank charges of \$2,159 or 33% from \$6,534 for the year ended 2010. Interest and bank charges for the nine months ended May 31, 2013 increased as a result of interest costs for bank loan facilities of up to \$1,150,000 in that period. Interest and bank charges also include accretion on the bank loan and financing costs incurred on the obtaining bank loan. In prior years, related parties funded the Corporation and, except for \$340,000 loaned by a shareholder, were advanced without interest and were unsecured.

Marketing expenses for the nine months ended May 31, 2013 were \$15,540. Marketing expenses for the year ended August 31, 2012 were \$30,219, a decrease of \$57,526 or 66% from \$87,745 for the year ended 2011. In the year ended 2011, there was an increase in marketing expenses of \$78,116 or 811% from \$9,629 for the year ended 2010. Marketing expenses include marketing materials and conference costs. Marketing expenses for the year ended 2012 decreased from the year ended 2011 mainly due to less conferences being attended.

Professional fees for the nine months ended May 31, 2013 were \$141,993. Professional fees for the year ended August 31, 2012 were \$8,971, a decrease of \$13,830 or 61% from \$22,801 for the year ended 2011. In the year ended 2011, there was an increase in professional fees of \$233 or 1% from \$22,568 for the year ended 2010. Professional fees include legal and auditing fees. Professional fees for the nine months ended May 31, 2013 increased mainly due to cost of legal services, including incorporation of a new company, corporate reorganization, seed round financings and preparing for going public, and audit fees for the Corporation preparing to go public.

Rent expenses for the nine months ended May 31, 2013 were \$36,015. Rent expenses for the year ended August 31, 2012 were \$65,000 since the Corporation required office space and shop facility in regards to the Vicinity bus, and \$nil for the years ended August 31, 2011 and 2010, since the Corporation required no office space nor a shop facility. Rent expenses relate to office and a 6,000 square foot shop facility rented from a senior officer. These expenses are relatively stable, but are expected to increase as operations expand and bigger operating space is required.

Repairs and maintenance expenses for the nine months ended May 31, 2013 were \$21,715 related to the first demonstration Vicinity bus which was a prototype. Repairs and maintenance expenses for the year ended August 31, 2012 were \$nil due to no work being required to the first demonstration Vicinity bus which was a prototype, and \$245,274 for the year ended August 31, 2011 and \$3,809 for the year ended August 31, 2010 related to the first demonstration Vicinity bus which was a prototype.

Research and development expenses for the nine months ended May 31, 2013 were \$378,639. Research and development expenses for the year ended August 31, 2012 were \$430,263, an increase of \$140,263 or 48% from \$290,000 for the year ended 2011, which increased mainly due to an increase in staff in regards to design and engineering, including staff travelling to China, due to the preparation of the commercial production for 15 Vicinity buses and for one more demonstration bus. In the year ended 2011, there was

an increase in research and development expenses of \$72,392 or 33% from \$217,608 for the year ended 2010. Research and development expenses include design, engineering and ongoing development of the Vicinity buses.

Salaries and wage expenses for the nine months ended May 31, 2013 were \$24,777. Salaries and wage expenses for the year ended August 31, 2012 were \$nil, \$6,375 for the year ended August 31, 2011 and \$nil for the year ended August 31, 2010. Salaries and wage expenses have not been incurred for the year ended 2012 and 2010 due to no staff other than staff costs attributable to research and development.

Travel expenses for the nine months ended May 31, 2013 were \$73,168. Travel expenses for the year ended August 31, 2012 were \$43,852, a decrease of \$10,252 or 19% from \$54,104 for the year ended 2011. In the year ended 2011, there was a decrease in travel expenses of \$87,763 or 62% from \$141,867 for the year ended 2010. Travel expenses for the nine months ended May 31, 2013 increased mainly due to increased level of activity.

Income Taxes

The Corporation did not pay any income taxes for the nine months ended May 31, 2013 and the years ended August 31, 2012, 2011 and 2010 as no taxable income was generated.

Property and Equipment

Property and equipment, net of accumulated depreciation, as at May 31, 2013 was \$279,049. Property and equipment, net of accumulated depreciation, as at August 31, 2012 was \$76,281, a decrease of \$93,641 or 55% from \$169,922 as at August 31, 2011. In the year ended 2011, there was a decrease in property and equipment, net of accumulated depreciation, of \$97,282 or 36% from \$267,204 as at August 31, 2010. Decrease in property and equipment is mainly due to the amortization over a three period of the original demonstration Vicinity bus. In the nine months ended May 31, 2013, property and equipment increased due to costs incurred of \$197,390 for a second demonstration Vicinity bus and with the balance of the increase for shop equipment acquired.

Net Loss

Net loss for the nine months ended May 31, 2013 was \$1,167,052. Net loss for the year ended August 31, 2012 was \$900,714 compared with \$926,599 for the year ended 2011 and \$521,226 for the year ended 2010. The increase of net loss was mainly the operating expenses incurred during each of the periods.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$817,406 as at May 31, 2013. Cash and cash equivalents were \$249,712 as at August 31, 2012, as compared to \$70,891 as at August 31, 2011 and \$151,540 as at August 31, 2010.

For the nine months ended May 31, 2013, operating activities used cash of \$1,468,449. For the year ended August 31, 2012, operating activities used cash of \$138,569 as compared to cash used of \$723,033 for the year ended 2011 and cash used of \$459,970 for the year ended 2010. The decrease in cash used in operating activities in 2012 as compared to 2011 mainly reflects the net effect of the decrease in net loss, the increase in accounts payable and accrued liabilities and the recognition of deferred revenue.

For the nine months ended May 31, 2013, investing activities used cash of \$264,778. For the year ended August 31, 2012 and the year ended August 31, 2011, investing activities used in cash were \$nil as compared to \$316,875 for the year ended 2010. The use of cash in investing activities in 2012 included acquisition of property and equipment and development costs of the Vicinity demo bus.

For the nine months ended May 31, 2013, financing activities generated cash of \$2,300,921. For the year ended August 31, 2012, financing activities generated cash of \$317,390 as compared to \$642,384 for the year ended 2011 and \$841,402 for the year ended 2010. The decrease in cash provided in financing activities in 2012 as compared to 2011 mainly reflects the net effect of a smaller amount that has been advanced from related parties, the repayment of a short-term loan and a vehicle loan. The increase in cash generated from financing activities in the nine months ended May 31, 2013 was a result of proceeds of short-term loan and issuance of shares.

Commitments

Pursuant to a sales agreement with BC Transit, the Corporation is committed to provide initial training sessions on delivery of the buses and to provide technical representation by having a technical support person that will be shared with the Corporation's other potential future customers, at an estimated cost of \$40,000 for the fiscal year ending August 31, 2014. The Corporation will be selling replacement parts for the ten-year life cycle of the Vicinity bus to offset these costs. In addition, the Corporation is committed to provide a two-year bumper-to-bumper warranty for each of the 15 Vicinity buses which shall commence upon the date of issuance of the Delivery Acceptance Certificate for each bus. The majority of the components are warranted by the component manufacturers.

The Corporation has an operating line of credit with its bank with a limit of \$150,000. The operating line of credit bears interest at prime rate plus 1.00% per annum and is due on demand. As of the date of this prospectus, the amount outstanding under the line of credit is nil.

Pursuant to the Evans & Evans Agreement, the Corporation is committed to pay Evans & Evans Inc. a fee of \$400,000 comprised of cash to be paid from the proceeds of the Offering (as to 50%) and issuing 400,000 Common Shares (as to 50%). See "Other Material Facts".

Pursuant to the Debt Settlement Agreement, the Corporation is committed to issuing 1,200,000 Common Shares in settlement of \$600,000 of debt owed to 1210706 Alberta Ltd. See "Other Material Facts".

Financial Instruments

The Corporation's significant accounting policies regarding its financial instruments are set out in Note 3 to the financial statements included in this Prospectus. The Corporation's only financial instruments consist of cash, accounts payable, due to related parties, short-term loan, and a vehicle loan. Management of the Corporation is of the opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. As at May 31, 2013, the Corporation has cash in the amount of \$817,406 held in our bank account, accounts payable and accrued liabilities of \$1,527,574, due to related parties of \$1,004,019, short term loan of \$937,417, and vehicle loan of \$22,252. As at August 31, 2012, the Corporation had cash in the amount of \$249,712, accounts payable and accrued liabilities of \$1,039,824, due to related parties of \$2,106,345, short term loan of \$10,000, and vehicle loan of \$27,588. As at August 31, 2011, the Corporation had cash in the amount of \$70,891, accounts payable and accrued liabilities of \$78,057, due to related parties of \$1,613,709, short term loan of \$45,000, and vehicle loan of \$34,598. As at August 31, 2010, the Corporation had cash in the amount of \$151,540, accounts payable and accrued liabilities of \$8,533, due to related parties of \$1,003,812, short term loan of nil, and vehicle loan of \$41,152. All of the forgoing are Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Off-Balance Sheet Arrangements

The Corporation has not entered into any off balance sheet arrangements.

Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Details of transactions and outstanding balances with related parties including key management personnel and entities over which they have control or significant influence are as follows:

<i>Transactions</i>	Nine Months Ended May 31, 2013	2012	2011	2010
	\$	\$	\$	\$
Accounting fees to a company with a common shareholder (i)(ii)	16,350	6,445	9,400	16,407
Consulting fees to an officer (iii)	5,000	-	-	-
Consulting fees to a company controlled by an officer (iv)	20,000	-	-	-
Consulting fees to a company with a common shareholder (ii)(v)	65,409	40,000	-	-
Engineering costs to a company controlled by an officer (iv)	166,000	140,000	90,000	97,508
Rent to a company with a common senior officer (vi)	36,015	65,000	-	-
Research and development costs to a company with a common shareholder (v)	180,000	240,000	200,000	120,000
<i>Balances</i>	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Due from a company controlled by common shareholder (ix)	1,104	254	-	-
Due to a company owned by a shareholder and officer (v)(vii)(viii)	(620)	(251,264)	(236,679)	(181,090)
Due to a company controlled by common shareholders (x)(xi)	508	(61,300)	(61,300)	(362,500)
Due to a company owned by a shareholder (xii)(xx)	(3,460)	(277,885)	(272,552)	(193,084)
Due to shareholders, officers and directors (ix)(xiii)(xiv)(xv)(xvi)(xvii)(xviii)	(1,001,551)	(1,516,150)	(1,043,178)	(267,138)
	(1,004,019)	(2,106,345)	(1,613,709)	(1,003,812)
Accounts payable to a company with a common shareholder (i)(ii)(xii)	(87,142)	(4,500)	-	(1,439)

Transactions	Nine Months Ended May 31, 2013	2012	2011	2010
Accounts payable to a company controlled by an officer (iv)	-	-	-	(5,600)
Accounts payable to an officer (iii)(xvi)(xix)	(9,116)	-	(6,873)	-
Accounts payable to a company owned by a shareholder and officer (v)(vi)	(200,850)	(181,536)	-	-

⁽¹⁾ Of the \$1,004,019 due to related parties, \$600,000 due to 1210706 Alberta Ltd. will be settled by the issuance of shares (see "Other Material Facts"). The remaining \$404,019 balances are non-interest bearing, unsecured, and have no fixed terms of repayment and will be outstanding upon completion of the IPO.

Related Parties	Relationship
William Trainer (xvi)	President, CEO, Shareholder
Yue Zhong (John) Wang (xix)	Vice President
John Sutherland (iii)	CFO
John (Woody) Hayes (xiii)	Former Board Chairman, Director of GWTI–resigned May 2013
Joe Miller (xviii)	Director, Shareholder
Robert Winter (xiv)	Former President of GWTI – resigned June 2013, Shareholder
Bruce Muir (xv)	Shareholder
Earl Wilkes (xvii)	Shareholder of 1017970 Alberta Ltd. – Shareholder
0763539 B.C. Ltd. (v)	Controlled by William Trainer and Barbara Trainer
Elmworth Construction Ltd. (xii)	Controlled by 586793 B.C. Ltd. which is owned by Ann Muir, Shareholder
Grande West Developments Ltd. (xi)	Controlled by William Trainer (CEO), Robert Winter, Earl Wilkes and Bruce Muir
Win Management Ltd. (vii)	Controlled by Robert Winter
Win Equipment Ltd. (viii)	Controlled by Robert Winter
Olds Park Meadows Ltd. (x)	Controlled by William Trainer, Woody Hayes and Robert Winter
Crest Brokerage Ltd. (xx)	Controlled by Woody Hayes, Marlene Hayes, Brooke Hayes and John Hayes
1210706 Alberta Ltd. (ix)	Controlled by Olds Park Meadows Ltd., 586793 B.C. Ltd., 1017970 Alberta Ltd.
N.G.T. Machinery Design Ltd. (iv)	Controlled by John Wang and Hanna Wang (John Wang's wife)
Tractorhill Sales Ltd. (vi)	Controlled by William Trainer
Hayes Stewart Little & Company (i)	Controlled by John Hayes
Hayes Crest Properties Ltd. (ii)	Controlled by John Hayes

No post-employment benefits, other long-term benefits and termination benefits were made during the nine months ended May 31, 2013 and during the years ended August 31, 2012, 2011 and 2010.

All related party balances are non-interest bearing, unsecured, and have no fixed terms of repayment. The related party transactions identified above are measured at the exchange amount, which is the amount of consideration established and agreed upon between the related parties. There are no ongoing contractual or other commitments resulting from the related party transactions.

In February 2013, the shareholders of GWTI transferred 100% of their ownership interests in GWTI to the Corporation in exchange for 374,440 common shares. In addition, the shareholders of GWTI assigned their rights and title to an outstanding loan receivable from GWTI to the Corporation for a consideration of 6,586,515 Common Shares of the Corporation at a deemed price of \$0.20 per Common Share for \$1,317,303.

In addition, certain land owned by 1210706 Alberta Ltd., a related party to the Corporation, has been pledged to GWTI's bank as security for GWTI's bridge loan facilities. 1210706 Alberta Ltd. is a private corporation in which William R. Trainer, an officer and a director of the Corporation, and Barbara Trainer, the wife of William R. Trainer, collectively hold a 20% interest. In consideration for the pledge of this security, GWTI reimbursed certain out of pocket costs totaling \$14,501 which were incurred by directors and officers of GWTI in connection with the establishment of these loan facilities (including appraisal, land survey and legal costs). As additional consideration, GWTI agreed to assume a debt consisting of interest payments of \$128,677 owed by 1210706 Alberta Ltd. to one of its directors, Earl L. Wilkes, who is a shareholder of the Corporation. As part of the corporate restructuring completed by the Corporation, this debt was settled by the issuance of Common Shares to the director, Earl L. Wilkes, of 1210706 Alberta Ltd., who is a shareholder of the Corporation, at a deemed price of \$0.20 per Share (see "Business of the Corporation – General Development – Corporate Restructuring").

Pursuant to a Debt Settlement Agreement dated August 8, 2013 made between the Corporation, GWTI and 1210706 Alberta Ltd., the Corporation has agreed to issue 1,200,000 Common Shares at a deemed price equal to the Offering Price to settle \$600,000 of debt owed by the Corporation. 1210706 Alberta Ltd. is a private corporation in which William R. Trainer, an officer and a director of the Corporation, and Barbara Trainer, the wife of William R. Trainer, collectively hold a 20% interest.

Pursuant to the Evans & Evans Agreement dated August 21, 2012, as amended June 24, 2013, among the Corporation, GWTI and Evans & Evans Inc., the Corporation has agreed to pay Evans & Evans a fee of \$400,000 consisting of a finder's fee, an M&A fee and a corporate advisory fee in connection with the Offering (the "IPO Fee"). Evans & Evans Inc. is a private company controlled by Michael Evans, a director of the Corporation. The finder's fee portion of the IPO Fee in the amount of \$14,250 has previously been paid by the Corporation. 50% of the IPO Fee, less the paid finder's fee portion, will be paid in cash and the remaining 50% of the IPO fee will be paid through issuance of 400,000 Common Shares upon completion of the Offering at a deemed price equal to the Offering Price. In addition, the Corporation agreed to pay Evans & Evans Inc. a monthly fee of \$2,500 plus GST commencing September 1, 2012 to the date of completion of the Offering.

Key Management Compensation

Key management includes directors and senior officers of the Corporation. The remuneration of key management personnel, which has been paid in cash, is summarized below.

	Nine months ended May 31, 2013	2012	2011	2010
Management fees	\$411,000	\$420,000	\$290,000	205,000

Subsequent to May 31, 2013, the Corporation issued a total of 2,200,000 Stock Options to its directors and executive officers. See "Options to Purchase Securities – Stock Option Plan".

DESCRIPTION OF SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The authorized share capital of the Corporation at the date of this prospectus consists of an unlimited number of Common Shares without par value. As of the date of this prospectus, 23,640,000 Common Shares were issued and outstanding as fully paid and non-assessable shares.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation, are entitled to receive such dividends in any financial year as the board of directors of the Corporation may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation.

Agents' Options

The Corporation has also agreed to grant to the Agents, Agents' Options entitling the Agents to purchase up to that amount of Common Shares as is equal to 8% of the number of Common Shares sold pursuant to this Offering. See "Plan of Distribution".

