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*This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. No securities regulatory authority has expressed an opinion about the securities offered hereunder and it is an offence to claim otherwise. **These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and accordingly, these securities may not be offered, sold, exercised, pledged, or otherwise transferred within the United States or to, or for the account or benefit of any person in the United States or any U.S. person (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".***

PRELIMINARY PROSPECTUS

NEW ISSUE

April 7, 2009

CANFE VENTURES LTD.

to be renamed Dinan Performance Corporation

Up to \$3,000,000

**Offering of up to 10,000,000 Units at a price of \$0.30 per Unit
(each unit consisting of one Class "A" Common Share and one half of one Warrant)**

This prospectus qualifies the distribution (the "Offering") by Canfe Ventures Ltd. (the "Issuer") of up to 10,000,000 units (each a "Unit") at a price of \$0.30 per Unit (the "Offering Price") for aggregate gross proceeds of up to \$3,000,000. Each Unit consists of one Class "A" common share (each a "Share") in the capital of the Issuer and one half of one transferable common share purchase warrant (each whole warrant a "Warrant") of the Issuer. Each whole Warrant will entitle the holder thereof to purchase one Class "A" common share in the capital of the Issuer (a "Warrant Share") at an exercise price of \$0.40 per Warrant Share, at any time on or before 24 months after the closing of the Offering (the "Expiry Date"). See "Description of Securities Offered". The Offering Price was determined by negotiation between the Issuer and Canaccord Capital Corporation (the "Agent"). **The Issuer may be considered to be a "connected issuer" of the Agent as such term is defined in National Instrument 33-105 "Underwriting Conflicts" due to the fact that the Agent holds 9.6% the outstanding shares of common stock of Dinan Engineering, Inc., a company to be acquired by the Issuer. For more information see "Relationship Between the Issuer and the Agent".**

	<u>Price to the Public</u>	<u>Agent's Commission</u> ⁽¹⁾	<u>Net Proceeds to the Issuer</u> ⁽²⁾⁽³⁾
Per Unit	\$0.30	\$0.024	\$0.276
Total Offering	\$3,000,000 ⁽³⁾	\$240,000 ⁽³⁾	\$2,760,000 ⁽³⁾

- (1) Pursuant to the terms and conditions of an agency agreement (the "Agency Agreement") dated ●, 2009 between the Agent and the Issuer, the Issuer has agreed to pay to the Agent, upon closing of the Offering, a cash commission ("Agent's Commission") equal to 8% of the gross proceeds realized from the sale of the Units under the Offering, and on any additional Units that are issued and sold upon exercise of the Over-Allotment Option (as defined below). In addition, the Issuer has agreed to grant to the Agent, as additional compensation, non-transferable common share

purchase warrants (the “Agent’s Warrants”) that will entitle the Agent to purchase such number of common shares (the “Agent’s Warrant Shares”) in the capital of the Issuer that equals 15% of the aggregate number of Units sold under the Offering, and on any additional Units that are issued and sold upon exercise of the Over-Allotment Option. Each Agent’s Warrant will entitle the Agent to purchase one Agent’s Warrant Share at an exercise price of \$0.40 per Agent’s Warrant Share at any time until 24 months after the completion of the Offering. This prospectus qualifies the distribution of such number of Agent’s Warrants as will entitle the Agent to purchase Agent’s Warrant Shares equal in number to 10% of the number of Units issued in the Offering. National Instrument 41-101 *General Prospectus Requirements* (“NI 41-101”) imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an underwriter as compensation (“Qualified Compensation Securities”). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the shares offered pursuant to this Prospectus. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be issued pursuant to an exemption to the prospectus requirements and therefore, subject to a hold period in accordance with applicable securities laws. See “Plan of Distribution”.

- (2) Before deducting the balance of the expenses of the Offering and the Qualifying Transaction, estimated to be \$250,000, which includes the expenses of the Agent, including that of its counsel, estimated to be \$125,000.
- (3) The Issuer has granted to the Agent an option (the “Over-Allotment Option”) exercisable, in whole or in part no later than 48 hours prior to the closing of the Offering, to offer and sell up to 3,333,333 additional units (each an “Additional Unit”, collectively, the “Additional Units”) at the Offering Price to cover over-allotments and to raise additional gross proceeds to the Issuer of up to \$1,000,000. This table excludes the gross proceeds from any Additional Units issuable upon exercise of the Over-Allotment Option. Assuming the Offering is completed, if the Agent exercises the Over-Allotment Option in full, the additional total price to the public, Agent’s Commission and net proceeds to the Issuer will be \$1,000,000, \$80,000 and \$920,000, respectively. See “Plan of Distribution”. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Additional Units to be issued by the Issuer upon exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agent’s over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the Over-Allotment Option or secondary market purchases. Unless the context requires otherwise, all references to “Unit” or “Units” in this prospectus includes “Additional Units”.

The outstanding common shares of the Issuer (to be redesignated as Class “A” common shares”) (“Common Shares”) are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “FEY.P”. On January 9, 2009, the last trading day before the announcement of the Qualifying Transaction, the closing price of the Common Shares on the TSX-V was \$0.35.

The Agent’s position is as follows:

<u>Agents’ Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period or Acquisition Date</u>	<u>Exercise Price</u>
Over-Allotment Option ⁽¹⁾	Option to purchase up to an additional 3,333,333 Units	48 hours prior to the Closing of the Offering	\$0.30
Agent’s Warrants ⁽²⁾	2,000,000 Agent’s Warrant Shares ⁽³⁾	24 months from Closing	\$0.40
Total securities under option issuable to the Agent	3,333,333 Units	48 hours prior to the Closing of the Offering	\$0.30
	2,000,000 Agent’s Warrant Shares	24 months from Closing	\$0.40

- (1) The distribution of the Over-Allotment Option is qualified by this prospectus. See “Plan of Distribution”.
- (2) The distribution of the Agent’s Warrants is qualified by this prospectus. See “Plan of Distribution”.
- (3) Assuming the full exercise of the Over-Allotment Option.

The Issuer has applied to list the Shares and the Warrant Shares that may be issued upon exercise of the Warrants on the TSX-V. Provided the Issuer meets the TSX-V’s requirements for the listing of the Warrants, including the distribution of the Warrants to a sufficient number of public shareholders, at the request of the Agent the Issuer may apply to list the Warrants on the TSX-V.

There is currently no market through which the Warrants may be sold and purchasers of Warrants may not be able to resell the Warrants purchased under this prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See “Risk Factors”. There can be no assurance that an active trading market will develop for the Warrants after the Offering or, if developed, that such market will be sustained. To the extent that an active trading market for the Warrants does not develop, the liquidity and trading prices for the Warrants may be adversely affected.

This Offering is not underwritten and is not subject to a minimum offering.

The closing of the Offering is conditional upon the acquisition by the Issuer of all of the issued and outstanding shares of Dinan Engineering, Inc. (“Dinan”) from the shareholders of Dinan in exchange for the issuance of securities of the Issuer (the “Qualifying Transaction”). See “General Development of the Business – Significant Acquisitions”. Upon the completion of the Qualifying Transaction, the Issuer will change its name to Dinan Performance Corporation, or such other name as is agreed by the Issuer and Dinan.

As at the date of this prospectus, members of the Agent’s “Pro Group”, which includes the Agent, all employees, directors and officers of the Agent and their respective associates, hold a total of 130,000 Common Shares of the Issuer, which represents approximately 2.5% of the Issuer’s current issued and outstanding Common Shares. Members of the Agent’s “Pro Group” also hold share purchase warrants which upon exercise will give the holders thereof the right to acquire an additional 237,725 Common Shares. Based on the foregoing, the Issuer is not considered to be a “related issuer” of the Agent under applicable Canadian securities legislation.

The Agent conditionally offers the Units on a “commercially reasonable efforts” agency basis and subject to prior sale, if, as and when issued by the Issuer and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution”. Certain legal matters in relation to the Offering have been reviewed on the Issuer’s behalf by Maitland & Company, of Vancouver, British Columbia, on Dinan’s behalf by Axium Law Corporation of Vancouver, British Columbia and on the Agent’s behalf by Miller Thomson LLP, of Vancouver, British Columbia. See “Experts”.

These securities are considered to be highly speculative due to the nature of the Issuer’s business upon the completion of the Qualifying Transaction. Such risks include, but are not limited to, risks associated with the loss of key personnel, the ability to introduce successful new products to the market, exposure to general economic conditions, and to the other risk factors set out in this prospectus. See “Risk Factors”. **An investment in the Units involves a high degree of risk and should only be considered by those investors who can afford to lose their entire investment. In addition, the completion of the Qualifying Transaction, and therefore this Offering, is subject to the final approval of the TSX-V.**

In the event that the closing of the Offering does not occur on or before 90 days following the date of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, and agreed to by the Agent, all subscriptions and subscription funds will be returned to investors by the Agent, without interest or any deduction or penalty, unless the investors have otherwise instructed the Agent.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. One or more global certificates that represent the aggregate principal number of Shares and Warrants comprised in the Units subscribed for will be issued in registered form to The Canadian Depository for Securities Limited (“CDS”) and will be deposited with CDS on the date of closing. All of the purchasers of Units, other than United States purchasers, will receive only a customer confirmation from the Agents as to the Units purchased. Certificates representing the Units in registered and definitive form will be issued only to United States purchasers of Units and in certain other limited circumstances. See “Plan of Distribution”.

Agent:

Canaccord Capital Corporation
2200 - 609 Granville Street
Vancouver, British Columbia
V7Y 1H2

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ELIGIBILITY FOR INVESTMENT

In the opinion of Maitland & Company, counsel to the Issuer, the Shares, Warrants and Warrant Shares comprising the Units, if issued on the date hereof, would be qualified investments within the meaning of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans and registered disability savings plans, all as defined under the Tax Act, provided that in the case of the Warrants, each person who is an annuitant, a beneficiary, an employer or a subscriber under such plan deals at arm's length (within the meaning of the Tax Act) with the Issuer.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains “forward-looking statements” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Issuer, the timing and amount of estimated future sale and product introductions, costs of research, development production, capital and operating expenditures, costs and timing of the development of new products, requirements for additional capital, government regulation of operations, environmental risks, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current product research and development activities, actual results of future sales activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; changes in product offerings as plans continue to be refined; changes in labour costs other costs of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the performance automotive industry, and the factors discussed in the section entitled “Risk Factors” in this prospectus. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

EXCHANGE RATE INFORMATION

All dollar amounts in this prospectus refer to Canadian dollars unless otherwise indicated. “US\$” is used to indicate United States dollar values. All financial statements of Dinan and the pro forma financial statements of Canfe and Dinan following the completion of the Qualifying Transaction and the Offering are given in United States dollars. The noon rate of exchange on March 31, 2009 as reported by the Bank of Canada for the conversion of Canadian dollars into United States (“US”) dollars was Cdn\$1.00 equals US\$0.7935.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and information relating to the Issuer, Dinan and the Resulting Issuer (assuming completion of the Qualifying Transaction) should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Reference is made to the Glossary of certain terms with initial capital letters used in this prospectus and in this summary.

The Issuer: The Issuer is classified as a capital pool company (“CPC”) pursuant to Policy 2.4 of the TSX-V. As a CPC, the Issuer has not conducted operations of any kind other than engaging in discussions and negotiations for the purpose of identifying and evaluating potential acquisitions of interests in commercially viable businesses or assets which could form the basis for a qualifying transaction pursuant to Policy 2.4.

The Issuer has entered into a Share Exchange Agreement dated January 8, 2009 (the “Share Exchange Agreement”) with Dinan and all of the holders of shares of common stock of Dinan, pursuant to which it has agreed to acquire all of the issued and outstanding securities of Dinan (the “Qualifying Transaction”) concurrently with the closing of the Offering. For details regarding the terms of the Qualifying Transaction, see “General Development of the Business – Significant Acquisitions and Significant Dispositions”. For details regarding the business of Dinan, see “Narrative Description of the Business of Dinan”.

