

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

## PROSPECTUS

**Initial Public Offering**

**December 14, 2007**

### **TERRA FIRMA CAPITAL CORPORATION (a capital pool company)**

**\$700,000  
(3,500,000 Common Shares)**

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

The purpose of this offering (the “**Offering**”) is to provide Terra Firma Capital Corporation (the “**Corporation**”) with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter defined. Any Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and, in the case of a Non-Arm’s Length Qualifying Transaction, must also receive Majority of the Minority Approval, as hereinafter defined, in accordance with Exchange Policy 2.4, *Capital Pool Companies* (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”), as hereinafter defined, has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, as hereinafter defined, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. The Corporation currently anticipates pursuing a Qualifying Transaction primarily through the acquisition of real property, focusing on the commercial, industrial and institutional sectors, but there is no assurance that this will in fact be the assets or businesses of a proposed Qualifying Transaction of the Corporation following Completion of the Qualifying Transaction. See “Use of Proceeds” and “Business of the Corporation”.

The Corporation hereby conditionally offers through its agent, Canaccord Capital Corporation (the “**Agent**”), up to 3,500,000 common shares in the capital of the Corporation (the “**Common Shares**”) to the public at a price of \$0.20 per share. The Offering is being made on a best efforts basis by the Agent in the provinces of British Columbia, Alberta and Ontario (collectively, the “**Jurisdictions**”) and is subject to the receipt by the Corporation of a subscription of 3,500,000 Common Shares for total gross proceeds to the Corporation of \$700,000. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Corporation, in accordance with the terms and conditions contained in the Agency Agreement, as hereinafter defined, and is subject to approval of certain legal matters by Goodmans LLP on behalf of the Corporation and by Torys LLP on behalf of the Agent. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement and will not be released until \$700,000 has been deposited and the Agent has consented to such release. If subscriptions for an aggregate of 3,500,000 Common Shares (for gross proceeds of \$700,000) are not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be authorized by the applicable securities regulatory authorities in the Jurisdictions (collectively, the “**Commissions**”) and consented to by Persons, as hereinafter defined, who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See “Plan of Distribution”.

|                                     | Common Shares | Price to public | Agent's commission <sup>(1)</sup> | Net proceeds to the Corporation <sup>(2)</sup> |
|-------------------------------------|---------------|-----------------|-----------------------------------|--|
| Per Common Share .....              | 1.00          | \$0.20          | \$0.012                           | \$0.188  |
| Total Offering <sup>(3)</sup> ..... | 3,500,000     | \$700,000       | \$42,000                          | \$658,000                                      |

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- (1) A cash commission equal to 6.0% of the gross proceeds will be paid to the Agent. See "Plan of Distribution".
- (2) Before deducting the costs and expenses of this Offering (excluding the Agent's fees) estimated at \$93,000 (inclusive of the Agent's legal fees of not more than \$15,000 and expenses) and the listing fee payable to the Exchange of \$10,000 plus taxes. See "Use of Proceeds".
- (3) A total of 3,500,000 Common Shares are offered and qualified for distribution hereunder. In addition, this prospectus qualifies for distribution the grant of options to the directors and officers of the Corporation to purchase up to a total of 385,000 Common Shares at a price of \$0.20 per share exercisable for a period of five years from the date of grant. See "Plan of Distribution" and "Options to Purchase Securities".

The Corporation intends to grant stock options to purchase an aggregate of 385,000 Common Shares under the Corporation's Stock Option Plan. The grant of these options is also qualified under this prospectus. See "Plan of Distribution".

### Market for Securities

**There is currently no market through which the securities may be sold and purchasers may not be able to resell the securities purchased pursuant to the Offering hereunder.** The Exchange has conditionally accepted the Common Shares for listing on the Exchange. Listing will be subject to the Corporation fulfilling all the requirements of the Exchange.

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

### Risk Factors

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

The Corporation was only recently incorporated, owns no assets other than cash, has no record of earnings and has not entered into an Agreement in Principle, as hereinafter defined, with respect to a proposed Qualifying Transaction and may not generate earnings or pay dividends in the immediate or foreseeable future. The proposed business of the Corporation involves a degree of risk and there is no assurance that the Corporation will identify assets or businesses which warrant, or successfully negotiate any, acquisition or participation, or that any such opportunities or businesses acquired will be profitable. Until completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. Moreover, if a potential asset or business is identified and an acquisition or participation therein is warranted, additional funds may be required and there is no assurance that the Corporation will be able to obtain such financing. Subscribers hereunder will experience immediate dilution of approximately \$0.05 per Common Share or 24%, prior to deduction of selling commissions and related expenses. An acquisition financed by the issuance of additional treasury shares or other securities may result in further dilution and a change of control of the Corporation. In the event the Corporation identifies and completes the acquisition of an entity or assets located outside of Canada, it may be difficult or impossible to effect service or notice to commence legal proceedings on any directors, officer and experts located outside of Canada. It may not be possible to enforce, against such persons or such corporation, judgments obtained in

Canadian courts predicated on the civil liability provisions of the applicable securities laws in Canada. **For these reasons, which are only summaries thereof, an investment herein is suitable only to those investors who are willing to rely solely on the management of the Corporation and who can afford to lose all of their investment.** See “Business of the Corporation”, “Capitalization” and “Risk Factors”.

**The Corporation currently anticipates pursuing a Qualifying Transaction primarily through the acquisition of real property, focusing primarily on the commercial, industrial and institutional sectors; however there is no assurance that the Qualifying Transaction will involve the acquisition of real property, focusing primarily on the commercial, industrial and institutional sectors or otherwise, or be successfully completed.**

The Exchange may suspend from trading or delist the Common Shares if the Corporation fails to complete a Qualifying Transaction within twenty-four (24) months following the date the Common Shares are listed on the Exchange. Suspension from trading of the Common Shares may, and delisting of the Common Shares will, result in the Commissions issuing an interim cease trade order against the Corporation. **In addition, delisting of the Common Shares will result in the cancellation of all of the currently issued and outstanding shares of the Corporation held by Insiders, as hereinafter defined, that are Discounted Seed Shares within the meaning of the CPC Policy.**

### **Maximum Investment**

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the number of Common Shares offered under this prospectus (which will be 70,000 Common Shares). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates, as such terms are hereinafter defined, of that purchaser, is 4% of the number of Common Shares offered under this prospectus (which will be 140,000 Common Shares).

### **Receipt of Subscriptions**

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

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## GLOSSARY

“**Affiliate**” means a Company that is affiliated with another Company, described as follows. A Company is an “Affiliate” of another Company if:

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

A Company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

“**Agency Agreement**” means the agency agreement dated December 14, 2007 between the Corporation and the Agent.

“**Agent**” means Canaccord Capital Corporation.

“**Aggregate Pro Group**” means all Persons who are members of any pro group, whether or not the member is involved in a contractual relationship with the Corporation to provide financing, sponsorship and other advisory services. For this purpose, “pro group” has the meaning given under the rules of the Exchange, and generally includes members of the Exchange and their Affiliates, partners, directors, officers and employees, and Associates of any of them, as well as any other Person or party determined by the Exchange to not be acting at arm’s length to such members of the Exchange.

