



## **TURBO POWER SYSTEMS INC.**

### **APPENDIX**

#### **FURTHER INFORMATION ON TURBO POWER SYSTEMS INC. IN CONNECTION WITH ITS PROPOSED ADMISSION TO AIM**

This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by London Stock Exchange plc. It includes, *inter alia*, all information that would otherwise have had to be included by Turbo Power Systems Inc. (the “Company” or “Issuer”) in an Admission Document and which is not found in the current public disclosure record, or in current public disclosure filed by the Directors and senior officers of the Company, or as filed with the Canadian securities regulatory authorities (collectively, the “Public Record”). The Public Record can be accessed freely on [www.sedar.com](http://www.sedar.com) and [www.sedi.ca](http://www.sedi.ca), the Company’s website or through the Regulation Information Services of the UKLA and at Companies House.

## TABLE OF CONTENTS

	Page
1. Director Information (AIM Rules Schedule Two (g)) .....	1
2. Directors interests (AIM Rules Schedule Two (i)) .....	2
3. Auditor Information (PD AIM Rules Annex I Section 2.1).....	2
4. Business Overview (PD AIM Rules Annex I Section 6.1.2) .....	3
5. Environmental Issues (PD AIM Rules Annex I Section 8.2). .....	3
6. Trend Information (PD AIM Rules Annex I Section 12.1 and 12.2) .....	3
7. Board Practices (PD AIM Rules Annex I Section 16.1 and 16.2) .....	4
8. Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses (PD AIM Rules Annex I Section 20.4.1) .....	4
9. Additional Information (PD AIM Rules Annex I Section 21.2.2 to 21.2.7) .....	5
10. Information Concerning the Securities to Be Offered/ Admitted To Trading (PD AIM Rules Annex III - Section 4.11) .....	11

## 1. Director Information (AIM Rules Schedule Two (g))

Name of Director	Age	Names of all Companies and partnerships of which the director has been a director or partner at any time in the previous five years, indicating whether or not the director is still a director or partner.
Colin Bowden Besant	70	Current to Current Corporation (Private) – Current Directorship
Nicholas Owen Brigstocke	64	Azure Dynamics Inc. (TSX; AIM) – Current Directorship Inter Pipeline Fund (TSX) - Current Directorship DDD Group PLC. (AIM) - Current Directorship Healthcare Enterprise Group (AIM) - Current Directorship
David George Hawksworth	53	Oxford Biosensors (Private) – Current Directorship Oxford Magnet Technology (Private) – Past Directorship
Michael John Hunt	53	Turbo Power Systems Limited(Private)– Current Directorship Intelligent Power Systems Limited (Private)– Current Directorship Tyne & Wear Development Company Limited (Private)– Current Directorship Tyne & Wear (Property ) Company Ltd (Private)– Current Directorship Tyne & Wear Development (Land) Company Ltd (Private)– Current Directorship Tyne & Wear Development (Investment) Company Ltd (Private) - Current
Wayne Macolm Ernst McLeod	67	Morguard Corp. (TSX) - Current Directorship SMTC Mfg. Corp. (TSX) - Current Directorship Richards Pkg. Trust (TSX) - Current Directorship New Flyer Industries Trust (TSX) - Current Directorship CanWest Mediaworks Partnership (TSX) - Current Directorship Atlas Cold Storage Trust (TSX?)– Past Directorship
Stephen Paul Sadler	40	Turbo Power Systems Limited (Private)– Current Directorship Turbo Power Systems Development Ltd (Private)– Current Directorship Intelligent Power Systems Ltd (Private)– Current Directorship Synchronica Plc (AIM)– Current Directorship TSL Solutions Ltd (Private)– Current Directorship Host Europe Plc (AIM)– Past Directorship Host Europe Internet Ltd (Private)– Past Directorship Webfusion Internet Solutions Ltd (Private)– Past Directorship Magic Moments Employee Benefits Trust Co Ltd (Private)– Past Directorship Magic Moments Internet Services Ltd (Private)– Past Directorship Magic Moments Design Ltd (Private)– Past Directorship
Michael Webber	60	Nil

Please note that none of the directors have:

- a. any unspent convictions in relation to indictable offences;
- b. been bankrupt or made individual voluntary arrangements;
- c. been subject to receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement

with its creditors generally or any class of its creditors of any company where such director was a director at the time of or within the twelve months preceding such events;

- d. been subject to compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such director was a partner at the time of or within the twelve months preceding such events;
- e. been subject to receiverships of any asset of such director or of a partnership of which the director was a partner at the time of or within the twelve months preceding such events; and
- f. been subject to any public criticisms by statutory or regulatory authorities (including recognised professional bodies), nor have any been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