The Offering: The Offering consists of an aggregate of up to 10,000,000 units (each a “Unit”). Each Unit consists of one Class “A” common share (each a “Share”) in the capital of the Issuer and one half of one transferable common share purchase warrant (each whole warrant a “Warrant”) of the Issuer. Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Issuer (a “Warrant Share”) at an exercise price of \$0.40 per Warrant Share, at any time on or before 24 months after the closing of the Offering (the “Expiry Date”). See “Description of Securities Offered” and “Plan of Distribution”.

Offering Price: \$0.30 per Unit. See “Plan of Distribution”.

Over-Allotment Option The Issuer has granted to the Agent an option (the “Over-Allotment Option”) exercisable, in whole or in part no later than 48 hours prior to the closing of the Offering, to offer and sell up to 3,333,333 additional Units (the “Additional Units”) at the Offering Price to cover over-allotments and to raise additional gross proceeds to the Issuer of up to \$1,000,000.

Use of Proceeds: The gross proceeds to the Issuer (prior to deduction of expenses) from the sale of the Units offered hereby will be up to \$3,000,000, assuming the Over-Allotment Option is not exercised. The total funds available to the Issuer at the closing of the Offering, after deducting the Agent’s Commission of \$240,000, the balance of the estimated expenses of the Offering and the Qualifying Transaction of \$250,000, including estimated (unaudited) working capital of the Issuer as at March 31, 2009 of \$125,300 and an estimated (unaudited) working capital deficiency of Dinan as at March 31, 2009 of (\$211,900), are estimated to be \$2,423,400.

The proposed principal uses of the total funds available to the Issuer upon completion of the Offering are as follows:

Repayment of Shareholder Loans	\$750,000
Introduce new M3 V8 engine	\$280,000
Introduce new V8 dual turbocharged BMW models into the Dinan Signature Series program	\$150,000
Increase the number of BMW authorized dealers participating in the Dinan Signature Series Program to at least 29	\$64,000

Open one additional Dinan retail service centre	\$1,000,000
Working capital	\$179,400
Total	<u>\$2,423,400</u>

The table above excludes any gross proceeds received from Additional Units issuable upon exercise of the Over-Allotment Option. See “Plan of Distribution”. Any un-allocated funds or additional proceeds from the exercise of the Over-Allotment Option, Warrants and Agent’s Warrants will be added to working capital.

A reallocation of funds may be necessary in order for the Issuer to achieve its stated business objectives. See “Use of Proceeds”.

**Canadian Federal
Income Tax
Considerations**

Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Shares. See “Certain Canadian Federal Income Tax Considerations”.

**Board and
Management:**

<u>Name</u>	<u>Position Held</u>
Stephen J. Dinan	President, Chief Executive Officer and Director
Robert Bick	Director
David Habiger	Director
Erik Wensberg	Director
Joseph P. Giuffre	Director
Janice Dinan	Chief Operations Officer

See “Management and Key Personnel” and “Directors, Officers and Promoters”.

Risk Factors:

These securities are considered to be highly speculative due to the nature of the Issuer’s business. An investment in the Units is subject to a number of risks, all of which should be carefully considered by a prospective investor. Such risks include those risks to the Issuer following the completion of the Qualifying Transaction (the “Resulting Issuer”), summarized below. A detailed description of the risk factors can be reviewed under the heading “Risk Factors”.

The Resulting Issuer’s success is dependent on the ability and experience of a relatively small number of key personnel, including that of Stephen J. Dinan. The Resulting Issuer’s success is dependent on its ability to bring new products to the market. There is no guarantee that the Resulting Issuer will be able to produce custom ECU software for future BMW models. The current economic climate is difficult for automotive manufacturing companies and automotive parts manufacturers and dealers in general and luxury and high-performance automotive manufacturers and dealers in particular. The Resulting Issuer’s business may be adversely affected by future economic cycles. The Resulting Issuer’s business may be adversely affected by overall consumer demand and levels of discretionary spending. The Resulting Issuer’s business may be adversely affected by competition. Recent market events and conditions, including disruptions in the US and international credit markets and other financial systems and the deterioration of the US and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Resulting Issuer’s ability to fund its working capital and other capital requirements. BMW could take technological or other actions which could negatively and materially impact the Resulting Issuer’s business. The Resulting Issuer’s economic success is dependent on the continuation of BMW’s production of luxury, high performance automobiles. The Resulting Issuer’s success is dependent on its ability to hire and retain qualified technical personnel. The Resulting Issuer’s business will be subject to potential future product defects, product defect claims, product recalls or class action lawsuits based on product defects. BMW is not required to maintain its warranty in respect of any damage caused by the Resulting Issuer’s products. The Resulting Issuer’s business will be subject to potential intellectual property liabilities. The Resulting Issuer’s ability to compete effectively will depend on its ability to maintain the proprietary nature of its technology and manufacturing process. The Resulting Issuer may be subject to both Canadian and U.S. taxation and other potential tax risks. The Resulting

Issuer intends to expand by opening new Service Centres, which will expose it to additional risks. The Issuer and Dinan are currently subject to litigation proceedings which may have an adverse material impact on the Resulting Issuer. The Resulting Issuer may be subject to unfavourable conditions in key geographic markets. The Resulting Issuer's success depends on Dinan's current brand and any future brands it may develop, and if the value of such brands were to diminish, the Resulting Issuer's business would be adversely affected. The Resulting Issuer may not be able to obtain additional financing on favorable terms, or at all. Dinan's business operations are subject to extensive governmental regulations, and any failure to comply with these regulations could adversely affect the results of operations, financial condition and overall business. The Resulting Issuer's business and products will be subject to environmental regulation, which is subject to change. Dinan will face new challenges and increased costs in connection with being held by a public company. The Resulting Issuer may not have insurance coverage for certain potential losses. The Resulting Issuer may be subject to the failure of its computer and data processing systems. An active public market for the Common Shares of the Resulting Issuer may not develop; the value of the Common Shares of the Resulting Issuer will likely be highly volatile and your investment could decline in value. Future sales of outstanding Common Shares of the Resulting Issuer could cause the market price of the Common Shares of the Resulting Issuer to decrease significantly, even if its business is doing well.

An investment in the Units is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units. See "Risk Factors".

**Summary Pro
Forma Financial
Information:**

The following table sets forth certain selected unaudited pro forma financial information of the Issuer as of December 31, 2008 and Dinan as of September 30, 2008 after giving effect to the Offering and the Qualifying Transaction which is derived from, is qualified in its entirety by, and should be read in conjunction with the pro forma financial statements of the Issuer and Dinan, and the financial statements of the Issuer and Dinan and notes thereto contained elsewhere in this prospectus. All amounts are given in United States dollars.

	Issuer December 31, 2008⁽¹⁾	Dinan September 30, 2008	Pro Forma Adjustments	Resulting Issuer Pro Forma
Current Assets	\$224,232	\$4,635,317	\$1,987,243	\$6,846,792
Total Assets	\$224,232	\$6,964,642	\$1,987,243	\$9,176,117
Current Liabilities	\$60,114	\$3,970,342	\$Nil	\$4,030,456
Total Liabilities	\$60,114	\$7,466,258	(\$817,795)	\$6,708,577
Shareholders' Equity	\$164,118	(\$501,616)	\$2,805,038	\$2,467,540

(1) For the purposes of the pro forma balance sheet, financial information for Canfe has been converted into U.S. dollars at a rate of 0.8178 US dollars per Canadian, which is the year-end exchange rate as determined by the Issuer's auditor, Chang Lee LLP.

The following table sets forth certain selected audited and unaudited consolidated financial information of Dinan for the nine month period ended September 30, 2008 and the financial years ended December 31, 2007, 2006 and 2005, and is derived from and is qualified in its entirety by, and should be read in conjunction with the financial statements of Dinan and notes thereto contained elsewhere in this prospectus. All amounts are given in United States dollars.

	Nine Months Ended September 30, 2008 (unaudited)	Financial Year Ended December 31, 2007 (audited)	Financial Year Ended December 31, 2006 (audited)	Financial Year Ended December 31, 2005 (audited)
<u>Statement of Operations and Deficit</u>				
Revenue	\$10,362,090	\$9,151,079	\$11,300,485	\$9,592,590
Operating Expenses	\$6,829,535	\$7,041,984	\$8,250,058	\$6,032,691
Net Income (loss)	(\$25,344)	(\$1,221,778)	(\$1,081,614)	\$1,000
Earning (loss) per Share	(\$0.18)	(\$8.73)	(\$7.73)	\$0.01

	Nine Months Ended September 30, 2008 (unaudited)	Financial Year Ended December 31, 2007 (audited)	Financial Year Ended December 31, 2006 (audited)
<u>Balance Sheet</u>			
Cash and cash equivalents	\$338,302	\$32,571	\$Nil
Total Assets	\$6,964,642	\$4,962,326	\$3,708,378
Liabilities	\$7,466,258	\$5,511,255	\$3,962,546
Shareholders' Equity	(\$501,616)	(\$548,929)	(\$245,168)

The following table sets forth certain selected audited financial information of the Issuer for the period from January 14, 2008 (the date of the Issuer's incorporation) to December 31, 2008 and is derived from and is qualified in its entirety by, and should be read in conjunction with the financial statements of the Issuer and notes thereto contained elsewhere in this prospectus. All amounts are given in Canadian dollars.

	Period from January 14, 2008 (incorporation) to December 31, 2008 (audited)
<u>Statement of Operations and Deficit</u>	
Revenue	\$Nil
Expenses	\$185,166
Net Income (loss)	(\$183,183)
Earning (loss) per Share	(\$0.05)
<u>Balance Sheet</u>	
Cash and cash equivalents	\$274,087
Total Assets	\$274,191

Liabilities	\$73,507
Shareholders' Equity	\$200,684

GLOSSARY

In this prospectus, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

Additional Units	means the additional 3,333,333 Units which the Agent may offer and sell pursuant to the Over-Allotment Option
Agency Agreement	means the agency agreement dated ●, 2009 with respect to the Offering between the Issuer and the Agent as more particularly described under the heading “Plan of Distribution”;
Agent	means Canaccord Capital Corporation;
Agent’s Commission	means the cash commission payable by the Issuer to the Agent in consideration for the Agent’s services in connection with the Offering, equal to 8% of the gross proceeds raised in the Offering;
Agent’s Warrants	means the non-transferable common share purchase warrants to be granted to the Agent, to purchase up to 15% of the number of Shares sold under the Offering, with each Agent’s Warrant entitling the holder to purchase one Agent’s Warrant Share at an exercise price of \$0.40 per Agent’s Warrant Share at any time on or before the Expiry Date;
Agent’s Warrant Shares	means the Common Shares issuable upon the exercise of the Agent’s Warrants;
BMW	means Bayerische Motoren Werke AG, more commonly known as BMW, a manufacturer of luxury automobiles;
Business Corporations Act	means the <i>Business Corporations Act</i> (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
Canfe or the Issuer	means Canfe Ventures Ltd.;
Closing	means the closing of the issue and sale of Units pursuant to this Offering;
Common Share or Common Shares	means, respectively, one or more common shares without par value in the capital of the Issuer which prior to the Closing, will be redesignated as Class “A” common shares without par value;
Convertible Share or Convertible Shares	means, respectively, one or more Class “B” common shares without par value in the capital of the Issuer, as such capital will be constituted immediately prior to the completion of the Qualifying Transaction;
CPC	means a “Capital Pool Company” pursuant to policy 2.4 of the TSX-V;
CRA	means the Canada Revenue Agency;
Dinan	means Dinan Engineering, Inc.;
ECU	means engine control unit, the primary computer which controls the engine and other components in modern automobiles;
Expiry Date	means the date which is 24 months after the Closing;
naturally aspirated	means, in relation to an automotive engine, an engine without a turbocharger or other method of forced air induction;
Offering	means the public offering of up to 10,000,000 Units described herein or in any amendment hereto;
Offering Price	means the purchase price of \$0.30 per Unit;
Over-Allotment Option	means the option of the Agent to offer and sell 3,333,333 Additional Units at the