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

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

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

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

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

- (d) in the case of a Person who is an individual:
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

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

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

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

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

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

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

“**Corporation**” means Terra Firma Capital Corporation.

“**CPC**” means a corporation:

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

“**CPC Policy**” means Exchange Policy 2.4, *Capital Pool Companies*.

“**Escrow Agent**” means Computershare Investor Services Inc.

“**Escrow Agreement**” has the meaning ascribed thereto under “Escrowed Securities”.

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

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

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

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

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

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

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a related party transaction (as defined for the purposes of Ontario Securities Commission Rule 61-501, *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*):
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction,

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

“**NEX**” means the separate trading board of the Exchange which provides a trading market for the securities of an issuer that has ceased to meet the Tier 2 maintenance requirements of the Exchange.

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

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

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

“**Offering**” means the offering of Common Shares pursuant to this prospectus.

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

“**Principal**” means:

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

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

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

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

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

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

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

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

**"Seed Shares"** means the 3,150,000 Common Shares issued and outstanding prior to the Offering.

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

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

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

**"Value Securities"** are securities issued pursuant to a transaction for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement.

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

## PROSPECTUS SUMMARY

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

- Offering:** A total of 3,500,000 Common Shares are being offered under this prospectus at a price of \$0.20 per share, for gross proceeds of \$700,000. The Offering is being made on a best efforts basis. The Corporation also intends to grant, at the closing of the Offering and under the Corporation's Stock Option Plan, stock options to the directors and officers of the Corporation to purchase an aggregate of 385,000 Common Shares at \$0.20 per share and exercisable for a period of five years from the date of grant, all of which options are qualified for distribution under this prospectus. See "Plan of Distribution" and "Options to Purchase Securities".
- Corporation:** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any Qualifying Transaction must be approved by the Exchange, and in the case of a Non-Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, in accordance with the CPC Policy. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. The Corporation currently anticipates pursuing a Qualifying Transaction primarily through the acquisition of real property focusing primarily on the commercial, industrial and institutional sectors, but there is no assurance that this will in fact be the assets or businesses of a proposed Qualifying Transaction of the Corporation following Completion of the Qualifying Transaction. An acquisition financed by the issuance of treasury shares or other securities by the Corporation could result in a change of control of the Corporation and may cause the shareholders' interests in the Corporation to be reduced. See "Business of the Corporation".
- Use of Proceeds:** The net proceeds of this Offering to the Corporation will be \$658,000, after deducting the Agent's commission but before deducting expenses of the issue. The net proceeds of this Offering will be used to provide the Corporation with funds to be used to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such business or assets once identified and evaluated and additional funds may be required. Subject to approval by the Exchange, until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized from the sale of all securities issued by the Corporation and \$210,000, may be used for purposes other than evaluating businesses or assets, subject to obtaining a waiver from the Exchange. See "Use of Proceeds", "Business of the Corporation - Method of Financing" and "Risk Factors".

**Directors and Management:** The following are the directors and officers of the Corporation:

Allan Silber, Director, Chairman and (Interim) Chief Executive Officer  
Dr. Chris Bart, Director  
Jamie Golombek, Director  
Morris Perlis, Director  
Philip Reichmann, Director  
Reuben M. Rosenblatt, Director  
Howard Wortzman, (Interim) Chief Financial Officer

See "Directors, Officers and Promoter".

**Escrow Provisions:** All of the 3,150,000 currently issued and outstanding Common Shares will be deposited in escrow pursuant to the terms of an Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

**Risk Factors:** **There is no established market for the Common Shares. An investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.**

The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction, if ever. The directors and officers of the Corporation will devote only part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of approximately \$0.05 per share or 24%, prior to deduction of selling commissions and related expenses. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction. Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, Majority of

the Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no right to dissent and no entitlement to payment by the Corporation of the fair value for the Common Shares. Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing. Neither the Exchange nor any securities regulatory authority will pass upon the merits of the proposed Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such Persons judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. Subject to prior Exchange acceptance, the Corporation may be permitted to loan or to advance as a refundable deposit up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval, and a maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange. There can be no assurance that the Corporation will be able to recover any such loans and advances.

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

## THE CORPORATION

The Corporation was incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on July 26, 2007. The head office and the registered office of the Corporation are located at 250 Yonge Street, Suite 2400, Toronto, Ontario M5B 2M6.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

To date, the Corporation has incurred or accrued administrative or development expenses of approximately \$71,000, representing the costs of incorporation and organization, filing fees, insurance costs, legal and auditing fees and expenses. The Corporation has incurred expenses of approximately \$30,000 since the date of the Corporation’s balance sheet included in this prospectus, representing filing fees, insurance costs, legal and auditing fees and expenses. Part of the net proceeds of the Offering may be utilized to satisfy the obligations of the Corporation related to this Offering, including the expenses of its auditors and legal counsel. See “Use of Proceeds”.

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests and does not own any assets, other than cash. The Corporation currently anticipates pursuing a Qualifying Transaction primarily through the acquisition of real property, focusing primarily on the commercial, industrial and institutional sectors; **however, there is no assurance that a Qualifying Transaction will involve the acquisition of such assets or businesses, be in any such sectors, or be successfully completed.** See “Potential Qualifying Transactions”.

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

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

### Method of Financing

The Corporation may use either cash, bank financing, other secured or unsecured loans, the issuance of treasury shares or other securities, private or public financing, or a combination thereof, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares or other securities could result in a change in the control of the Corporation and may cause the shareholders’ interest in the Corporation to be further diluted.**

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

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors.

### **Process of Identification of a Qualifying Transaction**

The Corporation proposes to identify acquisitions of interests in assets or businesses through discussions with various contacts of certain of the officers and directors of the Corporation. Once a prospective acquisition target has been identified and evaluated, the Corporation will proceed to negotiate the terms upon which it may acquire an interest in the assets or business.

## **EXCHANGE REQUIREMENTS**

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

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

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

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

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

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

### **Potential Qualifying Transaction**

The Corporation anticipates focusing on developing a Qualifying Transaction primarily through the acquisition of real property, focusing primarily on the commercial, industrial and institutional sectors. The Corporation has had preliminary discussions with several businesses to determine whether there is a mutual interest in the Corporation concluding an acquisition. None of these discussions have progressed to the point where the Corporation has an Agreement in Principle or where any particular acquisition would be described as probable.

### **Minimum Listing Requirements**

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

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

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

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

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

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

### **Refusal of Qualifying Transaction**

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

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

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$700,000 and will be in addition to the gross proceeds of \$315,000 received by the Corporation from the sale of 3,150,000 Common Shares prior to the date of this prospectus (the "**Seed Offering**"). The expenses and costs of this Offering and the Seed Offering will be deducted from the aggregate gross proceeds thereof.