## 2. Directors interests (AIM Rules Schedule Two (i))

Name of Director	Number of Shares Held	Number of Stock Options Held
Colin Bowden Besant	15,600,000	Nil
Nicholas Owen Brigstocke <sup>(1)</sup>	823,881	120,000
David George Hawksworth	Nil	Nil
Michael John Hunt <sup>(2)</sup>	110,667	4,158,950
Wayne Macolm Ernst McLeod <sup>(3)</sup>	150,381	100,000
Stephen Paul Sadler <sup>(4)</sup>	110,667	3,500,000
Michael Webber	Nil	Nil

### Notes:

- 1. Mr. Brigstocke has 120,000 stock options exercisable at an exercise price of \$1.83 (£0.80) on or before July 10, 2007.
- 2. Mr. Hunt has 60,000 stock options exercisable at an exercise price of \$0.77 (£0.335) on or before June 19, 2009; 98,950 stock options exercisable at an exercise price of \$0.23 (£0.10) on or before March 27, 2010; and 4,000,000 stock options exercisable at an exercise price of \$0.25 (£0.10625) on or before March 31, 2015.
- 3. Mr. McLeod has 100,000 stock options exercisable at an exercise price of \$1.83 (£0.80) on or before July 10, 2007.
- 4. Mr. Sadler has 3,217,648 stock options exercisable at an exercise price of \$0.25 (£0.10625) on or before March 31, 2015; and 282,352 stock options exercisable at an exercise price of \$0.25 (£0.10625) on or before March 31, 2015.

## 3. Auditor Information (PD AIM Rules Annex I Section 2.1)

The name and address of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body) is:

### **BDO Dunwoody LLP, Chartered Accountants and Advisors**

60 Columbia Way, Suite 400  
Markham, Ontario Canada L3R 0C9  
Member of the Canadian Chartered Accountants

#### **4. Business Overview (PD AIM Rules Annex I Section 6.1.2)**

An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, the status of development have been fully set out in the Third Quarter Results.

#### **5. Environmental Issues (PD AIM Rules Annex I Section 8.2).**

A full description of any environmental issues that may affect the Company's utilisation of the tangible fixed assets (as required under the PD AIM Rules Annex I Section 8.2), notes that the Company is accredited to ISO 9001:2000 and AS9100, which ensures that the following controls are subjected to regular audit:

- a. all waste chemicals generated by in-house processes such as proto-type PCB manufacture are disposed of by using a registered waste disposal company;
- b. water used in the testing of products is re-circulated;
- c. oil spillage control procedures are in place for oil filled products;
- d. cardboard cartons used to despatch final products are made from re-cycled materials and may be re-cycled;
- e. flowpack material used to fill cartons is biodegradable;
- f. pallets received into the company are re-cycled whenever possible;
- g. timber export packing can be manufactured from screw together panels so that the crates can be 'flat packed' for return to Turbo Power Systems for recycling;
- h. any timber export packing is made from forest management sources and if necessary is treated in accordance with applicable ISPM 15 option; and
- i. we have also considered the effects the WEEE and RoHS directives have on our operations.

#### **6. Trend Information (PD AIM Rules Annex I Section 12.1 and 12.2)**

- a. The Company notes that the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document, have been set out in the table below which provides a summary of the Company's financial results for each reporting quarter since the last financial year end:

	Q1 2006 £000	Q2 2006 £000	Q3 2006 £000
Production revenue	969	1,192	1,470
Development income	99	193	285
Operating loss	(1,635)	(1,509)	(1,336)

- b. The Company has disclosed all information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year. Further the Company notes that it expects to see the continuation of the business trends seen in 2006 to date and as a result expects revenue to continue to grow and losses to reduce throughout the next year.

**7. Board Practices (PD AIM Rules Annex I Section 16.1 and 16.2)**

- a. The following are the directors of the Company and their respective dates of appointment as directors:

<b>Name</b>	<b>Date of Appointment</b>
Colin Bowden Besant	Feb. 28, 1994
Nicholas Owen Brigstocke	Feb. 8, 2000
David George Hawksworth	April 25, 2006
Michael John Hunt	June 30, 2004
Wayne Macolm Ernst McLeod	Jan. 23, 2002
Stephen Paul Sadler	March 17, 2005
Michael Webber	Mar. 1, 2006

The term of each Director expires at each annual general meeting of the shareholders of the Company ("AGM") which must be held each year within 15 months from the last AGM. Their respective terms are renewed if re-elected to the board at the AGM.