	Offering Price, as more particularly described under “Plan of Distribution”;
Pro Group	means, in relation to the Agent, the Agent and its employees, partners, officers, directors, and Affiliates (as such term is defined in the TSX-V Corporate Finance Manual) and any Associate (as such term is defined in the TSX-V Corporate Finance Manual) of the foregoing;
Qualifying Transaction	means the acquisition by the Issuer of all of the issued and outstanding shares of common stock of Dinan, which acquisition is intended to qualify as the “Qualifying Transaction” of the Issuer pursuant to the policies of the TSX-V;
Resulting Issuer	means Canfe, following the completion of the Qualifying Transaction, under its proposed new name Dinan Performance Corporation;
Securities	means the Units, Shares, Warrants and Warrant Shares;
Selling Jurisdictions	means each of the provinces of British Columbia, Alberta and Ontario and such other jurisdictions as may be agreed upon by the Issuer and the Agent. The Units may also be sold to residents in the United States on a private placement basis pursuant to applicable securities laws;
Shares	means the Common Shares to be issued as part of the Units to be issued under the Offering;
Share Exchange Agreement	means the share exchange agreement dated January 8, 2009 among the Issuer, Dinan and all of the holders of shares of common stock of Dinan (being Stephen J. Dinan, Janice Dinan and the Agent), pursuant to which the Issuer will acquire all of the outstanding shares of common stock of Dinan in consideration for the issuance of securities of the Issuer to the existing shareholders of Dinan;
Tax Act	means the <i>Income Tax Act</i> (Canada), together with the regulations thereto, as amended, reenacted or restated, from time to time;
Trustco	means Olympia Trust Company, the registrar and transfer agent of the Issuer;
turbocharger	means a device attached to an automobile engine which uses forced air induction to increase the power of the engine;
TSX-V	means TSX Venture Exchange;
Units	means the 10,000,000 Units offered for sale under this prospectus. Each Unit consists of one Share and one half of one transferable Warrant. Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Issuer at an exercise price of \$0.40 per Warrant Share, at any time on or before the Expiry Date;
Warrant Shares	means the Common Shares issuable upon exercise of the Warrants; and
Warrants	means the whole warrants comprised of the one half of one transferable common share purchase warrant to be issued as part of each Unit to be issued under the Offering. Provided the Issuer meets the TSX-V’s requirements for the listing of the Warrants, including the distribution of the Warrants to a sufficient number of public shareholders, at the request of the Agent the Issuer may apply to list the Warrants on the TSX-V.

CORPORATE STRUCTURE

The Issuer

Name and Incorporation

The Issuer's full corporate name is "Canfe Ventures Ltd." The Issuer was incorporated by Certificate of Incorporation and Notice of Articles pursuant to the provisions of the *Business Corporations Act* on January 14, 2008.

The head office of the Issuer is located at Suite 1980, 1075 W. Georgia Street, Vancouver, British Columbia, V6E 3C9, and the registered office of the Issuer is located at Suite 700, 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

The Issuer is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Common Shares are listed for trading on the TSX-V under the trading symbol "FEY.P".

Intercorporate Relationships

As at the date of this prospectus, the Issuer has no subsidiaries. Upon completion of the Qualifying Transaction, Dinan will be a wholly-owned operating subsidiary of the Issuer.

Dinan

All information in this prospectus concerning Dinan has been provided by Dinan.

Name and Incorporation

Dinan's full corporate name is "Dinan Engineering, Inc." The business office of Dinan is located at 865 Jarvis Drive, Morgan Hill, California. The corporate records office of Dinan is located at Atkinson-Farasy, P.O. Box 279, 660 West Dana Street, Mountain View, California, 94042. Dinan was incorporated under the corporate laws of the State of California on November 3, 1982 under the name "Bavarian Performance, Inc." Effective March 2, 1988, Dinan changed its name to Dinan Engineering, Inc.

Intercorporate Relationships

Dinan has one wholly-owned operating subsidiary, A&E Performance, Inc., located at 980 Camden Avenue, Campbell, California, 95008.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Issuer is classified as a CPC pursuant to TSX-V Policy 2.4. As a CPC, the Issuer has not conducted operations of any kind other than engaging in discussions and negotiations for the purpose of identifying and evaluating potential acquisitions of interests in commercially viable businesses or assets which could form the basis for a "qualifying transaction" pursuant to TSX-V Policy 2.4.

On January 8, 2009, the Issuer entered into a binding letter of intent to acquire all of the issued and outstanding securities and business of Dinan. The binding letter of intent was subsequently superseded by the Share Exchange Agreement, also dated for reference January 8, 2009. For details regarding the terms of the transaction, see "General Development of the Business – Significant Acquisitions and Significant Dispositions". For details regarding the business of Dinan, see "Narrative Description of the Business of Dinan".

The acquisition of Dinan will constitute the Issuer's "qualifying transaction" pursuant to TSX-V Policy 2.4. As the acquisition is an arm's length transaction, shareholder approval of the Qualifying Transaction is not required pursuant to the policies of the TSX-V.

Following the completion of the Qualifying Transaction, the business of Dinan will become the main business and operations of the Issuer.

Significant Acquisitions

Share Exchange Agreement

The Issuer entered into the Share Exchange Agreement with Dinan, and the existing shareholders of Dinan, being Stephen J. Dinan, Janice Dinan, and the Agent. Pursuant to the Share Exchange Agreement, the Qualifying Transaction is structured as an acquisition by the Issuer of all of the issued and outstanding shares of common stock of Dinan in exchange for the issuance to the existing shareholders of Dinan of securities of the Issuer consisting of an aggregate of 13,139,694 Common Shares and an aggregate of 41,473,722 Convertible Shares, which are convertible at the option of the holders thereof into an additional 41,473,722 Common Shares. Assuming that the Over-Allotment Option is not exercised and all Convertible Shares are converted into Common Shares immediately following the completion of the Qualifying Transaction, the current shareholders of Dinan will hold approximately 91% of the Common Shares issued and outstanding prior to the completion of the Offering, and approximately 77% of the Common Shares issued and outstanding following the completion of the Offering. As a result of the Qualifying Transaction, Dinan will become a wholly-owned subsidiary of the Issuer and current shareholders of Dinan will have effective control of the Issuer.

The number of shares of common stock of Dinan held by the Agent, and therefore the number of Common Shares issuable to the Agent in connection with the Qualifying Transaction, is subject to adjustment. See "Relationship Between the Issuer and the Agent".

Pursuant to the terms of the Share Exchange Agreement, the Issuer has agreed to amend its Articles to alter its authorized share capital to create the Convertible Shares as a new class of shares. See "Selected Consolidated Financial Information And Management's Discussion And Analysis For The Issuer – Disclosure of Outstanding Securities".

The completion of the Qualifying Transaction is subject to a number of conditions specified in the Share Exchange Agreement, including, among others:

- (a) the Offering, inclusive of the Over-Allotment Option, will close concurrently on terms and for gross proceeds satisfactory to Dinan and certain of Dinan's shareholders;
- (b) certain shareholder loans will be repaid pursuant to terms set out in the Share Exchange Agreement (for more information see "Use of Proceeds" and "Consolidated Capitalization");
- (c) the Issuer will have met certain requirements relating to the structure of the board and management of the Issuer (for more information see "Directors and Executive Officers");
- (d) the Issuer will have changed its name to Dinan Performance Corporation, or other name as is acceptable to the parties to the Share Exchange Agreement;
- (e) regulatory approval will have been obtained for the Qualifying Transaction and all other transactions contemplated by the Share Exchange Agreement;
- (f) the TSX-V will have accepted the Qualifying Transaction as the qualifying transaction of the Issuer; and

- (g) Dinan and the Issuer will collectively meet the minimum listing requirements of the TSX-V, including the requirements for a qualifying transaction as required by the Exchange.

The Share Exchange Agreement may be terminated upon the notice of any party thereto in the event that the completion of the Qualifying Transaction has not occurred on or before May 31, 2009, or such other date as is mutually agreed by the parties to the Share Exchange Agreement.

A copy of the Share Exchange Agreement is available for review during regular business hours at the office of the Issuer's counsel, Maitland & Company, at Suite 700 - 625 Howe Street, Vancouver, British Columbia.

Approvals Necessary for the Acquisition

Regulatory Approval

The Qualifying Transaction and the Offering remain subject to approval by the TSX-V and such approval may not be received on a basis acceptable to the Issuer or Dinan, or at all.

Closing Date

It is expected that the closing of the Qualifying Transaction and the Offering will occur on or about May 30, 2009.

Stock Exchange Listing

The Common Shares are currently listed for trading on the Exchange. The Issuer is currently classified as a CPC Issuer and, subject to meeting the TSX-V's initial listing requirements, the Resulting Issuer is expected to be classified as a Tier 1 or Tier 2 Technology/Industrial Issuer after the closing of the Qualifying Transaction.

Fees and Expenses

The Issuer will pay all of the filing fees and legal and professional expenses in relation to the Offering and the Qualifying Transaction in the event that the Offering is completed, which are expected to total approximately \$250,000. In addition, the Issuer will reimburse the Agent for its reasonable expenses in connection with the Offering, including the fees of its legal counsel. The Agent's expenses, inclusive of legal fees, are estimated to be \$125,000. If the Offering is not completed, the Issuer has agreed to pay up to \$100,000 of the legal and other professional expenses of Dinan in relation to the Offering and the Qualifying Transaction.

NARRATIVE DESCRIPTION OF THE BUSINESS OF DINAN

Overview

Dinan designs, manufactures and markets high performance automotive aftermarket products (the "High Performance Products"), custom ECU software, and repair and maintenance services for BMW automobiles in the United States of America and Canada. Dinan's main facilities are located near San Jose, California. Following the completion of the Qualifying Transaction, the business of Dinan will become the main business and operations of the Issuer.

Stephen J. Dinan, the Chief Executive Officer of Dinan, founded the Dinan business as a sole proprietorship in 1979. Dinan was incorporated in 1982 under the name Bavarian Performance, Inc. and changed its name to Dinan Engineering, Inc. in 1988.

In 1997, Dinan began distributing its products through BMW's North American dealership network. As required under US legislation, BMW maintains the existing warranty on the portions of any BMW automobile which have not been affected by the installation of Dinan products, and Dinan provides a warranty on modified portions of the automobile. See "Narrative Description of the Business of Dinan – Products and Services – High Performance Products – Warranty".

Dinan's business is organized into four distinct, yet complementary divisions:

1. High Performance Products. Dinan's High Performance Products division develops, manufactures and sells a wide range of performance-oriented aftermarket products for certain high performance BMW automobiles. For more information, see "Narrative Description of the Business of Dinan – Products and Services – High Performance Products".
2. Service Centres. Dinan's Service Centres are owned and operated by Dinan and provide standard automotive maintenance and repair services specializing in certain high performance BMW automobiles and also act as a retail sales distribution channel for Dinan's High Performance Products. For more information, see "Narrative Description of the Business of Dinan– Products and Services – Service Centres".
3. Software Development. Dinan's Software Development division provides custom replacement software for BMW ECUs, which can increase the power of an automobile's engine and improve other aspects of the automobile's performance, especially in conjunction with the installation of other High Performance Products. For more information, see "Narrative Description of the Business of Dinan – Products and Services – Software Development".
4. Engine Development. Dinan's Engine Development division conducts research and develops and produces high performance engines for BMW automobiles for street and racing applications. For more information, see "Narrative Description of the Business of Dinan – Products and Services – Service Centres – Engine Development".

