ONCOLYTICS BIOTECH INC
Form F-10
July 25, 2014

As filed with the Securities and Exchange Commission on July 25, 2014

Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-10

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ONCOLYTICS BIOTECH INC.

(Exact name of Registrant as specified in its charter)

Alberta	**2834**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Suite #210, 1167 Kensington Crescent N.W.

Calgary, Alberta

Canada T2N 1X7

(403) 670-7377

(Address and Telephone number of Registrant's Principal Executive Offices)

C T Corporation System

111 Eighth Avenue,

New York, NY 10011, U.S.A.

(212) 590-9070

(Name, Address (including zip code) and Telephone Number (including Area Code) of Agent for Service in the United States)

Copies to:

	Kirk Look
	Suite #210, 1167 Kensington Crescent N.W.
Kenneth G. Sam, Esq.	
	Calgary, Alberta
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Dorsey & Whitney LLP	*Canada T2N 1X7*
1400 Wewatta Street, Suite 400	
Denver, CO 80202-5549	*(403) 670-7377*

Approximate date of proposed sale to the public:

From time to time after the effective date of this registration statement.

Province of Alberta, Canada

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

A. ¨ Upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. x At some future date (check the appropriate box below):

1. ¨ pursuant to Rule 467(b) on __(date) at___(time) (designate a time not sooner than 7 calendar days after filing).

2. ¨ pursuant to Rule 467(b) on __(date) at ___(time) (designate a time 7 calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ___(date).

3. ¨ pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.

4. x after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. x

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price (1) (2)**	**Amount of registration fee**
Common Shares, Subscription Receipts, Warrants, and Units[3]	U.S.$139,650,000	U.S.$17,987
TOTAL	U.S.$139,650,000	U.S.$17,987

(1) Rule 457(o) permits the registration fee to be calculated on the basis of the maximum offering price of all of the securities listed and, therefore, the table does not specify by each class information as to the amount to be registered or the proposed maximum offer price per security. The proposed maximum initial offering price per security will be determined, from time to time, by the Registrant. In no event will the aggregate initial offering price of all securities issued from time to time pursuant to this Registration Statement exceed U.S.$139,650,000.

(2) Determined based on the proposed maximum aggregate

offering price in Canadian dollars of Cdn$150,000,000 converted into U.S. dollars based on the noon rate of exchange on July 23, 2014, as reported by the Bank of Canada, for the conversion of Canadian dollars into U.S. dollars of Cdn$1.00 equals U.S.$0.931.

(3) Subject to footnote (1), there are being registered hereunder an indeterminate number of Common Shares, Warrants to Purchase Common Shares or Subscription Receipts, Subscription Receipts which entitle the holder to receive upon satisfaction of certain release conditions, for no additional consideration, Common Shares, Warrants or any combination thereof, or Units consisting of two or more of the foregoing or any combination thereof, as may be sold from time to time by the Registrant. There are also being registered hereunder an indeterminate number of Common Shares as may be issuable upon exercise of Warrants to Purchase Common Shares or as part of Subscription Receipts or Units and such indeterminate number of Common Shares as may be issuable pursuant to anti-dilution or other similar adjustment provisions in the Warrants or Subscription Receipts.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registration statement shall become effective as provided in Rule 467 under the Securities Act, or on such date as the Commission, acting pursuant to Section 8(a) of the Securities Act, may determine.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state of the United States in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state of the United States.

SUBJECT TO COMPLETION, DATED JULY 25, 2014

PRELIMINARY BASE SHELF PROSPECTUS

Cdn.$150,000,000

Common Shares
Subscription Receipts
Warrants
Units

We may from time to time during the 25-month period that this prospectus (the "**Prospectus**"), including any amendments, remains valid, sell under this Prospectus up to Cdn. $150,000,000 (or the equivalent in other currencies or currency units) in one or more offerings, aggregate initial offering price of our common shares ("**Common Shares**"), subscription receipts ("**Subscription Receipts**"), warrants to purchase Common Shares ("**Warrants**") and/or units comprised of one or more of the other securities described in this Prospectus in any combination, ("**Units**" and, together with the Common Shares, Subscription Receipts and Warrants, the "**Securities**"). We may offer Securities in such amounts and, in the case of the Subscription Receipts, Warrants and Units, with such terms, as we may determine in light of market conditions. We may sell the Subscription Receipts and Warrants in one or more series.