- b. All information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement, are provided in pages 24 to 25 of the Management Information Circular dated October 20, 2006 in respect of the service contracts entered into between the Company and Executive Directors.

In respect of the Non-Executive Directors, they are all party to agreements with Company whereby they agree to serve as directors and participate as members of committees in consideration for £20,000 per annum.

**8. Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses (PD AIM Rules Annex I Section 20.4.1)**

- a. All historical financial information of the Company has been audited and can be found in the Company's Audited Annual Financial Statements dated March 30, 2006 and 2005, and the Company's Audited Annual Financial Statements dated May 13, 2004.
- b. Legal and arbitration proceedings - To the best knowledge and belief of the Directors, there is no material litigation outstanding, threatened or pending or contemplated, as of the date hereof by or against the Company.

**9. Additional Information (PD AIM Rules Annex I Section 21.2.2 to 21.2.7)**

- a. A complete summary of any provisions of the Company's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies are listed below pursuant to the bylaws of the Company, and the directors have the right to appoint officers and committees to attend to the administrative, managerial and supervisory matters of the Issuer. (PD AIM Rules Annex I Section 21.2.2)

With respect to the appointment of officers, the bylaws state as follows:

**“OFFICERS**

*6.01 Appointment - The Board may from time to time appoint a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other Officers as the Board may determine, including one or more assistants to any of the Officers so appointed (herein referred to as “Officers”). The Board may specify the duties of and, in accordance with this By-Law and subject to the provisions of the Act, delegate to such Officers powers to manage the business and affairs of the Corporation. Subject to Sections 6.02, 6.03 and 6.04, an Officer may but need not be a Director and one person may hold more than one office.*

*6.02 Chairman of the Board - The Board may from time to time also appoint a Chairman of the Board who shall be a Director. The Chairman of the Board shall, when present, preside at all meetings of the Board, Committees of Directors and at all Meetings of Shareholders. In addition, the Board may assign to him any of the powers and duties that may by the provisions of this By-law be assigned to the Managing Director or to the President; and he shall have such other powers and duties as the Board may specify.*

*6.03 Managing Director - The Board may from time to time appoint a Managing Director who shall be a Director. If appointed, he shall be the Chief Executive Officer and, subject to the authority of the Board, shall have general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the Board may specify. During the absence or disability of the President, or if no President has been appointed, the Managing Director shall also have the powers and duties of the President's office.*

*6.04 President - The Board may from time to time appoint a President who shall be a Director. The President, in the absence or non-appointment of the Chairman of the Board, shall preside at meetings of the Board and at all meetings of the Shareholders. He shall have general and active management of the business and affairs of the Corporation, and without limitation to the foregoing:*

- (i) he shall have general supervision and direction of all the other officers of the Corporation;*

- (ii) *he shall submit the annual report of the Board, if any, and the annual balance sheets and financial statements of the business and affairs and reports on the financial position of the Corporation as required by the statutes to the annual general meeting and from time to time shall report to the Board on all matters within his knowledge which the interest of the Corporation requires to be brought to their attention; and*
- (iii) *he shall be ex-officio a member of all standing committees.*

6.05 *Vice-President - A Vice-President shall have such powers and duties as the Board may specify.*

6.06 *Secretary - The Secretary shall attend and be the Secretary of all meetings of the Board, of Shareholders and of Committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to Shareholders, Directors, Officers, the auditor and members of the Committees of Directors; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other Officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the Board may specify.*

6.07 *Treasurer - The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the Board whenever required an account of all his transactions as Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the Board may specify.*

6.08 *Powers and Duties of Other Officers - The powers and duties of all other Officers shall be such as the terms of their engagement call for or as the Board or the Chief Executive Officer may specify. Any of the powers and duties of an Officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.*

6.09 *Variation of Powers and Duties - The Board may from time to time and subject to the provisions of the Act vary, add to or limit the powers and duties of any Officer.*

6.10 *Term of Office - The Board, in its discretion, may remove any Officer of the Corporation, without prejudice to such Officer's rights under any employment contract, otherwise each Officer appointed by the Board shall hold office until the earlier of the date his resignation becomes effective, the date his successor is appointed or the date that he ceases to be qualified for that office.*

6.11 *Terms of Employment and Remuneration - The terms of employment and the remuneration of Officers appointed by the Board shall be settled by it from time to time.*



6.12 *Conflict of Interest - An Officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with Section 4.17.*

6.13 *Agents and Attorneys - The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside of Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.*

6.14 *Fidelity Bonds - The Board may require such Officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.”*