CONSOLIDATED CAPITALIZATION

The following table summarizes the Corporation's capitalization both before and after giving effect to this Offering:

Description	Authorized at the date of this prospectus	Outstanding as at May 31, 2013 (Audited)	Outstanding at the date of this prospectus (Unaudited)	Outstanding Assuming Completion of Minimum Offering (Unaudited) ⁽¹⁾⁽²⁾	Outstanding Assuming Completion of Maximum Offering (Unaudited) ⁽¹⁾⁽²⁾
Common Shares	Unlimited	23,640,000	23,640,000	33,240,000	35,240,000
Share Capital	n/a	\$2,866,186	\$2,866,186	\$6,749,186	\$7,669,186
Long Term Debt	Nil	\$1,108,755	\$1,108,755	\$418,755	\$418,755

⁽¹⁾ As partial consideration for the sale of Common Shares pursuant to this prospectus the Corporation has agreed to grant the Agents, the Agents' Options entitling the Agents to purchase up to that amount of Common Shares as is equal to 8% of the number of Common Shares sold pursuant to this Offering. The Agents' Options may be exercised at a price of \$0.50 per Common Share for a period of two (2) years from the Closing Date. The Common Shares issuable on exercise of the Agents' Options and the Other Agents' Options are not reflected in this figure. As well, the Common Shares to be issued on exercise of outstanding Stock Options are not reflected in these figures. As well, any Common Shares to be issued pursuant to the Concurrent Private Placement or on exercise of any Compensation Warrants are not reflected in these figures.

⁽²⁾ Includes 1,200,000 Common Shares to be issued to 1210706 Alberta Ltd. pursuant to the Debt Settlement Agreement and 400,000 Common Shares to be issued to Evans & Evans Inc. as a fee pursuant to the Evans & Evans Agreement. See "Other Material Facts".

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

A Stock Option Plan was approved by the Corporation's directors on August 9, 2013, and will be submitted to the Corporation's shareholders for approval, at the Corporation's next general meeting of shareholders. The purpose of the Stock Option Plan is to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants (together "**service providers**") of the Corporation and of its affiliates and to closely align the personal interests of such service providers with the interests of the Corporation and its shareholders.

The Stock Option Plan provides that, subject to the requirements of the TSX Venture, the maximum aggregate number of securities reserved for issuance will be 10% of the number of Common Shares of the Corporation issued and outstanding from time to time.

The Stock Option Plan will be administered by the board of directors of the Corporation, which will have full and final authority with respect to the granting of all options thereunder.

Stock Options may be granted under the Stock Option Plan to such service providers of the Corporation and its affiliates, if any, as the board of directors may from time to time designate. No Stock Options may be exercised until the Stock Option Plan is approved by the shareholders of the Corporation. The exercise prices shall be determined by the board of directors, but shall, in no event, be less than the closing market price of the Corporation's shares on the TSX Venture, less the maximum discount permitted under the TSX Venture policies. The Stock Option Plan provides that the number of Common Shares issuable on the exercise of Stock Options granted to all persons together with all of the Corporation's other previously granted Stock Options may not exceed 10% of the Corporation's issued and outstanding Common Shares. In addition, the number of Common Shares which may be reserved for issuance to any one individual upon exercise of all Stock Options held by such individual may not exceed 5% of the issued Common Shares on a yearly basis.

Subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death or disability, all Stock Options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such Stock Options are granted. In the event of termination other than for cause, death or disability, Stock Options will terminate on the earlier of the expiry date specified in the Stock Option agreement and the date which is 90 days following the date of termination. In the event of death or disability, Stock Options will expire on the earlier of the expiry date specified in the Stock Option Agreement and the date which is 365 days after the date of death or disability. Stock Options granted under the Stock Option Plan are not transferable or assignable.

As of the date of this prospectus, Stock Options to purchase up to 2,400,000 Common Shares of the Corporation have been granted to the Corporation's directors, executive officers, employees and consultants, as set forth below, pursuant to incentive option agreements dated for reference August 9, 2013:

Optionee	Number of Common Shares Optioned	Exercise Price	Expiry Date
William R. Trainer, Director & CEO	600,000	\$0.50	5th anniversary of Closing Date
Joseph Miller, Director	400,000	\$0.50	5th anniversary of Closing Date
Michael Evans, Director	250,000	\$0.50	5th anniversary of Closing Date
Joanne Yan, Director	250,000	\$0.50	5th anniversary of Closing Date
John Sutherland, CFO	350,000	\$0.50	5th anniversary of Closing Date
John Wang, Vice-President	350,000	\$0.50	5th anniversary of Closing Date
Robert Winter	200,000	\$0.50	5th anniversary of Closing Date

Optionee	Number of Common Shares Optioned	Exercise Price	Expiry Date
TOTAL:	2,400,000⁽¹⁾		

⁽¹⁾ In addition to these options, The Howard Group, investor relations consultant, will be granted options to purchase that number of Common Shares as is equal to 1% of the number of issued and outstanding Common Shares immediately following the completion of the Offering, exercisable on or before the 3rd anniversary of the Closing Date at a price of \$0.50 per Common Share.

All Stock Options, except for those issued to the Howard Group, shall vest at the rate of 25% on the Closing Date and 25% every six months thereafter. The Stock Options granted to the Howard Group shall vest over a period of one year at the rate of 25% at the end of each quarter following the Closing Date. All Stock Options are qualified for distribution by this prospectus.

Agents' Options

The Corporation has issued to the Agents and Leede the Other Agents' Options entitling them to purchase up to 333,600 Common Shares at a price of \$0.25 per share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018.

The Corporation will issue to the Agents on completion of the Offering, Agents' Options for the purchase of up to that number of Common Shares as is equal to 8% of the Common Shares of the Corporation sold pursuant to the Offering, exercisable at a price of \$0.50 per Common Share for a period of twenty-four (24) months from the Closing Date. The Agents' Options are qualified for distribution by this prospectus. See "Plan of Distribution".

PRIOR SALES

The following table summarizes the sales of securities of the Corporation during the 12-month period prior to the date of this prospectus:

Date	Price	Number of Securities	Aggregate Proceeds	Reason for Issuance
December 4, 2012	\$0.00001	1,000,000 Common Shares	\$10	Founders' share issuance
January 31, 2013	\$0.00001	10,039,045 Common Shares	\$100	Founders' share issuance
February 4, 2013	\$0.20 (deemed)	374,440 Common Shares	\$350,140	Share exchange ⁽³⁾
February 5, 2013	\$0.20 (deemed)	6,586,515 Common Shares	\$1,317,303	Settlement of shareholder loans ⁽³⁾
May 2, 2013	\$0.25	1,320,000 Common Shares	\$330,000	Private placement
May 16, 2013	\$0.25	80,000 Common Shares	\$20,000	Private placement
May 17, 2013	\$0.25	4,190,000 Common Shares	\$1,047,500	Private placement
May 17, 2013	n/a	329,600 Other Agents' Options ⁽¹⁾	n/a	Private placement compensation
May 31, 2013	\$0.25	50,000 Common Shares	\$12,500	Private placement
May 31, 2013	n/a	4,000 Other Agents' Options ⁽²⁾	n/a	Private placement compensation

⁽¹⁾ Entitling Macquarie and Leede to purchase an aggregate of 329,600 Common Shares at a price of \$0.25 per Common Share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018.

⁽²⁾ Entitling Macquarie to purchase 4,000 Common Shares at a price of \$0.25 per Common Share on or before the earlier of two years from the Closing Date of the Offering and December 31, 2018.

⁽³⁾ See "Business of the Corporation – Corporate Restructuring".

ESCROWED SHARES

Escrowed Securities

Under the applicable policies and notices of the Canadian Securities Administrators securities held by Principals (as defined below) are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Accordingly, all Common Shares owned or controlled by Principals are subject to the escrow requirements.

Principals include all persons or companies that, on the completion of the Offering, fall into one of the following categories:

- (i) directors and senior officers of the Corporation or of a material operating subsidiary of the Corporation, as listed in this prospectus;
- (ii) promoters of the Corporation during the two years preceding this Offering;
- (iii) those who own and/or control more than 10% of the Corporation's voting securities immediately after completion of this Offering if they also have appointed or have the right to appoint a director or senior officer of the Corporation or of a material operating subsidiary of the Corporation;
- (iv) those who own and/or control more than 20% of the Corporation's voting securities immediately after completion of this Offering; and
- (v) associates and affiliates of any of the above.

The Principals of the Corporation are all of the directors and senior officers of the Corporation, and their spouses. In addition to the Principals, the original investors in GWTI (the "Original Investors") have agreed to hold their shares in escrow, to be released in accordance with the same schedule as applies to the Principals' Common Shares (as described below). For greater certainty, an aggregate 11,039,045 Common Shares issued by Corporation to the founders of GWTI for a nominal consideration of \$0.0001 per Share will be held in escrow pursuant to the escrow agreement described below.

Pursuant to an agreement (the "Escrow Agreement") dated as of August 15, 2013, among the Corporation, Computershare Investor Services Inc. (the "Escrow Agent"), the Principals of the Corporation, and the Original Investors, the Principals and the Original Investors have agreed to deposit in escrow their Common Shares (the "Escrowed Securities") with the Escrow Agent. The Escrow Agreement provides that the Escrowed Securities will be released from escrow as to 10% of the number of Escrowed Securities on the date of listing of the Common Shares on the TSX Venture and as to 15% of the number of Escrowed Securities every six months thereafter.

The Corporation is an "emerging issuer" as defined in the applicable policies and notices of the Canadian Securities Administrators and if the Corporation achieves "established issuer" status during the term of the Escrow Agreement, it will "graduate" resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18 month schedule applicable to established issuers as if the Corporation had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the securities held in escrow may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

- (i) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Corporation or of a material operating subsidiary, with approval of the Corporation's board of directors;

- (ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (iii) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy;
- (iv) transfers to a person or company that before the proposed transfer holds more than 20% of the Corporation's outstanding Common Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Corporation's outstanding Common Shares and has the right to elect or appoint one or more directors or senior officers of the Corporation or any material operating subsidiary;
- (v) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow; and
- (vi) tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

The following table sets forth details of the issued and outstanding Common Shares that are subject to the Escrow Agreement:

Name of Escrowed Shareholder	No. of Escrowed Common Shares	Percentage of Outstanding Shares Prior to the Offering	Offering Percentage (After Giving Effect to the Minimum Offering) ⁽¹⁾	Offering Percentage (After Giving Effect to the Maximum Offering) ⁽¹⁾
William R. Trainer	2,599,125	11.0%	7.8%	7.4%
Barbara Trainer	2,599,125	11.0%	7.8%	7.4%
Joseph Miller	2,200,000	9.3%	6.6%	6.2%
Miller Family Trust	2,200,000	9.3%	6.6%	6.2%
0763539 B.C. Ltd. ⁽²⁾	501,750	2.1%	1.5%	1.4%
John S. Hayes	777,805	3.3%	2.3%	2.2%
Marlene F. Hayes	777,805	3.3%	2.3%	2.2%
Crest Brokerage Ltd. ⁽³⁾	944,390	4.0%	2.8%	2.7%
Robert D. Winter	865,030	3.7%	2.6%	2.5%
Win Equipment Ltd. ⁽⁴⁾	934,970	4.0%	2.8%	2.7%
Bruce J. Muir	206,558	0.9%	0.6%	0.6%
Anne P. Muir	156,657	0.7%	0.5%	0.4%
Elmworth Construction Ltd. ⁽⁵⁾	536,785	2.3%	1.6%	1.5%
Earl L. Wilkes	836,190	3.5%	2.5%	2.4%
1017970 Alberta Ltd. ⁽⁶⁾	63,810	0.3%	0.2%	0.2%
Yue Zhong (John) Wang	1,050,000	4.4%	3.2%	3.0%
Wu Hong	750,000	3.2%	2.3%	2.1%
NGT Machinery Design Ltd. ⁽⁷⁾	400,000	1.7%	1.2%	1.1%
John Sutherland	100,000	0.4%	0.3%	0.3%
Joanne Yan	100,000	0.4%	0.3%	0.3%
Michael Evans	120,000	0.5%	0.4%	0.3%

Name of Escrowed Shareholder	No. of Escrowed Common Shares	Percentage of Outstanding Shares Prior to the Offering	Offering Percentage (After Giving Effect to the Minimum Offering) ⁽¹⁾	Offering Percentage (After Giving Effect to the Maximum Offering) ⁽¹⁾
Evans & Evans Inc. ⁽⁸⁾	400,000	1.7%	1.2%	1.1%
1210706 Alberta Ltd. ⁽⁹⁾	1,200,000	5.1%	3.6%	3.4%
TOTAL:	20,320,000	86.0%	61.1%	57.7%

⁽¹⁾ Assuming no exercise of Agents' Options, Other Agents' Options, or Stock Options, and no purchases by the above named persons of Common Shares under the Offering or the Concurrent Private Placement. Also excluding any Common Shares to be issued pursuant to the Concurrent Private Placement or on exercise of any Compensation Warrants

⁽²⁾ A private company controlled by Barbara Trainer, the wife of William R. Trainer.

⁽³⁾ A private company controlled by John S. Hayes.

⁽⁴⁾ A private company controlled by Robert Winter.

⁽⁵⁾ A private company controlled by Bruce Muir.

⁽⁶⁾ A private company controlled by Earl L. Wilkes.

⁽⁷⁾ A private company controlled by Yue Zhong (John) Wang.

⁽⁸⁾ A private company controlled by Michael Evans.

⁽⁹⁾ A private company in which William R. Trainer and Barbara Trainer, the wife of William R. Trainer, collectively hold a 20% interest.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Corporation, as of the date of this prospectus no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Corporation's Common Shares except for the following:

Prior to the Offering			Assuming Completion of Minimum Offering ⁽¹⁾		Assuming Completion of Maximum Offering ⁽¹⁾	
Name	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held
Joseph Miller	4,400,000 ⁽²⁾	18.6%	4,400,000 ⁽²⁾	13.2%	4,400,000 ⁽²⁾	12.5 ⁽⁵⁾
Barbara Trainer	3,100,875 ⁽³⁾	13.1%	3,100,875 ⁽³⁾	9.3%	3,100,875 ⁽³⁾	8.8 ⁽⁵⁾
William Trainer	2,599,125 ⁽⁴⁾	11.0%	2,599,125 ⁽⁴⁾	7.8%	2,599,125 ⁽⁴⁾	7.4 ⁽⁵⁾

⁽¹⁾ Assuming no exercise of the Agents' Options, Other Agents' Options, or the Stock Options, and no purchases by the named persons of Common Shares under the Offering. Also, any Common Shares to be issued pursuant to the Concurrent Private Placement or on exercise of any Compensation Warrants are not reflected in these figures.

⁽²⁾ Includes 2,200,000 Common Shares held by the Miller Family Trust, a private trust of which Joseph Miller is a trustee.

⁽³⁾ Includes 501,750 Common Shares held by 0763539 B.C. Ltd., a private company controlled by Barbara Trainer, the wife of William R. Trainer.

⁽⁴⁾ Excludes beneficial interest in shares to be issued to 1210706 Alberta Ltd. pursuant to Debt Settlement Agreement. William R. Trainer and Barbara Trainer, the wife of William R. Trainer, collectively hold a 20% interest in 1210706 Alberta Ltd.

⁽⁵⁾ Assuming completion of the maximum Offering, on a fully diluted basis (assuming the exercise of the Agents' Option, the Other Agents' Options and the Stock Options, excluding any Common Shares to be issued pursuant to the Concurrent Private Placement, on exercise of the Stock Options issuable to The Howard Group or on exercise of any Compensation Warrants), Mr. Miller will hold 12.3%, Ms. Trainer will hold 7.9%, and Mr. Trainer will hold 8.2% of the issued Common Shares.

DIRECTORS AND OFFICERS

The following table provides the names, provinces of residence, position, principal occupations and the number of voting securities of the Corporation that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name, Province and Country of Residence and Position with the Corporation	Director/ Officer Since	Principal Occupation for the Past Five Years	Common Shares Beneficially Owned Directly or Indirectly at the date of this prospectus ⁽¹⁾	Common Shares Owned Directly or Indirectly After Giving Effect to the Offering ⁽¹⁾⁽²⁾
William R. Trainer British Columbia, Canada President, Chief Executive Officer and Director	December 4, 2012	President of Tractorhill Sales Ltd.; President of GWTL.	2,599,125 ⁽⁶⁾	2,599,125 ⁽⁶⁾
Joseph Miller ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada Director	December 4, 2012	Owner of Emajin Specialties.	4,400,000 ⁽⁷⁾	4,400,000 ⁽⁷⁾
Michael Evans ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada Director	June 1, 2013	Principal of Evans & Evans, Inc., since 1989. Director of Water-Guard Industries Inc.	120,000	520,000 ⁽⁸⁾
Joanne Yan ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada Director	June 1, 2013	President and director of Brazilian Gold Corp. since June 2006; Director of Hanwei Energy Corp. since 2005, Director of Hanfeng Evergreen Inc. since 2004.	100,000	100,000
John J. Sutherland British Columbia, Canada Chief Financial Officer and Corporate Secretary	April 18, 2013	Chief Operating Officer of rklix Rewards Inc.; Vice-President and Chief Financial Officer of Goldgroup Mining Inc.; President of JJSJR Enterprises Ltd.	100,000	100,000
Yue Zhong (John) Wang British Columbia, Canada Vice-President	April 18, 2013	President of NGT Machinery Design.	1,450,000 ⁽⁹⁾	1,450,000 ⁽⁹⁾

⁽¹⁾ All Common Shares are held in escrow. See “Escrowed Shares”.

