

FORM 4G

ALBERTA EXCHANGE OFFERING PROSPECTUS (THE "ALBERTA EOP")

Notice: The Disclosure In The Alberta EOP Shall Follow The Order Indicated. Where The Alberta EOP Is Filed In Alberta And Other Jurisdictions The Alberta EOP Must Comply With The Legislation Of Each Jurisdiction In Which Securities Will Be Distributed.

Refer to Policy 4.2 - Prospectus Offerings.

1. Face Page

Instruction

The information must fit on one page. If it does not, the cover page shall consist of items 1.1, 1.2 and 1.3 with the remaining information on the following page. No additional material shall be included, except, if desired, a brief sentence concerning the Alberta Issuer's business.

1.1 Headings

Insert the following or such variations thereof as the Exchange may permit, on the face page as applicable:

- (a) Neither the Canadian Venture Exchange Inc., the Alberta Securities Commission nor any other securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This exchange offering prospectus constitutes a public offering of these securities only in the Province of Alberta.
- (b) Prospective investors may wish to obtain further information from the documents filed with the Canadian Venture Exchange Inc. and the Alberta Securities Commission and listed herein or from the Alberta Issuer.
- (c) This is a preliminary exchange offering prospectus relating to these securities, a copy of which has been filed with the Canadian Venture Exchange Inc. and the Alberta Securities Commission but that has not yet become final for the purposes of a distribution. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time that the exchange offering prospectus has been accepted by the Canadian Venture Exchange Inc. and a receipt is obtained from the Alberta Securities Commission for the exchange offering prospectus.

1.2 Summary of the Offering

State the name of the Alberta Issuer and of the security being offered. State the amount of the offering in terms of dollars and units of the offered security, or the range if there is a minimum and maximum offering. State the price, if determined, or the method for determining the price (by making reference to the closing price prior to the offering day) if not determined.

1.3 Speculative Warning

State in bold print that the securities offered are speculative or highly speculative, if applicable, and provide a cross-reference to the risk factor section.

1.4 Distribution Spread Table

Provide a table showing the gross proceeds, agent's or underwriter's commission or discount, and net proceeds on a per unit, total offering and on a minimum and maximum offering basis.

If not determined, provide a description of the method by which these amounts will be determined. Provide an estimate of the other direct costs of the offering. If there is a secondary offering, so state. In the case of a special warrant offering a note to the distribution table should state the amount which has been received by the Alberta Issuer on the sale of the special warrants.

1.5 Plan of Distribution

State that the offering is being made through the facilities of the Exchange and whether it is by fixed price offering, open market distribution or special warrant offering. Identify the Agent and state whether the offering is underwritten or whether it is being distributed on an agency basis. Identify any additional compensation, in the form of options or otherwise, being given to the Agent and persons associated with or employed by it.

2. The Alberta Issuer And Its Business (The order of the information under this section may be changed to obtain greater clarity of presentation).

Instructions

- (a) "Material Subsidiary" means
 - (i) any subsidiary which contributes 20% or more of the Alberta Issuer's assets or revenues and is not wholly owned, or
 - (ii) any subsidiary the identity of which is material to an investor's investment decision because of the subsidiary's products, previous corporate activity, or any other reason, whether or not such subsidiary is wholly owned.

- (b) Mining and Oil and Gas Alberta Issuers:
- (i) In disclosing the Alberta Issuer's interest in a property, reference should be made to the size of the interest and its nature (i.e. whether owned absolutely or held on option, and if on option or otherwise subject to conditions to maintain the interest, the nature of the conditions).
 - (ii) All engineering and geological reports must comply with National Policy 2A or 2B, as applicable, except for Appendix 2 thereof. The summary of each report should include the following information:
 - A. Reserves should be categorized into Proved and Probable Additional. In the case of an oil and gas Alberta Issuer, Proved reserves should be further categorized into Proved Producing and Proved Non-Producing. The reserve definitions used must comply with those in the Regulations under the Securities Act (Alberta).
 - B. State anticipated capital expenditures during each of the first and second years after the date of the report and, if such expenditures are greater than estimated cash flow, indicate the amount by which they exceed estimated cash flow for the year.
 - C. Disclose whether estimates are on a pre-tax or after-tax basis.
 - D. State the effective date of the report.
 - E. State whether probable reserves have been reduced to reflect risk, and if so, indicate the amount of the reduction.
 - F. State the assumptions employed regarding prices, costs, inflation and other forecast factors used.