Prospective purchasers should note that we are a development stage entity and that an investment in the Securities should be considered highly speculative due to various risk factors listed under the heading "*Risk*

***Factors*" on pages 8 to 17 of the Corporation's AIF (as defined herein). Prospective investors should carefully review these risk factors prior to investing in the Securities of the Corporation. In particular, prospective purchasers should note the following risks namely, all of our potential products, including REOLYSIN®, are in the research and development stage and will require further development and testing before they can be marketed commercially; any failure or delay in clinical trials for our products, including REOLYSIN®, may cause us to incur additional costs or delay or prevent the commercialization of our products and could severely harm our business; pharmaceutical products are subject to intense regulatory approval processes; we have limited manufacturing experience and intend to rely on third parties to commercially manufacture our products, if and when developed; and we have no operating revenues and a history of losses. For detailed description of "*Risk Factors*" see page 9 of this Prospectus.**

The specific variable terms of any offering of Securities will be set forth in a supplement to this Prospectus relating to such Securities (each, a "**Prospectus Supplement**") including where applicable: (i) in the case of the Common Shares, the number of Common Shares offered, the currency (which may be Canadian dollars or any other currency), the issue price and any other specific terms; (ii) in the case of Subscription Receipts, the number of Subscription Receipts offered, the currency (which may be Canadian dollars or any other currency), the issue price, the terms and procedures for the exchange of the Subscription Receipts and any other specific terms; (iii) in the case of Warrants, the designation, the number of Warrants offered, the currency (which may be Canadian dollars or any other currency), number of Common Shares that may be acquired upon exercise of the Warrants, the exercise price, dates and periods of exercise, adjustment procedures and any other specific terms; and (iv) in the case of Units, the designation, the number of Units offered, the offering price, the currency (which may be Canadian dollars or any other currency), terms of the Units and of the securities comprising the Units and any other specific terms.

We are permitted, as a foreign issuer in the United States, under a multi-jurisdictional disclosure system adopted by the United States and Canada ("MJDS"), to prepare this Prospectus in accordance with Canadian disclosure requirements. You should be aware that such requirements are different from those of the United States. We have prepared our financial statements incorporated herein by reference in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and adopted by the Accounting Standards Board of Canada and they are subject to Canadian auditing and auditor independence standards in addition to the standards of the Public Company Accounting Oversight Board (United States) and the United States Securities and Exchange Commission ("SEC") independence standards. Therefore, they may not be comparable to the financial statements of United States companies.

You should be aware that the purchase of the Securities described herein may have tax consequences both in the United States and Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. You should read the tax discussion contained in the applicable Prospectus Supplement with respect to a particular offering of securities. See "*Certain Income Tax Considerations*" at page 14 of this Prospectus.

Your ability to enforce civil liabilities under United States federal securities laws may be affected adversely by the fact that we are incorporated under the laws of Canada, the majority of our officers and directors and some of the experts named in this Prospectus are residents of Canada, and a substantial portion of our assets and the assets of said persons are located outside the United States. See "*Enforceability of Civil Liabilities*" at page 6 of this Prospectus.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SECURITIES OFFERED HEREBY, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. You should read this Prospectus and any applicable Prospectus Supplement before you invest in the Securities.