⁽²⁾ Includes Common Shares to be issued pursuant to the Debt Settlement Agreement and the Evans & Evans Agreement.

⁽³⁾ Denotes a member of the Audit Committee of the Corporation.

⁽⁴⁾ Denotes a member of the Compensation Committee of the Corporation.

⁽⁵⁾ Denotes a member of the Corporate Governance and Nomination Committee of the Corporation.

⁽⁶⁾ Excludes beneficial interest in shares to be issued to 1210706 Alberta Ltd. pursuant to Debt Settlement Agreement. William R. Trainer and Barbara Trainer, the wife of William R. Trainer, collectively hold a 20% interest in 1210706 Alberta Ltd.

⁽⁷⁾ Includes 2,200,000 Common Shares held by the Miller Family Trust, a private trust of which Joseph Miller is a trustee.

⁽⁸⁾ Includes 400,000 Common Shares to be issued to Evans & Evans Inc. pursuant to Evans & Evans Agreement.

⁽⁹⁾ Includes 400,000 Common Shares held by NGT Machinery Design Ltd., a private company controlled by Yue Zhong (John) Wang.

The term of office of the directors expires annually at the time of the Corporation’s annual general meeting. The term of office of the officers expires at the discretion of the Corporation’s directors.

The total Common Shares beneficially owned, or controlled or directed, directly or indirectly by all directors and executive officers of the Corporation as a group as at the date of this prospectus is 8,769,125 Common Shares, or 37.09% of the total issued and outstanding Common Shares of the Corporation prior to the Offering and the Concurrent Private Placement. On completion of the Offering, the total Common Shares beneficially owned, or controlled or directed, directly or indirectly by all directors and executive officers of the Corporation as a group will be 9,169,125 Common Shares, or 27.6% of the total issued and outstanding Common Shares of the Corporation after giving effect to the minimum offering and 26% of

the total issued and outstanding Common Shares after giving effect to the maximum Offering (excluding the Concurrent Private Placement).

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

William R. Trainer, President, Chief Executive Officer, Director and Promoter (Age: 54)

Mr. Trainer has served as the President, Chief Executive Officer and Director of GWTI and the Corporation since their respective incorporation dates of September 2, 2008 and December 4, 2012. He has extensive experience in the import and export business. Mr. Trainer has owned and managed heavy construction dealerships across Western Canada and has extensive knowledge in business deals with major manufacturers in Japan and Korea.

Mr. Trainer has entered into an employment agreement with the Corporation which contains non-disclosure and non-compete covenants. See “Executive Compensation – Termination and Change of Control Benefits”. Mr. Trainer is a full time employee of the Corporation.

Joseph Miller, Director (Age: 58)

Mr. Miller has been a director of the Corporation since December 4, 2012.

Mr. Miller has over 30 years experience in the construction field and manages a large diverse construction company based in British Columbia with projects across North America and the South Pacific. He brings vast knowledge in negotiation skills and customer relationship building to the Corporation. He currently sits on ten Boards of Directors and brings a broad base of experience in management and innovation skills. Mr. Miller has not entered into a non-competition or non-disclosure agreement with the Corporation and intends to devote 5% to 10% of his time to the Corporation.

Michael Evans, Director (Age: 54)

Michael Evans has been a director of the Corporation since June 1, 2013. He is the founder and principal of Evans & Evans, Inc., a firm formed in 1990, which is a Canadian boutique investment banking firm with offices in Canada, the U.S., Hong Kong, China and Indonesia. For the past 19 years Mr. Evans has assisted in obtaining financing for numerous clients through private placements, public offerings, and debt issuances. He has also advised on many merger and acquisition transactions and has originated transactions both for purchasers and sellers.

Mr. Evans holds a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designation of Chartered Financial Analyst (CFA) (1991); the professional designation of Chartered Business Valuator (CBV) (1995); and the professional designation of Accredited Senior Appraiser (ASA) (2005). Mr. Evans is a member of the CFA Institute (1990), the Canadian Institute of Chartered Business Valuators (CICBV) (1995) and is a Member of the American Society of Appraisers (ASA) (2004). Mr. Evans has not entered into a non-competition or non-disclosure agreement with the Corporation and intends to devote 5% to 10% of his time to the Corporation.

Joanne Yan, Director (Age: 56)

Ms. Yan has been a director of the Corporation since June 1, 2013. She has more than 15 years experience in advising and managing public companies and has played a significant role in the financing and business development strategies of several North American and Chinese based companies. Ms. Yan is currently the President and a director of Brazilian Gold Corporation (formerly Red Dragon Resources Corp.), a TSX Venture listed company involved in gold and uranium exploration. She is also a director of

TSX listed Hanfeng Evergreen Inc., a leading developer and producer of value-added fertilizer in China, and a director of Hanwei Energy Corp., a TSX listed company in the business of engineering and manufacturing fibreglass reinforced plastic pipe for oil & gas industry, infrastructure and municipal applications. She was also a director of Zongshen PEM Power Systems Inc., a China-based company that manufactures electric and gas motorcycles and electric bicycles for nine years, and a formal founding director, managing director, VP and Corporate Secretary of Golden China Resources Corp. (formerly APAC Minerals Inc.) and a former director and one of the founders of CPAC (Care) Holdings Ltd., a publicly traded company acquired by Chartwell Master Care LP in July 2005. Ms. Yan has not entered into a non-competition or non-disclosure agreement with the Corporation and intends to devote 5% - 10% of her time to the Corporation.

John J. Sutherland, Chief Financial Officer and Corporate Secretary (Age: 63)

Mr. Sutherland has been the Chief Financial Officer and Corporate Secretary of the Corporation since April 18, 2013. He is a Certified General Accountant and has been the Chief Operating of rklix Rewards Inc., a private company, since March 2013. Mr. Sutherland served as the Chief Financial Officer and Vice President of Goldgroup Mining Inc. and Goldgroup Resources Inc. from February 2007 to November 2012. He served as the Corporate Secretary of Goldgroup Mining Inc. from June 2010 to April 2011. He also served as the Chief Financial Officer and Corporate Secretary of Uracon Resources Ltd. from May 2007 to April 2013. Mr. Sutherland presently has two directorships being Uracon Resources Ltd. from April 2009 and Digital Shelf Space Corp. from December 2009. Mr. Sutherland has during the last five years been a director or officer of ten public companies ranging from manufacturing, resource and marketing companies often serving as Audit Committee chair.

Mr. Sutherland has entered into an employment agreement with the Corporation which contains non-disclosure and non-compete covenants. See “Executive Compensation – Termination and Change of Control Benefits”. Mr. Sutherland is a part-time employee of the Corporation. It is expected that he will spend 50-60% of his time to the business affairs of the Corporation.

Yue Zhong (John) Wang, Vice-President & Chief Engineer (Age: 51)

Mr. Wang, has been an officer of GWTI since October, 2008 and the Corporation since April 18, 2013. He has over 25 years of experience as a project engineering and design consultant in Canada and in China. Mr. Wang has been a key contributor in the designing, testing and the manufacturing of the Vicinity. He has extensive knowledge of the import business and Chinese business practices.

Mr. Wang has entered into an employment agreement with the Corporation which contains non-disclosure and non-compete covenants. See “Executive Compensation – Termination and Change of Control Benefits”. Mr. Wang is a full time employee of the Corporation.

Cease Trade Orders

To the best of the Corporation’s knowledge, no director or executive officer of the Corporation (or any personal holding corporation of such persons) is, or was within the ten (10) years prior to the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:

- (i) was subject to an order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer; or
- (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

For the purposes of the above disclosure, “order” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than thirty (30) consecutive days.

Bankruptcies

To the best of the Corporation’s knowledge, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to materially affect control of the Corporation (or any personal holding corporation of such persons):

- (i) is at the date hereof, or has been within the last ten (10) years, a director or executive officer of any company (including the Corporation) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the last ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the best of the Corporation’s knowledge, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to materially affect control of the Corporation (or any personal holding corporation of such persons), has been subject to:

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

Conflicts of Interest

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

To the best of the Corporation’s knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors and officers or other members of management of the Corporation or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict

may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation. The directors and officers of the Corporation are directors and officers of other companies, some of which are in the same business as the Corporation. The directors and officers of the Corporation are required by law to act in the best interests of the Corporation. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Corporation may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Corporation to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Corporation. Such conflicting legal obligations may expose the Corporation to liability to others and impair its ability to achieve its business objectives.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

National Instrument 52-110 – Audit Committees (“NI 52-110”), National Instrument 41-101 – General Prospectus Requirements (“NI 41-101”) and Form 52-110F2 – Disclosure by Venture Issuers (“Form 52-110F2”) require the Corporation, as an IPO venture issuer, to disclose certain information relating to the Corporation’s audit committee and its relationship with the Corporation’s independent auditors.

Audit Committee Charter

The full text of the Audit Committee Charter is attached to and forms a part of this prospectus.

Composition of Audit Committee

The members of the Corporation’s Audit Committee are:

Michael Evans	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
Joseph Miller	Independent ⁽¹⁾	Financially literate ⁽²⁾
Joanne Yan	Independent ⁽¹⁾	Financially literate ⁽²⁾

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.

⁽²⁾ An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

Each member of the Corporation’s present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and provisions;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the

breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

See "Directors and Officers" for further details.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Corporation's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the chairman of the Audit Committee deems is necessary, and the chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The Corporation paid no audit fees, audit-related fees, tax fees or other fees to external auditors during the fiscal years ended August 31, 2012 and 2011. The Corporation's current auditors were appointed during the Corporation's financial year ended August 31, 2013.

Exemption

The Corporation has relied upon the exemption provided by section 6.1 of NI 52-110, which exempts a venture issuer from the requirement to comply with the restrictions on the composition of its Audit Committee and the disclosure requirements of its Audit Committee in an annual information form as prescribed by NI 52-110.

Corporate Governance

General

The board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

Board of Directors

The board of directors facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the board.

The board is comprised of four (4) directors, of whom each of Joseph Miller and Joanne Yan are independent for the purposes of NI 58-101. William R. Trainer is a member of the Corporation's management and is not independent as he serves as President and Chief Executive Officer and Michael Evans is not independent since he indirectly receives consulting fees.

Board of Directors Mandate

Prior to the Closing, the Board will propose for adoption a formal Board Mandate that sets out the rules and responsibilities of the Board.

Directorships

Certain directors are presently a director of one or more other reporting issuers as follows:

Name	Reporting Issuer	Exchange Listing
Michael A. Evans	IWG Technologies Inc.	TSX Venture
Joanne Yan	Archer Petroleum Corp.	TSX Venture
	Brazilian Gold Corp.	TSX Venture
	Hanwei Energy Services Corp.	TSX
	Hanfeng Evergreen Inc.	TSX
John J. Sutherland	Digital Shelf Space Corp. (formerly Palatine Capital Corp.)	TSX Venture
	Uracan Resources Ltd.	TSX Venture

Position Descriptions

The Corporation is in the process of developing written position descriptions for the Chairman of the Board, Chairman of the Audit Committee and the President and Chief Executive Officer and expects to finalize and adopt formal position descriptions prior to the Closing.

Orientation and Continuing Education

Following the Closing, the Board intends to develop a comprehensive orientation program for the Corporation's directors to assist new directors with understanding the role of the Board and its Audit Committee, the contribution that directors are expected to make to the Board and the nature and operation of the Corporation's business. Board meetings are expected to be held at the Corporation's offices and, from time to time, will be combined with presentations by the Corporation's management to give the directors additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all Board members.

Ethical Business Conduct

The Board intends to adopt a written code of business conduct and ethics (the "Code") for the Corporation's directors, officers and employees. As currently contemplated, the Code will constitute written standards that are designed to deter wrongdoing and promote: (i) honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) avoidance of conflicts of interest, including disclosure to a director or officer of the Corporation of any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest; (iii) full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the Canadian securities regulatory authorities and in other

public communications made by the Corporation; (iv) compliance with applicable governmental laws, rules and regulations; (v) the prompt reporting to a director or officer of violations of the Code; and (vi) accountability and responsibility by all directors, officers and employees for adherence to the Code.

Corporate Governance and Nomination Committee

The Corporation has a Corporate Governance and Nomination Committee, the members of which are Joanne Yan, Michael Evans and Joseph Miller. The Corporate Governance and Nomination Committee is responsible for (i) identifying individuals qualified to become board members, consistent with criteria established by the Board; (ii) selecting the director nominees for the next annual meeting of shareholders; (iii) developing a set of corporate governance principles applicable to the Corporation; and (iv) overseeing the evaluation of the Board and senior management. In addition, among other things, the Corporate Governance and Nomination Committee will be responsible for developing: (i) the Corporation's approach to corporate governance, including a set of governance principles and guidelines; and (ii) a comprehensive orientation and continuing education program for new directors. In addition, the Board will be responsible for reviewing and updating the Code with a view to complying with applicable law and ensuring that management has established a system to enforce the Code.

Compensation Committee

The Corporation has a Compensation Committee, the members of which are Joanne Yan, Michael Evans and Joseph Miller. The Compensation Committee has oversight of executive and director compensation, including with respect to: (i) reviewing and approving compensation of the Corporation's President and Chief Executive Officer; (ii) recommending to the Board of Directors regarding the President and Chief Executive Officer's compensation, incentive-based plans and equity-based plans; and (iii) reviewing compensation disclosure in public documents, including the annual report on executive compensation for inclusion in the Corporation's proxy circular, in accordance with applicable rules and regulations.

With regards to the President and Chief Executive Officer's compensation, the Compensation Committee will be responsible for: (i) reviewing and making recommendations to the Board with respect to the corporate goals and objectives relevant to the President and Chief Executive Officer compensation; (ii) evaluating the President and Chief Executive Officer's performance in light of those corporate goals and objectives; (iii) making recommendations to the Board with respect to the President and Chief Executive Officer's compensation level based on this evaluation; and (iv) making recommendations to the Board with respect to the long-term incentive component of the President and Chief Executive Officer compensation with regards to certain factors. In addition, the Compensation Committee will have oversight of: (i) compensation of the Corporation's executive officers and directors; (ii) overall guidance of other employees' compensation; (iii) incentive compensation plans; (iv) equity-based plans; and (v) succession plans for executive officers.

Assessments

The Board intends, on an annual basis, to examine its size and composition in order to facilitate effective decision-making. In addition, the Board will establish a process for assessing, on an annual basis, the performance and effectiveness of the Board, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee, such process to consider: (i) the solicitation and receipt of comments from directors, as appropriate; (ii) the Board's mandate; (iii) the charters of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee; (iv) applicable position descriptions for each individual director, the Chairman of the Board and the Chairman of the Audit Committee; and (v) the competencies and skills each individual director is expected to bring to the Board.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's Compensation Committee is responsible for, among other things, evaluating the performance of the Corporation's executive officers, determining or making recommendations with respect to the compensation of the Corporation's executive officers, making recommendations with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations with respect to the compensation policy for the employees of the Corporation or its subsidiaries and ensuring that the Corporation is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

The Compensation Committee is currently composed of Joanne Yan, Michael Evans and Joseph Miller, of whom each of Joanne Yan and Joseph Miller are independent directors within the meaning set out in National Instrument 58-101. Michael Evans is not independent since he indirectly receives consulting fees. All three of the members of the Compensation Committee are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Board of the Corporation.

The recommendations of the Compensation Committee are based primarily on a benchmarking analysis which compares the Corporation's pay levels and compensation practices with other reporting issuers of the same size as and which are active in the industry and/or market in which the Corporation competes for talent. This analysis provides valuable information that will allow the Corporation to make adjustments, if necessary, to attract and retain the best individuals to meet the Corporation's needs and provide value to the Corporation's shareholders. In formulating its recommendations, the Compensation Committee benchmarked the compensation of the Corporation's directors and executive officers against those of the following companies: Aveda Transportation and Energy Services Inc., Cancen Oil Canada Inc., Changfeng Energy Inc., ComWest Enterprise Corp., Cordy Oilfield Services Inc., DEQ Systems Corp., Feronia Inc., Flyht Aerospace Solutions Ltd., Franchise Services of North America Inc., Galvanic Applied Sciences Inc., Imaflex Inc., MATRRIX Energy Technologies Inc., Noble Iron Inc., Northampton Group Inc., Novik Inc., People Corporation, Raise Production Inc., Titan Logix Corp., VersaPay Corporation, and ZoomerMedia Limited.

The Compensation Committee has not engaged the services of independent compensation consultants to assist it by making recommendations to the Board with respect to director and executive officer compensation.

Option-Based Awards

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. The Corporation awards Stock Options to its executive officers, based upon the Board's review of a proposal from the Chief Executive Officer. Previous grants of Stock Options are taken into account when considering new grants.

Amendments to the Stock Option Plan are the responsibility of the Corporation's Board of Directors.

Summary Compensation Table

During the financial years ended August 31, 2012, 2011 and 2010, the Corporation had two Named Executive Officers (as defined in National Instrument 51-102), namely William Trainer, the President and Chief Executive Officer, and John Hayes, the Chief Financial Officer. In April, 2013, Mr. Hayes resigned

as Chief Financial Officer and was replaced by John Sutherland.