2.1 Corporate Summary

- (a) State the incorporating jurisdiction of the Alberta Issuer, the address of its principal office, the names of its Material Subsidiaries and the percentage it owns of each.
- (b) Describe any changes to the organizational structure of the Alberta Issuer and its Material Subsidiaries in the last five years and the nature and result of any material changes thereto including mergers, amalgamations, acquisitions or dispositions of material assets and relevant bankruptcy, receivership or similar proceedings.

2.2 Description of Business

Describe the business carried on by the Alberta Issuer and its Material Subsidiaries in the last two years or such shorter period as the Alberta Issuer or the Material Subsidiaries may have been in business. The description should include, if applicable, the following:

(a) **Industrial Issuer**

- (i) The principal product or service lines of the Alberta Issuer;
- (ii) The methods of production and distribution, the markets for the Alberta Issuer's principal products or services, and the sources of supply for raw materials;
- (iii) The general development of the business including significant capital expenditures incurred;
- (iv) Seasonal aspects of the operations and any relevant regulatory or environmental considerations;
- (v) The current status of previously announced new products, markets and other developments; and
- (vi) If the Alberta Issuer has not commenced business or is entering a new business, a feasibility study is to be filed unless the Alberta Issuer meets the following tests:
 - (A) Net income before extraordinary items of at least \$25,000 after all charges including income taxes in the financial year immediately preceding the filing of the preliminary Alberta EOP; or
 - (B) A minimum average net income before extraordinary items of \$25,000 after all charges including income taxes for two of the last three financial years; or
 - (C) The Alberta Issuer proposes to use a substantial portion of the proceeds of the offering to develop or acquire a business, which meets the tests in items 2.2(a)(vi)A and 2.2(a)(vi)B.

The feasibility study shall contain conclusions and recommendations regarding product feasibility, market plan implementation, product development and financial plan. These conclusions and recommendations shall be summarized in the Alberta EOP.

(vii) An Alberta Issuer who does not meet the tests in item 2.2(a)(vi) and who proposes to use the proceeds raised from the offering to continue the development of a product or service, which product or service was the subject of a prior feasibility study filed in connection with a prior prospectus, major transaction or reverse takeover information circular and dated within 12 months of the date of the receipt for the preliminary Alberta EOP, will be required to file an updated report prepared by a qualified independent party. Where there has been no material change in the affairs of the Alberta Issuer since the prior feasibility study, the updated report may take the form of a letter in which the consultant reconfirms the contents and conclusions contained in the prior feasibility study. Where there has been a material change in the affairs of the Alberta Issuer, the updated report should describe the material change and the effect of such change, if any on the conclusions contained in the prior feasibility study. If the date of the receipt for the preliminary Alberta EOP is later than 12 months from the date of the receipt for the prior prospectus, or the major transaction or reverse takeover information circular, a new feasibility study filed in accordance with item 2.2(a)(vi) will be required. The conclusions and recommendations should be summarized in the Alberta EOP.

(b) Mining Issuer

- (i) Identify all of the Alberta Issuer's properties, state their name, location, the mineral to be explored for, and the nature and extent of any development work performed during the last 24 months.
- (ii) For properties upon which proceeds of the offering will be spent or for which other capital expenditures (other than minimum work requirements) are planned, state the Alberta Issuer's interest, work performed to date, whether reserves have been established and if so, the extent of the reserves, exploration and development plans, and estimated costs. File a report of a qualified independent engineer or geologist dated not more than 12 months from the date of the preliminary Alberta EOP supporting the reserves, exploration and development plans, and costs.
- (iii) For each property acquired directly or through intermediaries from one of the persons named in item 5, not acquired at arm's length, or, acquired in the last 24 months, state the date and terms of the acquisition. If the acquisition was at arm's length, so state. If not, state the person from whom the property was acquired. If applicable, this information may be included in item 5.5 with a cross-reference.
- (iv) State the rates of production, if any, for the 24 month period prior to the date of the preliminary Alberta EOP.

