



Capital Pool Company[®] Program



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Capital Pool Company (CPC) Program, a two-step introduction to the Canadian capital market at TSX Venture Exchange

WANTED

EXPERIENCED INVESTORS

- Are you a private investor with significant experience working with junior public companies as a director or officer?
- Are you prepared to commit capital to a venture that enables you to ride the growth curve with a promising privately-held company as it enters the public world?
- Have you assembled a team of like-minded investors with the qualifications necessary to identify, investigate and acquire a privately-held business?

AMBITIOUS ENTREPRENEURS

- Are you an entrepreneur with a proven business acumen and a solid management team?
- Is your company looking for an experienced independent financier to take an equity stake in your company and lead you towards a successful public listing?
- Would you benefit from a proven process and program framework that provides an alternative to the conventional IPO route?

Be a CPC Founder

Be a Public Company

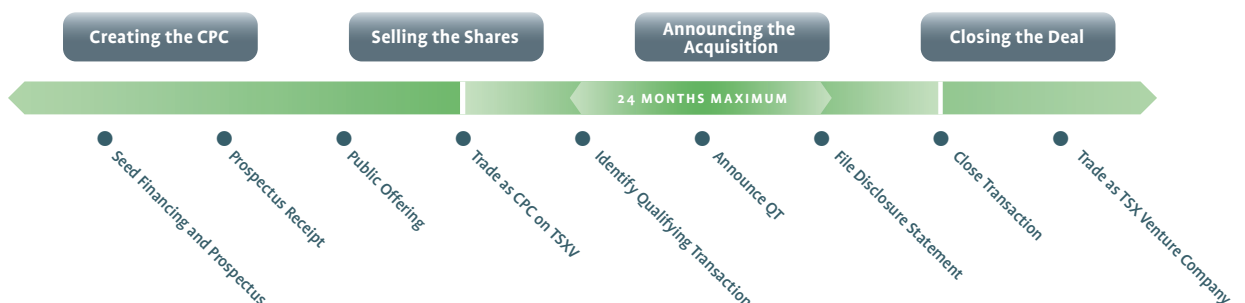
Then the CPC program could be right for you!!

As the public venture capital marketplace in Canada, TSX Venture Exchange provides growth companies with access to capital and offers investors a venture investment market with comprehensive compliance standards.

A unique listing vehicle, the Capital Pool Company program provides an alternative, two-step introduction to the capital markets. The CPC program introduces investors with financial market experience to entrepreneurs whose growth and development-stage companies require capital and public company management expertise. Unlike a traditional IPO, the CPC program enables seasoned directors and officers to form a “Capital Pool Company” with no assets other than cash and no commercial operations, list it on TSX Venture Exchange, and raise a pool of capital.

The CPC then uses these funds to seek out an investment opportunity in a growing business. Once the CPC has completed its “qualifying transaction” and acquired an operating company that meets Exchange listing requirements, its shares continue trading as a regular listing on TSX Venture Exchange.

The CPC Process



How the CPC Program Works

PHASE 1 – THE CAPITAL POOL COMPANY

CREATING THE CPC

At least three individuals with an appropriate combination of business and public company experience put up the greater of \$100,000 or 5% of the total funds raised.

These founders incorporate a shell company – the Capital Pool Company (CPC) – and issue shares in exchange for seed capital at a minimum price between the greater of \$0.05 and 50% of the price at which subsequent shares are to be sold via prospectus.

SELLING THE SHARES

The CPC and its advisors prepare a prospectus that outlines management's intention to raise between \$200,000 and \$4,750,000 by selling CPC shares at typically twice the issuance price of the seed shares, and to use the proceeds to identify and evaluate potential acquisitions.

The CPC files the prospectus with the appropriate securities commission(s), and applies for listing on TSX Venture Exchange.

The broker sells the CPC shares, pursuant to the prospectus, to at least 200 arm's length shareholders, each of whom buys at least 1,000 shares. No one purchaser can purchase more than 2% of the offering, and no one purchaser together with his, her, or its associates or affiliates can purchase more than 4% of the offering.

