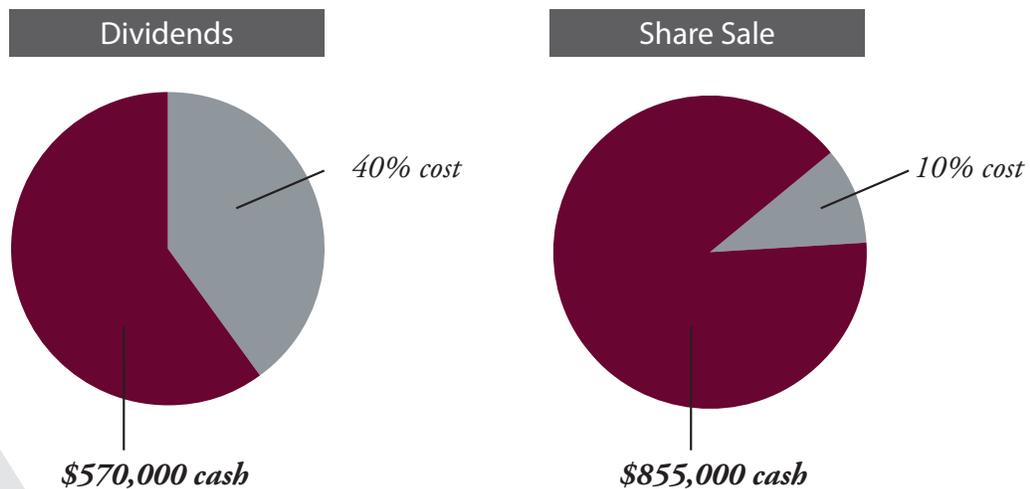


SAVE \$285,000 OF TAX

Instead of receiving taxable dividends from a private corporation, sell shares to Tecate Northern Trust for tax-free capital gains and liquidity.

Cost of receiving \$950,000



Use the lifetime capital gains exemption.

- If the private corporation is a qualified small business corporation.
- If the exemption has already been crystallized.

Shares bought by Tecate Northern Trust may be repurchased, or if the parties agree, Tecate Northern Trust may become a long-term investor.

Each shareholder (including family trusts) can sell shares to Tecate Northern Trust and save taxes.

Tecate Northern Trust is an innovative private equity fund looking to make investments and build relationships with entrepreneurs and advisors.

SNAPSHOT

- A. The Tecate Northern Trust (“**Fund**”) is the main private equity vehicle for the Midnight group (www.midnightfinancial.com) and invests in private corporations through: an Investigative Stage; and an Investment Stage.
- B. The Investigative Stage gives the parties time and context to consider if a long-term investment is warranted. The Fund will purchase non-voting preferred shares (“**Shares**”), but the Fund may not call for redemption for at least 6 months and the corporation may redeem at anytime. Unless the Shares have been redeemed, a Directors’ meeting must be held within 3 months at which a Fund representative may participate.
- C. As an incentive for shareholders to agree to the Investigative Stage, the Fund will purchase Shares from current shareholders rather than subscribe for new treasury Shares so the shareholders may obtain liquidity and possibly use their capital gains deductions to receive tax-free proceeds (approximately \$850,000 per shareholder). A reorganization may be needed to create the Shares. The purchase price is 90% of the redemption amount (\$950,000 of Shares purchased for \$855,000).
- D. There are two possible outcomes from the Investigative Stage: either the Shares will be redeemed; or the Investment Stage will begin. Regardless of whether a long-term investment is made, relationships will be established between vendors and the Fund, which should ideally result in current and/or future business opportunities.
- E. If the Shares are redeemed, then the shareholders will have received \$855,000 from the Fund (possibly tax-free by virtue of the use of the capital gains deduction), and the corporation will have paid \$950,000 to the Fund. By comparison, paying a \$950,000 dividend would result in much less after-tax cash for shareholders.
- F. If the Shares are not redeemed, then the Investment Stage begins and the Shares will be converted into common shares at a negotiated ratio (the shareholders will still have received \$855,000). The Fund also may subscribe for new common shares at a negotiated price. The Fund and corporation will enter into a buy-sell arrangement to deal with future liquidity.

INVESTIGATIVE STAGE

KNOWLEDGE OF BUSINESS

To begin the due diligence process with the Fund the following information on the corporation (“Aco”) must be provided to info@tecatetrust.com:

1. Knowledge of Business Form
2. Organizational Structure Diagram
3. Aco Financial Statements
4. Aco Subsidiary Financial Statements
5. Aco’s issued capital, articles, bylaws, unanimous shareholder agreement (if any) also must be sent to:

Tim Kirby, TEP
2610 Edmonton Tower
10111 104 Avenue
Edmonton, AB T5J 0J4
Direct: (780) 643-3062
Fax: (780) 421-8820
Email: tkirby@felesky.com

The information provided will be reviewed and, barring unforeseen circumstances, a customized letter of intent will be prepared and provided to the vendor to review.

Please contact info@tecatetrust.com with any questions.