(c) **Oil and Gas Issuer**

- (i) Describe the Alberta Issuer's principal properties, the Alberta Issuer's interest therein, and the nature and extent of any development work performed during the last 24 months.
- (ii) **Alberta Qualifying Issuer**
- (A) Provide a summary or summaries of proven and probable reserves indicating physical volumes and present value of future net cash flows discounted at 0%, 10%, 15% and 20%. Future net cash flow estimates must be based on constant current prices and costs but may be supplemented by escalated prices and costs. Include a statement that the Alberta Issuer is not aware of any material adverse change from the facts reported. State that the estimates do not necessarily reflect fair market value of the reserves.
- (B) Provide an estimate of value of the Alberta Issuer's undeveloped acreage.
- (C) Independent reports must be filed encompassing the information required in items 2.2(c)(ii)A and 2.2(c)(ii)B for any property producing more than 15% of the Alberta Issuer's revenue during the last financial year or period and any property (whether or not reserves are attributed to it) estimated to have a value of 15% or more of the aggregate value of the Alberta Issuer's reserves and undeveloped acreage. For purposes of calculating the value of reserves, proven and probable reserves are to be calculated at a 15% discount rate with probable reserves further discounted by 50% if the probable reserves have not already been discounted in the independent reports for risk. The independent reports are required to evaluate additional properties so that the value or the revenues produced by the properties independently evaluated are not less than 60% of the value or of the revenues produced by the Alberta Issuer's aggregate properties.
- (D) Provide reports prepared by or on behalf of management for any other properties to which value is attributed which were not included in a current independent report. The author of this in-house report must have suitable professional qualifications and related work experience.
- (E) Indicate clearly which information required by this section was derived from the independent report and which information was derived from the in-house report. State the name of the independent engineer.

(iii) **Exchange Issuer**

- (A) For those geographical areas upon which proceeds of the offering will be spent or for which capital expenditures (other than minimum work requirements) are planned provide a summary or summaries of proven and probable reserves indicating physical volumes and present value of future net cash flows discounted at 0%, 10%, 15% and 20%. Future net cash flow estimates must be based on constant current prices and costs but may be supplemented by escalated prices and costs. Include a statement that the Alberta Issuer is not aware of any material adverse change from the facts reported. State that the estimates do not necessarily reflect fair market value of the reserves.
- (B) For each property where the discounted cash flow proven reserves exceed \$500,000 calculated upon constant pricing assumptions discounted at 15%, provide a summary of proven reserves in accordance with item 2.2(c)(iii)A. If the Alberta Issuer has other properties which do not meet the aforementioned criteria or which do not have proven reserves, provide disclosure to this effect.
- (C) Independent reports must be filed encompassing the information required in item 2.2(c)(iii)A and 2.2(c)(iii)B
- (iv) All reports required by this section shall have an effective date within 12 months of the date of the preliminary Alberta EOP.
- (v) If any property mentioned was acquired from one of the persons named in item 5 or was otherwise not acquired at arm's length, state the date and terms of the acquisition. If applicable, this information may be included in item 5.5 with an appropriate cross-reference.
- (vi) Describe the drilling history and state the rates of production, if any, for the 24 month period prior to the date of the preliminary Alberta EOP.

3. Use Of Proceeds

Instructions

- (a) If proceeds are being used to repay debt incurred within the 24 month period prior to the date of the preliminary Alberta EOP, include a statement of the use made of the proceeds of the indebtedness.
- (b) Where there is a minimum offering, such minimum offering must have a reasonable relationship to the maximum offering.
- (c) Descriptions must specifically identify, by property, project name, or otherwise, expenditures recommended in the feasibility, engineering and geological report.

- 3.1 State, using tabular format where possible, the specific uses to be made of the proceeds of the offering within the next 12 months in terms of maximum and minimum offering amounts including the amount and source of any other funds to be spent in conjunction with the proceeds of the offering.
- 3.2 State the priority of various expenditures in the event that less than the maximum offering is achieved, and identify any plans, which are contingent upon results.
- 3.3 In the case of a Special Warrant Offering, disclose whether the funds are being held in trust, and if so, the conditions for release of the funds to the Alberta Issuer or alternatively disclose that the Alberta Issuer has received the funds.
- 3.4 In the case of a Special Warrant Offering where all or a portion of the funds raised through the issuance of special warrants have been spent prior to the filing of the Alberta EOP, disclose the specific application of the funds or the intended use of proceeds.

4. Terms Of Security

Briefly describe the material terms of the security offered and, if relevant to an understanding of the offered securities, the terms of other securities of the Alberta Issuer. For example, if common securities are offered, describe the terms of all authorized preferred securities, issued or not.

5. Principals Of The Alberta Issuer

Instructions

- (a) If it is intended that an individual be employed full-time, a statement to that effect is sufficient compliance with the requirement to state the time to be devoted to the affairs of the Alberta Issuer. An employee is not considered to be full-time if another company also employs him.
- (b) "Executive Officer" means
 - (i) The chairman and any vice-chairman of the board of directors of the Alberta Issuer where that person performs the functions of that office on a full-time basis;
 - (ii) The president or any vice-president in charge of a principal business unit such as sales, finance or production; and
 - (iii) Any officer of the Alberta Issuer or of any subsidiary of the Alberta Issuer who performs a policy-making function in respect of the Alberta Issuer, whether or not that officer is also a director of the Alberta Issuer or the subsidiary.
- (c) Special duties do not include board committees but does include consulting or providing special expertise.