Once the distribution has been completed and closed, the CPC is listed for trading on TSX Venture Exchange. The symbol includes a .P to identify the company as a CPC.

PHASE 2 – THE QUALIFYING TRANSACTION

ANNOUNCING THE ACQUISITION

Within 24 months, the CPC identifies an appropriate business as its "qualifying transaction" and issues a news release to announce that it has entered an agreement in principle to acquire the business.

The CPC prepares a draft filing statement or information circular providing prospectus-level disclosure on the business that is to be acquired.

TSX Venture reviews the disclosure document and evaluates the business to ensure that it meets initial listing requirements.

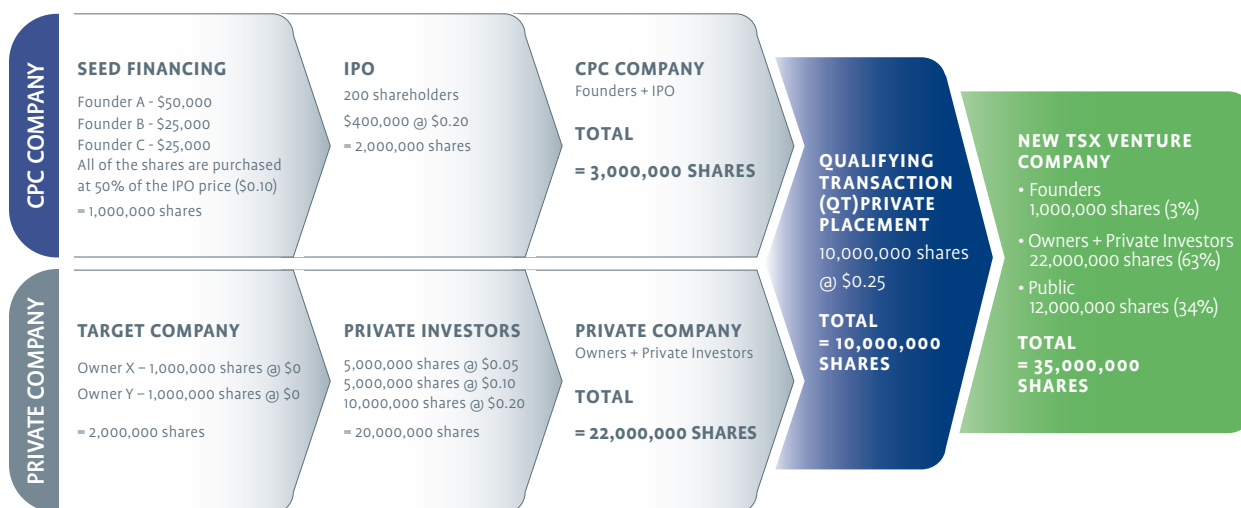
CLOSING THE DEAL

As shareholder approval is typically not required for an arms length qualifying transaction, the filing statement is posted on SEDAR for at least seven business days, after which, the qualifying transaction closes and the business is acquired.

Additional components of the deal often include a name change and private placement coinciding with the closing of the qualifying transaction.

The .P from the ticker symbol is removed and the company now trades as a regular TSX Venture listed company.

Example Corporate Structure of a Capital Pool Company



Why Choose CPC?

- Provides an alternative route to accessing capital that allows the company founders to retain a higher ownership than through a traditional IPO
- Public companies benefit from greater visibility, stock options and M&A currency for acquisitions via share issuance
- Provides a going public process that has greater flexibility, more certainty, and allows for more control by the companies
- Takes the risk out of the going public process for the company

When is the best time?

- Company is too early stage for a broadly distributed regular IPO
- IPO market is not strong enough in general
- Venture Capital financing is not viable or management prefers not to use
- Market appears to reward growth business of target company's sector

What you Need to Succeed

- A strong management team with experience running a public company
- A long term strategy and growth plan as a public company
- Reasonable valuation = Viable share structure
- Investor support
- Appropriate advisors (lawyer, broker, investment banker)

Contact our Business Development Team to learn more about your Capital Opportunity.

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