The following table sets forth the principal sources and proposed uses of the funds available to the Corporation upon the completion of this Offering:

|   | <u>Offering</u>  |
|---|------------------|
| <b>Proceeds to the Corporation</b>  |                  |
| Cash proceeds raised pursuant to the Seed Offering <sup>(1)</sup> .....   | \$315,000        |
| Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup> .....   | \$700,000        |
| Estimated expenses and costs relating to the Seed Offering and this Offering (including listing fees, Agent's commission, audit fees, legal fees and expenses and prospectus filing fees and printing costs) <sup>(3)</sup> ... | \$(145,000)      |
| Estimated funds available (on completion of this Offering) <sup>(2)</sup> .....   | <u>\$870,000</u> |
| <b>Use of Proceeds</b>  |                  |
| Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup> .....  | \$805,000        |
| Estimated general and administrative expenses until Completion of a Qualifying Transaction .....  | <u>\$65,000</u>  |
| <b>TOTAL NET PROCEEDS</b>   | <u>\$870,000</u> |

(1) See "Prior Sales".

(2) In the event that the directors and officers exercise their respective options, there will be available to the Corporation an additional \$77,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.

(3) Of this amount, approximately \$71,000 has been incurred to date, with approximately \$41,000 having been incurred prior to the date of the Corporation's balance sheet as at September 30, 2007, and an additional \$30,000 having been incurred subsequent to September 30, 2007. See "Business of the Corporation - Preliminary Expenses" and the Corporation's balance sheet as at September 30, 2007.

(4) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire amount of funds available for identifying and evaluating assets or business prospects, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

### **Permitted Use of Funds**

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

The proceeds may be used for expenses incurred for the preparation of: (a) valuations or appraisals; (b) business plans; (c) feasibility studies and technical assessments; (d) sponsorship reports; (e) engineering or geological reports; (f) financial statements, including audited financial statements; (g) fees for legal and accounting services; and (h) Agent's fees, costs and commissions, relating to the identification and evaluation of assets or businesses and the obtaining of shareholder approval, if applicable, for the Corporation's proposed Qualifying Transaction.

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

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

Subject to approval by the Exchange, until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation and \$210,000 will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Uses of Funds" listed above include: (a) listing and filing fees (including SEDAR fees); (b) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and (c) administrative and general expenses of the Corporation, including: (i) office supplies, office rent and related utilities; (ii) printing costs (including the printing of this prospectus and share certificates); (iii) equipment leases; and (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds". No proceeds will be used to acquire or lease a vehicle.

### **Private Placements for Cash**

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

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

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including: (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees, loans, advances and bonuses; and (b) deposits and similar payments. Further, no such payment will be made on or after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

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

pocket expenses incurred in pursuing the business of the Corporation described in “Permitted Use of Funds”.

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

## **PLAN OF DISTRIBUTION**

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

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer, on a best efforts basis, for distribution to the public 3,500,000 Common Shares, as provided in this prospectus, at a price of \$0.20 per Common Share, for gross proceeds of \$700,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission equal to 6.0% of the aggregate gross proceeds from the sale of the Common Shares. The Agent has not been granted any option to subscribe for additional Common Shares in connection with this Offering.

Other than as described in this prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other Person in connection with the Offering. The Offering will be made in accordance with the rules and policies of the Exchange and with the consent of the Exchange. The closing of the Offering will take place at such time as the Corporation and the Agent may agree, provided that the conditions for closing have been met.

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

### **Best Efforts Offering and Minimum Distribution**

The Offering is for 3,500,000 Common Shares at a price of \$0.20 per share for total gross proceeds of \$700,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% of the total number of Common Shares in the Offering, representing 70,000 Common Shares. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% of the total number of Common Shares under the Offering, representing 140,000 Common Shares. The funds received from the Offering will be held by the Agent and will not be released until \$700,000 has been deposited. A subscription of 3,500,000 Common Shares for aggregate gross proceeds of \$700,000 must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be authorized by the Commissions and consented to by Persons who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

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

The Corporation also proposes to grant at the closing of the Offering options to purchase up to 385,000 Common Shares at a price of \$0.20 per share exercisable for a period of five years from the date of grant, to the directors and officers of the Corporation pursuant to the Corporation’s Stock Option Plan and in accordance with the policies of the Exchange.

### **Determination of Price**

The Offering price was determined by negotiation between the Corporation and the Agent.

### **Listing Application**

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

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

The Agent has advised the Corporation that to the best of its knowledge and belief, none of its directors, officers, employees or contractors, or any Associate or Affiliate thereof, has subscribed for Common Shares.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the Aggregate Pro Group members, including the participants referred to above, is 20% of the number of issued and outstanding Common Shares, exclusive of Common Shares reserved for issuance at a future date. Subject to (i) compliance with any applicable client priority rule, and (ii) the restrictions applicable to all purchasers to the Offering described under “Plan of Distribution - Offering Amount”, such participants are permitted to subscribe for Common Shares pursuant to this Offering.

### **Restrictions on Trading**

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

## **DESCRIPTION OF SHARE CAPITAL**

### **Common Shares**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 3,150,000 are issued and outstanding as fully paid and non-assessable Common Shares. In addition, a maximum of 3,500,000 Common Shares are reserved for issuance pursuant to this Offering and 385,000 Common Shares are reserved for issuance upon exercise of the options to be granted at the closing of this Offering to the directors and officers of the Corporation pursuant to the Corporation’ Stock Option Plan. See “Prior Sales”, “Options to Purchase Securities” and “Plan of Distribution”.

The holders of the Common Shares are entitled to: (a) vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; (b) receive any dividend declared by the Corporation on the Common Shares; and (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, receive the remaining property of the Corporation upon dissolution, liquidation or winding-up of the Corporation.

## CAPITALIZATION

The following table sets forth the capitalization of the Corporation on an audited basis as at September 30, 2007 and the *pro forma* capitalization after giving effect to this Offering assuming the distribution of all Common Shares offered:

| <b>Designation of security</b> | <b>Amount Authorized</b> | <b>Outstanding as at September 30, 2007<sup>(1)</sup></b> | <b>Amount to be outstanding after giving effect to the Offering<sup>(2)(3)(4)</sup></b> |
|--------------------------------|--------------------------|---|---|
| Common Shares                  | unlimited                | \$315,000<br>(3,150,000 Common Shares)                    | \$1,015,000<br>(6,650,000 Common Shares)  |

- (1) As at the date of the most recent balance sheet contained in this prospectus, the Corporation has not commenced commercial operations.
- (2) The board of directors of the Corporation intends to grant stock options to the directors and officers of the Corporation in respect of an aggregate of 385,000 Common Shares at an exercise price of \$0.20 per share pursuant to the Corporation's Stock Option Plan and has reserved 385,000 Common Shares therefor. See "Options to Purchase Securities".
- (3) 3,150,000 Common Shares issued at \$0.10 per share will be held in escrow in accordance with the CPC Policy. See "Escrowed Securities".
- (4) Before deducting the costs and expenses of this issue (and certain pre-Offering costs) estimated in the aggregate amount of \$103,000, including the listing fee payable to the Exchange and before deducting the Agent's cash commission of \$42,000. See "Use of Proceeds – Proceeds and Principal Purposes".