- (d) Remuneration, under item 5.4 will include amounts paid or credited directly to the individual or indirectly to a corporation, trust or other entity on behalf of the individual as compensation for services and any amount considered to be income for purposes of the Income Tax Act (Canada) such as, for example, salary or wages, commission, directors and other fees, benefits, forgiven debts and retirement, death or termination payments.
- (e) It should be noted that item 5.5 requires disclosure of all material transactions with the persons specified.

5.1 Management Background

Describe each of the members of management (all directors, Executive Officers and any other key personnel) of the Alberta Issuer. State in paragraph form each individual's full name, municipality of residence and position held with the Alberta Issuer (in a heading or lead-in to the paragraph). Disclose each individual's principal occupations for the 24 month period prior to the date of the preliminary Alberta EOP, prior occupations related to the Alberta Issuer's business or position, positions with companies in the same business, relevant educational background and securityholdings (including options and other rights to acquire securities). With respect to all executive officers and any directors expected to perform special duties, disclose the amount of time each person intends to devote to the affairs of the Alberta Issuer and the nature of the work expected to be done by that person.

5.2 Principal Holders of Voting Security

Identify any security holders known to the Alberta Issuer who hold in excess of 10% of the voting securities either directly or indirectly or, if there are none, the largest security holder. In determining security holders, include both direct and indirect holdings such as holdings through nominees, intermediary corporations, associates, affiliates, partnerships or any other entities. For example, if a corporation is shown as owning voting securities of the Alberta Issuer, identify any individual, who through direct or indirect ownership, owns in excess of 10% of the voting securities of the Alberta Issuer. Once the principal holders of voting securities have been identified, state the full name, municipality of residence, and security holdings including options and other rights to acquire securities for each.

5.3 Promoters

Identify any promoter of the Alberta Issuer not identified above and give the information set out in item 5.2 with respect to each promoter.

5.4 Executive Remuneration

Disclose the total remuneration paid or accrued during the last financial year for all directors, Executive Officers, and any other key personnel described in item 5.1 who were employed by the Alberta Issuer or retained on a consulting basis, and estimates of these amounts for the current and succeeding financial year.

5.5 Interest of Management in Material Contracts and Loans

- (a) Describe the terms of any proposed or ongoing transactions (including any loans) between the Alberta Issuer and any person identified in items 5.1, 5.2 or 5.3, or any associate or affiliate of such a person, and any such transactions during the 24 month period prior to the date of the preliminary Alberta EOP. With respect to loans, describe the amount presently outstanding, the original principal amount, the purpose of the loan, the interest rate and any significant changes in the amount outstanding during the 24 month period prior to the date of the preliminary Alberta EOP. With respect to transfers of property, state the costs of the property to the transferor.
- (b) If the offering is a secondary offering, indicate the number of securities being sold by each person named in this section selling securities, or the range to be sold by each person if the offering is not of a fixed size.
- (c) State the number of securities being offered which those persons identified in items 5.1, 5.2 and 5.3 intend to purchase.

6. Escrowed Securities

If the Alberta Issuer is an Alberta Qualifying Issuer, describe the terms of any escrow or pooling arrangement under which any securities of the Alberta Issuer are held. Indicate the number of securities held by the owner, and the terms of release.

7. Risk Factors

Describe any risks associated with the investment.

8. Legal Proceedings

Describe any legal proceedings by or against the Alberta Issuer, giving the nature of the claim and the status of proceedings.

9. Trading History

If the class of securities offered is listed on the Exchange, provide a weekly trading history (high, low and volume) for at least six weeks prior to the date of the Alberta EOP and monthly for the preceding 12 months.

10. Prior Sales

If the Alberta Issuer is a Alberta Qualifying Issuer, describe the terms (price, date, type and number) of any securities issued during the 24 month period prior to the date of the preliminary Alberta EOP of the securities being offered or of securities into which they are convertible.

11. Dividend Record

If the Alberta Issuer has paid dividends during its last two completed financial years preceding the date of the preliminary Alberta EOP, disclose the amount of such payments and indicate its present policy regarding future dividend payments.

12. Auditors, Transfer Agent And Registrar

If the Alberta Issuer is a Alberta Qualifying Issuer, disclose the names and full addresses of the auditors, transfer agent and registrar of the Alberta Issuer. If the Alberta Issuer is an Exchange Alberta Issuer, disclose any changes since the date of the last annual meeting.