KNOWLEDGE OF BUSINESS FORM

ACO INFORMATION

Name: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Website: _____

Phone: _____ Business Number: _____

Director 1: _____ Director 2: _____

Director 3: _____ Director 4: _____

ADVISOR INFORMATION

Accounting Firm: _____ Accounting Advisor: _____

Accounting Phone: _____ Accounting Email: _____

Legal Firm: _____ Legal Advisor: _____

Legal Phone: _____ Legal Email: _____

Class of preferred shares to be acquired by the Fund: _____

Total number of preferred shares to be acquired by the Fund: _____

Do these shares currently exist Yes No

If Yes: a) Redemption Value Per Share

b) Dividend Entitlement (_____% per annum)

Form continued on next page

VENDOR #1 INFO

Name: _____ SIN Number: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Email: _____ Number of Shares to sell: _____

Sign me up for Midnight Integrated Financial Inc.'s newsletter. You can unsubscribe at any time. (www.midnightfinancial.com)

VENDOR #2 INFO

Name: _____ SIN Number: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Email: _____ Number of Shares to sell: _____

Sign me up for Midnight Integrated Financial Inc.'s newsletter. You can unsubscribe at any time. (www.midnightfinancial.com)

VENDOR #3 INFO

Name: _____ SIN Number: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Email: _____ Number of Shares to sell: _____

Sign me up for Midnight Integrated Financial Inc.'s newsletter. You can unsubscribe at any time. (www.midnightfinancial.com)

VENDOR #4 INFO

Name: _____ SIN Number: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Email: _____ Number of Shares to sell: _____

Sign me up for Midnight Integrated Financial Inc.'s newsletter. You can unsubscribe at any time. (www.midnightfinancial.com)

TECATE  NORTHERN
TRUST

The Liquidity Advantage

TRANSACTION INFORMATION

FOR MORE INFORMATION
info@tecatetrust.com | www.tecatetrust.com

SUMMARY

The Tecate Northern Trust (the “**Fund**”) is a unique private equity fund.

The Fund believes that private corporations drive the economy and are centres of innovation. The objective of the Fund is to make long-term equity investments in attractive private corporations and to build relationships with successful entrepreneurs. The Fund generally operates through two stages: investigative and investment. In the investigative stage, the Fund first makes shorter-term investments by purchasing non-voting redeemable preferred shares to provide a low-risk opportunity for the Fund, the corporation and the other shareholders to evaluate whether a long-term equity investment by the Fund is desirable.

The capital gains deduction was put in place to promote risk-taking and investments in private corporations. Entrepreneurs that have taken such risk may now wish to take advantage of this deduction by selling preferred shares of their corporations to the Fund for tax-free proceeds as part of the investigative stage referred to above.

STRUCTURE: The transactions are straightforward:

1. With professional assistance, the shareholders (“**Shareholders**”) will determine the number and redemption amount of preferred shares to sell (“**Shares**”). In some cases it will be necessary to undertake a reorganization to create Shares with appropriate terms (non-voting and redeemable/retractable for a fixed amount). Our tax counsel can assist with any necessary reorganization at our expense. If certain conditions are met, the creation of the Shares will not give rise to adverse tax consequences because of the share exchange provisions in the Income Tax Act. The Shareholders will need professional assistance to determine if the necessary conditions are met and to help with any reorganization.
2. The Fund will purchase Shares for a sales price equal to the redemption amount of the Shares less a 10% discount. For example, if the value of the Shares purchased is \$950,000, the sales price will be \$855,000. \$250,000 of the sales price will be paid in cash and the balance will be paid with a promissory note (“**Fund Note**”). The Fund Note may be secured by the Shares, will pay 5% interest, and will have a one year term-to-maturity. The Fund may pay the Fund Note before maturity and must pay the Fund Note in full if the Shares are redeemed.
3. The Fund will agree to not call for redemption of the Shares for at least 6 months and the corporation may retract the Shares from the Fund at any time. The corporation will be required to pay a monthly dividend of 1% of the redemption amount prior to the redemption or retraction of the shares. The Fund may call for redemption of the Shares if the corporation fails to pay dividends when due or fails to maintain solvency. Depending on the circumstances, the Fund may require personal guarantees from the Shareholders to ensure performance of the corporation’s obligations.

4. The corporation will be required to hold a Director's meeting within 3 months and, unless the corporation has retracted the Shares before the meeting, allow the Fund to send a representative to participate in the meeting.
5. If the Fund, the corporation and the Shareholders agree that a long-term investment by the Fund in common shares of the corporation meets their respective objectives, the Fund Note will be paid in cash, and the Shares may be exchanged for common shares at an agreed upon share exchange ratio. In addition, the Fund may subscribe for common shares for cash as may be agreed.
6. If the Fund, the corporation or the Shareholders do not agree that a long term investment by the Fund in common shares of the corporation is warranted, the Shares will be redeemed (subject to the minimum time commitments set out in section 3 above). After the Shares are redeemed and any outstanding Fund Note is paid, the overall result is expected to be that: (a) the Shareholders will have received \$855,000 from the Fund (\$850,000 tax-free by virtue of the use of the capital gains deduction); and (b) the corporation will have paid \$950,000 to the Fund. In addition, the corporation will have paid dividends on the Shares, the Shareholders will have received interest on the Fund Note and the Shareholders will have been able to enjoy or invest the liquidity provided by the cash portion of the sales price.