The following table discloses compensation paid to or awarded to the Corporation's Named Executive Officers during the last three completed fiscal years of the Corporation:

Name and Principal Position	Fiscal Year Ended August 31st	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
William Trainer President & CEO	2012	Nil	Nil	Nil	Nil	Nil	Nil	240,000 ⁽³⁾	240,000
	2011	Nil	Nil	Nil	Nil	Nil	Nil	200,000 ⁽³⁾	200,000
	2010	Nil	Nil	Nil	Nil	Nil	Nil	120,000 ⁽³⁾	120,000
John S. Hayes ⁽¹⁾	2012	Nil	Nil	Nil	Nil	Nil	Nil	40,000 ⁽⁴⁾	40,000
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Sutherland ⁽²⁾ CFO	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ Mr. Hayes ceased to be the CFO of the Corporation on April 18, 2013.

⁽²⁾ Mr. Sutherland was appointed CFO of the Corporation on April 18, 2013 following the completion of the Corporation's fiscal year ended August 31, 2012.

⁽³⁾ Paid to 0763539 B.C. Ltd., a company controlled by Barbara Trainer, the wife of William Trainer.

⁽⁴⁾ Paid to Hayes Crest Properties Ltd., a company controlled by Mr. Hayes.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Corporation outstanding as at August 31, 2012:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$)
William R. Trainer	Nil	N/A	N/A	N/A
John J. Sutherland	Nil	N/A	N/A	N/A

Subsequent to August 31, 2012, Stock Options were granted to the Named Executive Officers. See "Options to Purchase Securities" above.

Incentive Plan Awards – Value Vested or Earned During the Year

No Stock Options were vested or earned by the Named Executive Officers during the most recently completed financial year as none had been granted. See "Options to Purchase Securities" for details of options granted subsequent to the financial year end.

Termination and Change of Control Benefits

The Corporation has entered into the following employment agreements with directors and officers of the Corporation:

1. Pursuant to an Employment Agreement dated August 15, 2013 between the Corporation and William Trainer, Mr. Trainer has agreed to serve as the Corporation's full time Chief Executive Officer for an indefinite term at an annual salary of \$240,000.
2. Pursuant to an Employment Agreement dated August 15, 2013 between the Corporation and John Sutherland, Mr. Sutherland has agreed to serve as the Corporation's part time Chief Financial Officer for an indefinite term at an annual salary of \$90,000. The salary and Mr. Sutherland's working time commitment to the business and affairs of the Corporation are subject to renegotiation following the expiry of the initial six months of the term of the agreement in the event the growth and development of the Corporation's business justifies a greater time commitment by the Chief Financial Officer.
3. Pursuant to an Employment Agreement dated August 15, 2013 between the Corporation and John Wang, Mr. Wang has agreed to serve as the Corporation's full time Vice-President and Chief Engineer for an annual salary of \$150,000.

If the Corporation elects to terminate any of the employment agreements described above, without cause, it is obligated to pay severance to the employee in an amount equal to 12 months of salary plus two months of additional salary for each full year of employment to a maximum of 24 months of salary. If termination without cause occurs within 12 months of a "change of control" of the Corporation, or the employee terminates the agreement for good reason during such 12 month period, the Corporation is obligated to pay severance to the employee in an amount equal to 24 months of salary, regardless of the number of years of employment. For purposes of calculating severance payment entitlements, the reference date for the commencement of Mr. Trainer's and Mr. Wang's employment with the Corporation is September 2, 2008, the date they commenced employment with GWTI.

If each of the foregoing Employment Agreements were terminated without cause as at the end of the Corporation's most recently completed financial year (August 31, 2013), the Corporation would be required to make the following severance payments: Mr. Trainer - \$400,000; Mr. Sutherland - \$90,000; and Mr. Wang - \$250,000. In the event of a change of control and if the foregoing Employment Agreements were terminated within 12 months of such change of control, the Corporation would be required to make the following severance payments: Mr. Trainer - \$480,000; Mr. Sutherland - \$180,000; and Mr. Wang - \$300,000.

The employment agreements provide that a "change of control" is deemed to occur when either:

- (i) voting shares of the Corporation are acquired by any one person or group of persons acting in concert, through one transaction or a series of transactions, which when added to the number of Common Shares previously owned by such person or group of persons acting in concert, would equal at least 40% of the total issued Common Shares of the Corporation from time to time; or
- (ii) there is a reconstitution of the Board of Directors of the Corporation such that the majority of the Board of Directors is comprised of individuals who were not members of the Board of Directors before the reconstitution.

Insurance Coverage for Directors and Officers and Indemnification

The Corporation has obtained a directors' and officers' liability insurance policy, which covers corporate indemnification of directors and officers and individual directors and officers of the Corporation in certain circumstances. The articles of each of the Corporation and GWTI also provide for the indemnification of each of their respective directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. In addition, the Corporation has entered into indemnification agreements with its directors and senior officers for liabilities and costs in respect of any action or suit against them in connection with

the execution of their duties, subject to customary limitations prescribed by applicable law.

Director Compensation

Effective upon completion of the Offering, Directors of the Corporation will be compensated by the Corporation as follows for their services in their capacity as Directors and for their participation on Board committees:

Category	Annual Payment Amount
Retainer for each non-executive Director	\$12,000
Chairman of the Board (independent)	\$3,000
Audit Committee Chair	\$2,000
Compensation Committee Chair	\$1,000
Corporate Governance & Nominating Committee Chair	\$1,000
Per meeting attendance at Board and Committee meetings	\$750

The Corporation anticipates that, on an annual basis, there will be four Board meetings, four Audit Committee meetings, two Compensation Committee meetings and two Corporate Governance & Nominating Committee meetings. The total meeting fees per annum will be capped at five Board meetings, five Audit Committee meetings, two Compensation Committee meetings and two Corporate Governance & Nominating Committee meetings.

In addition to the foregoing, Directors have been granted Stock Options under the Corporation's Stock Option Plan (see "Options to Purchase Securities - Stock Option Plan"). The purpose of the payments described above and option grants is to assist the Corporation in compensating, attracting, retaining, and motivating the directors of the Corporation and to closely align the personal interests of such persons to that of the shareholders.

Director Compensation Table

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers, for the Corporation's most recently completed financial year:

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
Joseph Miller ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Evans ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joanne Yan ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ Appointed subsequent to the completion of the Corporation's most recently completed financial year.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the directors of the Corporation, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year.

Name	Option-based Awards -Number of Securities Underlying Unexercised Options⁽¹⁾ (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In- the-money Options (\$)
Joseph Miller ⁽¹⁾	Nil	Nil	Nil	Nil
Michael Evans ⁽¹⁾	Nil	Nil	Nil	Nil
Joanne Yan ⁽¹⁾	Nil	Nil	Nil	Nil

⁽¹⁾ Appointed subsequent to the completion of the most recently completed financial year. As at the date of this prospectus, Stock Options have been issued to the directors as more particularly set out under “Options to Purchase Securities – Stock Option Plan” herein.

Incentive Plan Awards – Value Vested or Earned During the Year

No stock options were vested or earned during the most recently completed financial year as none had been granted. See “Options to Purchase Securities - Stock Option Plan” for details of options granted subsequent to the financial year end.

Proposed Compensation to be Paid to Executive Officers

During the next 12 months, the Corporation proposes to pay the following compensation to its executive officers:

Name and Principal Position	Salary (\$)	All Other Compensation (\$)	Total Compensation (\$)
William Trainer President and Chief Executive Officer	\$240,000 ⁽¹⁾	Nil	Nil
John Sutherland Chief Financial Officer and Corporate Secretary	\$90,000 ⁽²⁾	Nil	Nil

⁽¹⁾ William Trainer provides his services as CEO to the Corporation for a monthly salary of \$20,000 pursuant to an Employment Agreement dated August 15, 2013. See “Executive Compensation – Termination and Change of Control Benefits”.

⁽²⁾ John Sutherland provides his services as CFO to the Corporation for a monthly salary \$7,500 pursuant to an Employment Agreement dated August 15, 2013. See “Executive Compensation – Termination and Change of Control Benefits”.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing or proposed director, executive officer or employee of the Corporation or any associate of any of them or is currently indebted to the Corporation.

PLAN OF DISTRIBUTION

Common Shares

The Offering consists of a minimum of 8,000,000 Common Shares to a maximum of 10,000,000 Common Shares to raise gross proceeds of \$4,000,000 (minimum Offering) to \$5,000,000 (maximum Offering). Pursuant to the Agency Agreement, the Corporation engaged the Agents as its exclusive agents for the purposes of the Offering, and the Corporation, through the Agents, hereby offers for sale to the public under this prospectus, on a commercially reasonable efforts basis, the Common Shares to be issued and sold under the Offering, subject to prior sale if, as and when issued.

The price and terms of the Offering were established through negotiation between the Corporation and the

Agents. The Agents have agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered pursuant to the Offering in the Provinces of British Columbia, Alberta and Ontario. This prospectus qualifies the distribution of the Common Shares to the Subscribers in those jurisdictions. The Agents reserve the right, at no additional cost to the Corporation, to offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers, and investment dealers who may or may not be offered part of the commission or Agents' Options derived from this Offering. The Agents are not obligated to purchase Common Shares in connection with this Offering.

The obligations of the Agents under the Agency Agreement may be terminated at any time before the Closing Date if:

- (a) an adverse material change or an adverse change in a material fact relating to the Common Shares occurs or is announced by the Corporation;
- (b) there should develop, occur or come into effect or existence any event, action, accident, condition, law, or governmental regulation, major financial occurrence or other occurrence of any nature which, in the opinion of the Agents, seriously affects or would be expected to seriously affect the financial markets, or the business or operations of the Corporation or any of the subsidiaries, or the value of the Corporation's securities or the ability of the Agents to perform its obligations under the Agency Agreement, or a purchaser's decision to purchase the Common Shares;
- (c) following a consideration of the history, business, products, property or affairs of the Corporation or its principals and promoters, or of the state of the financial markets in general, or the state of the market for the Corporation's securities in particular, the Agents determine, in their sole discretion, that it is not in the interest of the purchasers to complete the purchase and sale of the Common Shares;
- (d) the Common Shares cannot, in the opinion of the Agents, be marketed due to the state of the financial markets, or the market for any of the Common Shares in particular;
- (e) an enquiry, action, suit or investigation (whether formal or informal) or other proceeding in relation to the Corporation, or any of the Corporation's directors, officers or promoters, is instituted, announced, commenced or threatened by any court, any securities commission, or any other governmental authority, or any order is made by any governmental authority in relation to the Corporation which, in the opinion of the Agents, operates to prevent or restrict the distribution of the Common Shares;
- (f) the results of the Agents' due diligence review of the Corporation are not satisfactory as determined by the Agents in their sole discretion;
- (g) the Corporation is in breach of a material term of the Agency Agreement; or
- (h) any of the representations or warranties made by the Corporation in the Agency Agreement are false or have become false.

The Corporation has agreed to pay the Agents a cash commission equal to 8% of the Offering Price of each Common Share sold under the Offering and pay Macquarie a Corporate Finance Fee of \$27,500, plus GST. The commission will be reduced to 4% of the proceeds from the sale of shares to purchasers introduced to the Agents by the Corporation. The Corporation has also advanced \$25,000 to Macquarie for expenses of the Offering.

In addition, the Agents are entitled to receive upon successful completion of the Offering, as part of its remuneration, Agents' Options entitling the holder thereof to purchase that number of Common Shares as

is equal to 8% of the number of Common Shares sold pursuant to this Offering. The Agents' Options will be exercisable at the Offering Price per Common Share (\$0.50) for a period of twenty-four (24) months from the Closing Date. This prospectus qualifies the distribution of the Agents' Options to the Agents.

Closing of this Offering is conditional upon the minimum Offering of 8,000,000 Common Shares being sold within 90 days of the issuance of the final receipt for this prospectus, or if a receipt has been issued for an amendment to the final prospectus, within 90 days of the issuance of such receipt and in any event, not later than 180 days from the day of receipt of the final prospectus.

Pursuant to the Agency Agreement, the Corporation agrees not to issue any additional Common Shares or any securities convertible into Common Shares for a period of 140 days after the Closing Date without the prior written consent of the Agents, except in conjunction with (i) the Agency Agreement; (ii) the grant or exercise of Stock Options pursuant to the Corporation's Stock Option Plan prior to the Closing Date; (iii) the exercise of Stock Options, warrants and other convertible securities of the Corporation outstanding prior to the Closing Date.

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

As at the date of the prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

The Agency Agreement provides that, upon the occurrence of certain events or at the discretion of the Agents on the basis of its assessment of the state of financial markets, the Agents may terminate the Offering and the obligations of Subscribers to purchase the Common Shares will then cease. The Corporation has agreed to notify the Agents of any future equity or debt financing that it may require or propose to obtain during the twelve month period following the Closing Date, and the Agents will have the right of first refusal to provide such financing.

Subscriptions will be received for the Common Shares offered hereby subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time. Upon rejection of a subscription, or in the event that the Offering does not complete within the time required, the subscription price and the subscription will be returned to the Subscriber forthwith without interest or deduction. All subscription funds will be held in trust by the Agents pending receipt of sufficient subscriptions to meet the Offering, and the completion of the Offering.

Additional Distributions

This prospectus also qualifies the distribution by the Corporation of an additional 1,200,000 Common Shares pursuant to a Debt Settlement Agreement dated August 8, 2013 made between the Corporation, GWTI and 1210706 Alberta Ltd. as well as an additional 400,000 Common Shares pursuant to a Corporate Finance Services Agreement dated August 21, 2012, as amended June 24, 2013, between the Corporation, GWTI and Evans & Evans Inc. See "Other Material Facts".

Concurrent Private Placement

The Corporation intends to complete a financing on a private placement basis, concurrent with the closing of the Offering, of up to 500,000 Common Shares at a price equal to the Offering Price for gross proceeds of up to \$250,000. The closing of the Concurrent Private Placement is conditional upon the closing of the Offering. A finders' fee will be paid to qualified finders in cash equal to up to 8% of the proceeds from the sale of Common Shares pursuant to the Concurrent Private Placement and/or the Corporation will grant non-transferable Compensation Warrants entitling the finders to purchase that number of Common

Shares as is equal to up to 8% of the number of Common Shares sold pursuant to the Concurrent Private Placement (up to 40,000 Common Shares). This prospectus does not qualify the distribution of the Common Shares issued pursuant to the Concurrent Private Placement nor any Compensation Warrants. The Common Shares purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

RISK FACTORS

The securities offered hereunder must be considered highly speculative due to the nature of the Corporation's business. **These securities are suitable only for those purchasers who are willing to rely upon the ability, judgment and integrity of the management and directors of the Corporation and who can afford a total loss of their investment.** Prospective investors should carefully consider the information presented in this prospectus before purchasing the Common Shares offered under this prospectus, which include the following:

Limited Operating History

GWTI was incorporated on September 2, 2008 and has a limited operating history. There is no certainty that the Corporation will continue to produce revenue or operate profitably. In the past, GWTI and the Corporation have relied on sales of equity securities and shareholders loans to meet their cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to satisfy operational requirements and cash commitments. Investment in the securities of the Corporation is highly speculative given the nature of the Corporation's business and its current early stage of development.

Negative Operating Cash Flow

Since inception, the Corporation has had negative operating cash flow. The Corporation has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the business and administrative costs. The Corporation cannot predict when it will reach positive operating cash flow.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect the Corporation's business. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Corporation is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results, and financing condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Corporation is subject to counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through companies that have payables to the Corporation; and (iii) through the Corporation's insurance providers. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

Production Delays May Result in Liquidated Damages Under the Corporation's Customer Contracts.

Bus manufacturing contracts typically include liquidated damages provisions that result in fines on a per bus per day basis when buses are not delivered to the customer by the deadline specified in the contract. Although the Corporation actively manages such deadlines, the Corporation may incur fines as a result of production interruptions or otherwise, and such fines may have a material adverse effect on the Corporation.

Absence of Fixed Term Customer Contracts and Customer Termination for Convenience.

Grande West does not typically enter into long term supply agreements with its customers, as is general industry practice. Individual transit authorities undertake significant procurement of new buses once every few years and as a result, customers may, without notice or penalty, terminate their relationship with Grande West at any time after the completion of their current contractual orders. Even if customers decide to continue their relationship with Grande West, there can be no guarantee that they will, as they have in the past, purchase the same volume of products as in the past and/or pay the same price for those products. Moreover, many customer contracts include options to purchase buses in the future and the Corporation's order book may increasingly be represented by options as opposed to firm orders. There can be no assurance that customers will exercise such options in the future. Furthermore, customer contracts in the transit bus industry generally give transit authorities the right to terminate the contract for convenience and as such, customers may terminate their relationship with Grande West during the term of the contract without notice, thereby resulting in a material adverse effect on the Corporation's financial condition.

Funding May Not Continue to be Available to Customers at Current Levels or at All.

The Corporation's principal customers are municipal and other local transit authorities that rely on funding from various levels of government to purchase the transit buses. There can be no assurance that this funding will continue to be available at current levels, on the same terms or at all. Any decline in or changes in the terms of governmental funding for purchases of new transit buses could have a material adverse effect on Grande West's financial condition and results of operations.

The Corporation May Incur Material Losses and Costs as a Result of Product Warranty Costs.