## OPTIONS TO PURCHASE SECURITIES

At the closing of this Offering, the board of directors of the Corporation intends to grant options to the directors and officers of the Corporation in respect of an aggregate of 385,000 Common Shares pursuant to the Corporation's Stock Option Plan, as set out in the table below.

| <b>Name of Optionee</b> | <b>Number of Common Shares reserved under option</b> | <b>Exercise Price</b> | <b>Expiration Date</b>     |
|-------------------------|--|-----------------------|----------------------------|
| Allan Silber            | 100,000  | \$0.20                | 5 years from date of grant |
| Dr. Chris Bart          | 50,000   | \$0.20                | 5 years from date of grant |
| Jamie Golombek          | 50,000   | \$0.20                | 5 years from date of grant |
| Morris Perlis           | 50,000   | \$0.20                | 5 years from date of grant |
| Philip Reichmann        | 50,000   | \$0.20                | 5 years from date of grant |
| Reuben M. Rosenblatt    | 50,000   | \$0.20                | 5 years from date of grant |
| Howard Wortzman         | 35,000   | \$0.20                | 5 years from date of grant |
| <b>Total</b>            | <b>385,000</b>                                       |                       |                            |

### Stock Option Plan

The board of directors of the Corporation intends to adopt the Stock Option Plan. Under the Stock Option Plan, the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Corporation, non-transferable options to purchase Common Shares, or such other shares as may be substituted therefor, exercisable for a period of up to five years from the date of grant. Except as otherwise agreed by the administrators of the Stock Option Plan, so long as the Common Shares are then listed and posted for trading on the Exchange, the exercise price per Common Share of each option shall be no lower than the greater of \$0.20 and the Discounted Market Price (as determined under the applicable policies of the Exchange).

The number of Common Shares reserved for issuance under the Stock Option Plan is equal to 10% of the issued and outstanding Common Shares from time to time, except that so long as the Corporation remains a CPC, the number of Common Shares reserved for issuance under the Stock Option Plan is limited to 10% of the issued and outstanding Common Shares upon the closing of the Offering. The aggregate number of Common Shares reserved for issuance to any one individual under the Stock Option Plan will not exceed 5% of the issued and outstanding Common Shares, the aggregate number of Common Shares reserved for issuance to any one consultant under the Stock Option Plan will not exceed 2% of the issued and outstanding Common Shares and the aggregate number of Common Shares reserved for issuance to all individuals employed to provide investor relations activities under the Stock Option Plan will not exceed 2% of the issued and outstanding Common Shares.

Options must be exercised no later than 90 days (30 days in the case of individuals employed to provide investor relations activities) following cessation of the optionee's position with or provision of services to the Corporation, provided that if the cessation of such position or services was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

If an optionee shall cease to be a director or officer of the Corporation upon the Corporation successfully completing its Qualifying Transaction, then all unexercised options granted to such optionee shall expire one year from the date of the Final Exchange Bulletin issued by the Exchange in connection with such Qualifying Transaction. In the event that any options granted to such optionee are subject to vesting provisions, those options will automatically vest as at the date of the Final Exchange Bulletin. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrow Securities".

There are additional restrictions contained in the Stock Option Plan which apply while the Corporation remains a CPC. In particular, so long as the Corporation remains a CPC, the following shall apply:

- (a) stock options under the Stock Option Plan or any other plan of the Corporation shall only be granted to directors, officers and technical consultants of the Corporation;
- (b) stock options granted under the Stock Option Plan or any other plan of the Corporation shall only entitle the holder to acquire Common Shares;
- (c) the number of Common Shares reserved for issuance to all technical consultants under the Stock Option Plan or any other plan of the Corporation shall not exceed 2% of the issued and outstanding Common Shares;
- (d) the Corporation is prohibited from granting options to any Person providing investor relations activities, promotional or market-making services; and
- (e) options granted to any Person that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction and 90 days after such person ceases to be a director, officer, employee or technical consultant of the Resulting Issuer.

#### **PRIOR SALES**

Since the date of incorporation, the Corporation has issued 3,150,000 Common Shares, as follows:

| <b>Date</b>        | <b>Number of Common Shares</b> | <b>Issue price per share</b> | <b>Aggregate issue price</b> | <b>Nature of Consideration received</b> |
|--------------------|--------------------------------|------------------------------|------------------------------|---|
| July 31, 2007      | 1                              | \$0.10                       | \$0.10                       | Cash                                    |
| September 12, 2007 | 2,499,999                      | \$0.10                       | \$249,999.90                 | Cash                                    |
| September 25, 2007 | 650,000                        | \$0.10                       | \$65,000.00                  | Cash                                    |
| <b>TOTAL</b>       | <b>3,150,000</b>               | <b>\$0.10</b>                | <b>\$315,000.00</b>          | <b>Cash</b>                             |

## ESCROWED SECURITIES

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

All Common Shares issued prior to this Offering at a price below \$0.20 per Common Share, all Common Shares that may be acquired by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with Computershare Investor Services Inc. under an escrow agreement dated December 14, 2007 (the "Escrow Agreement").

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

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

| <b>Name and municipality of residence of shareholder</b> | <b>Common Shares Held</b> | <b>Number of Common Shares held in escrow</b> | <b>Percentage of Common Shares prior to giving effect to the Offering<sup>(1)</sup></b> | <b>Percentage of Common Shares after giving effect to Offering<sup>(1)</sup></b> |
|--|---------------------------|---|---|--|
| Allan Silber<br>Toronto, ON                              | 950,000                   | 950,000                                       | 30.16%  | 14.29%   |
| Counsel Corporation <sup>(2)</sup><br>Toronto, ON        | 650,000                   | 650,000                                       | 20.63%  | 9.77%  |
| Dr. Chris Bart<br>Hamilton, ON                           | 300,000                   | 300,000                                       | 9.52%   | 4.51%  |
| Jamie Golombek<br>Toronto, ON                            | 300,000                   | 300,000                                       | 9.52%   | 4.51%  |
| Morris Perlis <sup>(3)</sup><br>Thornhill, ON            | 300,000                   | 300,000                                       | 9.52%   | 4.51%  |
| Philip Reichmann<br>Toronto, ON                          | 300,000                   | 300,000                                       | 9.52%   | 4.51%  |
| Reuben M. Rosenblatt<br>Toronto, ON                      | 300,000                   | 300,000                                       | 9.52%   | 4.51%  |
| Howard Wortzman<br>Thornhill, ON                         | 50,000                    | 50,000  | 1.59%   | 0.75%  |
| <b>Total</b>   | <b>3,150,000</b>          | <b>3,150,000</b>                              | <b>99.98%<sup>(4)</sup></b>   | <b>47.36%</b>  |

- (1) Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of any stock options.
- (2) Counsel Corporation is a publicly-listed corporation whose common shares are listed and posted for trading on The Toronto Stock Exchange under the trading symbol "CXS".
- (3) The 300,000 Common Shares are held by Morris Perlis indirectly through Morris Perlis & Associates Inc., a company of which Morris Perlis is the sole shareholder. All such 300,000 Common Shares will be required to be held in escrow in accordance with the Exchange's policy applicable to a holding company, as described hereinafter.
- (4) This column, based on the individual percentages set out herein, does not add up to exactly 100.00% due to the rounding to two decimal places only of the individual percentages.