With respect to committees, the bylaws state as follows:

*“5.01 Committee of Directors*

- (a) The Board may appoint one or more Committees of Directors, however designated, and delegate to such committee any of the powers of the Board except those which, under the Act, a Committee of Directors has no authority to exercise.*
- (b) The Board may by resolution appoint an Executive Committee to consist of such member or members of their body as they think fit, which Committee shall have, and may exercise during the intervals between the meetings of the Board, all the powers vested in the Board except the power to fill vacancies in the Board, the power to change the membership of, or fill vacancies in, said Committee or any other committee of the Board and such other powers, if any, as may be specified in the resolution. The said Committee shall keep regular minutes of its transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may from time to time require. The Board shall have the power at any time to revoke or override the authority given to or acts done by the Executive Committee except as to acts done before such revocation or overriding and to terminate the appointment or change the membership of such Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such assistants as it may deem necessary. A majority of the members of said Committee shall constitute a quorum thereof.*
- (c) The Board may from time to time by resolution constitute, dissolve or reconstitute standing committees and other committees consisting of such persons as the Board may determine. Every committee constituted by the Board shall have the powers, authorities and discretions delegated to it by the Board (which shall not include the power to fill vacancies in the Board and the power to change the membership of or fill vacancies in any committee constituted by the Board or the power to appoint or remove Officers appointed by the Board) and shall conform to the regulations which may from time to time be imposed upon it by the Board.*

(d) *The Executive Committee and any other committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the committee present, and in the case of an equality of votes the chairman shall not have a second or casting vote. A resolution approved in writing by all the members of the Executive Committee or any other committee shall be as valid and effective as if it had been passed at a meeting of such Committee duly called and constituted. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.”*

b. A full description of the rights, preferences and restrictions attaching to each class of the existing shares (as required under PD AIM Rules Annex I Section 21.2.3) from which the Company notes that the Company is authorized to issue an unlimited number of Common Shares and Preferred Shares, and the Common Shares have attached to them including the following rights, privileges, restrictions and conditions:

- i. *Except for meetings at which only holders of another specified class or series of shares of the Issuer are entitled to vote separately as a class or series, each holder of a Common Shares is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Issuer (one vote per Common Share held).*
- ii. *Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Issuer, the holders of the Common Shares are entitled to receive dividends, if, as when declared by the directors of the Issuer.*
- iii. *Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Issuer, the holders of the Common Shares are entitled to share equally in the remaining property of the Corporation upon liquidation, dissolution or winding-up of the Issuer.*

The Company can confirm that there are no Preferred Shares outstanding. In the event that the Company issues, Preferred Shares they shall have attached to them, as a class, the following rights, privileges, restrictions and conditions:

- i. *The Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions, and subject to the sending of articles of amendment in prescribed form and the issuance of a certificate of amendment in respect thereof, the directors may fix from time to time and before issue of a series of Preferred Shares, the number of shares which are to comprise that series and the designation, rights, privileges, restrictions and conditions to be attached to that series of Preferred Shares including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment of dividends, the redemption purchase*

*and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions.*

- ii. The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Issuer among its shareholders of the purpose of winding up its affairs, rank on a parity with the Preferred Shares of every other series and be entitled to preference of the Common Shares and over any other share of the Issuer ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given other preferences, not inconsistent with the articles of the Issuer, over the Common Shares and any other shares of the Issuer ranking junior to the Preferred Shares of a series as may be fixed in accordance with the foregoing paragraph.*
  - iii. If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.*
  - iv. Unless the directors otherwise determine in the articles of amendment designating a series of Preferred Shares, the holder of each share of a series of Preferred Shares shall not, as such, be entitled to receive notice of or vote at any meeting of shareholders, except as otherwise specifically provided in the Business Corporations Act (Yukon).*
- c. A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law. (PD AIM Rules Annex I Section 21.2.4) from which the Company notes that the rights and restrictions and conditions of the Common Shares and Preferred Shares may be changed upon receiving approval of the shareholders of the Issuer obtained by way of a vote of 2/3 of those shareholders present at the duly called and attended shareholders meeting.
- d. A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission (PD AIM Rules Annex I Section 21.2.5) from which the Company notes that a requirement to establish a date for an AGM or special meeting of shareholders, the Issuer must fix: a date for the meeting; and a record date for notice of the meeting, which shall be no fewer than 30 days and no more than 60 days before the meeting date. The meeting materials (management information circular and instrument of proxy in their prescribed forms) are mailed to the shareholders.

The bylaws of the Company prescribe that a quorum of 2% of the issued and outstanding Common Shares of the Company are required to declare the meeting open and conduct business.