The Corporation is subject to product warranty claims in the ordinary course of its business. If the Corporation produces poor quality products, develops new products with deficiencies or receives defective materials, it may incur unforeseen costs in excess of what it has budgeted for in its contracts or reserved in its financial statements. The Corporation may not be able to enforce extended warranties purchased from its suppliers if such suppliers go out of business. In addition, Grande West may face customers that choose to pursue remedies directly under their contracts with Grande West over enforcing such supplier warranties, thereby exposing the Corporation to the risk of not being able to recover its losses from the supplier.

The Corporation May Incur Material Losses and Costs as a Result of Product Liability Claims.

The Corporation may incur significant costs to defend product liability claims, or incur damages and significant costs in correcting any defects, lose sales and suffer damage to its reputation. The Corporation's product liability insurance coverage of \$20 million per occurrence may not be adequate for any liabilities Grande West could incur. In addition, the product liability insurance coverage may not continue to be available on terms acceptable to Grande West. Significant product liability claims may also have a material adverse effect on the Corporation's financial condition and results of operations. Furthermore, the adverse publicity that may result from a product liability claim or perceived or actual defect with the Corporation's products could have a material adverse effect on the Corporation's ability to successfully market its products going forward.

Catastrophic Events May Lead to Production Curtailments or Shutdowns.

The Corporation's facilities and Yaxing's facilities are subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. Unexpected interruptions in Yaxing's production capabilities would adversely affect its productivity and Grande West's results of operations. In addition, longer-term business disruption could harm the Corporation's reputation and result in a loss of customers, which could materially adversely affect the Corporation's financial condition and results of operations.

Grande West's Operations are Subject to Risks and Hazards That May Result in Monetary Losses and Liabilities Not Covered By Insurance or Which Exceed Its Insurance Coverage.

The Corporation's business is generally subject to a number of risks and hazards, including pollution and other environmental risks and changes in the regulatory environment. Although the Corporation maintains general liability insurance and property and business interruption insurance, because of the nature of its industry hazards, it is possible that liabilities for occurrences such as pollution, property and equipment damage or injury or loss of life arising from a major or unforeseen occurrence may not be covered by Grande West's insurance policies or could exceed insurance coverages or policy limits. Further, insurance may not be available to the Corporation at reasonable rates in the future.

Risk of Reliance on Yaxing as Grande West's Sole Manufacturer.

Grande West does not manufacture its own buses and currently relies on Yaxing for the production of all of the Vicinity buses as its sole supplier. As the Corporation does not have any manufacturing agreements with other companies aside from Yaxing, the inability of Yaxing to supply the Corporation with sufficient volumes in a timely manner would adversely affect the Corporation's operating results.

Lack of Operating History of Grande West.

Grande West is an early stage company. There can be no assurance that the Corporation will be able to implement its business plans relating to its operations as a provider of the Vicinity or other bus products to transit agencies in North America in the timeframes estimated by management. Future operating results will depend on many factors, including the ability to secure a stable customer base for its services and the ability to penetrate the market in the timeframes anticipated by management.

The Small and Mid-Size Bus Industries are Highly Competitive.

The small and mid-size bus industry that the Corporation is currently engaged in is highly competitive and the Corporation has numerous existing and potential competitors. Competition in this industry is based upon price, design, value, quality and service. Competitive pressures may result in a reduction of Grande West's profit margins and sustained increases in such competitive pressures could have a material adverse effect on Grande West's results of operations. There can be no assurance that existing or new competitors will not develop products that are superior to the Vicinity or the Corporation's future bus products or that achieve better consumer acceptance, thereby adversely affecting the Corporation's operating results.

The Corporation's Business is Cyclical which can Lead to Fluctuations in Grande West's Operating Results.

The industry in which the Corporation operates is cyclical and which may result in substantial fluctuations in its sales, shipments and operating results. Consequently, the results for any prior period may not be indicative of results for any future period.

The Corporation's Business may be Affected by Certain External Factors Beyond Grande West's Control.

Companies within the bus industry are subject to volatility in operating results due to external factors such as general economic conditions (including employment trends, prevailing interest rates, credit availability, inflation, consumer confidence level, other economic conditions affecting consumer attitudes and disposable consumer income), industry demand, demographic changes, political changes and public policy and government appropriation involving mass transit.

The Corporation's Business may be Affected by the Loss of One or More of Its Distributors.

The loss of one or more of Grande West's distributors in the future could have a significant adverse effect on the Corporation's business. In addition, deterioration in the financial condition or liquidity of these distributors could negatively impact the Corporation's sales.

A Significant Portion of the Corporation's Sales are Anticipated to be Derived from Provincial, State and Local Transportation Authorities.

The Corporation anticipates a significant portion of its sales to be derived from contracts with provincial, state and local transportation authorities, which rely on funding from various levels of government to purchase the transit buses. There can be no assurance that these authorities will not reduce their expenditures for buses such as the Vicinity in the future as a result of budget constraints or decreased tax revenues, thereby resulting in an adverse effect on the Corporation's business and results of operations.

Fuel Shortages and High Fuel Prices Could Have a Negative Effect on Sales the Corporation's Buses.

Diesel fuel is required for the operation of the Corporation's buses. There can be no assurance that the supply of diesel fuel will continue uninterrupted, or that the price of or tax on these products will not significantly increase in the future.

The Corporation's Operations are Dependent upon the Services of Key Individuals, the Loss of Whom Could Materially Harm Grande West.

The success of the Corporation's business strategy and its ability to operate profitably depend on the continued employment of its senior management team. Any officer or employee of the Corporation can terminate his or her relationship with the Corporation at any time. The Corporation's future success will also depend on its ability to attract, train, retain and motivate highly qualified technical, marketing, sales and management personnel. Competition for such personnel is intense, and there can be no assurance that the Corporation will be able to attract and retain key personnel.

Grande West may not be able to Protect the Corporation's Intellectual Property and may be Subject to Infringement Claims.

The Corporation relies on certain trademarks and intellectual property, including contractual rights with third parties. Grande West endeavors to protect its rights; however, third parties may infringe upon the Corporation's intellectual property rights which may force the Corporation to take steps to protect its rights, including through litigation. Grande West may be subject to claims by third parties, seeking to enforce their claimed intellectual property rights. The inability to protect the Corporation's intellectual property rights may also have a material adverse effect on its business.

Development of Competitive Products could have a Negative Effect on Sales of the Corporation's Products.

The Corporation may not be able to prevent a competitor from copying the Vicinity or any of the

Corporation's new products. If a competitor copies the Corporation's products or develops an equivalent or superior product, there could be a material adverse effect on the Corporation's financial condition and results of operations. If a competitor develops a superior product, there can be no assurance that Grande West would be able to manufacture a similar or competitive new product and/or effectively compete with manufacturers developing such products.

Government Regulation

The bus manufacturing and distribution industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different than they would affect other bus manufacturing and distribution companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted.

Key Person Insurance

The Corporation does not maintain key person insurance on any of its directors or officers, and as a result the Corporation would bear the full loss and expense of hiring and replacing any director or officer in the event of the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Corporation from such loss of any director or officer.

Resale of Shares

The continued operation of the Corporation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Corporation is unable to generate such revenues or obtain such additional financing, any investment in the Corporation may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility.

Before this Offering, there has been no public market for the Corporation's Common Shares. An active public market for the Common Shares might not develop or be sustained after this Offering. The Offering Price of the Common Shares has been determined by negotiations between the Corporation and representatives of the Agents and this price will not necessarily reflect the prevailing market price of the Common Shares following this Offering. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the Offering Price.

Conflicts of Interest

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be dealt

with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia).

Some of the directors and officers of the Corporation are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Corporation and their duties to the other companies on whose boards they serve, the directors and officers of the Corporation have agreed to the following:

1. participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
2. no commissions or other extraordinary consideration will be paid to such directors and officers; and
3. business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Corporation except on the same or better terms than the basis on which they are offered to third party participants.

Substantial Number of Authorized but Unissued Shares

The Corporation has an unlimited number of Common Shares which may be issued by the Board of Directors without further action or approval of the Corporation's shareholders. While the Board of Directors is required to fulfil its fiduciary obligations in connection with the issuance of such Common Shares, the Common Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Common Shares will cause dilution to the ownership interests of the Corporations' shareholders.

Dilution

The financial risk of the Corporation's future activities will be borne to a significant degree by purchasers of the securities being offered, who, on completion of the minimum Offering (excluding the Concurrent Private Placement), will incur immediate and substantial dilution in the net tangible book value per share. If the Corporation issues treasury shares for financing purposes, control of the Corporation may change and purchasers may suffer additional dilution.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

Dividends

The Corporation does not anticipate paying any dividends on its Common Shares in the foreseeable future.

PROMOTERS

William R. Trainer may be considered the promoter of the Corporation, as that term is defined in the *Securities Act* (British Columbia). Mr. Trainer holds 2,599,125 Common Shares. Mr. Trainer also holds Stock Options to purchase a further 600,000 Common Shares.

See "Business of the Corporation", "Directors and Officers", "Principal Shareholders", "Escrowed Shares", "Executive Compensation", "Interest of Management and Others in Material Transactions", "Other Material Facts", and "Options to Purchase Securities" for disclosure regarding the promoter.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

As at the date of this prospectus there are no and have been no legal proceedings that the Issuer is or was a party to, or to its knowledge that any of its property interests is or was the subject of, and no such legal proceedings are known by the Issuer to be contemplated.

Regulatory Actions

As at the date of this prospectus, management of the Corporation is not aware of any:

- (a) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;
- (b) any other penalties or sanctions imposed by a court or regulatory body against the Corporation necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and
- (c) settlement agreements the Corporation entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this prospectus, none of the directors, senior officers or principal shareholders of the Corporation or any associate or affiliate of the foregoing have had any material interest, direct or indirect, in any transactions in which the Corporation has participated within the three year period prior to the date of this prospectus, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Corporation.

RELATIONSHIP BETWEEN THE CORPORATION AND AGENTS

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

AUDITORS

The auditors of the Corporation are Manning Elliott LLP, Chartered Accountants, of the 11th Floor, 1050 West Pender Street, Vancouver, British Columbia, Canada V6E 3S7.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares of the Corporation is Computershare Investor Services Inc. of Suite 300, 510 Burrard Street, in the City of Vancouver, in the Province of British Columbia V6C 3B9.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation and GWTI within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. Corporate Finance Services Agreement dated August 21, 2012, as amended June 24, 2013, between the Corporation, GWTI and Evans & Evans, Inc., referred to under "Other Material Facts"

2. Agency Agreement between the Corporation and the Agents dated for reference November ♦, 2013, referred to under “Plan of Distribution”;
3. Agency Agreement between the Corporation and the Macquarie dated for reference May 17, 2013 pursuant to which Macquarie agreed to act as agent for the Corporation in connection with a brokered private placement. Refer to “Business of the Corporation – General Development of the Business - Seed Financings”;
4. Stock Option Plan dated August 9, 2013, referred to under “Options to Purchase Securities”;
5. Stock Option Agreements dated for reference August 9, 2013, between the Corporation and certain directors, officers and consultants of the Corporation referred to under “Options to Purchase Securities”;
6. Escrow Agreement dated August 15, 2013, between Computershare Investment Services Inc., the Corporation and the Principals of the Corporation referred to under “Escrowed Shares”;
7. Employment Agreement dated August 15, 2013 between the Corporation and William R. Trainer;
8. Employment Agreement dated August 15, 2013 between the Corporation and John J. Sutherland;
9. Employment Agreement dated August 15, 2013 between the Corporation and John Wang;
10. Debt Settlement Agreement dated August 8, 2013 between the Corporation, GWTI and 1210706 Alberta Ltd. referred to under “Other Material Facts”; and
11. Investor Relations Agreement dated August 13, 2013 between the Corporation and The Howard Group referred to under “Other Material Facts”

A copy of any material contract may be inspected during distribution of the Common Shares being offered under this prospectus and for a period of 30 days thereafter during normal business hours at the Corporation’s head office at 26180 31B Avenue, Aldergrove, British Columbia, V4W 2Z6.

EXPERTS

Certain legal matters related to this Offering will be passed upon on behalf of the Corporation by Salley Bowes Harwardt Law Corporation, and on behalf of the Agents by Anfield Sujir Kennedy & Durno LLP. As at the date hereof, the partners and associates of each of Salley Bowes Harwardt Law Corporation and Anfield Sujir Kennedy & Durno LLP, as a group, own no Common Shares of the Corporation.

Manning Elliott LLP, Chartered Accountants, have audited the Corporation’s Financial Statements.

Other than as described herein, no person or corporation whose profession or business gives authority to reports, valuations, statements or opinions and whom is named as having prepared or certified a report or valuation described or included in the prospectus holds or is to hold a beneficial or registered interest, direct or indirect, in any securities or property of the Corporation or of any associates or affiliates of the Corporation. The auditor is independent in accordance with the auditor’s rules of professional conduct in the Province of British Columbia.

OTHER MATERIAL FACTS

Except as set forth below, there are no other material facts other than as disclosed in this Prospectus.

Pursuant to the Evans & Evans Agreement dated August 21, 2012, as amended June 24, 2013, among the Corporation, GWTI and Evans & Evans Inc., the Corporation has agreed to pay Evans & Evans Inc. a fee

of \$400,000 consisting of a finder's fee, an M&A fee and a corporate advisory fee in connection with the Offering (the "IPO Fee"). The finder's fee portion of the IPO Fee in the amount of \$14,250 has previously been paid by the Corporation. 50% of the IPO Fee, less the paid finder's fee portion, will be paid in cash and the remaining 50% of the IPO fee will be paid through issuance of 400,000 Common Shares upon completion of the Offering at a deemed price equal to the Offering Price. In addition, the Corporation agreed to pay Evans & Evans Inc. a monthly fee of \$2,500 plus GST commencing September 1, 2012 to the date of completion of the Offering.

Pursuant to a Debt Settlement Agreement dated August 8, 2013 made between the Corporation, GWTI and 1210706 Alberta Ltd., the Corporation has agreed to issue 1,200,000 Common Shares at a deemed price equal to the Offering Price to settle \$600,000 of debt owed by the Corporation. 1210706 Alberta Ltd. is a private corporation in which William R. Trainer and Barbara Trainer, the wife of William R. Trainer, hold a 20% interest.

Pursuant to an Investor Relations Agreement dated August 13, 2013 between the Corporation and Grant Howard, doing business as the Howard Group (the "Howard Group"), the Corporation has retained the Howard Group to provide project consulting and investor relations services to the Corporation. The term of the agreement is from August 15, 2013 until six months following the completion of the Offering, subsequent to which the agreement is renewable for a further term of one year upon the agreement of the parties. The Howard Group is responsible for preparing materials required for investor related presentations and assisting the Corporation with the planning and organizing of related road show meetings and providing introductions to potential investors. Following the completion of the Offering, the Howard Group will also be responsible for maintaining contact with the retail investment community and investment firms by continuous marketing of the Corporation through online financial and social media sites as well as through traditional investor relations programs. The compensation payable to the Howard Group under the agreement consists of a monthly fee of \$7,500, plus GST. The Corporation has also agreed to grant the Howard Group Stock Options to purchase that number of Common Shares as is equal to 1% of the number of issued and outstanding shares immediately following the completion of the Offering, at a price equal to the Offering Price, exercisable for a period of three years following completion of the Offering. The Stock Options shall vest over a period of one year at the rate of 25% at the end of each quarter following the Closing Date.

As of the date of this Prospectus, members of the Pro Group (Leede Financial Markets Inc.) hold 160,000 Common Shares, all of which were issued as part of the May, 2013 private placement of Common Shares at a price of \$0.25 per Common Shares. See "Business of the Corporation - General Development of the Business –Seed Financings" for further details.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia, Alberta and Ontario provides subscribers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the subscriber, provided that the remedies for rescission or damages are exercised by the subscriber within the time limit prescribed by the securities legislation of the subscriber's province or territory. The subscriber 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

Based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder in force as of the date hereof (the "**Tax Act**") and the proposed amendments to the Tax Act publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof, in the opinion of Salley Bowes Harwardt Law Corporation, counsel to the Corporation, if on or before the Corporation's filing-due date

for its first taxation year, the Common Shares are listed on a designated stock exchange (which includes Tier 1 and Tier 2 of the Exchange), the Common Shares will be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax free savings accounts (“**TFSA**”) all as defined in the Tax Act (the “**Investment Plans**”).

If the Common Shares are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, the holder of the TFSA will be subject to a penalty tax on the Common Shares as set out in the Tax Act. A Common Share will generally not be a prohibited investment for a trust governed by a TFSA held by a particular holder provided that the holder deals at arm’s length with the Corporation for the purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in either the Corporation or a corporation, partnership or trust that does not deal at arm’s length with the Corporation for the purposes of the Tax Act. In general terms, a holder of a TFSA will have a significant interest in the Corporation if the TFSA, the holder, and other persons not at arm’s length with the holder together, directly or indirectly, own not less than 10% of the outstanding Common Shares of the Corporation. Proposed tax amendments announced in the June 6, 2011 Federal Budget provide similar rules with respect to annuitants under RRSPs and RRIFs.