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

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

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

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

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

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares; or
- (b) if the Corporation lists on NEX, either:
  - (i) cancel all Seed Shares purchased by Non-Arm’s Length Parties to the Corporation at a discount from the IPO price, namely \$0.20 per Common Share, in accordance with Section 11.2(a) of the CPC Policy, or
  - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm’s Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to \$0.20.

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

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are “Value Securities”, then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security escrow agreement (the “**Value Security Escrow Agreement**”).

However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a “**Surplus Security Escrow Agreement**”).

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

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

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

### PRINCIPAL SHAREHOLDERS

The following table lists those Persons who own, of record or beneficially, directly or indirectly, 10% or more of the issued and outstanding Common Shares as at the date hereof:

| <b>Name</b>                                       | <b>Type of Ownership</b>    | <b>Common Shares owned prior to completion of Offering</b> | <b>Percentage of Common Shares owned prior to completion of Offering<sup>(2)</sup></b> | <b>Percentage of Common Shares owned upon completion of Offering<sup>(2)(3)</sup></b> |
|---|-----------------------------|--|--|---|
| Allan Silber<br>Toronto, ON                       | Of Record &<br>Beneficially | 950,000 <sup>(1)</sup>                                     | 30.16%   | 14.29%  |
| Counsel Corporation <sup>(4)</sup><br>Toronto, ON | Of Record &<br>Beneficially | 650,000 <sup>(1)</sup>                                     | 20.63%   | 9.77%   |

(1) Subject to the Escrow Agreement.

(2) Assuming that no Common Shares are purchased under this Offering and before the exercise of any options granted under the Stock Option Plan.

(3) On a fully-diluted basis, assuming the exercise of all options granted under the Stock Option Plan, the above holders of Common Shares, after giving effect to the Offering, would own approximately the following percentages of the outstanding Common Shares:

- (i) Allan Silber 14.93%
- (ii) Counsel Corporation 9.24%
- (4) Counsel Corporation is a publicly-listed corporation whose common shares are listed and posted for trading on The Toronto Stock Exchange under the trading symbol "CXS".

## DIRECTORS, OFFICERS AND PROMOTER

### Name, Address, Occupation, Security Holding and Involvement with other Reporting Issuers

The board of directors of the Corporation consists of six persons. Each director of the Corporation holds office until the next annual meeting of shareholders or until his successor is elected or appointed. The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation, their present principal occupations, the number of Common Shares beneficially owned or over which they directly or indirectly exercise control or direction and the percentage of Common Shares to be held by each of them prior to and on completion of the Offering:

| Name, age and municipality of residence            | Office                                     | Present Principal Occupation <sup>(2)</sup>                             | Number (and Percentage) of Common Shares prior to completion of the Offering <sup>(3)</sup> | Number (and Percentage) of Common Shares upon completion of the Offering <sup>(3)</sup> |
|--|--|---|---|---|
| Allan Silber, 58<br>Toronto, ON                    | Director,<br>Chairman and<br>(Interim) CEO | Chairman, President and CEO,<br>Counsel Corporation                     | 950,000<br>(30.16%)   | 950,000<br>(14.29%)   |
| Dr. Chris Bart, 55<br>Hamilton, ON <sup>(1)</sup>  | Director                                   | Professor,<br>DeGroote School of Business of<br>McMaster University     | 300,000<br>(9.52%)  | 300,000<br>(4.51%)  |
| Jamie Golombek, 38<br>Toronto, ON <sup>(1)</sup>   | Director                                   | Vice-President, Tax & Estate Planning<br>AIM Funds Management Inc.      | 300,000<br>(9.52%)  | 300,000<br>(4.51%)  |
| Morris Perlis, 58<br>Thornhill, ON <sup>(4)</sup>  | Director                                   | Corporate Director  | 300,000<br>(9.52%)  | 300,000<br>(4.51%)  |
| Philip Reichmann, 50<br>Toronto, ON <sup>(1)</sup> | Director                                   | Founding Partner,<br>ReichmannHauer Capital Partners Inc.               | 300,000<br>(9.52%)  | 300,000<br>(4.51%)  |
| Reuben Rosenblatt, 74<br>Toronto, ON               | Director                                   | Partner,<br>Minden Gross LLP  | 300,000<br>(9.52%)  | 300,000<br>(4.51%)  |
| Howard Wortzman, 57<br>Thornhill, ON               | (Interim) Chief<br>Financial Officer       | Vice President,<br>Real Estate Asset Management,<br>Counsel Corporation | 50,000<br>(1.59%)   | 50,000<br>(0.75%)   |

(1) Member of the Audit Committee.

(2) Each of the persons have held these positions for five years other than as described below.

(3) Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of any options granted under the Stock Option Plan.

(4) The 300,000 Common Shares are held by Morris Perlis indirectly through Morris Perlis & Associates Inc., a company of which Morris Perlis is the sole shareholder.

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

The following are brief résumés of the directors and officers of the Corporation:

### **Allan Silber**

Mr. Silber has been the Chairman, President and Chief Executive Officer of Counsel Corporation since August 2, 1979. Counsel Corporation is a diversified company focused on the acquisition of businesses in various industry sectors and at various stages of their business life cycles. Counsel Corporation is currently focused on businesses in four specific sectors: long-term care, case goods, real estate in Canada and patent licensing in the United States. In a material change report filed on September 6, 2007, Counsel Corporation disclosed that it had reached an agreement to sell its remaining long-term care assets. Mr. Silber is actively involved in a number of cultural, charitable and community-based organizations, including participation at the board level, and has been Chairman of numerous fundraising events for community-based international organizations. His philanthropic endeavours include a focus on the homeless through the United Appeal. In 1998, Mr. Silber was recognized as an Honouree of The Jewish National Fund in recognition of community leadership and dedicated public service. Mr. Silber attended McMaster University and received a BSc from the University of Toronto.

### **Dr. Chris Bart**

Dr. Bart has been at McMaster University's DeGroot School of Business since January 1981 and is currently a Professor of Strategic Market Leadership (Strategy and Governance). He is also the founding Principal and Lead Professor of The Directors College. Dr. Bart has published over 100 articles, cases and reviews and he is best known for his pioneering research which has demonstrated the positive impact that mission statements have on organizational performance. His practical approach for bringing mission statements to life has inspired business leaders and audiences around the world. Dr. Bart is also the author of one of Canada's best sellers for business, "A Tale of Two Employees and the Person Who Wanted to Lead Them". Recently, Dr. Bart has been awarded the Ontario Chamber of Commerce "Outstanding Business Achievement Award for Corporate Governance". Dr. Bart obtained his Ph.D. from the Ivey School of Business, University of Western Ontario, and both his MBA and BA (Hons Bus.) from the Schulich School of Business, York University. He is also a member of the Institute of Chartered Accountants of Ontario.