Our outstanding securities are listed for trading on the Toronto Stock Exchange under the trading symbol "**ONC**" and on the NASDAQ Capital Market under the trading symbol "**ONCY**". Unless otherwise specified in any applicable Prospectus Supplement, the Subscription Receipts, Warrants and Units will not be listed on any securities exchange. **There is no market through which the Subscription Receipts, Warrants or Units may be sold and purchasers may not be able to resell the Subscription Receipts, Warrants or Units purchased under this Prospectus. This may affect the pricing of these securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See the "Risk Factors" section of the applicable Prospectus Supplement.**

We may sell the Securities to or through underwriters, dealers, placement agents or other intermediaries or directly to purchasers or through agents. See detailed discussion on "*Plan of Distribution*" at page 13 of this Prospectus. The Prospectus Supplement relating to a particular offering of Securities will identify each person who may be deemed to be an underwriter with respect to such offering and will set forth the terms of the offering of such Securities, including, to the extent applicable, the initial public offering price, the proceeds that we will receive, the underwriting

discounts or commissions and any other discounts or concessions to be allowed or re-allowed to dealers. The lead underwriter or underwriters with respect to Securities sold to or through underwriters, if any, will be named in the related Prospectus Supplement.

Subject to applicable securities legislation, in connection with any offering of Securities under this Prospectus, the underwriters, if any, may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. These transactions, if commenced, may be discontinued at any time.

You should rely only on the information contained in this Prospectus. We have not authorized anyone to provide you with information different from that contained in this Prospectus. No underwriters have been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

Our head office and principal place of business is located at 210, 1167 Kensington Crescent N.W., Calgary, Alberta, T2N 1X7. Our registered office is located at 3700**,** 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

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ABOUT THIS PROSPECTUS AND OTHER MATTERS

In this Prospectus and any Prospectus Supplement, unless otherwise indicated, references to "**we**", "**us**", "**our**", "**issuer**" "**Oncolytics**" or the "**Corporation**" are to Oncolytics Biotech Inc.

In this Prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all references to "**dollars**", "**Cdn.$**" or "**$**" are to Canadian dollars and all references to "**US$**" are to United States dollars.

Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus and any Prospectus Supplement is determined using International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the Accounting Standards Board of Canada ("**IFRS**"). Our financial statements incorporated by reference in this Prospectus and any Prospectus Supplement and in the documents incorporated by reference herein and therein may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles.

This Prospectus provides you with a general description of the Securities that the Corporation may offer. Each time the Corporation sells Securities under this Prospectus, the Corporation will provide a Prospectus Supplement that will contain specific information about the terms of that offering of Securities. The Prospectus Supplement also may add, update or change information contained in this Prospectus. Before investing, investors should read both this Prospectus and any applicable Prospectus Supplement together with additional information described under the heading "*Documents Incorporated by Reference*".

You should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. The Corporation has not authorized anyone to provide you with different or additional information. The Corporation is not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date of the applicable document.

SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements relating to future events or the Corporation's future performance which constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or

industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include, but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the efficacy of our technologies; the timing and results of clinical studies related to our technologies; future operations, products and services; the impact of regulatory initiatives on our operations; the size of and opportunities related to the markets for our technologies; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance. Forward-looking statements generally, but not always, are identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates,” “projects”, “potential”, “possible” and similar expressions, or that events or conditions “will,” “may,” “
“should” occur.

The forward-looking statements in this Prospectus are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond our control, including without limitation:

- risks related to all of our products, including REOLYSIN®, being in the research and development stage and requiring further development and testing before they can be marketed commercially;
- risks inherent in pharmaceutical research and development;
- risks related to timing and possible delays in our clinical trials;
- risks related to some of our clinical trials being conducted in, and subject to the laws of foreign countries;
- risks related to our pharmaceutical products being subject to intense regulatory approval processes in the United States and other foreign jurisdictions;