Income tax consequences in relation to the purchase and disposition of the Common Shares will vary according to circumstances of each investor. **Subscribers should consult their own tax advisors for advice with respect to the income tax consequences associated with their acquisition of Common Shares under this prospectus.**

FINANCIAL STATEMENTS

Attached to and forming a part of this prospectus are the audited financial statements of the Corporation for the nine month period ended May 31, 2013 and for the fiscal years ended August 31, 2012, 2011, and 2010.



AUDIT COMMITTEE CHARTER

A. Introduction and Purpose

1. The primary function of the Audit Committee (the “Committee”) of Grande West Transportation Group Inc. (“Grande West” or the “Company”) is to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in reviewing the following financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company’s compliance with the binding requirement of any stock exchanges on which the securities of the Company are listed and all other applicable laws (collectively, the “Applicable Requirements”); selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; reviewing the qualifications, independence and performance of the Company’s financial management; and identifying, evaluating and monitoring the management of the Company’s principal risks impacting financial reporting . The Committee also assists the Board with the oversight of the financial strategies and overall risk management.
2. The Committee is not responsible for: planning or conducting audits; certifying or determining the completeness or accuracy of the Company’s financial statements or that the financial statements are in accordance with generally accepted accounting principles or international financial reporting standards, as applicable; or guaranteeing the report of the Company’s external auditor. The fundamental responsibility for the Company’s financial statements and disclosure rests with management and the external auditor.

B. Composition and Committee Organization

1. Composition – The Committee shall preferably consist of not less than three independent members of the Board and at minimum have two of the three members being deemed independent. At the invitation of the Committee, members of the Company’s management and others may attend Committee meetings as the Committee considers necessary or desirable.
2. Appointment and Removal of Committee Members – Each member of the Committee shall be appointed by the Board on an annual basis at its first meeting following each annual shareholders meeting and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company’s shareholders at which the member’s term of office expires, (b) the death of the member, or (c) the resignation, disqualification or removal of the member from the Committee or from the Board. The Board may fill a vacancy in the membership of the Committee.

3. Independence – Each member of the Committee shall meet the independence and audit committee composition requirements of the Applicable Requirements.
4. Financial Literacy – At the time his or her appointment to the Committee, each member of the Committee shall be financially literate and able to read and understand a set of financial statements, including a balance sheet, cash flow statement and income statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
5. The Committee should meet privately at least annually with management to discuss any matters that the Committee or management believes should be discussed. In addition, a portion of each Committee meeting shall be held, in camera, without any member of management being present.

C. Meetings

1. Number of Meetings - Number of Meetings - The members of the Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually.
2. The external auditors and non-Committee board members are entitled to receive notice of and attend and be heard at each Committee meeting. The Chair, any member of the Committee, the external auditors, the Chairman of the Board, the Chief Executive Officer (the “CFO”) or the Chief Financial Officer (the “CEO”) may call a meeting of the Committee by notifying the Company’s Corporate Secretary who will notify the members of the Committee.
3. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number of a meeting.
4. Quorum - No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.
5. Minutes - The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held and file a copy of the minutes with the Corporate Secretary. The Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.
6. Attendance of Non-Members - The Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.
7. Procedure - The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.
8. Funding – The company shall provide appropriate funding, as determined by the Committee, for:
 - a. the payment of compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Company;

- b. payment for the services of any advisors retained by the Committee; and
- c. the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

D. Functions and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by the Applicable Requirements.

1. Financial Reports

- a. General – The Committee is responsible for overseeing the Company’s financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements and financial disclosures and for the appropriateness of the account principles and the reporting policies used by the Company. The external auditors are responsible for auditing the Company’s annual consolidated financial statements and for reviewing the Company’s unaudited interim financial statements.
- b. Review of Annual Financial Reports – The Committee shall review the annual consolidated audited financial statements of the Company, the external auditors’ report thereon, the related management’s discussion and analysis of the Company’s financial condition and results of operation (“MD&A”), and the financial disclosure in any earnings press release. After completing its review, if advisable, the Committee shall recommend for Board approval the annual financial statements, the related MD&A, and the earnings release.
- c. Review of Interim Financial Reports – The Committee shall review the interim consolidated financial statements of the Company, the external auditors’ review report thereon, the related MD&A, and the financial disclosure in any earnings press release as well as the release of significant new financial information. After completing its review, if advisable the Committee shall recommend for Board approval the interim financial statements, the related MD&A, and the earnings release.
- d. Review Considerations – In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:
 - i. meet with management, the external auditors to discuss the financial statements and MD&A;
 - ii. review the disclosures in the financial statements;
 - iii. review the audit report or review report prepared by the external auditors;
 - iv. discuss with management, the external auditors and legal counsel, as requested, any pending or threatened litigation claims and assessments or other contingency that could have a material effect on the financial statements;

- v. review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
 - vi. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
 - vii. review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
 - viii. review the use of any non-GAAP financial measures, including “pro forma” or “adjusted” information;
 - ix. review management’s report on the design and effectiveness of disclosure controls and procedures and internal controls over financial reporting;
 - x. review results of the Company’s whistle blower program;
 - xi. meet in private with external auditors and one or more senior executives; and
 - xii. review any other matters related to the financial statements that are brought forward by the external auditors and amendment or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.
 - xiii. If the Company’s lists its securities on a stock exchange in a jurisdiction other than Canada the Audit Committee should review the equivalent applicable documentation and procedures.
 - xiv. Maintain minutes of meetings and periodically report to the Board of Directors (the “Board”) on significant results of the foregoing activities.
- e. Approval of Other Financial Disclosures – The Committee shall review and if advisable, approve and recommend for Board approval financial related disclosure in a prospectus or other securities offering documents, annual report, annual information form and managements information or proxy circular of the Company.

The Committee will be satisfied that adequate procedures are in place of the review of the Company’s public disclosure of financial information extracted or derived from the financial statements and must periodically assess the adequacy of those procedures.

2. Auditors

- a. General – The Committee shall be directly responsible for oversight of the work of the external auditors, including the external auditors work in preparing or issuing an audit report, performing other audit review, or attest services of any other related work. The external auditors shall report directly to the Committee and the Committee shall have authority to communicate directly with the Company’s external auditors.
- b. Appointment of Other Financial Disclosures – The Committee shall review and if advisable select and recommend to the Board the appointment of the external auditors. The Committee shall review and recommend for Board approval the compensation of the external auditors.
- c. Resolution of Disagreements – The Committee shall resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

- d. Discussions with External Auditor – At least annually, the Committee shall discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the audit committee, including the matters required to be discussed by Applicable Requirements and review with the external auditor any difficulties encountered in the course of the audit work or otherwise, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; receive from and review with the independent auditor any accounting adjustments that were noted or proposed by the auditor but that were “passed” (as immaterial or otherwise), any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the auditor to the Company, or any other material written communication provided by the auditor to the Company’s management.
- e. External Audit Plan – At least annually, the Committee shall review a summary of the external auditors’ annual audit plan. The Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- f. Quarterly Review Report – The Committee shall review a report prepared by the external auditors in respect of each of the interim financial statements of the Company and any other material communication between the external auditor and management.
- g. Independence of External Auditors – At least annually, and before the external auditors issue their report on the annual financial statements, the Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditors.
- h. Evaluation and Rotation of Lead Partner – At least annually, the Committee shall review the qualifications and performance of the lead partner of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- i. Hiring of Former Employees of External Auditor – The Committee shall review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- j. Requirements for Pre-Approval of Non-Audit Services – The Committee shall approve in advance any retainer of the external auditors to perform any non-audit service to the Company in accordance with Applicable Requirements, specifically relating to such non-audit services. The Committee may delegate preapproval

authority to a member of that Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting. Approval by the Committee of a non-audit service to be performed by the external auditor of the Company shall be disclosed in periodic reports as required by the Applicable Requirements.

3. Internal Accounting and Disclosure Controls

- a. General – The Committee shall review the adequacy of the Company’s internal accounting and disclosure controls, its management information systems and its financial, auditing and accounting organizations and systems.
- b. Establishment, Review and Approval – the Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over maintenance of records, financial reporting and disclosure and to review , evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external auditors:
 - i. the effectiveness of, or weaknesses or deficiencies in: the design or operating effectiveness of the Company’s internal controls the overall control environment for management business risks; and accounting, financial and disclosure controls (including without limitation, controls over financial reporting) non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management’s conclusions;
 - ii. any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company’s periodic regulatory filings;
 - iii. any material issues raised by any inquiry or investigation by the Company’s regulators;
 - iv. the Company’s fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
 - v. any related significant issues and recommendations of the auditors together with management’s responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4. Compliance with Legal and Regulatory Requirements – The Committee shall receive and review regular reports from the Company’s General Counsel and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company’s compliance policies; and any material communications received from regulators. The Committee shall review management’s evaluation of and representations relating to compliance with specific Applicable Requirements, and management’s plans to remediate any deficiencies identified.

5. Committee Whistleblower Procedures – The Committee shall establish or oversee the establishment of procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the company of concerns regarding outside advisors, as necessary or appropriate, to investigate the matter and will work with management, external auditors, and the general counsel to reach a satisfactory conclusion.
6. Compliance with Code of Business Conduct – The Committee shall:
 - a. at least annually, review and assess the adequacy of and, if advisable, approve and recommend for Board approval, any amendments to the Company’s Code of Business Conduct;
 - b. review and, if advisable, approve the Company’s processes for administering the Code of Business Conduct;
 - c. review, on a regular basis, summaries of the usage of, and the matters being reported to, the whistle blower services;
 - d. review with management the results of their assessment of the Company’s compliance with the Code of Business Conduct and their plans to remediate any deficiencies identified; and
 - e. review and, if advisable, approve any waiver from a provision of the Code of Business Conduct requested by a member of the Board or senior management.
7. Committee Disclosure – The Committee shall prepare, review and approve any audit committee disclosures required by the Applicable Requirements in the Company’s disclosure documents.
8. Delegation – The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

E. Financial Instruments, Risk Assessment and Risk Management

1. Monitor – The Committee shall review and monitor the management of the principal financial risks that could materially impact the reporting of the Company.
2. Processes – the Committee shall review and monitor the processes in place for identifying principal financial risks and reporting them to the Board.
3. Assessment – the Committee shall review policies with respect to the management of capital and financial instrument risk management, including:
 - a. Review and periodic approval of managements financial instrument risk philosophy and management policies;

- b. Review management reports of demonstrating compliance with risk management policies; and
- c. Discussing with management, at least annually, the Company's major financial risk exposures and the steps management has taken to monitor, control and report such risks.

F. Reporting to the Board

The Chair shall report to the Board, as required by Applicable Requirements or as deemed necessary by the Committee or as requested by the Board, on matters arising at Committee meetings and, where applicable, shall present the Committee's recommendation to the Board for its approval.

G. General

- 1. Authority – The Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Committee's discretion, to exercise its powers and fulfill its duties under this mandate.
- 2. Charter Review – The Committee shall review this Charter on an annual basis or more frequently, as required. Where appropriate, the Committee shall propose changes to this Charter to the Board.

H. Performance Evaluation

The Committee shall assess and report annually to the Board on the performance of the Committee by comparing the performance of the Committee against this Charter and the Committee's goals and objectives for the year.

I. Communication of the Charter

To ensure that all directors of the Company are aware of the Charter, a copy of the Charter will be distributed to all directors of the Company. Each director will sign an acknowledgement of receipt of the Charter. Such receipt of acknowledgement shall be returned to the Corporate Secretary and retained in the Company's internal governance records.

New directors will be provided with a copy of this Charter and will be educated about its importance.

FINANCIALS

Grande West Transportation Group Inc.
Consolidated Financial Statements

For the Nine Months Ended May 31, 2013
And for the Years Ended
August 31, 2012, 2011 and 2010



INDEPENDENT AUDITORS' REPORT

To the Directors of :
Grande West Transportation Group Inc.

We have audited the accompanying consolidated financial statements of Grande West Transportation Group Inc., which comprise the consolidated statements of financial position as at May 31, 2013 and as at August 31, 2012, 2011 and 2010, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the nine months ended May 31, 2013 and the years ended August 31, 2012, 2011 and 2010, and the related notes comprising a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements presented fairly, in all material respects, the financial position of Grande West Transportation Group Inc. as at May 31, 2013 and as at August 31, 2012, 2011 and 2010, and its financial performance and cash flows for the nine months ended May 31, 2013 and for the years ended August 31, 2012, 2011 and 2010, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Grande West Transportation Group Inc. to continue as a going concern.

Grande West Transportation Group Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	May 31, 2013 (Note 2) \$	August 31, 2012 (Note 2) \$	August 31, 2011 (Note 2) \$	August 31, 2010 (Note 2) \$
Current Assets					
Cash		817,406	249,712	70,891	151,540
Amount receivable	18	50,199	47,257	8,823	7,713
Inventory	4	3,029,657	1,137,009	9,675	—
Deposits	5	--	183,092	20,000	—
Deferred financing costs	9	--	119,893	5,959	—
		3,897,262	1,736,963	115,348	159,253
Property and Equipment	6	279,049	76,281	169,922	267,204
Intangible Asset	7	--	45,031	112,576	180,121
		4,176,311	1,858,275	397,846	606,578
Current Liabilities					
Accounts payable and accrued liabilities	12	1,527,574	1,039,824	78,057	8,533
Deferred revenue	8	1,707,750	948,750	—	—
Short-term loans	9	937,417	10,000	45,000	—
Current portion of vehicle loan	10	7,516	7,241	6,889	6,554
		4,180,257	2,005,815	129,946	15,087
Vehicle loan	10	14,736	20,347	27,709	34,598
Due to related parties	12	1,004,019	2,106,345	1,613,709	1,003,812
Deferred income tax liabilities	13	--	—	—	—
		5,199,012	4,132,507	1,771,364	1,053,497
Shareholders' Equity					
Share capital	11	2,866,186	350,140	350,140	350,140
Shares issued but unpaid	18	(150,000)	—	—	—
Contributed surplus		52,537	—	—	—
Deficit		(3,791,424)	(2,624,372)	(1,723,658)	(797,059)
		(1,022,701)	(2,274,232)	(1,373,518)	(446,919)
		4,176,311	1,858,275	397,846	606,578

COMMITMENT (Note 17)

SUBSEQUENT EVENTS (Note 18)

Approved on behalf of the Board:

s/ "Michael Evans"
Director

s/ "William R. Trainer"
Director

See accompanying notes to the consolidated financial statements.

Grande West Transportation Group Inc.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Nine Months ended May 31, 2013 (Note 2)	Year ended August 31, 2012 (Note 2)	Year ended August 31, 2011 (Note 2)	Year ended August 31, 2010 (Note 2)
	Note	\$	\$	\$	\$
Expenses					
Depreciation		107,040	161,186	164,827	58,245
Foreign Exchange Loss		21,725	--	--	--
General and administration		265,406	136,216	51,098	60,966
Interest and bank charges		81,034	25,007	4,375	6,534
Marketing expense		15,540	30,219	87,745	9,629
Professional fees		141,993	8,971	22,801	22,568
Rent	12	36,015	65,000	—	—
Repairs and maintenance		21,715	—	245,274	3,809
Research and development	12	378,639	430,263	290,000	217,608
Salaries and wages		24,777	—	6,375	—
Travel expenses		73,168	43,852	54,104	141,867
		1,167,052	900,714	926,599	521,226
Net loss before income taxes		1,167,052	900,714	926,599	521,226
Income taxes	13	--	—	—	—
Net loss and comprehensive loss		1,167,052	900,714	926,599	521,226
Loss per share – basic and diluted		0.08	0.08	0.08	0.05
Weighted average number of shares – basic and diluted		13,737,775	11,413,485	11,413,485	11,213,630

See accompanying notes to the consolidated financial statements.