### **Jamie Golombek**

Mr. Golombek is Vice-President, Tax and Estate Planning with AIM Trimark Investments. His work involves both internal and external consulting on all areas of taxation and estate planning. Mr. Golombek is also responsible for AIM Trimark's Tax & Estate InfoService, which provides detailed information to financial advisors on various tax and estate planning inquiries. Prior to joining AIM Trimark in July 1996, Mr. Golombek was a tax specialist in the Toronto office of Deloitte & Touche LLP, where he specialized in both personal and corporate tax planning. Mr. Golombek received his B.Com. from McGill University, earned his Chartered Accountant designation in Ontario and qualified as a U.S. Certified Public Accountant in the State of Illinois. Mr. Golombek has also obtained his Certified Financial Planning (CFP) and Chartered Life Underwriting (CLU) designations. In September 2006, Mr. Golombek was awarded the Institute of Chartered Accountants of Ontario's Award of Distinction, which honours those CAs who have made an early impact, bringing distinction to themselves and to their profession through leadership and achievement in their professional, community and/or personal lives. Mr. Golombek is also the current chair of the Investment Funds Institute of Canada's Tax Working Group as well as a member of the Ontario Institute of Chartered Accountants, the Illinois CPA Society, the Estate Planning Council of Toronto, the Canadian Tax Foundation and the Society of Trust and Estate Practitioners. Mr. Golombek also teaches an MBA course in Personal Finance at the Schulich School of Business at York University in Toronto.

### **Morris Perlis**

Mr. Perlis sits on the board of Connors Brothers Income Fund and various non-profit boards including Mount Sinai Hospital Foundation and the Baycrest Centre for the Aged Foundation. Mr. Perlis was also a member of the board of Associated Brands Income Fund and continues to serve as a member of the board of the successor entity following its privatization in May 2007. Mr. Perlis served on the board of directors of Sears Canada Inc. from April 2005 to May 2006 and on the board of directors of Assante Corporation from April 2001 to its acquisition by CI Fund Management Inc. in November 2003. Mr. Perlis was the President and Chief Executive Officer, and a Director, of Mad Catz Interactive, Inc. from 2001 to early 2004 and from March 2000 to January 2006, respectively, and a Director and the President of Counsel Corporation for the nine years prior to that. In addition, Mr. Perlis worked for both General Foods, Canada Inc. and American Express. While at American Express, Mr. Perlis served on numerous senior level executive committees, including the Chairman's Policy and Planning Committee, and was President and Chief Executive Officer of American Express Bank of Canada.

### **Philip Reichmann**

Mr. Reichmann is a director of Counsel Corporation, and is a Founding Partner of ReichmannHauer Capital Partners Inc. from November 1, 2005. Prior to November 2005, Mr. Reichmann was employed as Chief Executive Officer of O&Y Properties Corporation and O&Y REIT. Mr. Reichmann began his formal career in 1978 as a commercial leasing representative at Olympia & York Developments Limited. In 1993, Mr. Reichmann formed O&Y Properties Inc. to manage and lease a portfolio of ten office properties consisting of nine million square feet. Prior to its sale in 2005, O&Y had become the largest third-party commercial property management company in Canada with over 100 million square feet under management. Mr. Reichmann is involved with several charitable causes, particularly hospital foundations and Jewish education.

### **Reuben M. Rosenblatt**

Mr. Rosenblatt is a partner at Minden Gross LLP and a member of the Law Society of Upper Canada. Mr. Rosenblatt received his B.A. from the University of Toronto in 1955, graduated with Honours from Osgoode Hall Law School of York University in 1959 and received his LL.M and LL.B from Osgoode Hall Law School in 1977 and 1991, respectively. Mr. Rosenblatt joined Minden Gross LLP in April 1982 and is the Chair and a senior member of the Real Estate Group at Minden Gross LLP, with his practice focusing on complex real estate matters. Mr. Rosenblatt has also been an adjunct professor at Osgoode Hall Law School since 1977 teaching the Real Estate Transactions Course, as well as a frequent lecturer on real estate related issues at professional institutes, legal associations and universities. Mr. Rosenblatt was awarded the 2007 Law Society Medal by the Law Society of Upper Canada which recognizes outstanding Ontario lawyers whose service reflects the highest ideals of the profession and was also the first recipient of the Canadian Bar Association Award of Excellence in Real Estate in January 1996.

### **Howard Wortzman**

Mr. Wortzman has been the Senior Vice President, Real Estate Investment at Counsel Corporation since November 2007. Mr. Wortzman has over 32 years of experience as a financial professional in public practice and industry. Mr. Wortzman joined Counsel Corporation in May of 1987 as Vice President, Finance for its real estate subsidiaries, which included retail, office and industrial ownership positions, office and retail developments, property management activities, and the creation of a number of real estate fund and syndication opportunities. As a member of the real estate executive team, Mr. Wortzman worked closely with the leaders of all disciplines including acquisition, development and property management professionals. In 1993, Mr. Wortzman became Vice President, Finance of Counsel Corporation, and directed all financial reporting, budgeting, cash management and tax planning and

compliance activities. In this position, Mr. Wortzman gained invaluable experience in the areas of public reporting, tax, due diligence, initial and secondary public offerings, and managing organizational change. At the beginning of 2002, Mr. Wortzman took on the added responsibility as Chief Financial Officer of Counsel Real Estate Inc., overseeing the financial affairs for Counsel's re-entrance into the real estate industry. In October 2005, Mr. Wortzman became Vice President of Real Estate Asset Management at Counsel Corporation, overseeing most of Counsel Corporation's real estate activities. Mr. Wortzman received an Honours Bachelor of Arts degree in 1973 from the University of Toronto, an MBA in 1975 from York University and was admitted as a member of the Institute of Chartered Accountants in 1978.

As a group, the directors and officers of the Corporation exercise control or direction over 2,500,000 Common Shares, which represents 79.37% of the issued and outstanding Common Shares prior to this Offering. They will represent 37.59% of the issued and outstanding Common Shares after the Offering is completed, assuming no Common Shares are purchased by any director or officer of the Corporation and before the exercise of any stock options granted under the Corporation's Stock Option Plan.

The directors and officers, as a group, shall, upon the closing of the Offering, be entitled to options in respect of an aggregate of up to 385,000 Common Shares. See "Options to Purchase Securities".

### **Committees of the Board of Directors**

Given the current prescribed nature of the Corporation and its principal business being limited to identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction, it is anticipated that, prior to the Completion of the Qualifying Transaction, the only committee of the board of directors will be the audit committee.

The audit committee of the Corporation is comprised of Dr. Chris Bart, Jamie Golombek and Philip Reichmann (with Mr. Golombek serving as chair) and will assist the directors of the Corporation in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the Corporation, the adequacy of accounting controls and procedures and the quality and integrity of financial statements. Each member of the audit committee is independent (as prescribed by applicable law) of the Corporation.

As the board of directors of the Corporation has not appointed any other committee, the board of directors, as a whole, will be responsible for developing the Corporation's approach to corporate governance, executive compensation and other issues for which the board of directors is responsible.