- risks related to being subject to government manufacturing and testing regulations;
- risks related to the extremely competitive biotechnology industry and our competition with larger companies with greater resources;
- risks related to our reliance on patents and proprietary rights to protect our technology;
- risks related to potential products liability claims;
- risks related to our limited manufacturing experience and reliance on third parties to commercially manufacture our products, if and when developed;
- risks related to our new products not being accepted by the medical community or consumers;
- risks related to our technologies becoming obsolete;
- risks related to our dependence on third party relationships for research and clinical trials;
- risks related to our lack of operating revenues and history of losses;
- uncertainty regarding our ability to obtain third-party reimbursement for the costs of our product;
- risks related to other third-party arrangements;
- risks related to our ability to obtain additional financing to fund future research and development of our products and to meet ongoing capital requirements;
- risks related to potential increases in the cost of director and officer liability insurance;
- risks related to our dependence on key employees and collaborators;
- risks related to Barbados law;

- risks related to the effect of changes in the law on our corporate structure;
- risks related to expenses in foreign currencies and our exposure to foreign currency exchange rate fluctuations;
- risks related to our compliance with the Sarbanes-Oxley Act of 2002, as amended;
- risks related to our status as a foreign private issuer;
- risks related to possible "passive foreign investment company" status;
- risks related to fluctuations in interest rates; and
- risks related to our common shares.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*Risk Factors*" in our AIF (as defined below). If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. Investors should consult our quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to forward-looking statements. We do not assume responsibility for the accuracy and completeness of these statements.

Forward-looking statements are based on our beliefs, opinions and expectations at the time they are made, and we do not assume any obligation to update our forward-looking statements if those beliefs, opinions, or expectations, or other circumstances, should change, except as required by applicable law.

Prospective investors should carefully consider the information contained under the heading "*Risk Factors*" in our AIF and all other information included in or incorporated by reference in this Prospectus before making investment decisions with regard to our Securities.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**"). The majority of our officers and directors and some of the experts named in this Prospectus, are residents of Canada or otherwise reside outside the United States, and all, or a substantial portion of their assets and a substantial portion of our assets, are located outside the United States. We have appointed an agent for service of process in the United States, but it may be difficult for holders of Securities who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for holders of Securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. We have been advised by our Canadian counsel, McCarthy Tétrault LLP, that a judgment of a United States court predicated solely upon civil liability under United States federal securities laws, would probably be enforceable in Canada if, the United States court in which the judgment was obtained, has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised by McCarthy Tétrault LLP, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon United States federal securities laws.

We filed with the SEC, concurrently with our registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, we appointed CT Corporation System as our agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC or similar authorities in United States, and any civil suit or action brought against or involving us in a United States court arising out of or related to or concerning the offering of the Securities under this Prospectus.

THE CORPORATION

Oncolytics Biotech Inc. was incorporated pursuant to the ABCA on April 2, 1998 as 779738 Alberta Ltd. On April 8, 1998, we amended our articles of incorporation (the "**Articles**") and changed our name to Oncolytics Biotech Inc. On July 29, 1999, we further amended our Articles by removing the private company restrictions included therein and subdivided our 2,222,222 Common Shares issued and outstanding into 6,750,000 Common Shares. On February 9, 2007, we further amended our Articles to permit shareholder meetings to be held at any place in Alberta or at any other location as determined by our board of directors (the "**Board**").

Our head office and principal place of business is located at 210, 1167 Kensington Crescent N.W., Calgary, Alberta, T2N 1X7. Our registered office is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

We have two direct wholly-owned subsidiaries, namely:

(a) Oncolytics Biotech (Barbados) Inc., which is incorporated pursuant to the laws of Barbados; and

(b) Valens Pharma Ltd., which is incorporated pursuant to the laws of the Province of Alberta.

We also have two indirect wholly-owned subsidiaries, namely:

(c) Oncolytics Biotech (U.S.), Inc., which is incorporated pursuant to the laws of Delaware; and

(d) Oncolytics Biotech (U.K.) Ltd., which is incorporated pursuant to the laws of England and Wales.