Please see the Frequently Asked Questions on page 4 for further information.

For further information about the Fund, diagrams of common reorganizations and template transaction documents, please email info@tecatetrust.com.

FREQUENTLY ASKED QUESTIONS

1. Is there a minimum transaction size?

The minimum transaction size is \$400,000.

2. Is the Fund able to invest in any private corporation?

The Fund is able to invest in every sector of the economy. While the Fund prefers to invest in growth-oriented businesses, the Fund will consider investments in businesses that have other potential. In order to build relationships with successful entrepreneurs who may explore new ventures, the Fund also will consider investments in private corporations that have already sold, or are about to sell, their business operations. Further, the Fund will also provide information and introductions to its affiliates engaged in various financial services such as commercial lending.

3. Does an investment by the Fund in Shares usually lead to a long-term investment?

Our expectation is that, fairly swiftly after the Shares are purchased by the Fund, it will become apparent to the parties whether a long-term investment by the Fund is desirable, and that long-term investments by the Fund might be infrequent. However, that will not be known until the Fund has purchased the Shares and the parties have begun their internal reviews and deliberations. The Fund expects that some investments in Shares will lead to other business opportunities for vendors and the Fund's affiliates. See www.midnightfinancial.com for more information about the Fund's affiliates.

4. If a long-term investment is not made, will the Shareholders have a tax bill?

If the capital gains exemption may be used, selling Shares to the Fund should be very tax effective. Shareholders should receive after-tax cash at a much more favourable cost compared to receiving dividends. The benefit is summarized in the table below.

Cost of receiving \$950,000 (Rates vary by Province)			
	Ineligible Dividend 40%	Eligible Dividend 30%	The Fund 10%
Taxes/Fund discount	\$ 380,000	\$ 285,000	\$ 95,000
After-tax cash	\$ 570,000	\$ 665,000	\$ 855,000

Please note that income taxes on the interest payable on the Fund Note and on any gain arising from the sale of the Shares that is not sheltered by the capital gains exemption are ignored as are alternative minimum taxes and dividend payable by the private corporation on the Shares.

5. Why require a Directors' meeting to be held within 3 months?

Purchasing Shares is the first step taken by the Fund in its consideration of making a long-term equity investment, and whether to have the Fund as a long-term common shareholder is a significant decision for both the corporation and the Shareholders. In order for all parties to have as much information as possible before making those decisions, we believe that it is important to hold a Directors' meeting where a Fund representative is able to participate.

If, before any Directors' meeting is held, the corporation or Shareholders conclude that they do not want the Fund as a long-term common shareholder, the corporation could always retract the Shares from the Fund. The requirement to hold a Directors' meeting ends if the Shares are retracted.

6. What if the business company is owned by a holding company?

It is still possible to create Shares in the holding company to sell to the Fund, but it may be necessary to undertake some additional reorganization steps first if the Shareholders want to use their capital gains deductions on the transaction. As well, the Fund likely will then require that both the holding company and the business company hold Directors' meetings within 3 months with a Fund representative participating in both meetings.

7. Can multiple Shareholders sell Shares to the Fund at the same time?

The Fund is well-capitalized and can purchase Shares from multiple Shareholders, including from a family trust with multiple beneficiaries.

8. Can the Shareholders use their own lawyers and accountants for the transaction?

The Fund and its advisors will work with the Shareholders' lawyers and accountants throughout the transaction. In fact, the Fund urges Shareholders to obtain independent advice.

9. What are the tax consequences if the Fund makes a long-term equity investment?

An exchange by the Fund of Shares for common shares should not give rise to any tax consequences for the corporation. A subscription by the Fund for new common shares also should not give rise to any tax consequences for the corporation.

In addition to agreeing on a conversion price, the corporation and the Fund will have to negotiate a "buy-sell" agreement so that the Fund can liquidate its long-term investment in due course, and the corporation can cause the Fund to liquidate if the corporation so desires.

10. What are the tax consequences if the corporation redeems Shares?

The corporation is deemed to pay a dividend to the extent the value of the Shares is greater than the paid-up capital of the Shares (which will be minimal in most cases).

Depending on the circumstances, the deemed payment of a dividend might lead to a recovery of the corporation's refundable dividend tax on hand.

Part VI.1 of the Tax Act imposes a special tax on corporations that pay dividends on certain preferred shares. That rule should not typically apply to dividends and deemed dividends on Shares because: (a) there is a \$500,000 annual dividend exemption before the special tax applies; and (b) deemed dividends from redemptions are exempt from this special tax where the redeemed shares have a fixed redemption amount and were issued in exchange for common shares. In any event, even if this special tax becomes payable by a corporation, the corporation will be entitled to a tax deduction equal to 3.5 times the special tax. If the corporation has sufficient taxable income in the current year or in a future year (3 years back and 20 years forward), the tax savings from that deduction should offset the special tax.

11. Who controls the Fund?

The Fund is the main private equity vehicle for Midnight Integrated Financial Inc. See www.midnightfinancial.com for more information.