### **Other Reporting Issuer Experience**

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

| <b>Name</b>    | <b>Name of reporting Issuer</b>   | <b>Name of exchange of market (if applicable)</b> | <b>Position</b>  | <b>From</b> | <b>To</b> |
|----------------|-----------------------------------|---|------------------|-------------|-----------|
| Allan Silber   | Counsel Corporation               | TSX   | Chairman and CEO | Aug. 1979   | Present   |
|                | Riocan REIT                       | TSX   | Director         | Dec. 1993   | May 2002  |
| Dr. Chris Bart | Eagle Precision Technologies Inc. | TSX   | Director         | Nov. 1997   | Jun. 2000 |

| Name             | Name of reporting Issuer                    | Name of exchange of market (if applicable) | Position             | From       | To        |
|------------------|---|--|----------------------|------------|-----------|
| Morris Perlis    | Associated Brands Income Fund               | TSX  | Trustee              | Feb. 2006  | May 2007  |
|                  | Connors Brothers Income Fund                | TSX  | Trustee              | May 2005   | Present   |
|                  | Sears Canada Inc.                           | TSX  | Director             | Apr. 2005  | May 2006  |
|                  | Mad Catz Interactive, Inc.                  | TSX, AMEX                                  | Director             | Mar. 2000  | Jan. 2006 |
|                  | Mad Catz Interactive, Inc.                  | TSX, AMEX                                  | President and CEO    | May 2001   | Mar. 2004 |
|                  | Assante Corporation                         | TSX  | Director             | Apr. 2001  | Nov. 2003 |
|                  | Counsel Corporation                         | TSX  | President            | Sept. 1992 | Apr. 2001 |
|                  | Counsel Corporation                         | TSX  | Director             | Sept. 1992 | Dec. 2001 |
| Philip Reichmann | O&Y Properties Corporation                  | TSX  | Director and officer | Dec. 1996  | Oct. 2005 |
|                  | O&Y Properties Real Estate Investment Trust | TSX  | Trustee and officer  | Mar. 2001  | Oct. 2005 |
|                  | Counsel Corporation                         | TSX  | Director             | Nov. 1984  | Present   |
| Howard Wortzman  | Counsel Corporation                         | TSX  | Officer              | 1993       | Present   |

### Conflict of Interest

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

### Promoter

Counsel Corporation may be considered to be the promoter of the Corporation in that it took the initiative in founding and organizing the Corporation. As of the date hereof, Counsel Corporation owns 650,000 Common Shares representing 20.63% of the outstanding Common Shares prior to the Offering and 9.77% of the outstanding Common Shares upon completion of the Offering (assuming that no Common Shares are purchased by Counsel Corporation under this Offering and before the exercise of any options granted under the Stock Option Plan). Counsel Corporation will not receive any compensation in its capacity as promoter of the Corporation. See “Principal Shareholders” and “Options to Purchase Securities”.

### Corporate Cease Trade Orders or Bankruptcies

Dr. Bart was formerly a director of Eagle Precision Technologies Inc. (“**Eagle**”). In mid-1999, Eagle experienced significant financial difficulties and on November 10, 1999, applied to the Ontario Superior Court of Justice (the “**Ontario Court**”) under the provisions of the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). A plan of compromise and arrangement under the CCAA was filed by Eagle with the Ontario Court and was subsequently approved by the requisite majority of Eagle’s creditors and shareholders and by the Ontario Court. The plan was implemented effective June 23, 2000. Dr. Bart resigned as a director of Eagle in June 2000.

Other than as described above, during the past 10 years, none of the directors, officers, Insiders or the promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation

to affect materially the control of the Corporation, was a director, officer, Insider or promoter of any other issuer that, while that Person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied that issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that Person.

### **Penalties or Sanctions**

None of the directors, officers, Insiders or the promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

None of the directors, officers, Insiders or the promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person has, within the 10 years before the date of this prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

## **EXECUTIVE COMPENSATION**

### **Remuneration**

Except as set out below or otherwise permitted by the CPC Policy and disclosed in this prospectus, prior to completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to any Person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including: (a) remuneration, which includes but is not limited to: (i) salaries; (ii) consulting fees; (iii) management contract fees or directors' fees; (iv) finders fees; (v) loans, advances, bonuses; and (b) deposits and similar payments.

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). No reimbursement may be made for any payment made to lease or buy a vehicle. Since its incorporation, the Corporation has not incurred any such expenses.

The Corporation has reserved 385,000 Common Shares for stock options to be issued to the directors and officers of the Corporation at the closing of the Offering pursuant to the Corporation's Stock Option Plan. See "Options to Purchase Securities".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation will pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Corporation or by any party on behalf of the Corporation after

Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

### **DILUTION**

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of approximately \$0.05 per Common Share or 24%, prior to deduction of selling commissions and related expenses. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus (based on 3,500,000 Common Shares being offered at a price of \$0.20 per share, for gross proceeds of \$700,000) and from sales of securities prior to filing this prospectus (based on 3,150,000 Common Shares having been issued at a price of \$0.10 per share, for aggregate gross proceeds of \$315,000), in each case without deduction of commissions or related expenses incurred by the Corporation.

### **RISK FACTORS**

The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares, which list is not exhaustive:

#### **Recent Incorporation and Payment of Dividends**

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

#### **Nature of Business**

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

#### **Directors, Officers and Conflicts of Interest**

The directors and officers of the Corporation will devote only a portion of their time and attention to the business and affairs of the Corporation. Some or all of the directors and officers of the Corporation have been, are, or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Directors, Officers and Promoter" and "Conflicts of Interests".

#### **Dilution**

Assuming completion of the Offering, investors will suffer an immediate dilution to their investment of approximately \$0.05 per Common Share or 24%, prior to deduction of selling commissions and related expenses. See "Dilution".

#### **Absence of Liquid Market**

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

#### **Limitations on Business**

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

### **Limited Funds**

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

### **Completion of Qualifying Transaction**

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

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

### **Absence of Right to Dissent**

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

### **Halts in Trading**

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

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

### **Suspension of Trading or Delisting**

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

### **Merits of the Qualifying Transaction**

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

### **Foreign Business**

In the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business or assets as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident

outside of Canada or upon the foreign business or assets and may find it difficult or impossible to enforce against such Persons, business or assets, judgments obtained in Canadian courts.

### **Dilution upon Qualifying Transaction**

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

### **Recovery of Loans**

Subject to prior Exchange acceptance, the Corporation may be permitted to loan or to advance as a refundable deposit up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval, and a maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange. There can be no assurance that the Corporation will be able to recover any such loans and advances.

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

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Mintz & Partners LLP having an address at 200 - 1 Concorde Gate, North York, Ontario M3C 4G4.

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario, is the transfer agent and registrar for the Common Shares.

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

The Agent for the Offering is Canaccord Capital Corporation and legal counsel to the Agent is Torys LLP. The Agent does not own any Common Shares. The employees, officers and directors of the Agent do not own any Common Shares. The partners and associates of Torys LLP, do not own any Common Shares but may subscribe for Common Shares pursuant to the Offering.

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

The legal counsel of the Corporation is Goodmans LLP. The partners and associates of Goodmans LLP do not own any Common Shares but may subscribe for Common Shares pursuant to the Offering.

### **LEGAL PROCEEDINGS**

The Corporation is not party to any legal proceedings nor, to the Corporation's knowledge, are any such proceedings contemplated.