Both Oncolytics Biotech (U.S.), Inc. and Oncolytics Biotech (U.K.) Ltd. are wholly-owned direct subsidiaries of Oncolytics Biotech (Barbados) Inc.

The following schematic illustrates our corporate structure:

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OUR BUSINESS

We focus on the discovery and development of oncolytic viruses for the treatment of cancers that have not been successfully treated with conventional therapeutics. Recent scientific advances in oncology, virology, and molecular biology have created opportunities for new approaches to the treatment of cancer. The product we are presently developing may represent a novel treatment for Ras-mediated cancers. The product may prove useful as an alternative to existing cytotoxic or cytostatic therapies, or as an adjuvant therapy to conventional chemotherapy, radiation therapy, or surgical resections. It could also potentially be used to treat certain cellular proliferative disorders for which no current therapy exists.

Our technologies are based primarily on discoveries made in the Department of Microbiology and Infectious Diseases at the University of Calgary in the 1990s. Oncolytics was formed in 1998 to explore the natural oncolytic capability of the reovirus, a virus that preferentially replicates in cells with an activated Ras pathway.

The lead product being developed by us may represent a novel treatment for certain tumour types and some cellular proliferative disorders. This lead product is a virus that is able to replicate specifically in, and hence kill, certain tumour cells both in tissue culture as well as in a number of animal models without damaging normal cells.

Our potential product for human use, REOLYSIN®, is developed from the reovirus. This virus has been demonstrated to replicate specifically in tumour cells bearing an activated Ras pathway. Activating mutations of Ras occur in approximately 30% of all human tumours directly, but considering its central role in signal transduction, activation of the Ras pathway has been shown to play a role in approximately two-thirds of all tumours.

The functionality of the product is based upon the finding that tumours bearing an activated Ras pathway are deficient in their ability to activate the anti-viral response mediated by the host cellular protein, PKR. Since PKR is responsible for preventing reovirus replication, tumour cells lacking the activity of PKR are susceptible to reovirus infections. As normal cells do not possess Ras activations, these cells are able to thwart reovirus infections by the activity of PKR. In a tumour cell with an activated Ras pathway, reovirus is able to freely replicate and hence kill the host tumour cell. The result of this replication is progeny viruses that are then free to infect surrounding cancer cells. This cycle of infection, replication and cell death is believed to be repeated until there are no longer any tumour cells carrying an activated Ras pathway available.

The following schematic illustrates the molecular basis of how we believe the reovirus may kill certain cancer cells:

For both non-cancer cells and cancer cells with an activated Ras pathway, virus binding, entry, and production of viral genes all proceed normally. In the case of normal cells however, the viral genes cause the activation of the anti-viral response that is mediated by the host cell's PKR, thus blocking the replication of the reovirus. In cells with an activated Ras pathway, the activation of PKR is prevented or reversed by an element of the Ras signal transduction pathway, thereby allowing the replication of the reovirus in these cancer cells. The end result of this replication is the death of the cancer cell. The action of the Ras pathway in allowing reovirus replication to ensue can be mimicked in non-cancerous cells by treating these cells with the chemical 2-aminopurine (2-AP) which prevents the activation of PKR.

CONSOLIDATED CAPITALIZATION

Except as otherwise described below and under the heading "*Prior Sales*", there has been no material change in the share and loan capital of the Corporation on a consolidated basis since March 31, 2014, the date of the Corporation's most recently filed unaudited interim consolidated financial statements.

USE OF PROCEEDS

Unless otherwise indicated in an applicable Prospectus Supplement relating to an offering of Securities, our present intention is to use the net proceeds we receive from the sale of Securities to fund our core activities. Our key focus is on the progression of our clinical trial program which includes the trials currently underway or which may commence during the period that this Prospectus is valid. The determination of the size of such trials, their geographic locations, and the disease indications being tested are continually assessed and may change as further information is received.