- e. A brief description of any provision of the Company's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer (PD AIM Rules Annex I Section 21.2.6) from which the Company notes that pursuant to applicable Canadian securities legislation, a "take-over-bid" means an offer to acquire outstanding voting or equity securities of the Company to any person or company (whose last address as shown on the registrar of the Issuer is in the applicable province of Canada) where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20 per cent or more of the outstanding securities of that class at the date of the offer to acquire.

Subject to the various exemptions provided by applicable securities legislation, all take-over-bids must be made through a prescribed form and the offeror must allow at least thirty-five (35) days from the date of the bid during which the securities may be deposited pursuant to the bid.

- f. An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed. (PD AIM Rules Annex I Section 21.2.7) from which the Company notes that pursuant to applicable Canadian securities laws, a person or company who becomes an insider of the Issuer (other than a mutual fund) shall, within ten days from the date that he, she or it becomes an insider, or such shorter period as may be prescribed by the regulations, file a report as of the day on which he, she or it became an insider disclosing any direct or indirect beneficial ownership of or control or direction over all securities of the Issuer. This report must be filed electronically through the System for Electronic Disclosure for Insiders ("SEDI").

Pursuant to applicable Canadian securities regulations, an "insider" means:

- i. every director or senior officer of a reporting issuer,
- ii. every director or senior officer of a company that is itself an insider or subsidiary of a reporting issuer,
- iii. any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 per cent of the voting rights attached to all voting securities of the reporting issuer for the time being outstanding other than voting securities held by the person or company as underwriter in the course of a distribution, and
- iv. a reporting issuer where it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Subsequent to filing the initial report upon SEDI, an insider must report all trades, (acquisitions, dispositions, exercises or otherwise) of all securities of the Issuer within ten days from the date on which the trade takes place. These reports are also filed on SEDI.

In respect of future acquisitions of securities of the Issuer, there may be a requirement imposed upon those persons who hold 10 per cent. or more of either the voting or equity securities of the Issuer, or securities convertible into voting or equity securities within sixty days to disclose any future acquisitions of such securities where the acquisition

constitutes an additional 2 per cent. of the issued and outstanding securities of the Issuer. In such case, the insider acquiring the securities must immediately issue a press release and then must file a report with the applicable securities commissions within two days of making such acquisition.

“Control persons” of the Issuer are subject to both additional disclosure requirements and restrictions on trading. A “control person” is defined by applicable Canadian securities statutes as any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of securities of an issuer so as to affect materially the control of that issuer, or more than 20 per cent. of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of that issuer.

Sales from the holdings of a control person will constitute a distribution requiring a prospectus, a prospectus exemption or compliance with provisions of the applicable securities legislation particular to control persons. These special provisions applicable to control persons require that prior to any disposition of securities by a control, they must, at least seven days before such trade, file a notice of intention to distribute on SEDAR. As part of the notice, they will be required to make a declaration that they know of no material change in the affairs of the Issuer that has not been generally disclosed.

#### **10. Information Concerning the Securities to Be Offered/ Admitted To Trading (*PD AIM Rules Annex III - Section 4.11*)**

The Company has conditionally placed with institutions and other investors, in aggregate 50,000,000 new Common Shares (the “Placing Shares”) and 25,000,000 new A-Shares (the “A-Placing Shares”) at a price of 8 pence per share, the details of which are set out below.

##### ***The Placing Shares***

The Placing Shares are Common Shares of the Company having an ISIN: CA8999101030 and created pursuant to the laws of the *Business Corporations Act* (Yukon). Please see section 11 of this 20 Day Announcement Appendix Document for the other rights and restrictions relating to the Placing Shares. The securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.

*The currency of the Placing Shares are British Pounds Sterling (“£”)*

The Placing Shares are issued as Depository Interests pursuant to a Trust Deed with Computershare Investor Services PLC (BRSP - Bristol, Pavilions, P O BOX 82, The Pavillions, Bridgewater Road, Bristol, BS 99 7NH) is the depository.

##### ***A-Shares***

The A-Shares are shares of the Company’s subsidiary Turbo Power Systems Ltd. which have the identification number of 2,774,899 and are created pursuant to the laws of England and Wales pursuant to the *companies Act 1948 to 1976*. Please see pages 4, 18, 19 and 28 of the Management Information Circular dated October 20, 2006 for the rights and restrictions relating to the Placing Shares.

*The currency of the A-Shares are British Pounds Sterling (“£”)*

The A-Shares will be issued in registered form and will be in certificated form.