## **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to investors in the Common Shares, other than the:

- (a) Transfer Agent and Registrar Agreement dated December 14, 2007 between the Corporation and Computershare Investor Services Inc.;
- (b) Agency Agreement dated December 14, 2007 between the Corporation and the Agent, referred to under “Plan of Distribution”; and
- (c) Escrow Agreement dated December 14, 2007 among the Corporation, Computershare Investor Services Inc. and those shareholders that executed such Escrow Agreement, referred to under “Escrow Securities”.

Copies of these agreements will be available for inspection at the offices of the Corporation, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter, and will also be available on the SEDAR at [www.sedar.com](http://www.sedar.com).

## **PURCHASERS’ STATUTORY RIGHTS**

Securities legislation in certain of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

**AUDITORS' CONSENT**

We have read the prospectus of Terra Firma Capital Corporation (the "**Corporation**") dated December 14, 2007 relating to the sale and issuance of 3,500,000 common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of the Corporation on the balance sheet of the Corporation as at September 30, 2007 and the statement of cash flows for the period from July 26, 2007 (date of incorporation) to September 30, 2007. Our report is dated October 8, 2007 (except for Note 4 which is as of December 14, 2007).

Toronto, Ontario  
December 14, 2007

*"Mintz & Partners LLP"*

Chartered Accountants  
Licensed Public Accountants

## AUDITORS' REPORT

To the Board of Directors of Terra Firma Capital Corporation

We have audited the balance sheet of Terra Firma Capital Corporation (the “**Corporation**”) as at September 30, 2007 and the statement of cash flows for the period from July 26, 2007 (date of incorporation) to September 30, 2007. These financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2007 and the statement of cash flows for the period from July 26, 2007 (date of incorporation) to September 30, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
October 8, 2007 (except as to Note 4 which  
is as of December 14, 2007)

*“Mintz & Partners LLP”*

Chartered Accountants  
Licensed Public Accountants

**Terra Firma Capital Corporation**  
**Balance Sheet**

As at September 30, 2007

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**Assets**

|  |                   |
|--|-------------------|
| Cash (note 2)                          | \$ 292,702        |
| Deferred share issuance costs (note 2) | 40,860            |
|  | <hr/>             |
|  | <b>\$ 333,562</b> |
|  | <hr/>             |

**Liabilities**

|  |           |
|--|-----------|
| Accounts payable and accrued liabilities | \$ 18,562 |
|--|-----------|

**Shareholders' Equity**

|                        |                   |
|------------------------|-------------------|
| Capital stock (note 3) | \$ 315,000        |
|                        | <hr/>             |
|                        | <b>\$ 333,562</b> |
|                        | <hr/>             |

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The accompanying notes are an integral part of these financial statements.

On behalf of the Corporation:

*(signed)* Jamie Golombek, Director

*(signed)* Chris Bart, Director

**Terra Firma Capital Corporation**  
**Statement of Cash Flows**

For the period from July 26, 2007 (date of incorporation) to September 30, 2007

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**Cash flows from financing activities**

|  |                   |
|--|-------------------|
| Issuance of capital stock                                    | \$ 315,000        |
| Deferred share issuance costs                                | \$ (22,298)       |
| Increase in cash during the period and cash at end of period | <b>\$ 292,702</b> |

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The accompanying notes are an integral part of these financial statements.

**Terra Firma Capital Corporation**  
**Notes to Financial Statements**

September 30, 2007

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**1. Incorporation**

Terra Firma Capital Corporation (the “**Corporation**”) was incorporated under the *Business Corporations Act* (Ontario) on July 26, 2007 and to date there have been no operations. Accordingly, statements of operations and retained earnings have not been prepared.

**2. Significant accounting policies**

Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars. The significant accounting policies are summarized as follows:

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from estimates.

Cash

In accordance with the policies of the Exchange, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to a maximum of the lesser of \$210,000 or 30% of the gross proceeds may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

Deferred share issuance costs

Costs incurred relating to the proposed issuance of common shares are deferred. Costs will be charged to capital stock upon the issuance of common shares. In the event that the share issuance does not occur, costs will be charged to income in that period.

The breakdown of deferred share issuance costs at September 30, 2007 is as follows:

|                                   |                         |
|-----------------------------------|-------------------------|
| Legal fees                        | \$ 35,860               |
| TSX Venture Exchange listing fees | <u>5,000</u>            |
|                                   | <b><u>\$ 40,860</u></b> |

**Terra Firma Capital Corporation**  
**Notes to Financial Statements**

September 30, 2007

Financial Instruments

The financial instruments of the Corporation consist of cash and accounts payable and accrued liabilities. It is the opinion of management that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments which are stated at fair value.

**3. Capital stock:**

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Authorized:

Unlimited common shares

Issued:

|                         |    |                |
|-------------------------|----|----------------|
| 3,150,000 common shares | \$ | <b>315,000</b> |
|-------------------------|----|----------------|

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On July 31, 2007, the Corporation issued one common share for cash consideration of \$0.10 upon its incorporation.

On September 12, 2007, the Corporation issued 2,499,999 common shares for aggregate cash consideration of \$250,000.

On September 25, 2007, the Corporation issued 650,000 common shares for aggregate cash consideration of \$65,000.

**4. Subsequent events:**

On December 12, the Corporation adopted a Stock Option Plan (the “**Plan**”). Under the terms of the Plan, the board of directors of the Corporation may from time to time, in its discretion, and in accordance with TSX Venture Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance under the Plan is equal to 10% of the issued and outstanding common shares of the Corporation from time to time, except that so long as the Corporation remains a CPC (as defined in the policies of the TSX Venture Exchange), the number of common shares reserved for issuance under the Plan is limited to 10% of the issued and outstanding common shares upon the closing of the Offering. The number of common shares reserved for issuance to any individual director or officer under the Plan shall not exceed 2% of the issued and outstanding common shares of the Corporation and the number of common shares reserved for issuance to any one consultant shall not exceed 2% of the issued and outstanding common shares.

On or about December 17, 2007, the Corporation intends to file a final prospectus for the sale of 3,500,000 common shares at a price of \$0.20 per share (the “**Offering**”), payable on closing for the aggregate gross proceeds of \$700,000, prior to the deduction of issue costs.

In connection with the Offering, the Corporation intends to grant, on closing of the Offering, stock options to the directors and officers of the Corporation to purchase 385,000 common shares at \$0.20 per share. The stock options will expire five years from the date the options are granted.

**CERTIFICATE OF THE CORPORATION**

December 14, 2007

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

*(signed)*

Allan Silber  
Chief Executive Officer

*(signed)*

Howard Wortzman  
Chief Financial Officer

**ON BEHALF OF THE BOARD**

*(signed)*

Jamie Golombek  
Director

*(signed)*

Chris Bart  
Director

**CERTIFICATE OF THE PROMOTER**

December 14, 2007

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

**COUNSEL CORPORATION**

*(signed)*

Allan Silber  
Chairman & Chief Executive Officer

**CERTIFICATE OF THE AGENT**

December 14, 2007

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

**CANACCORD CAPITAL CORPORATION**

*(signed)*

Ronald A. Rimer  
Managing Director