Grande West Transportation Group Inc.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Common Shares Without Par Value		Shares issued but unpaid	Contributed Surplus	Deficit	Total Shareholders' Equity
		Shares	Amount \$				
Balance, September 1, 2009		95	140	—	—	(275,833)	(275,693)
Issuance of Class A voting common shares		10	175,000	—	—	—	175,000
Issuance of Class G non-voting common		10	175,000	—	—	—	175,000
Comprehensive loss		—	—	—	—	(521,226)	(521,226)
Balance, August 31, 2010		115	350,140	—	—	(797,059)	(446,919)
Comprehensive loss		—	—	—	—	(926,599)	(926,599)
Balance, August 31, 2011		115	350,140	—	—	(1,723,658)	(1,373,518)
Comprehensive loss		—	—	—	—	(900,714)	(900,714)
Balance, August 31, 2012		115	350,140	—	—	(2,624,372)	(2,274,232)
Issuance of shares - debt assignment	2 & 11 (c)	6,586,515	1,317,303	—	—	—	1,317,303
Issuance of shares – share exchange	2 & 11 (b)	374,440	—	—	—	—	—
Cancellation of shares – share exchange	2 & 11 (b)	(115)	—	—	—	—	—
Issuance of shares at \$0.00001	2 & 11 (b)	11,039,045	110	—	—	—	110
Brokered private placement	2 & 11 (d)	4,190,000	1,047,500	—	—	—	1,047,500
Non-brokered private placement	2 & 11 (e)	1,450,000	362,500	—	—	—	362,500
Share issuance costs	2 & 11 (d) & (e)	—	(158,830)	—	—	—	(158,830)
Agent options issued	11 (d)	—	(51,911)	—	51,911	—	—
Finder warrants issued	11 (e)	—	(626)	—	626	—	—
Subscriptions receivable	18	—	—	(150,000)	—	—	(150,000)
Comprehensive loss		—	—	—	—	(1,167,052)	(1,167,052)
Balance, May 31, 2013		23,640,000	2,866,186	(150,000)	52,537	(3,791,424)	(1,022,701)

See accompanying notes to the consolidated financial statement

Grande West Transportation Group Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Nine Months ended May 31, 2013 (Note 2) \$	Year ended August 31, 2012 (Note 2) \$	Year ended August 31, 2011 (Note 2) \$	Year ended August 31, 2010 (Note 2) \$
OPERATING ACTIVITIES					
Net loss for the year		(1,167,052)	(900,714)	(926,599)	(521,226)
Items not involving cash:					
Depreciation		107,041	161,186	164,827	58,245
Non-cash interest and bank charges		57,310	19,302	-	-
		(1,002,701)	(720,226)	(761,772)	(462,981)
Changes in non-cash working capital balances:					
Amounts receivables		(2,942)	(38,434)	(1,110)	(4,849)
Deposits		-	(163,092)	(20,000)	-
Inventory		(1,709,556)	(1,127,334)	(9,675)	-
Deferred revenue		759,000	948,750	-	-
Accounts payable and accrued liabilities		487,750	961,767	69,524	7,860
Cash provided by (used in) operating activities		(1,468,449)	(138,569)	(723,033)	(459,970)
INVESTING ACTIVITIES					
Acquisition of property and equipment		(67,388)	-	-	(5,382)
Additions to development costs of demo bus		(197,390)	-	-	(311,493)
Cash used in investing activities		(264,778)	-	-	(316,875)
FINANCING ACTIVITIES					
Advances from (to) related parties		214,977	363,959	609,897	491,402
Proceeds from issuance of shares		1,260,110	-	-	350,000
Deferred financing costs		-	(4,559)	(5,959)	-
Share issuance costs		(158,830)	-	-	-
Proceeds (repayment) of short-term loans		990,000	(35,000)	45,000	-
Proceeds (repayment) of vehicle loan		(5,336)	(7,010)	(6,554)	-
Cash provided by financing activities		2,300,921	317,390	642,384	841,402
Increase (decrease) in cash		567,694	178,821	(80,649)	64,557
Cash, beginning		249,712	70,891	151,540	86,983
Cash, ending		817,406	249,712	70,891	151,540
Non-cash transactions and supplemental disclosures					
Vehicle loan (Note 10)		41,152	-	-	-
Issuance of shares – debt assignment (Note 11)		1,317,303	-	-	-
Agent options granted (Note 11)		51,911	-	-	-
Finder warrants issued (Note 11)		626	-	-	-
Deferred financing costs (Note 9)		-	109,375	-	-
Cash paid for interest		15,341	1,634	1,905	894
Cash paid for income taxes		-	-	-	-

See accompanying notes to the consolidated financial statements.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Grande West Transportation Group Inc. ("GWTG" or the "Company") was incorporated on December 4, 2012 under the laws of British Columbia. The Company conducts substantially all of its active operations through its wholly owned operating subsidiary, Grande West Transportation International Ltd. ("GWTI"), which was incorporated on September 2, 2008 under the laws of British Columbia. The Company's head office is located at 26180 31B Avenue, Aldergrove, British Columbia. The Company's current operation focuses on manufacturing of the Vicinity branded transit buses. The Company's future plans include setting up a service and dealership network in North America for the Vicinity-model buses. The Company is currently seeking to be listed on the TSX Venture Exchange in Canada.

For the years ended August 31, 2012, 2011 and 2010, the Company has a net losses of \$900,714, \$926,599 and \$521,226, respectively. For the period ended May 31, 2013, the Company has a net loss of \$1,167,052. The Company has an accumulated deficit of \$3,791,424 since inception and does not have sufficient working capital as at May 31, 2013 to meet its expected obligations over the next twelve months. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. Management's plans to meet the Company's current and future obligations are to raise equity capital through private placements and a prospectus offering under which it also plans to list the Company's shares on a Canadian stock exchange, rely on the financial support of its shareholders and parties related to the current shareholders, as well as explore financing that may be available to the Company such as bank or other financing.

2. BASIS OF PRESENTATION

On February 4, 2013, GWTI became a wholly owned subsidiary of the newly incorporated GWTG following a corporate reorganization whereby shareholders of GWTI transferred 100% of their ownership interests in GWTI to GWTG in exchange for 374,440 common shares of GWTG. As the same group of shareholders who controlled GWTI also control GWTG subsequent to the corporate reorganization, the assets and liabilities of GWTI have been accounted for at their historical carrying amounts and the consolidated financial statements of GWTG subsequent to the corporate reorganization have been presented on a continuity of interest basis with GWTG as a continuation of GWTI, together with a reorganization of its share capital.

The statement of financial position at August 31, 2012, 2011 and 2010 include only the assets and liabilities of GWTI and the statements of comprehensive loss, changes in equity and cash flows include only the operations of GWTI for the years ended August 31, 2012, 2011 and 2010.

The statement of financial position of GWTG as at May 31, 2013 includes the assets and liabilities of GWTG and GWTI. The statements of comprehensive loss, changes in equity and cash flows for the nine months ended May 31, 2013 include operations of GWTG from February 4, 2013 onward as well as the operations of GWTI from September 1, 2012 to May 31, 2013 as the assets and operations of GWTG are considered to be a continuation of GWTI, together with a reorganization of its share capital.

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

The financial statements were authorized for issue by the Board of Directors on September 5, 2013.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments carried at fair value where changes are recorded through profit or loss.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- i. the recognition of revenue,
- ii. the recognition and valuation of obsolescence of inventories,
- iii. the determination of the useful lives of property and equipment and intangible assets,
- iv. the recognition and valuation of impairment of assets,
- v. the recognition and valuation of accrued liabilities,
- vi. the provision for the income tax expense which is included in profit or loss and the measurement of deferred income tax liabilities included in the statements of financial position,

Critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements includes the evaluation of the Company's ability to continue as going concern (see Note 1).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods and services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement or authorized sales order, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

In addition, when a single sale transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied to the separately identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole.

b) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments, that are readily convertible to cash with maturities of three months or less when purchased, or which are redeemable at the option of the Company. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Trade receivables

Trade receivables are recognized initially at fair value less provisions made for doubtful receivables based on a review of period-end trade receivables, and do not carry any interest. A provision for doubtful accounts receivables is generally made when there is objective evidence that the Company will not be able to collect the amounts due according to original payment terms or when there are indications of collection issues related to specific customers. The provision for impairment of trade receivables is presented within "general and administrative" expenses.

d) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less any costs to complete and sell the product. An allowance for obsolete, slow-moving or defective inventories is made where necessary.

e) Deferred financing costs

Deferred financing costs are recognized in connection with proposed financing transactions which are specifically identified in that the form of debt or equity issuances is known and completion of the financing is probable. When the financing is completed, these costs are recognized, and netted against equity raised for equity transactions, and against the value of the debt for debt transactions. The debt is subsequently accreted to face value at maturity. The accretion amounts are included in interest and bank charges expenses over the life of the debt.. Deferred financing costs include only those costs which are incremental and directly attributable to the proposed financing transaction. In the event that the transaction is abandoned, previously capitalized deferred financing costs are expensed through the statement of comprehensive loss.

f) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

g) Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes the acquisition price, any direct costs to bring the asset into productive use at its intended location, the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Major inspection cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Property and equipment are depreciated annually using declining method at the following rates, with the exception of leasehold improvements and Vicinity demo bus:

Computer equipment	55%
Computer software	100%
Leasehold improvements	Straight-line, 5 years
Office furniture and equipment	20%
Vehicle	30%
Vicinity demo buses	Straight-line, 3 years

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible asset

Intangible assets relate primarily to the development costs incurred in designing, constructing and testing the Company's Vicinity demo bus. Research and development costs are expensed as incurred unless the development costs meet the criteria for deferral. Following initial recognition of capitalized development costs as an asset, the asset is carried at cost less accumulated amortization and impairment losses, if any. For capitalized development costs with a finite-life, amortization begins when development is complete and the asset is available for use. The amortization period of the capitalized developments costs, which reflects the estimated rate of obsolescence of the related technology and know-how, is 3 years.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Impairment of long-lived assets

Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

k) Financial instruments

The Company does not have any derivative financial assets and derivative financial liabilities.

Non-derivative financial assets

Non-derivative financial assets are initially recognized at fair value and are classified into one of four categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables or available-for-sale financial assets.

i) Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss ("FVTPL") if they are held for trading or are designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes are recognized in operations. Upon initial recognition transaction costs are recognized in operations as incurred.

ii) Held-to-maturity financial assets

Financial assets are classified as held-to-maturity if the Company has the positive intent and ability to hold them to maturity. These financial assets are recognized initially at fair value together with directly attributable costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Any sale or reclassification of a more than significant amount of these assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and would prevent the Company classifying investment securities as held-to-maturity for the current and following two financial years.

iii) Loans and receivables

These assets are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and any changes, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive loss and presented within equity. When an available-for-sale financial asset is derecognized, the cumulative gain or loss in other comprehensive loss is reclassified through operations.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value and are classified into one of two categories: financial liabilities at fair value through profit or loss or other financial liabilities.

v) Financial liabilities at fair value through profit or loss

These financial liabilities are acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value, and changes therein are recognized in operations.

vi) Other financial liabilities

These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using effective interest method.

l) Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings per share. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive.

The May 31, 2013 financial statements are considered a continuation of the assets and operations of GWTI together with a recapitalization of the Company. The weighted average number of shares outstanding for the purpose of presenting the earnings (loss) per share calculations for the prior years financial statements have been adjusted retrospectively as if all of the shares issued in connection with the recapitalization and reorganization transaction outlined in Note 2, had been issued and outstanding during the years ended August 31, 2010, 2011 and 2012.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Interest expense

Interest expenses for loans are calculated using effective interest method. Upfront loan administration fees are included in the determination of the loan balance and are expensed as part of finance charges and interest.

o) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

p) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. The fair value is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

q) Warranty costs

The costs associated with delivering the warranty services are expensed as they are incurred during the 10-year life cycle of the Vicinity buses.

r) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards effective for annual periods beginning on or after January 1, 2013

IFRS 1 – First time adoption of IFRS - In March 2012, the IASB issued an amendment to this standard, which a new exception was included in respect of government loans. Measurement of below-market rate government loans is allowed to be applied prospectively at date of transition. In addition, if the entity had obtained the information to measure the loan at its fair value at the inception of the loan, it could re-measure the loan on transition. This exception is to be applied on a loan-by loan basis. This amendment is not expected to affect the Company.

IFRS 7 - Financial Instruments: Disclosures - In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. This amendment is not expected to affect the Company.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) New standards and interpretations not yet adopted (continued)

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12 Consolidation - Special Purpose Entities* and parts of *IAS 27 Consolidated and Separate Financial Statements*.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes *IAS 31 Interests in Joint Ventures* and *SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 – Presentation of Financial Statements - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 19 – Employee Future Benefits - In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.

IAS 27 – Separate Financial Statements - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures - As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

Standard effective for annual periods beginning on or after January 1, 2014

IAS 32 – Financial Instruments: Presentation

In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- r) New standards and interpretations not yet adopted (continued)

Standard effective for annual periods beginning on or after January 1, 2015

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. INVENTORY

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Work-in-progress - Vicinity buses	3,029,657	1,137,009	9,675	-

On October 13, 2011, the Company entered into a manufacturing agreement (the "Agreement") with a manufacturing company located in the People's Republic of China ("Chinese manufacturer"). Pursuant to terms of the Agreement, the Chinese manufacturer produces and supplies the Company with the Vicinity branded buses that meet specifications of the Company's customers.

As at May 31, 2013, inventory consists of costs of component parts that the Company has purchased and shipped to the Chinese manufacturer for installation in Vicinity buses under construction, as well as other manufacturing costs incurred directly by the Company. Periodic deposit payments are made by the Company to the Chinese manufacturer to fund the manufacturing costs of the Vicinity buses.

5. DEPOSITS

Pursuant to the Agreement described in Note 4, the Company has made the following prepayments to the Chinese manufacturer:

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Manufacturing deposits	-	183,092	20,000	-

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Vicinity Demo Bus	Vehicles	Computer Equipment	Office Furniture & Equipment	Total
	\$	\$	\$		\$
Cost					
At September 2, 2008	-	-	819	-	819
Additions	255,806	46,534	-	-	302,340
At August 31, 2010	255,806	46,534	819	-	303,159
Additions	-	-	-	-	-
At August 31, 2011	255,806	46,534	819	-	303,159
Additions	-	-	-	-	-
At August 31, 2012	255,806	46,534	819	-	303,159
Additions	197,390	-	5,437	61,950	264,777
At May 31, 2013	453,196	46,534	6,256	61,950	567,936
Accumulated Depreciation					
At September 2, 2008	-	-	225	-	225
Depreciation	28,423	6,980	327	-	35,730
At August 31, 2010	28,423	6,980	552	-	35,955
Depreciation	85,269	11,866	147	-	97,282
At August 31, 2011	113,692	18,846	699	-	133,237
Depreciation	85,269	8,306	66	-	93,641
At August 31, 2012	198,961	27,152	765	-	226,878
Depreciation	56,845	4,361	803	-	62,009
At May 31, 2013	255,806	31,513	1,568	-	288,887
Carrying Value					
August 31, 2010	227,383	39,554	267	-	267,204
August 31, 2011	142,114	27,688	120	-	169,922
August 31, 2012	56,845	19,382	54	-	76,281
May 31, 2013	197,390	15,021	4,688	61,950	279,049

As at May 31, 2013, the carrying amount of the Vicinity Demo Bus of \$197,390 relates to manufacturing costs for new Vicinity Demo Bus. The new Vicinity Demo Bus will be used for promotional activities in Ontario, Quebec and the Maritimes.

During the period ended May 31, 2013, the Company incurred leasehold improvement costs of \$23,995 and is amortized over 5 years using straight-line depreciation method.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

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7. INTANGIBLE ASSET

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Cost				
Opening balance	202,636	202,636	202,636	-
Additions	-	-	-	202,636
Ending balance	202,636	202,636	202,636	202,636
Accumulated Amortization				
Opening balance	157,605	90,060	22,515	-
Amortization	45,031	67,545	67,545	22,515
Ending balance	202,636	157,605	90,060	22,515
Carrying value	-	45,031	112,576	180,121

During the year ended August 31, 2010, the Company incurred development costs of \$202,636 in relation to the design, construction and testing of the Vicinity demo bus. The development costs incurred have a finite-life and are amortized over 3 years based on the estimated useful life of the technology and certification accreditation obtained during the Vicinity demo bus development process.

8. DEFERRED REVENUE

On October 13, 2011, the Company entered into a sales agreement with BC Transit to deliver to BC Transit 15 Vicinity buses at a unit price of \$253,000 for a total of \$3,795,000. Pursuant to the sales agreement, the Company received \$948,750 upon signing the contract and \$759,000 upon achievement of BC Transit Approved Factory Acceptance Certificate. The remaining payments are subject to the following payment milestones:

Milestones	Cash Payments	% of Contract Value
	\$	
Upon contract signing (received)	948,750	25%
Upon BC Transit approved factory acceptance certificate (received)	759,000	20%
Upon BC Transit approved delivery acceptance certificate	1,138,500	30%
Upon expiry of the 60-day payment retention period post delivery acceptance	948,750	25%
	3,795,000	100%

During the nine months ended May 31, 2013, the Company and BC Transit reached an agreement to reduce the second instalment from 25% to 20% of the total contract value.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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9. SHORT-TERM LOANS

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Bridge Loan	850,000	-	-	-
Accretion on Bridge Loan	57,310	-	-	-
Less: Financing costs incurred	(119,893)	-	-	-
	787,417	-	-	-
Operating Line of Credit	150,000	-	-	-
Line of Credit	-	10,000	45,000	-
	937,417	10,000	45,000	-

In September 2012, the Company entered into an Operating Loan Agreement and Term Loan Agreement to obtain an operating line of credit of \$150,000 and a bridge loan of \$1,000,000, respectively. The loan proceeds including \$850,000 of the bridge loan were received in early December 2012. The operating line of credit bears interest at prime rate plus 1.00% per annum and is due on demand. The bridge loan bears interest at prime rate plus 0.75% per annum and is due on December 10, 2013.

These loans are secured by land owned by a company controlled by certain directors and officers of the Company (see Note 12). In addition, the loans are also secured by the Company's certain assets, assignment of proceeds from sales agreement with BC Transit (Note 8), assignment and postponement of loan from indemnitors of various amounts.

Transaction costs of \$119,893 related to obtaining the bridge loan were initially carried as deferred financing costs and were netted against the loan proceeds when the loan was received. Transaction costs of \$21,158 related to the operating line of credit were expensed as interest and bank charges when the proceeds of the operating line of credit were received.

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Balance, beginning of year	-	-	-	-
Addition	730,107	-	-	-
Interest accretion	73,248	-	-	-
Interest paid	(15,938)	-	-	-
Balance, end of year	787,417	-	-	-

10. VEHICLE LOAN

	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Financing loan	22,252	27,588	34,598	41,152
Less: Current portion	(7,516)	(7,241)	(6,889)	(6,554)
	14,736	20,347	27,709	34,598

On March 15, 2010, the Company purchased a motor vehicle for \$46,534 with a down payment of \$5,382 and a dealership loan of \$41,152. The loan bears interest at 4.99% per annum and is due on March 14, 2016. Monthly repayment for the loan is \$705 starting April 14, 2010.