Funding for our manufacturing program also remains an important activity, as sufficient capacity to produce and provide GMP (good manufacturing practice) compliant product is required if we are successful in our clinical program and our product is approved for commercial sale.

Continually developing our intellectual property portfolio to expand and protect our core assets, our potential products, and the other necessary overhead costs for administrative, marketing and general activities would generally conclude the allocation of net proceeds.

More specific allocations would be included in an applicable Prospectus Supplement relating to a specific offering of Securities.

All expenses relating to the offering of Securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the Corporation's general fund, unless otherwise stated in the applicable Prospectus Supplement.

RISK FACTORS

An investment in the Securities involves a high degree of risk. Prospective investors should note that there is no market through which the Subscription Receipts, Warrants or Units may be sold and purchasers may not be able to resell the Subscription Receipts, Warrants or Units purchased under this Prospectus. This may affect the pricing of these securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

Prospective investors should consider carefully the risks incorporated by reference in this Prospectus (including in subsequently filed documents incorporated by reference) and those described in any Prospectus Supplement before purchasing the Securities offered hereby. Discussions of certain risks affecting the Corporation in connection with its business are provided under the heading "*Risk Factors*" in our AIF filed with the various securities regulatory authorities, which is incorporated by reference in this Prospectus.

DESCRIPTION OF SHARE CAPITAL

Authorized Capital

Our authorized capital consists of an unlimited number of Common Shares. The following is a summary of the provisions attached to our Common Shares.

Common Shares

The holders of our Common Shares are entitled to one vote per share at meetings of shareholders, to receive such dividends as declared by our Board and to receive our remaining property and assets upon dissolution or wind up. Our Common Shares are not subject to any future call or assessment and there are no pre-emptive, conversion or redemption rights attached to such shares.

As at July 24, 2014, we have 87,943,396 Common Shares issued and outstanding. After giving effect to the exercise of all our options, we would have 93,931,240 Common Shares issued and outstanding.

PRIOR SALES

Except as disclosed under this heading, no other Common Shares or securities exchangeable or convertible into Common Shares have been issued during the twelve month period preceding the date of this Prospectus.

During the twelve month period preceding the date of this Prospectus, the Corporation issued an aggregate of 2,981,425 Common Shares, the particulars of which are set forth in the following table:

Date of Issue	Number of Common Shares Issued	Price per Common Share
December 4, 2013	35,000	Cdn.$1.65
December 5, 2013	10,000	Cdn.$1.65
February 27, 2014	292,793	US$1.5540
February 27, 2014	612,223	US$1.6640
March 11, 2014	101,884	US$1.6733
April 3, 2014	101,944	US$1.7267
April 7, 2014	101,944	US$1.7267
April 14, 2014	101,734	US$1.5399
April 17, 2014	101,760	US$1.5633
April 22, 2014	101,734	US$1.5400
April 25, 2014	101,723	US$1.5300
May 1, 2014	101,633	US$1.4500
June 2, 2014	101,415	US$1.2567
June 3, 2014	101,408	US$1.2500
June 5, 2014	101,415	US$1.2567
June 9, 2014	101,415	US$1.2567
June 11, 2014	101,415	US$1.2567
June 13, 2014	101,415	US$1.2567
June 17, 2014	101,415	US$1.2567
June 19, 2014	101,415	US$1.2567
June 23, 2014	101,464	US$1.3000
June 30, 2014	101,430	US$1.2700
July 2, 2014	101,423	US$1.2633
July 3, 2014	101,423	US$1.2633
July 22, 2014	101,588	US$1.4100
July 24, 2014	101,565	US$1.3900

During the twelve month period preceding the date of this Prospectus, the Corporation granted options exercisable for an aggregate of 1,716,000 Common Shares, the particulars of which are set forth in the following table:

Date of Grant	**Number of Options Granted**	**Exercise Price (Cdn.$)**
December 11, 2013	1,416,000	1.74
February 3, 2014	2	