Dinan's growth has been primarily driven by an organic increase in sales, with such growth significantly increasing in the first nine months of 2008. In the nine month period ended September 2008, Dinan had revenues of US\$10,362,909, compared with revenues of US\$7,072,285 in the nine month period in the previous year, representing a 46% increase in revenues. Dinan attributes this sales growth in part to significant increases in research and design expenditures taking place in 2006 and 2007, which decreased the time taken in the development cycle for new High Performance Products. The main new High Performance Products introduced in 2008 were for the following BMW models: the M5, M6, 335 and 535. Of these product lines, the product line for the 335 model was the most successful, and accounted for approximately 40% of the sales growth which occurred in the first nine months of 2008.

Dinan's products are specifically focused on the high performance segment of the BMW automobile aftermarket component and service industries. BMW group's overall sales of new automobiles in the United States of America, Dinan's principal market, have grown in each of the most recent three calendar years prior to 2008, when sales were negatively impacted by the current economic recession. BMW group's sales of new automobiles in the United States of America consisted of 307,020 automobiles in 2005, 313,603 automobiles in 2006, 335,840 automobiles in 2007, and 303,190 automobiles in 2008.

Dinan estimates that the combined potential market for its BMW High Performance Products and BMW-specific service centres is approximately US\$200,000,000 to US\$300,000,000 annually in North America, and approximately US\$600,000,000 to US\$1,000,000,000 worldwide.

Products and Services

High Performance Products

Description

Since 1986, Dinan has designed and manufactured a complete line of High Performance Products for certain high performance BMW automobiles.

BMW has a current production line of 39 vehicle models. Dinan focuses its efforts and resources on developing high performance products for those particular BMW models that are likely to appeal to the high performance customer. Currently, Dinan’s research, design and production efforts focus on 11 BMW models: the M3, M5, M6, 335, 135, 535, 650, 550, 750, X6 and 335td. These models represent the highest performance normally aspirated and turbocharged models in the BMW product line.

Dinan’s High Performance Products range in price from US\$150 to US\$75,000, and in the most recently completed financial year had gross margins that average 52%.

Dinan has approximately 974 High Performance Products in current production. Of these products, 100 are designated as “Fast Moving Products”, 168 are designated as “Average Moving Products” and 581 are designated as “Built To Order Products”. The Fast Moving Products are in continual production, and Dinan maintains a one month supply of such products in a fully boxed and ready to ship form. Fast Moving Products are scheduled to be shipped within 48 hours of the placement of orders. Average Moving Products are also in continual production, and a one month supply of the components for such products are maintained, but the products are not maintained boxed and ready for shipment. Shipments of Average Moving Products are scheduled to be made two weeks after orders are placed. Built To Order Products are manufactured when such orders are received. Generally, such products are scheduled to be shipped within six weeks of an order. Fast Moving Products, Average Moving Products and Built To Order Products correspondingly account for approximately 54%, 31% and 15% of the revenues from High Performance Products.

The following table lists the general classes of products included in the High Performance Products range, and the benefits such products have for the high-performance automobile enthusiast:

<u>Product</u>	<u>Description</u>	<u>Benefits</u>
ECU Software	New software download into engine control unit	More power, better drive-ability, increased RPM limit, eliminates top speed governor
Transmission Software	New software download into transmission control unit	Higher RPM shifts to match engine chip, faster shifts to improve acceleration
Exhaust	Replacement muffler	Sportier sound, more power, larger tailpipes with Dinan logo
Cold Air Intake	Redesigned inlet to air filter box which maximizes airflow	More power from a higher flow inlet into the engine
Throttle Body	Larger throttle plate	More power from increased flow
Air Mass Meter	Larger air mass meter	More power from increased flow
Intake Manifold	Larger intake manifold on engine	More power from increased flow
Headers	Replacement exhaust manifold	More power from increased flow
Supercharger	Add on supercharger system	More power from forced air induction into engine
Engine	High performance larger displacement engine	More power
Camshafts	High performance camshaft	More power from increased flow
Suspension Kits	High performance shocks, springs and anti-roll bars	Better handling
Differentials	Shorter gear ratio	Faster acceleration from increased torque multiplication

<u>Product</u>	<u>Description</u>	<u>Benefits</u>
Flywheel	Lightened flywheel	Faster acceleration from reduced inertia
Clutch	High performance clutch	Reduced clutch slippage for better reliability with more powerful engine
Brakes	High performance brakes	Larger and lighter brakes for improved stopping power
Stress Brace	Structural brace	Reinforces chassis, better handling
Camber Plates	Alignment modification devices	More grip, changes tire alignment to cause more of the tire to contact the road
Short Throw Shifter	Reduces shift level travel	Faster shifting
Pedal Pads	Cosmetic pedal covers	Aesthetic effects
Engine Covers	Cosmetic engine covers	Aesthetic effects

Warranty

Pursuant to the US Federal Trade Commission's interpretation and application of the Magnuson-Moss Warranty Act, original automobile manufacturers are not permitted to invalidate their existing warranty on portions of an automobile which will not be or have not been affected by the addition of any aftermarket products. Therefore, BMW's North American division does not void its standard BMW warranty with respect to areas of the automobile not affected by the installation of Dinan's High Performance Products. With respect to areas of the automobile affected by the installation of Dinan's High Performance Products, Dinan provides a four year or 50,000 mile warranty on its parts and service.

Distribution

High Performance Products are sold through three major distribution channels. The first distribution channel for Dinan Performance Products is through the Dinan authorized dealer network, which is comprised of existing authorized BMW dealers and independent automotive service shops which specialize in BMW automobiles. Currently, there are approximately 140 members of the Dinan authorized dealer network located in Canada and the United States of America. The Dinan authorized dealer network is responsible for approximately 77% of the sales revenue from High Performance Products in the nine month period ended September 30, 2008. Each Dinan authorized dealer is party to an authorized dealer agreement with Dinan. In addition, there is a Dinan authorized dealer ranking system, which ranks each dealer based on its trailing 12 months of monthly average sales. By increasing sales and obtaining a higher ranking, Dinan authorized dealers may purchase the High Performance Products from Dinan at a discount to the standard wholesale price and decrease their shipping costs of High Performance Products, thereby increasing their margins.

The second distribution channel for High Performance Products is through service centres owned and operated by Dinan (the "Service Centres"). For more information on Dinan's Service Centres, see "Narrative Description of the Business of Dinan – Products and Services – Service Centres". Approximately 20% of the sales revenue for High Performance Products in the nine month period ended September 30, 2008 is attributable to sales through Dinan Service Centres. Because all sales of High Performance Products made through Dinan Services Centres are at full retail prices, Dinan's gross margins in respect of such sales are significantly increased.

The third distribution channel for High Performance Products is at retail prices through the Dinan website, found at <http://www.dinancars.com/>. In February, 2008, Dinan upgraded its website to allow for direct sales. The Dinan website is responsible for approximately 3% of the sales revenue from High Performance Products in the nine month

period ended September 30, 2008. Dinan hopes to expand the sales of High Performance Products through its website in the future through various online initiatives, including a Dinan community discussion forum.

Signature Series Dealership Program

Starting in 2008, Dinan commenced a special dealership program (the “Signature Series Dealership Program”) with certain authorized BMW dealers. The Signature Series Dealership Program presents preconfigured high performance packages for the M3, M5, M6, 335 and 135 BMW models. Participating dealers maintain at least one such complete car on display in their showroom at all times, and all Dinan modifications are included in the price of the vehicle. There are currently 13 Dinan authorized dealers taking part in the Dinan Signature Series Dealership Program. In the current financial year, Dinan hopes to increase the number of authorized dealers taking part in the Signature Series Dealership Program by 16 to a total of 29.

Manufacturing

Dinan’s High Performance Products are assembled in Dinan’s manufacturing facility located in Morgan Hill, California. The Morgan Hill manufacturing facility was built in 2001, and has the capacity to produce up to four times its current production levels without significant capital expenditures.

Subcomponents of High Performance Products requiring specialized equipment such as stamping or casting injection moulding are outsourced to a wide variety of manufacturers in the United States, Asia and Europe. Over 300 different manufacturers supply various subcomponents for High Performance Products. The proprietary nature of the components is protected through licensing and manufacturing agreements entered into with each manufacturer.

In January, 2004, Dinan acquired an engine machine shop and rebuild facility located in Gilroy, California. This acquisition allowed Dinan to begin producing complete custom modified naturally aspirated engines for the BMW M5 and M6 models in January of 2008. This engine constituted the first complete engine offered as a High Performance Product. Dinan intends to release a complete custom engine for the BMW M3 model in the summer of 2009.

Revenue

In the nine month period ending September 30, 2008, sales of High Performance Products produced revenues of US\$4,800,000, or approximately 44% of Dinan’s revenues. This represents a 45% increase in revenues over the nine month period ended on year earlier.

Employees

The High Performance Products division currently has approximately 30 employees. Of these employees, seven are involved in research and development, seven are involved in product production, six are involved in sales, five are involved in accounting and administration, three are involved in packaging and shipping and two are involved in the warranty department.

Planned Development

In the current financial year, Dinan plans to expand the number of High Performance Products offered, including offering High Performance Products for the BMW 135, M3, 550, 650, 750, X6 and 335td models. See “New Products”. Dinan plans to increase the number of dealers participating in the Signature Series Dealership Program to a total of 29, and to introduce new BMW models utilizing the newly developed V8 dual turbocharger engine as complete automobiles offered in the Signature Series Dealership Program. Dinan also hopes to expand retail sales through its website. See “Use of Proceeds – Principal Purposes”.

Service Centres

Description

Dinan has owned and operated Service Centres for over 29 years, with the first Service Centre being opened in Mountain View, California in 1979, when the business was operated as a sole proprietorship by Dinan's founder, Stephen Dinan. There are currently three Dinan Service Centres, located respectively in Morgan Hill, Mountain View and Campbell, California. Dinan opened its second Service Centre, located in Morgan Hill, in 2001. The third Service Centre, located in Campbell, California, was formerly operated as A&E Performance, Inc. The business of A&E Performance, Inc. was acquired by Dinan and converted into a Dinan Service Centre in December, 2007. See "Narrative Description of the Business of Dinan – Three Year History". In July, 2008, the Mountain View location moved to a new facility, with lower overhead costs and a higher traffic location.

The facilities for each Service Centre are leased pursuant to long term commercial lease agreements.

Each Service Centre employs skilled diagnostics staff which are trained with a focus on BMW automobiles. Dinan believes this focus allows its Service Centre staff to develop a deeper understanding of complex BMW engineering, which allows Dinan's Service Centres to provide higher standard of service for BMW automobiles than can be found at general service stations. Dinan's focus additionally allows for a greater selection of BMW parts along with a full line of BMW diagnostic equipment, which in turn translates into the ability to more quickly and efficiently service customers' needs. Due to the specialization in BMW automobiles, Service Centres' service rates carry a premium to rates typically charged at general automotive service stations, however service rates are typically less than those charged at BMW authorized dealerships.

Dinan's Service Centres also act as a retail sales distribution channel for High Performance Products, which can be purchased and installed at the same time as general service is completed. Approximately 20% of the revenues from High Performance Products are attributable to sales made through Dinan Service Centres. For more information see "Narrative Description of the Business of Dinan – Products and Services – High Performance Products – Distribution".

Revenue

The services provided at Dinan's Service Centres, excluding revenues from High Performance Products sold through the Service Centres, accounted for approximately 33% of Dinan's revenues in the nine month period ending September, 2009. The revenues from the Dinan Service Centres have historically been less cyclical than those of the High Performance Products division, providing a more stable source of working capital during challenging economic climates.

Employees

Dinan's Service Centres employ a total of 22 employees.

Planned Development

Following the completion of the Qualifying Transaction, Dinan hopes to expand the number of Service Centres at a rate of approximately one per year. In the current financial year, Dinan hopes to open a new service centre location in the San Francisco bay area, likely in either the north or east bay area. See "Use of Proceeds – Principal Purposes".