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10. VEHICLE LOAN (continued)

Minimum principal repayments over the next two years are anticipated to be as follows:

2015	7,900
2016	6,836
	<u>14,736</u>

11. SHARE CAPITAL

Authorized:

Unlimited number of shares without par value:

GWTI:

Class A voting common shares

Class G non-voting common shares

The Class A voting common shares and Class G non-voting common shares have identical participation rights and restrictions except that Class G common shares have no voting rights.

GWTC:

Common shares

Issued and outstanding – see Statement of Changes in Shareholder's Equity

The details for the common share issuance during the years ended August 30, 2010, 2011 and 2012 and for the period ended May 31, 2013 are as follows:

- a) During the years ended August 31, 2009 and 2010, the Company issued an aggregate of 115 Class A voting shares and Class G non-voting shares.
- b) On January 31, 2013, the Company issued 11,039,045 common shares for a nominal consideration of \$0.00001 per share. On February 4, 2013, the shareholders of GWTI entered into a Share Exchange Agreement with the Company, whereby 115 common shares of GWTI were purchased by the Company in exchange for 374,440 common shares of the Company. There is no share-based payment expense recognized for the \$0.00001 cent shares or the shares issued as part of the Share Exchange Agreement as these transactions represent a reorganization of the share capital among the same group of shareholders in their capacity as shareholders.
- c) On February 5, 2013, the shareholders of GWTI entered into a Loan Assignment Agreement with the Company, in which the Company purchased the outstanding shareholders' loan of \$1,317,303 by issuing 6,586,515 common shares at \$0.20 per share to the shareholders of GWTI.
- d) On May 16, 2013, the Company completed a brokered private placement of 4,190,000 common shares at \$0.25 per share for gross proceeds of \$1,047,500. In connection with the brokered private placement, the Company paid an agent's fee consisting of a cash commission of \$82,400 and issuance of 329,600 agent options with a fair value of \$51,911. In addition, the Company paid a corporate finance fee of \$7,500. The Company also paid professional fees in cash of \$53,680.
- e) In May 2013, the Company completed non-brokered private placements of 1,450,000 common shares at \$0.25 per share for gross proceeds of \$362,500. In connection with a non-brokered private placement of 50,000 common shares at \$0.25 per share, the Company paid a finder's fee consisting of a cash commission of \$15,250 and issuance of 4,000 share purchase warrants with a fair value of \$626.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL (continued)

Stock options

i) Agent Options

A summary of the Company's agent options are as follows:

	Number of Agent Options	Weighted Average Exercise Price
Outstanding and exercisable, August 31, 2012, 2011 and 2010	-	-
Granted	329,600	\$0.25
Outstanding and exercisable, May 31, 2013	329,600	\$0.25

On May 17, 2013, the Company issued 329,600 agent options related to the brokered private placement described in Note 11 e) above. The agent options are exercisable to purchase one common share each at \$0.25 per share for a period that expires on the earlier of i) two years following the date of closing of the initial public offering; and ii) December 31, 2018. The weighted average remaining contractual life of the agent options is 2.37 years.

Stock options (continued)

The fair value of the agent options granted was \$51,911. The Company calculated the fair value of agent options using the Black-Scholes model.

i) Agent Options (continued)

	May 31, 2013
Share price	\$0.25
Risk – free interest rate	1.05%
Expected life of options	2.37 years
Dividend rate	0%
Forfeiture rate	0%
Annualized volatility	115%

The fair value per agent option granted is \$0.16.

ii) Directors and officers stock options

Refer to Note 19 for stock options granted to the Company's directors and officers subsequent to May 31, 2013.

Warrants

A summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, August 31, 2012, 2011 and 2010	-	-
Issued	4,000	\$0.25
Outstanding and exercisable, May 31, 2013	4,000	\$0.25

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

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(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

On May 31, 2013, the Company issued 4,000 finder warrants related to the non-brokered private placement described in Note 11 f) above. The finder warrants are exercisable to purchase one common share each at \$0.25 per share for a period that expires on the earlier of i) two years following the date of closing of the initial public offering; and ii) December 31, 2018. The weighted average remaining contractual life of the finder warrants is 2.33 years.

The fair value of the finder warrants issued was \$626. The Company calculated the fair value of finder warrants using the Black-Scholes model.

	May 31, 2013
Share price	\$0.25
Risk – free interest rate	1.05%
Expected life of warrants	2.33 years
Dividend rate	0%
Annualized volatility	115%

The fair value per finder warrant issued is \$0.16.

12. RELATED PARTY BALANCES AND TRANSACTIONS

a. Related party transactions

Details of transactions and outstanding balances with related parties including key management personnel and entities over which they have control or significant influence are as follows:

	Nine Months ended May 31, 2013	2012	2011	2010
<i>Transactions</i>	\$	\$	\$	\$
Accounting fees to a company with a common shareholder	16,350	6,445	9,400	16,407
Consulting fees to an officer	5,000	-	-	-
Consulting fees to a company controlled by an officer	20,000	-	-	-
Consulting fees to a company with a common shareholder	65,409	40,000	-	-
Engineering costs to a company controlled by an officer	166,000	140,000	90,000	97,508
Rent to a company with a common senior officer	36,015	65,000	-	-
Research and development costs to a company with a common shareholder	180,000	240,000	200,000	120,000

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

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(Expressed in Canadian Dollars)

12. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Balances	May 31, 2013	August 31, 2012	August 31, 2011	August 31, 2010
	\$	\$	\$	\$
Due from a company controlled by common shareholders	1,104	254	-	-
Due to a company owned by a shareholder and officer	(620)	(251,264)	(236,679)	(181,090)
Due to a company controlled by common shareholders	508	(61,300)	(61,300)	(362,500)
Due to a company owned by a shareholder	(3,460)	(277,885)	(272,552)	(193,084)
Due to shareholders, officers and directors	(1,001,551)	(1,516,150)	(1,043,178)	(267,138)
	(1,004,019)	(2,106,345)	(1,613,709)	(1,003,812)
Accounts payable to a company with a common shareholder	(87,141)	(4,500)	-	(1,439)
Accounts payable to a company controlled by an officer	-	-	-	(5,600)
Accounts payable to an officer	(9,116)	-	(6,873)	-
Accounts payable to a company owned by a shareholder and officer	(200,850)	(181,536)	-	-

a) Related party transactions (continued)

No post-employment benefits, other long-term benefits and termination benefits were made during the nine months ended May 31, 2013 and during the years ended August 31, 2012, 2011 and 2010.

All related party balances are non-interest bearing, unsecured and have no fixed terms of repayment.

In February 2013, the shareholders of GWTI transferred 100% of their ownership interests in GWTI to GWTG in exchange for 374,440 common shares (Notes 2 and 11 c). In addition, the shareholders of GWTI assigned their rights and title to outstanding loan receivable from GWTI to GWTG for a consideration of 6,586,515 shares of GWTG at a deemed price of \$0.20 per share for \$1,317,303 (Note 11 d).

In addition, land owned by a company which is controlled by certain officers and directors of the Company, has been pledged as security for the short-term loans described in Note 9. The Company has compensated the officers and directors of their company in the amount of \$ 143,178 for providing this security to the bank on behalf of the Company.

b) Key management compensation

Key management includes directors and senior officers of the Company. The remuneration of key management personnel, which are paid in cash, is summarized below.

	Nine months ended May 31, 2013	2012	2011	2010
Management fees	\$ 411,000	\$ 420,000	\$ 290,000	\$ 205,000

The management fees are classified in general and administration and research and development expenses.

Subsequent to May 31, 2013, the Company amended its directors and officers compensation by declaring to issue a total of 2,200,000 stock options at the date of initial public offering (Note 18 c).

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

13. INCOME TAX

The Company is subject to income taxes in the applicable tax jurisdictions, under which it operates, primarily in Canada.

Income tax expenses are as follows:

	Nine Months ended May 31, 2013	2012	2011	2010
	\$	\$	\$	\$
Current income tax expenses	-	-	-	-
Deferred income tax expenses	-	-	-	-
Total income tax expenses	-	-	-	-

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. The significant differences are as follows:

	Nine Months ended May 31, 2013	2012	2011	2010
	\$	\$	\$	\$
Combined statutory rates	25%	25%	25%	25%
Loss before tax	1,167,052	900,714	926,599	521,226
Income taxes at statutory rates	25%	26.13%	28.00%..	29.63%
Expected tax recovery	291,763	235,312	259,448	154,413
Non-deductible items	(51,999)	(25,075)	(101,580)	(34,622)
Change in tax rates	(4,198)	13,691	(15,425)	(18,719)
Change in unrecognized deferred tax assets	(235,566)	(223,928)	(142,443)	(101,072)
Tax recovery for the period	-	-	-	-

Deferred taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The tax effects of deductible temporary differences for which no deferred tax asset has been recognized is as follows:

	Nine Months ended May 31, 2013	2012	2011	2010
	\$	\$	\$	\$
Tax loss carry-forwards	789,000	519,600	341,600	224,700
Property and Equipment	(41,100)	(7,300)	(30,700)	(55,000)
Financing costs	23,700	23,700	1,200	-
Deferred tax assets (liabilities)	771,600	536,000	312,100	169,700

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, accounts payable, due to related parties, short-term loan and long-term loan. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	Nine Months ended May 31, 2013	2012	2011	2010
	\$	\$	\$	\$
FVTPL (i)	817,406	249,712	70,891	151,540
Other financial liabilities (ii)	3,491,262	3,183,757	1,771,364	1,053,497

(i) Cash

(ii) Accounts payable, due to related parties, short-term loan, and vehicle loan

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Nine months ended May 31, 2013</i>				
Cash	817,406	-	-	817,406
<i>Year ended August 31, 2012</i>				
Cash	249,712	-	-	249,172
<i>Year ended August 31, 2011</i>				
Cash	70,891	-	-	70,891
<i>Year ended August 31, 2010</i>				
Cash	151,540	-	-	151,540

Interest Rate and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. The Company has significant cash balances. To minimize the interest rate and credit risk the Company places these instruments with high credit quality financial institutions located in Canada.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (continued)

Currency Risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The Company is not significantly exposed to currency risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and by maintaining sufficient cash on hand through equity financing and loans from related parties.

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	\$	\$	\$	\$	\$
<i>At May 31, 2013</i>					
Accounts payable	1,527,574	(1,527,574)	(1,527,574)	-	-
Due to related parties	1,004,019	(1,004,019)	(1,004,019)	-	-
Short-term loan	937,417	(937,417)	(937,417)	-	-
Long-term loan	22,252	(22,252)	(9,455)	(7,999)	(4,799)
Total	3,491,262	(3,491,262)	(3,478,465)	(7,999)	(4,799)
<i>At August 31, 2012:</i>					
Accounts payable	1,039,824	(1,039,824)	(1,039,824)	-	-
Due to related parties	2,106,345	(2,106,345)	(2,106,345)	-	-
Short-term loan	10,000	(10,000)	(10,000)	-	-
Long-term loan	27,588	(27,588)	(7,241)	(7,610)	(12,736)
Total	3,183,757	(3,183,757)	(3,163,410)	(7,610)	(12,736)
<i>At August 31, 2011</i>					
Accounts payable	78,057	(78,057)	(78,057)	-	-
Due to related parties	1,613,709	(1,613,709)	(1,613,709)	-	-
Short-term loan	45,000	(45,000)	(45,000)	-	-
Long-term loan	34,598	(34,598)	(6,889)	(7,241)	(20,469)
Total	1,771,364	(1,771,364)	(1,743,655)	(7,241)	(20,469)
<i>At August 31, 2010</i>					
Accounts payable	8,533	(8,533)	(8,533)	-	-
Due to related parties	1,003,812	(1,003,812)	(1,003,812)	-	-
Long-term loan	41,152	(41,152)	(6,554)	(7,900)	(6,836)
Total	1,053,497	(1,053,497)	(1,018,899)	(7,900)	(6,836)

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

15. CAPITAL DISCLOSURES

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion correspondingly to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt.

16. EMPLOYEE BENEFITS

The Company does not hold a defined contribution plan or a defined benefits plan with its employees. The only compensation provided to its employee is wages.

For the nine months ended May 31, 2013 and for the years ended August 31, 2012, 2011 and 2010, the Company incurred total employee compensation expense of \$24,777, \$Nil, \$6,375 and \$Nil, respectively.

17. COMMITMENT

- a) Pursuant to the sales agreement with BC Transit as described in Note 8, the Company is committed to provide technical representation, training sessions and a supply of replacement parts for the 10-year life cycle of the Vicinity bus. In addition, the Company is committed to provide warranty for each of the 15 Vicinity buses and shall commence upon the date of issuance of the Delivery Acceptance Certificate for each bus.
- b) Pursuant to the Corporate Finance Services Amendment Agreement, the Company is committed to pay the consultant a fee of \$400,000 consisting of Finder's Fee, M&A Fee and Corporate Advisory Fee (the "IPO Fee"). The consultant agrees that 50% of the IPO fee will be paid in cash and the remaining 50% of the IPO fee will be paid through issuance of shares upon completion of the IPO at a deemed price equal to \$0.50. The Finder's Fee of \$14,250 will be deducted from the IPO Fee. In addition, the Company is committed to pay a monthly fee of \$2,500 plus HST commencing September 1, 2012 to the date of completion of the initial public offering.

18. SUBSEQUENT EVENTS

- a) On June 13, 2013, the Company received proceeds of \$150,000 for 600,000 shares issued in relation to the non-brokered private placement held during the period ended May 31, 2013, but for which the proceeds were not paid as at May 31, 2013.
- b) On July 10, 2013, the Company approved the compensation for independent directors of the Company's Board. The compensation consists of \$750 for each meeting attended and annual retainers ranging from \$12,000 to \$17,000 dependent upon board committee duties.
- c) On August 9, 2013, the Company granted 2,400,000 stock options to the Company's directors and officers and a consultant. The stock options will vest at 25% on the initial public offering ("IPO") date and 25% every six months thereafter. Each stock option is exercisable at \$0.50 over a period of 5 years from the IPO date.
- d) On August 8, 2013, the Company entered into a debt settlement agreement with a company controlled by certain officers and directors of the Company, under which a debt of \$600,000 will be converted into 1,200,000 common shares at \$0.50.

Grande West Transportation Group Inc.

Notes to the Consolidated Financial Statements

Years Ended August 31, 2012, 2011 and 2010

Nine Months Ended May 31, 2013

(Expressed in Canadian Dollars)

18. SUBSEQUENT EVENTS (continued)

- e) On August 13, 2013, the Company entered into an Investor Relations Agreement to obtain project consulting and investor relations services. The term of the agreement is 6 months commencing August 15, 2013 and is renewable for additional 1 year. The compensation payable to the investor relations agent consists of a monthly fee of \$7,500 and issuance of stock options equal to 1% of the number of issued and outstanding shares following completion of the IPO. The stock options are exercisable at \$0.50 over a period of 3 years from date of grant and will vest over a period of one year at the rate of 25% at the end of each quarter.
- f) On August 15, 2013, the Company entered into an Escrow Agreement in which 20,320,000 common shares issued and outstanding were escrowed. Pursuant to the Escrow Agreement, the escrowed shares will be released from escrow at 10% and 15% of the number of escrowed securities on the date of IPO and every six months thereafter, respectively.
- g) Subsequent to year-end, the Company intends to complete a financing on a private placement basis, concurrent with the closing of the IPO (the 'Concurrent Private Placement') of up to 500,000 common shares at a price equal to \$0.50 for gross proceeds of up to \$250,000. The closing of the Concurrent Private Placement is conditional upon the closing of the IPO. A finders' fee will be paid in cash equal to up to 8% of the proceeds from the sale of common shares pursuant to the Concurrent Private Placement and/or the Company will grant non-transferable warrants entitling the finder to purchase the number of common shares equal to up to 8% of the number of common shares sold pursuant to the Concurrent Private Placement. The warrants are exercisable at a price of \$0.50 per share for a period of 24 months from the closing of the Concurrent Private Placement.
- h) On November •, 2013, the Company filed a final prospectus with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission.

CERTIFICATE OF GRANDE WEST TRANSPORTATION GROUP INC.

Dated: October 31, 2013

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

s/ "William R. Trainer"

WILLIAM R. TRAINER,
President & Chief Executive Officer

s/ "John J. Sutherland"

JOHN J. SUTHERLAND,
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

s/ "Joanne Yan"

JOANNE YAN,
Director

s/ "Michael Evans"

MICHAEL EVANS,
Director

CERTIFICATE OF PROMOTER

Dated: October 31, 2013

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

s/ "William R. Trainer"

WILLIAM R. TRAINER,
Director

CERTIFICATE OF THE AGENTS

Dated: October 31, 2013

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

MACQUARIE PRIVATE WEALTH INC.

s/ "Brent Larkan"

Name: Brent Larkan

Title: Head of Syndication and PVC

s/ "Nargis Sunderji"

Name: Nargis Sunderji

Title: Vice President, PVC Corporate Finance

EURO PACIFIC CANADA, INC.

s/ "Blair Jordan"

Name: Blair Jordan

Title: Managing Director, Investment Banking