13. Accompanying Documents

13.1 Filed Documents

State that the following documents have been filed with the Exchange and the Commission Agency and are available for inspection at their offices and at the office of the Alberta Issuer during the period of distribution and for 30 days thereafter:

- (a) Engineering and geological reports, market studies, feasibility studies and other consultant's reports and appraisals, if any;
- (b) Audited and unaudited interim financial statements, if any, for the last five completed financial years;
- (c) Material contracts entered into in the 24 month period prior to the date of the preliminary Alberta EOP; and
- (d) Proxy circulars and material change reports for the period since the last annual meeting.

14. Security And Loan Capital Structure

Instruction

The information required under item 14 shall be the same as that required by the Regulations for a prospectus.

14.1 Table of Capitalization

Provide a table of the capitalization of the Alberta Issuer giving outstanding long-term debt and issued securities of every class (and any other form of capitalization) as of a date not more than 30 days prior to the Alberta EOP, and pro forma giving effect to the offering and application of proceeds, using an estimate, if necessary, of the price of the offering and proceeds. State in a note or separate paragraph the number of securities of each class authorized.

14.2 Disclosure

Describe the terms (expiry date, number of securities, and exercise price) of any options, warrants, rights or other obligations outstanding to issue securities. If such options, warrants, rights or other obligations were granted to a person named in item 5 or to the Agent, disclose the identity of the person. Describe the terms of any other outstanding obligations to issue securities.

15. Dilution

State the effect of dilution, if any, on a maximum and minimum offering basis as a dollar value per security and also as a percentage of the offering price. Calculations are to be based on net tangible assets. In the case of an oil and gas Alberta Issuer, net tangible asset calculations may be adjusted in accordance with item 2.4 of Alberta Securities Commission Policy 4.2.

16. Assets And Earnings Coverage

If debt securities or preferred securities are being offered, disclose asset and earnings coverage in an appropriate form.

17. Financial Statements

Provide the same financial statements and other information as required by the Regulations for a prospectus. The only exception being the reference in the Regulations to "five financial years" shall instead be read as "two financial years".

18. Other Material Facts

Describe any other material facts, which are essential to an understanding of the Alberta Issuer's business or an investment in the offered securities.

19. Purchaser's Statutory Rights

19.1 Standard Disclosure

Insert the following disclosure or such variation thereof as the Alberta Securities Commission may permit:

The Securities Act (the "Act") provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt of a prospectus and any amendment. The Act further provides the purchaser with remedies for rescission or damages if the prospectus and any amendment contain a misrepresentation, provided that such remedies for rescission or damages are exercised within the time limit prescribed by the Act. In the case of an action for rescission, such time limit is 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, such time limit is the earlier of 180 days from the day that the Plaintiff first had knowledge of the facts giving rise to the cause of action, or one year from the day of the transactions that gave rise to the cause of action. Reference is made to the Act for a complete description of such rights.

19.2 Special Warrant Disclosure

In addition to the disclosure required by 19.1, each special warrant offering shall include the following disclosure or such variation as the Alberta Securities Commission may permit:

"Contractual Right of Action for Rescission

In the event that a holder of a special warrant, who acquires a [*identify underlying security] of the Alberta Issuer upon the exercise of the special warrant as provided for in this prospectus, is or

becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its special warrant(s) but also of the private placement transaction pursuant to which the special warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the [*Agent or Underwriter or Alberta Issuer, as the case may be] on the acquisition of the special warrant. In the event such holder is a permitted assignee of the interest of the original special warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the special warrant under section 168 of the Securities Act (Alberta) or otherwise at law."

19.3 Multi-jurisdictional Filings

Where the Alberta EOP is filed in more than one jurisdiction, the statement of purchaser's statutory rights contained in National Policy No. 35 may be inserted instead of the wording provided in 19.1.

20. Certificates

20.1 Alberta Issuer's Certificate

Include a certificate signed by the Chief Executive Officer and Chief Financial Officer, by any two directors (other than the foregoing) who are duly authorized by the Board of Directors to sign on behalf of the Board of Directors and by all promoters to the following effect:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered hereby as required in an Exchange Offering Prospectus.

20.2 Underwriter/Agent Certificate

Include a certificate signed by the underwriter or Agent to the following effect:

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 hereby as required in an Exchange Offering Prospectus.

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE SECURITIES REGULATIONS FOR A PERSON OR ALBERTA ISSUER TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.