Software Development

Description

Commencing in 1986, Dinan began developing and selling custom replacement software for certain BMW ECU's, which are the primary computers that control modern BMW automobiles.

In recent years, Dinan has increased its focus on its software development division (the “Software Development Division”), which now develops custom ECU software for a variety of models of BMW automobiles. Dinan custom ECU software can increase the power of an automobile’s engine and improve other aspects of the automobile’s performance, especially in conjunction with the installation of other High Performance Products. Many of the High Performance Products will not produce significant benefits unless coupled with custom ECU software.

Custom ECU software creates the greatest performance gains in turbocharged automobiles, such as the BMW 335 and 135 models, and therefore the majority of the Software Development Division’s efforts focus on such models. As an example, BMW’s 335 model in its stock form produces 300 horsepower and 300 lb-ft. of torque, but with the installation of Dinan’s Stage 2 custom ECU software and exhaust system, produces 384 horsepower and 421 lb-ft of torque, representing a 28% increase in horsepower and a 40% increase in torque.

Revenues

Sales of custom ECU software produced revenues of US\$1,700,000 in the nine month period ending September 30, 2008, approximately 17% of Dinan’s revenues in that period. While the initial development cost of custom ECU software can be significant, the per unit production and installation cost is relatively minor. In the most recent financial year, average gross margins on ECU software were approximately 89%.

While the revenues from the sales of custom ECU software are less than from sales of High Performance Products, due to the requirement of the installation of custom ECU software to derive benefits from other High Performance Products, Dinan places great importance on its Software Development Division as a key component of other sources of revenue.

Employees

Dinan’s Software Development Division has grown significantly in recent years, as the complexity of BMW ECUs has increased. The Software Development Division currently employs five software engineers.

Planned Development

In the current financial year, the Software Development division’s focus is to produce custom ECU software for BMW’s new V8 dual turbocharger engine, used in the X6, 750, 650 and 550 models, as well as custom ECU software for the new 335td model, which uses a dual turbocharger diesel engine. In addition, Dinan hopes to begin distributing its custom ECU software in Europe.

Engine Development

Description

Dinan’s engine development division (the “Engine Development Division”) was established in January, 2004, when Dinan acquired an engine development and rebuild facility located in Gilroy, California. The Engine Development Division is capable of building both racing and street performance engines.

The Engine Development Division enters into design and racing support contracts with various professional automotive racing teams to develop and provide support for custom made BMW and Ferrari racing engines. Dinan’s main focus in this area is engine development for racing teams participating in the Grand American Rolex Series division of NASCAR. Dinan’s management believes there are significant intangible benefits to be had from the favourable media coverage associated with the use of Dinan engines in professional automotive racing.

The Engine Development Division also conducts research and development for complete engines for certain high performance BMW models for street purposes. Following such development, the complete engines are offered for sale as High Performance Products. During the development process for new complete engines, the staff of the Engine Development Division works closely with the research and development staff of the High Performance

Products division, to ensure that new High Performance Products such and air intake and exhaust systems are compatible with the complete engine being developed.

Dinan offered a complete engine for the M5 and M6 models commencing in January, 2008. This represented the first complete engine offered as a High Performance Product. In addition to the development of complete engines for the High Performance Products division, many of the research and development activities of the Engine Development division from both the racing and street performance applications are applied to the design of other High Performance Products.

Revenues

The design and racing support contracts supported by Dinan's Engine Development Division account for approximately 6% of Dinan's revenues. While the Engine Development Division accounts for only a small portion of Dinan's revenues, the management of Dinan view the main benefits of the Engine Development Division to be the favourable media coverage of the Dinan brand in connection with professional automotive racing and the transfer to the High Performance Products division of the technologies derived from the more advanced research and development efforts in connection with racing engines.

Employees

Currently five employees are in the Engine Development Division.

Planned Development

In the current financial year, in addition to completing new custom engines for racing applications, the Engine Development Division is focusing on producing a complete high performance engine for use in the new BMW M3 model, which Dinan plans to release in the summer of 2009. See "Use of Proceeds – Principal Purposes".

Research and Development

Because BMW regularly introduces new models and new automotive technologies, research and development is an ongoing process in the High Performance Products division, Software Development Division and Engine Development Division. Since Dinan does not receive any advance specifications or test units of development stage products from BMW, Dinan can only begin to develop products for newly released BMW models once they have been released for sale to the public. Generally, Dinan's sales of High Performance Products for a new BMW vehicle commence approximately six months after the introduction of the new vehicle model, and development continues as the range of High Performance Products for that vehicle are expanded. Research and development typically lasts for approximately two years after a new model is released by BMW, until the entire product line for that model is completed.

Dinan protects confidential portions of its research and development activities through the use of employee non-disclosure agreements with key personnel, and through manufacturing and licensing agreements with component manufacturers.

Dinan's research and development efforts are conducted at Dinan's facility in Morgan Hill, California. Thirteen of Dinan's employees are engaged in full-time research and development positions, with seven of those employees in the High Performance Products division, five of those employees in the Software Development Division, and one in the Engine Development Division.

The current focus of Dinan's research and development activities are focused on products relating to BMW's new M3 model and the new dual turbocharger V8 engine used in the X6, 750, 550 and 650 models.

Marketing and Promotion

There are many components to the marketing of Dinan's High Performance Products and custom ECU software. Members of the Dinan authorized dealer network maintain point-of-sale marketing consisting of either an in-store display of Dinan products or literature displays containing printed information booklets on Dinan's products, or a combination of both. Dinan also purchases print advertisements in various performance automotive magazines, including Car and Driver, Road & Track, European Car, Autoweek, Roundel and Bimmer magazines. In addition to paid advertisements in such magazines, Dinan High Performance Products and custom ECU software are also regularly tested and reviewed by such magazines, resulting in substantial un-paid promotion. Dinan products have been featured in 77 road tests by major automotive magazines, including 12 cover stories. In addition to the direct sales function of Dinan's website (see "Narrative Description of the Business of Dinan – Products and Services – High Performance Products – Distribution"), Dinan's website is used for promotional purposes. The website includes videos featuring Dinan products, copies of road tests of Dinan products, technical documents concerning Dinan technology and products, and other multi-media promotional content. Dinan plans to expand its website to include a community forum for its existing and potential customers. Lastly, as a result of Dinan's development of racing engines for teams participating in the Grand American Rolex series division of NASCAR, Dinan's name and logo are often placed on the cars participating in such races, resulting in a significant promotional benefit to Dinan. See "Narrative Description of the Business of Dinan – Products and Services – Engine Development".

Specialized Skill and Knowledge

Due to the complex nature of modern BMW automobiles, including the ECU units which control them, the Dinan personnel involved in the design of High Performance Products require a high degree of specialized skills in the areas of automotive engineering and design, computer software engineering, vehicle dynamics, engine theory, aerodynamics, materials engineering, computerized manufacturing techniques, finite element analysis and computational fluid dynamics.

Historically, Dinan has not found the recruitment of employees with specialized skills and knowledge to be a significant challenge. Dinan's high profile within the performance automotive industry results in Dinan receiving applications from many highly skilled workers in this area. Dinan's location near the "silicon valley" of the San Francisco bay area provides access to software engineers for its Software Development Division. Dinan also uses the services of an employment agency specializing in the recruitment of those with engineering skills.

The service technicians employed at Dinan's Service Centres also require specialized knowledge of the service, maintenance and repair of BMW automobiles. Dinan provides an in-house training program for its Service Centre staff, which is taught by Dinan's most experienced diagnostic technician, and is based on BMW's training curriculum.

Principal Markets

Dinan's High Performance Products and custom ECU software products compete in the general North American automobile aftermarket component market, which had total sales of approximately US\$50,000,000,000 in 2005, and sales growth of approximately 3.2% annually.¹

Dinan's products are specifically focused on the high performance segment of the BMW automobile aftermarket component and service industries. BMW group's overall sales of new automobiles in the United States of America, Dinan's principal market, have grown in each of the most recent three calendar years prior to 2008, when sales were negatively impacted by the current economic recession. BMW group's sales of new automobiles in the United States of America consisted of 307,020 automobiles in 2005, 313,603 automobiles in 2006, 335,840 automobiles in 2007, and 303,190 automobiles in 2008.

¹ As reported in a market study by the Specialty Equipment Market Association.

Dinan estimates that the combined potential market for its BMW High Performance Products and BMW-specific service centres is approximately US\$200,000,000 to US\$300,000,000 annually in North America, and approximately US\$600,000,000 to US\$1,000,000,000 worldwide.

Competitive Conditions

Dinan faces competition for high performance custom BMW products from several independent performance component manufacturers in North America and Europe with BMW related products, including but not limited to AC Schnitzer (a division of Kohl automobile GmbH) (cosmetic and suspension products), TC Klien Racing, Inc. (suspension products), Active Autowerke (superchargers and other engine products), Supersprint Inc.(exhaust systems), Turner Motorsport Inc. (software and suspension products) and UUC Motorwerks (shifters and clutch systems). In addition, in 2006 BMW announced a line of performance parts, however BMW's high performance parts line is relatively limited compared to the High Performance Products offered by Dinan. Of the total of 88 products designated by BMW as high performance parts, 47 are cosmetic in nature and offer no significant performance advantages. The management of Dinan has found that the introduction of the BMW high performance parts line has thus far had little effect on Dinan's sales.

Dinan is well positioned in comparison to other independent performance component manufacturers, none of which produce a full range of high-performance products for BMW automobiles. Dinan retains a significant competitive advantage by being able to provide a full range of high performance products which guarantee inter-compatibility between all products, something which is not possible when matching different product component systems from different manufacturers. In addition, no other independent component manufacturer owns multiple service centres to act as a distribution channel for its products. To date, due to the limited number and primarily cosmetic nature of BMW's in house performance parts, these offerings have not presented significant competition to Dinan's products. The increasing complexity of BMW ECUs and the increasing necessity of using custom ECU software to gain performance advantages from aftermarket high performance products represents an increasingly significant barrier to entry to other independent competitors in the high performance BMW parts market. At this time, Dinan's Software Development Division is larger than those of any of its competitors.

Dinan's Service Centres face competition from both general service centres and from service centres associated with authorized BMW dealerships. Dinan's Service Centres are well positioned against general automotive service centres in relation to its target market of BMW owners. Due to Dinan's specialization in BMW automobiles, it can provide more comprehensive service to its target client base and can use specialized BMW diagnostic equipment which increases the efficiency and effectiveness of the services it offers. Dinan can also stock a larger supply of BMW parts as well as its own High Performance Products, in order to allow it to complete repairs and maintenance more quickly than other general automotive service stations, which often have to order BMW parts not kept on location. Dinan Service Centres are also well positioned against BMW authorized dealer service departments, as Dinan Service Centres can charge lower service rates due to having lower overhead costs than smaller service departments located in BMW dealerships.

New Products

In 2009, Dinan intends to introduce products for the newest versions of the following BMW products:

1. March, 2009: new product line for the new M3 model, including a new complete high performance engine, custom ECU software, exhaust system, shocks, clutch, stress brace, springs, wheels, brakes, camber plates, throttle bodies, underdrive pulleys, intake manifold and pedal pads. Of these products, the exhaust system, springs, wheels, brakes, camber plates, throttle bodies and pedal pads have already been developed.
2. May, 2009: new product line for the BMW X6 model, including custom ECU Software, exhaust system and springs.
3. July, 2009: new product line for the BMW 750 model including custom ECU Software, exhaust system, springs and intercooler.

4. September, 2009: new product line for the BMW 550 model including custom ECU Software, exhaust system, springs and intercooler.

The introduction dates listed above are proposed availability dates for the new general product lines from Dinan for each stated model of BMW automobile. Certain of the products which comprise those product lines may be made available either before or after the introduction dates for the product lines listed above. The above time frames set out the proposed dates for new general product lines for particular models of BMW automobiles, however circumstances may arise where for sound business reasons the Resulting Issuer may not produce the above-noted products or make them available for sale by Dinan in the time frames intended, or at all.

Components

Dinan's High Performance Products are assembled in Dinan's manufacturing facility located in Morgan Hill, California. The Morgan Hill manufacturing facility was built in 2001, and has the capacity to produce up to four times its current production levels without significant capital expenditures.

Subcomponents of High Performance Products requiring specialized equipment such as stamping, casting or injection moulding are outsourced to a wide variety of manufacturers in the United States, Asia and Europe. Over 300 different manufacturers supply various subcomponents for the High Performance Products. The proprietary nature of the components is protected through licensing and manufacturing agreements entered into with each manufacturer.

Dinan does not rely on any specific licences or permits to manufacture its components. In the event that any manufacturer of components used in Dinan products were unable to continue production, a replacement manufacturer could be found without materially adverse consequences to Dinan.

Intangible Properties

Dinan relies on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect Dinan's intellectual property rights. Dinan has one trademark with the United States patent and trademark office, which is in relation to the Dinan logo. In addition, Dinan copyrights its custom ECU software. Dinan also enters into employee non-disclosure agreements with key personnel who have access to confidential information or trade secrets, and manufacturing and licensing agreements with the manufacturers of its components. To date, Dinan has not obtained patent protection in respect of its intellectual property, and its management does not anticipate a need to do so in the immediate future.

Cycles

Due to drier summer weather being more suitable for automobile racing and other high-performance automotive activities, interest in and sales of High Performance Products are seasonally cyclical, with revenues in the months of November through February being typically 20% less than the average monthly revenue, and revenues in March through October typically being 20% greater than average monthly revenues. In order to counteract the seasonally cyclical nature of the High Performance Products division, Dinan often offers a 10% to 15% rebate program during the winter months.

The revenues from High Performance Parts are also dependent on North American consumer demand, and are affected by non-seasonal macro economic cycles in the North American economy.

The revenues from Dinan's Service Centres have historically been less cyclical than those of the High Performance Products division.

Economic Dependence

Dinan has a wide range of products and an extensive distribution network, which includes both Dinan Service Centres, the Dinan Website, and 140 authorized dealers. Components of High Performance Products are

manufactured by over 300 different vendors, any of which could be replaced without a materially adverse effect on Dinan. Dinan is not economically dependent upon any one contract, company or person in relation to the production or distribution of its products.

Dinan currently only produces products for certain models of automobile produced by BMW. While it has the technical ability to produce high performance products for other brands of automobiles, such a change would incur significant research and development costs and would constitute a significant degradation of the goodwill of the Dinan brand, which is strongly associated with the BMW brand. Dinan therefore has a high degree of economic dependence on the continuation of sales of the BMW brand in the luxury automotive market. In addition, BMW could take technological or other actions which, either intentionally or inadvertently, could have a severe negative impact on various aspects of Dinan's business. See "Risk Factors".

Changes to Contracts

Dinan does not anticipate that any material aspect of Dinan's business will be affected by the renegotiation or termination of any contract.

Environmental Protection

All of Dinan's High Performance Products must meet applicable emissions requirements, however Dinan meets this design requirement and does not anticipate environmental protection requirements will significantly impact its business.

California environmental legislation prohibits the sale of products which could potentially impact the effectiveness of mandated automobile pollution control devices. Certain of Dinan's High Performance Products and custom ECU software products which could potentially impact the effectiveness of pollution control devices are subject to review and potential prohibition by the State of California Air Resources Board. Dinan subjects such products to emissions testing in order to prove that such products do not impact the effectiveness of pollution control devices, and on this basis seeks an executive order from the State of California Air Resources Board exempting such products from a potential prohibition. Dinan has received such an exemption in each case it has made an application to the State of California Air Resources Board, and, provided there is no significant change to California environmental legislation, does not anticipate that this process will negatively impact its business in the future.

Employees

Dinan had 52 employees at the end of the most recently completed financial year. For more information on the number of employees in each division, please see "Narrative Description of the Business of Dinan – Products and Services".

Foreign Operations

Other than the 10 Canadian Dinan authorized dealers located in the provinces of British Columbia, Alberta and Ontario, all of Dinan's operations are located in the United States of America.

Lending

Dinan does not provide any form of credit facilities or consumer lending to its customers.

Bankruptcy and Similar Procedures

Dinan has been involved in no bankruptcy, receivership or similar proceedings against it or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years or during the current financial year, and no such proceedings are proposed.

Reorganization

Dinan has not been involved in any material reorganization within the three most recently completed financial years or during the current financial year, and no such reorganization is proposed.

Social or Environmental Policies

Dinan has not implemented any social or environmental policies that are fundamental to its operations.

Three Year History

On November 30, 2007, Dinan acquired all of the issued and outstanding securities of A&E Performance, Inc., an independent BMW service and repair facility located in Campbell, California, for an aggregate of US\$1,000,000 cash, of which US\$400,000 was paid upon the date of the acquisition, and the balance of which is payable in monthly instalments of US\$11,491.72. As of January 31, 2009, an aggregate of US\$489,592 remains payable by Dinan to the former shareholders of A&E Performance, Inc. The business operated by A&E Performance, Inc. was converted into Dinan's newest Service Centre.

Over the last three years, Dinan's growth has been primarily driven by an organic increase in sales, with such growth significantly increasing in the first nine months of 2008. In the annual financial periods ended December 31, 2005, 2006 and 2007, Dinan had revenues of US\$9,592,590, US\$11,300,485, and US\$9,151,079. In the nine month period ended September 2008, Dinan had revenues of US\$10,362,909, compared with revenues of US\$7,072,285 in the first nine month period of the previous year, representing a 46% increase in revenues. Dinan attributes this sales growth in part to significant increases in research and design expenditures taking place in 2006 and 2007, which decreased the time taken in the development cycle for new products.

In August, 2007, Dinan opened a US\$2,000,000 line of credit with the Beach Business Bank located in Long Beach, California. Throughout 2007 and 2008, Dinan has made drawdowns and repayments on the line of credit, the limit of which was expanded to US\$2,200,000. As of March 31, 2009, the line of credit had an outstanding balance of US\$2,200,000. The proceeds drawn from the line of credit were primarily used as partial payment for the acquisition of A&E Performance, Inc., to fund the expansion of Dinan's product line in 2008, and to fund other working capital requirements. The credit line is payable on demand and matures on July 17, 2009.

The main new High Performance Products introduced in 2008 were for the following BMW models: the M5, M6, 335 and 535. Of these product lines, the product line for the 335 model was the most successful, and accounted for 40% of the sales growth which occurred in the first nine months of that year.

USE OF PROCEEDS

Funds Available

The net proceeds to the Issuer from the sale of the Units, after deducting the Agent's Commission of \$240,000 and the balance of the estimated expenses of the Offering and Qualifying Transaction, including filing fees and legal and other professional fees, of approximately \$250,000, will be approximately \$2,510,000.

The total funds expected to be available to the Issuer upon the closing of the Offering are as follows:

Net Proceeds of Offering	\$2,510,000 ⁽¹⁾
Estimated Working Capital of the Issuer as at March 31, 2009	\$125,300
Estimated Working Capital of Dinan as at March 31, 2009	(\$211,900) ⁽²⁾
Total Funds Available	<u>\$2,423,400</u>

- (1) This excludes the proceeds to the Issuer from the exercise of the Over-Allotment Option and the proceeds from the exercise of any Warrants, Agent's Warrants or other outstanding stock options and warrants of the Issuer.
- (2) As of March 31, 2009, Dinan had a working capital deficiency of (US\$168,142). The noon rate of exchange on March 31, 2009 as reported by the Bank of Canada for the conversion of Canadian dollars into United States ("US") dollars was Cdn\$1.00 equals US\$0.7935.

Principal Purposes

The proposed principal uses of the total funds available to the Issuer upon completion of the Offering are as follows:

Repay shareholder loans ⁽¹⁾	\$750,000
Introduce new M3 V8 engine ⁽²⁾	\$280,000
Introduce new V8 dual turbocharged BMW models into the Dinan Signature Series program ⁽³⁾	\$150,000
Increase the number of BMW authorized dealers participating in the Dinan Signature Series Program to at least 29 ⁽³⁾	\$64,000
Open one additional Dinan Service Centre ⁽⁴⁾	\$1,000,000
Working Capital	\$179,400
Total⁽⁵⁾	<u>\$2,423,400</u>

- (1) See "Use of Proceeds – Principal Purposes – Repayment of Shareholder Loans".
- (2) See "Narrative Description of the Business of Dinan – Products and Services – Engine Development – Planned Development".
- (3) See "Narrative Description of the Business of Dinan – Products and Services – High Performance Products – Signature Series Dealership Program" and "Narrative Description of the Business of Dinan – Products and Services – High Performance Products – Planned Development".
- (4) See "Narrative Description of the Business of Dinan – Products and Services – Service Centres – Planned Development".
- (5) Any proceeds from the exercise of the Over-Allotment Option, the Warrants, Agent's Warrants and other outstanding options and warrants will be added to working capital.

The Issuer intends to spend the funds available to it as stated in this prospectus. Any unallocated funds will be added to the working capital of the Issuer. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary in order for the Issuer to achieve its stated business objectives. The actual use of available funds will vary depending on the Issuer's operating and capital needs from time to time and will be subject to the discretion of the management of the Issuer.

Repayment of Shareholder Loans

As of the date of this prospectus, Dinan owes an aggregate of US\$2,576,500 of shareholder loans to Stephen J. Dinan and Janice Dinan. Pursuant to the terms of the Share Exchange Agreement, upon the closing of the Offering, the lesser of US\$1,115,000 and 25% of the gross proceeds of the Offering, including the gross proceeds from the sale of Additional Units pursuant to the Over-Allotment Option, will be used to repay the shareholder loans advanced to Dinan by Stephen J. Dinan and Janice Dinan. Presuming the Offering is fully subscribed, but the Over-Allotment Option is not exercised, \$750,000 (approximately US\$595,143, using the noon rate of exchange on March 31, 2009 as reported by the Bank of Canada) of the gross proceeds of the Offering will be used to repay shareholder loans. Following this repayment, it is anticipated that an aggregate of US\$1,981,357 of shareholder loans will remain outstanding. Dinan used the funds from the shareholder loans to upgrade its High Performance Products production facilities in Morgan Hill, California, and to finance legal and other professional costs associated with the

Qualifying Transaction, and for general working capital purposes. For more information on Dinan’s outstanding shareholder loans, see “Consolidated Capitalization – Dinan”.

Stated Business Objectives

The principal business objectives that the Resulting Issuer expects to accomplish using the funds available to it at the completion of the Offering, as set out in “Use of Proceeds – Funds Available”, are to:

1. *Increase the speed of the development cycle of new products:* Dinan plans to increase its research and development resources so that High Performance Products can be brought to market more quickly following the introduction of new BMW models. The main focuses of these increased research and development expenditures would be on complete BMW engines and on custom ECU software for turbocharged vehicles.
2. *Expand the Dinan Signature Series Dealership Program:* Dinan plans to expand its Signature Series Dealership program to include at least 29 authorized BMW dealerships by December, 2010.
3. *Increase the number of Dinan Service Centres:* Dinan plans to expand the number of Service Centres by at least one each calendar year.

Milestones

The following table sets forth the significant events that must occur for the aforementioned business objectives to be accomplished and the specific time period in which each event is expected to occur and the estimated costs related to each event:

Objectives/Milestone	Expected Time Period (After Completion of the Qualifying Transaction)	Anticipated Costs
Introduce new M3 V8 engine	6 months	\$280,000
Introduce new V8 twin turbocharged BMW models into the Dinan Signature Series program	12 months	\$150,000
Increase the number of BMW authorized dealers participating in the Dinan Signature Series Program to at least 29	20 months	\$64,000
Open one Dinan retail service centre per year	12 months	\$1,000,000 each

**SELECTED CONSOLIDATED FINANCIAL INFORMATION
AND MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE ISSUER**

Management’s Discussion & Analysis of financial condition and the results of operations for the period from the date of incorporation on January 14, 2008 to December 31, 2008

The following management discussion and analysis of the results of operations and financial condition (“MD&A”), prepared as of February 26, 2009, should be read in conjunction with the audited financial statements of the Issuer for the period from incorporation on January 14, 2008 to December 31, 2008 and accompanying notes thereto. The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

The Issuer’s critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Issuer unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

On June 16, 2008, the Issuer completed its initial public offering of 3 million common shares at a price of \$0.10 per share for gross proceeds of \$300,000. On June 18, 2008, the Common Shares were listed for trading on the TSX-V under the TSX-V's capital pool program with the stock symbol "FEY.P".

Overview

The following discussion of the Issuer's financial performance is based on its audited financial statements for the period ended December 31, 2008.

As of December 31, 2008, the Issuer had cash and cash equivalents of \$274,087 and total current assets of \$274,191. Shareholders' equity is comprised of share capital of \$355,923, contributed surplus of \$27,944 and the deficit of \$183,183 for a net \$200,684. Working capital, which is current assets less current liabilities, is \$200,684 as at December 31, 2008. Management believes that there is sufficient working capital to maintain its day-to-day operations as a CPC for the next 12 months. During the period ended December 31, 2008, the Issuer reported a net loss of \$183,183 (\$0.05 basic and diluted loss per share). Loss in the period ended December 31, 2008 represents operating expenses of \$185,166 and interest income of \$1,983.

As at December 31, 2008, 5,262,275 Common Shares were issued and outstanding.

Selected Information

The following table represents selected annual financial information derived from the Issuer's financial statements and should be read in conjunction with the consolidated financial statements.

	4 th Quarter	3 rd Quarter	2 nd Quarter	From
	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008	Incorporation to
				Mar.31, 2008
<hr/>				
Financial results				
Net (Loss) for the period	(73,769)	\$(14,340)	\$(94,071)	\$(1,003)
Loss per share	(0.02)	(0.00)	(0.03)	(0.00)
<hr/>				
Balance sheet data:				
Cash and cash equivalents	274,087	287,815	302,223	98,893
Total assets	274,191	290,776	304,560	108,997
Shareholders' equity	200,684	290,220	304,560	108,997
<hr/>				

Results of Operations

For the period ended December 31, 2008, the Issuer incurred a loss of \$185,166 while generating interest revenue of \$1,983 for the same period. Major expense items in the period include accounting and legal fees and disbursements of \$123,871 (including those of Dinan in connection with the Qualifying Transaction), transfer agent and filing fees of \$39,468, stock based compensation of \$18,140 and travel expenses of \$2,978.

Liquidity

The Issuer does not currently own or have an interest in any assets or businesses and does not derive any revenues from operations. The Issuer's activities have been funded through equity financing and the Issuer expects that it will continue to be able to utilize this source of financing, although current stock market and general economic conditions have made this more difficult, until it develops cash flows from operations. There can be no assurance, however, that the Issuer will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Issuer will be forced to curtail its activities to a level for which funding is available and can be obtained.

As of December 31, 2008, the Issuer had working capital of \$200,684 which included cash and cash equivalents of \$274,087. Management believes the Issuer has sufficient capital to carry on its current business.

Capital Resources

On June 18, 2008, the Common Shares were listed for trading on the TSX-V under the stock symbol "FEY.P". As at December 31, 2008, the Issuer has no business operations and as such has no operating revenues. Accordingly, the Issuer is dependent on the equity markets as its sole source of operating working capital. The ability of the Issuer to fund its potential future operations and commitments is dependent upon the ability of the Issuer to obtain additional financing which has been made more difficult by the current stock market and general economic conditions.

The Issuer will continue to require funds to support its potential future operations and commitments and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Issuer in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Issuer.

As at December 31, 2008, the Issuer has no commitments for any capital expenditures.

Financing Activities

Since incorporation on January 14, 2008, the Issuer has engaged in the following financing activities:

1. On January 14, 2008, the Issuer issued 2,200,000 Common Shares at a price of \$0.05 per share for gross proceeds of \$110,000, to directors and officers of the Issuer as seed shares.
2. On June 16, 2008, the Issuer closed its initial public offering of 3,000,000 Common Shares at a price of \$0.10 per share for aggregate gross proceeds of \$300,000. Expenses of the issue were \$50,500 resulting in net proceeds of \$249,500. In addition, in consideration for the Agent's services in connection with the Issuer's initial public offering, the Issuer granted the Agent Common Share purchase warrants exercisable into 300,000 Common Shares, at an exercise price of \$0.10 per Common Share for a period of 24 months from the closing of the initial public offering. See "Selected Consolidated Financial Information and Management's Discussion and Analysis for the Issuer – Disclosure of Outstanding Securities".
3. On November 19, 2008, the Agent exercised warrants as to 20,000 Common Shares at a price of \$0.10 per share for aggregate gross proceeds of \$2,000. On November 28, 2008, the Agent exercised warrants as to 42,275 Common Shares at a price of \$0.10 per share for aggregate gross proceeds of \$4,227.50.

Related Party Transactions

There were no related party transactions during the period ended December 31, 2008.

Risks and Uncertainties

The Issuer's financial performance is likely to be subject to the following risks:

- (a) the Issuer has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of its qualifying transaction;
- (b) until completion of a qualifying transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential qualifying transactions pursuant to the policies of the TSX-V; and
- (c) the Issuer has only limited funds with which to identify and evaluate potential qualifying transactions and there can be no assurance that the Issuer will be able to identify or complete a suitable qualifying transaction.

Additional Disclosure for Venture Issuers Without Significant Revenue

The Issuer has expensed the following material cost components:

	From Incorporation on January 14, 2008 to December 31, 2008
Accounting and Legal Fees	\$ 123,871
Transfer Agent and Filing Fees	\$ 39,468
Stock Based Compensation	\$ 18,140

Accounting and legal fees incurred and expensed in the period from incorporation on January 14, 2008 to December 31, 2008 were paid to the legal counsel and auditor of the Issuer in connection with the Issuer's incorporation and in connection with the Issuer's initial public offering and the listing process, and to legal counsel of Dinan in connection with the Qualifying Transaction.

Transfer agent and filing fees incurred and expensed in the period ended December 31, 2008 were mainly due to the initial public offering and TSX-V listing process. Stock based compensation was expensed in accordance to Canadian GAAP and was recorded in the quarter ended June 30, 2008 as stock options were granted during such period.

Financial and Other Instruments

The Issuer's financial assets and liabilities consist of cash and cash equivalents and accounts payable. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short term nature of their maturity.

Critical Accounting Estimates

The preparation of financial statements requires the Issuer to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. The Issuer's accounting policies and estimates used in preparation of its financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Changes in Accounting Policies

The Issuer did not implement any accounting policy changes during the period.

Off Balance Sheet Arrangements

The Issuer did not enter into any off-balance sheet arrangements during the period.

Disclosure of Outstanding Securities

Commons Shares

The Issuer is authorized to issue an unlimited number of common shares without par value (previously defined as “Common Shares”). As at the date of this prospectus, there are 5,262,275 Common Shares issued and outstanding. It is anticipated that in connection with the Qualifying Transaction (exclusive of any securities issued in the Offering) an additional 13,139,694 Common Shares will be issued to the current shareholders of Dinan, but this amount is subject to adjustment. See “Relationship Between the Issuer and the Agent”. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Issuer and to attend and cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis (and rateably between Common Shares and Convertible Shares) such dividends, if any, as and when declared by the Issuer’s board of directors at its discretion from funds legally available therefore, and upon the liquidation, dissolution or winding up of the Issuer, are entitled to receive on a pro rata basis (and rateably between Common Shares and Convertible Shares) the net assets of the Issuer after payments of debts and other liabilities. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. For more information on the issuance of Common Shares to the current shareholders of Dinan, see “General Development of the Business – Significant Acquisitions”.

Convertible Shares

Pursuant to the terms of the Share Exchange Agreement, immediately prior to the closing of the Qualifying Transaction, the Issuer will amend its Articles to authorize the issuance of an unlimited number of Class “B” common shares without par value (previously defined as “Convertible Shares”). As at the date of this prospectus, the authorized share capital of the Issuer does not include the Convertible Shares, and there are no Convertible Shares issued and outstanding. It is anticipated that in connection with the Qualifying Transaction, an additional 41,473,722 Convertible Shares will be issued to the current shareholders of Dinan. Holders of Convertible Shares are entitled to receive notice of any meetings of shareholders of the Issuer and to attend such meetings, but may not cast any vote thereat except where such vote is required by the Business Corporations Act. Holders of Convertible Shares are entitled to receive on a pro rata basis (and rateably between Common Shares and Convertible Shares) such dividends, if any, as and when declared by the Issuer’s board of directors at its discretion from funds legally available therefore, and upon the liquidation, dissolution or winding up of the Issuer, are entitled to receive on a pro rata basis (and rateably between Common Shares and Convertible Shares) the net assets of the Issuer after payments of debts and other liabilities. The Conversion Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions other than as follows: holders of Convertible Shares may, at their discretion and without further consideration, convert each Convertible Share into one Common Share at any time before January 31, 2019, at which time all Convertible Shares will automatically be converted into Common Shares. For more information on the issuance of Convertible Shares to the current shareholders of Dinan, see “General Development of the Business – Significant Acquisitions”.

Agent’s Warrants

In connection with the Issuer’s initial public offering, the Issuer issued to the Agent (which also acted as the Issuer’s agent in connection with the Issuer’s initial public offering) agent’s warrants exercisable into an aggregate 300,000 Common Shares at an exercise price of \$0.10 per Common Share at any time prior to their expiry date on June 18, 2010. On November 19, 2008, the Agent exercised warrants as to 20,000 Common Shares. On November 28, 2008, the Agent exercised warrants as to 42,275 Common Shares. As at the date of this prospectus, the unexercised agent’s warrants remaining outstanding are exercisable into an aggregate of 237,725 Common Shares.

Incentive Stock Options

The Issuer has issued incentive stock options to its directors and management, exercisable by the holders thereof into an aggregate of 300,000 Common Shares at an exercise price of \$0.10 per Common Share at any time prior to June 18, 2013. See “Options To Purchase Securities – The Issuer”.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS FOR DINAN

Management’s Discussion & Analysis of financial condition and the results of operations for the nine month periods ended September 30, 2008 and 2007, years ended December 31, 2007, 2006 and 2005

Management’s discussion and analysis (“MD&A”) focuses on significant factors that affected Dinan’s performance and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2008 and Dinan’s audited consolidated financial statements for the years ended December 31, 2007, 2006 and 2005, and the related notes contained therein. Dinan reports its financial statements in accordance with US generally accepted accounting principles (“US GAAP”). Dinan’s significant accounting policies are set out in the Notes to the financial statements of the unaudited consolidated financial statements for the nine months ended September 30, 2008 and for the audited financial statements for the years ended December 31, 2007, 2006 and 2005. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results.

All amounts are in U.S. Dollars (\$) unless otherwise noted and prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”). Note 9 of the September 30, 2008 financial statements reconciles generally accepted accounting principles in the US to those in Canada.

In addition to measures based on GAAP in this MD&A, terms such as earnings before interest, taxes, depreciation and amortization (“EBITDA”) are not defined by GAAP, and our use of such terms or measurement of such items may vary from that of other companies. In this MD&A, we describe certain income and expense items that are unusual or non-recurring. These terms are not defined by GAAP. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results.

For a description of material factors that could cause our actual results to differ materially from the forward looking statements in this MD&A, please see the Risk Factors section under the heading “Risk Factors”.

Nine month periods ended September 30, 2008 compared to the nine month period ended September 30, 2007

Overview

Dinan designs, manufactures and markets high performance products (the “High Performance Products”), custom Engine Control Unit (“ECU”) software, and provides repair and maintenance services for BMW automobiles in the United States of America and Canada. Dinan’s main facilities are located near San Jose, California.

Dinan develops, manufactures and sells a wide range of performance-oriented aftermarket products for certain high performance BMW automobiles. Dinan also operates services centres and provides standard automotive maintenance and repair services specializing in BMW automobiles. The service centres also act as a retail sales distribution channel for Dinan’s High Performance Products. Dinan provides custom replacement software for BMW ECUs, which can increase the power of an automobile’s engine and improve other aspects of the automobile’s performance, especially in conjunction with the installation of other High Performance Products. In addition, Dinan conducts research and develops and produces high performance engines for BMW automobiles for street and racing applications.

In 2008 Dinan set three new strategic goals. The new strategic goals were to: 1) open new corporate-owned service centres at a rate of one per year; 2) accelerate the release of new products by increasing research and development activities and employing new technologies to reduce development time; 3) educate and improve relationships with Dinan's authorized dealers. There was an increase of revenue of approximately 47% during the first nine months of 2008 as compared with the corresponding period in 2007, which management believes was a direct result of the foregoing new strategies and initiatives. The increase in revenue happened during an economic climate which has resulted in reduced sales for many automotive and automotive parts manufacturers. The achievement of the foregoing strategic goals was funded by shareholder loans. The shareholder loans were made available during 2007 and nine months of planning and development was accomplished prior to 2008.

Selected Information

The following table represents selected annual financial information derived from the Issuer's financial statements and should be read in conjunction with the consolidated financial statements.

	Nine Month Financial Period ended September 30, 2008	Nine Month Financial Period ended September 30, 2007
Revenue	US\$10,362,090	US\$7,072,285
Gross Margin	US\$7,116,750	US\$4,882,807
EBITDA	US\$995,402	US\$(128,324)
Net loss	US\$(25,344)	US\$(945,300)
Total assets	US\$6,964,642	US\$3,815,901
Long-Term debt	US\$3,495,916	US\$2,396,146
Cash dividends per share	Nil	Nil
Extraordinary expenses	Nil	Nil

EBITDA has been calculated as:

Gross Margin	US\$7,116,750	US\$4,882,807
Less:		
Labor expense	US\$(2,869,520)	US\$(2,165,223)
General and administrative (less one time expenses)	US\$(3,033,412)	US\$(2,784,403)
Research and development	US\$(218,416)	US\$(61,505)
EBIDTA	US\$995,402	US\$(128,324)

Results of Operations

The following is a result of operations for the first 9 months of 2008, compared to the same period in 2007.

Revenue

Increased product offerings combined with improved dealer relations and additional corporate retail outlet revenue improved revenue substantially in 2008. Despite the challenging economic climate, revenue increased by 47% in the first nine months of 2008 to US\$10,362,090 from US\$7,072,285 in the corresponding period in 2007. The new Dinan retail service centre was responsible for 36% of the increase in revenue. Sales of custom ECU software were

responsible for 31% of the increase in revenue. Sales of high performance hardware was responsible for the remaining 33% of the increased revenue.

Gross Profit

During the period Dinan was able to maintain its gross profit margins as sales increased. In the first nine months of 2008 gross profit was US\$7,116,750 at 68.68% of revenue, from US\$4,882,807 at 69.04% of revenue in the corresponding period in 2007. There was small decrease in gross margin as a result of increased service business being 40% of increased sales volume. Our service business traditionally has a smaller gross margin than high performance software and hardware.

EBITDA

Because of a large increase in sales and a large portion of Dinan's expenses being fixed, the EBITDA improved in the first nine months of 2008 to US\$995,402 at 9.61% of revenue from a negative EBITDA of US\$128,324 at -1.81% of revenue in the corresponding period in 2007. The excess capacity of Dinan's manufacturing facility allows for increased production without increases in fixed cost. Management estimates that a four fold increase in production can be extracted from the existing facility.

Expenses

Because of a large increase in sales and a large portion of Dinan's expenses being fixed, expenses decreased as a percentage of sales in the first nine months of 2008. In addition management costs, sales and marketing were all maintained at previous levels. In the first nine months of 2008, operating expense were US\$6,829,535 at 66% of revenue (including labour costs). In the comparable period in 2007, expenses were US\$5,428,658 at 77% of revenue (including labour costs). Dinan's management has focussed on controlling expenses. Further reductions are planned so that expenses can be tightly controlled during potential future expansion.

There were significant one-time expenses in the first nine months of 2008 due to the remodelling and relocation of one of the service centres. Aside from the construction costs associated with this process there was a seven month period of double rent, utilities and property taxes while operating the service centre at its original location and paying rent on the new facility during the remodelling process. There were also permits and costs associated with the remodelling. The addition of a new service centre can account for the additional legal fees. Dinan also incurred additional legal and audit fees in connection with its planned acquisition by Canfe Ventures Ltd. These extra costs totalled US\$460,160, significantly increasing expenses during the first nine months of 2008.

R&D

Part of Dinan's plan discussed in the overview was to get future products to market faster. In addition, increased complexity (specifically in ECU software) of the new models of BMW automobiles have resulted in R & D expenditure increasing from US\$61,505 in the first nine months of 2007 to US\$218,416 in the first nine months of 2008. R&D figures include expenses and associated labour.

Net Income

Because of a large increase in sales and a large portion of Dinan's expenses being fixed, net income improved in the first nine months of 2008 to a loss of US\$25,344 from a loss of US\$945,300 in the comparable period in 2007.

Liquidity and Capital Resources

In September 2008 Dinan had US\$338,302 in cash and US\$48,000 of credit available for use. In 2007 Dinan had US\$32,571 in cash and US\$805,000 of credit available for use. During the first nine months of 2008, Dinan used cash of US\$92,304 in its operations compared to US\$2,151,980 in the corresponding period in 2007. Dinan used US\$641,617 in investing activities primarily related to the acquisition of equipment while generating cash of US\$53,832 in the first nine months of 2007. Cash used in operations and investing activities were primarily

financed by capital injections of US\$72,657 (as compared with capital injections of US\$927,017 in the first nine months of 2007) and notes payable and notes payable advanced by shareholders. As of September 30, 2008 Dinan had working capital of US\$664,975.

Related Party Transactions

In the first nine months of 2008, the shareholders of Dinan, Jan and Steve Dinan, advanced Dinan an aggregate of US\$322,657. As of September 30, 2008 there was notes payable of US\$2,470,000 to Jan and Steve Dinan. The Dinans were paid US\$66,500 in interest for the first nine months of 2008 and US\$42,606 for 2007. The Dinans also received US\$163,770 in rent payments for 2007.

Year ended December 31, 2007 compared to the year ended December 31, 2006

Overview

In the period 2006 to 2007, several factors continued to require changes within Dinan. During this period BMW products, electronics and software continued to increase in complexity, and authorized BMW dealers continued experiencing growth sufficient to cause them to prioritize Dinan as less important to their operations. Also during this time frame BMW increased the frequency of its introduction of new models to market, taxing Dinan's ability to produce aftermarket products for the increasing number of new BMW models.

In 2007, challenging economic conditions and a delay in Dinan's new product offerings in relation to the latest BMW models combined to produce a decrease in revenue of approximately US\$2 million. In 2007 it became apparent that Dinan had to accelerate its product development cycle, and improve its technical capabilities and dealer relations. In 2007 Dinan was required to spend significant amounts on R&D, to complete the development of new products while, at the same time spending significant amounts for authorized BMW dealer education and development. This, combined with the challenging economic conditions, resulted in both a decrease in revenue and profit over 2006.

On December 1, 2007 Dinan acquired all of the issued and outstanding shares of A&E Performance, Inc., a company incorporated in the state of California which operates a BMW service facility, for consideration of US\$1,000,000. A&E focused exclusively on BMW automotive repairs from service work to engine overhauls. The consideration was comprised of a cash payment of US\$400,000 and a note payable of US\$600,000. The note payable bears interest at 5%, is secured by property and equipment, requires monthly payments of US\$11,492 and is due on December 1, 2012. The acquisition has been accounted for using the purchase method of accounting and accordingly, the 2007 Financial Statements include one month of operations from A&E. Total consideration for the business combination was allocated based on estimated fair values of A&E assets. Dinan did not assume any liabilities or debt on the purchase.

Selected Annual Information

The following table represents selected annual financial information derived from the Issuer's financial statements and should be read in conjunction with the consolidated financial statements.

	Financial year ended December 31, 2007	Financial year ended December 31, 2006
Revenue	US\$9,151,079	US\$11,300,485
Gross Margin	US\$6,318,851	US\$7,285,702
EBITDA	US\$(460,200)	US\$(695,378)
Net [income/loss]	US\$(1,221,778)	US\$(1,081,614)
Total assets	US\$4,962,326	US\$3,708,378
Long-Term debt	US\$3,281,181	US\$1,678,069
Cash dividends per share	Nil	Nil

EBITDA has been calculated as:	Financial year ended December 31, 2007	Financial year ended December 31, 2006
Gross Margin	US\$6,318,851	US\$7,285,702
Less:		
Labor expense	US\$(3,120,252)	US\$(3,145,355)
General and administrative (less one time expenses)	US\$(3,482,166)	US\$(4,680,863)
Research and development	US\$(176,633)	US\$(154,862)
EBITDA	US\$(460,200)	US\$(695,378)

Results of Operations

The following is a result of operations for the fiscal year ending 2007, compared to the same period in 2006.

Revenue

The increased complexity of the newer BMW models increased time to market for Dinan's new products. In 2007, the continued economic downturn and a delay in Dinan's new product offerings to fit the latest BMW models combined to produce a significant revenue decline. Revenue decreased in 2007 to US\$9,151,079 from US\$11,300,485 in 2006

Gross Profit

Even though sales decreased in 2007, Dinan was able to improve its gross margin with improved manufacturing techniques. This was accomplished with increased usage of injection moulded plastic and metal casting used to reduce hand labour and machining operations. In 2007, gross profit was US\$6,318,851 at 69% of revenue, and in 2006 it was US\$7,285,702 at 64% of revenue.

EBITDA

The EBITDA declined in 2007 to US\$(460,200) at -5.03% of revenue from US\$(695,378) at -6.15% of revenue in 2006. Sales decreased in 2007, and since a large portion of Dinan's expenses are fixed, the percentage of expenses to revenue increased as a result.

Expenses

A large portion of Dinan's expenses are fixed, so expenses increased as a percentage of sales in 2007. In 2007 operating expenses were US\$7,041,984 at 77% of revenue (including labour costs). In 2006 operating expenses were US\$8,250,058 at 73% of revenue (including labour costs). Other expenses include interest expenses of US\$387,412 related to the additional financing received during the year. The expense increased by 102% due to the financing required to create the infrastructure to support the new strategies as outlined above. Other expenses included US\$81,898 comprised of bank fees on loan renewal, legal fees and equipment expenses. Due to decreasing sales, Dinan laid off employees and did some reorganization and allocation of employees. Certain employees who had previously fallen under G&A were reclassified under labour as their duties changed with the reorganization.

Net Income

Due the sales decrease and the increase interest charges, net income remained constant in 2007 and was a loss of US\$1,221,778 at compared to a loss of US\$1,081,614 in 2006.

R&D

R & D expenditure was increased from US\$154,862 in 2006 to US\$176,633 in 2007. This was done to improve Dinan's time to market for new products. The benefit from this would not be realized until 2008. The intended benefits of these increased expenditures was to increase Dinan's ability to bring new products to market more quickly than its competitors and have more products for currently sold BMW models still in the dealer showrooms, thereby increasing market share.

Liquidity and Capital Resources

In 2006 Dinan had a bank overdraft of US\$485,983 and credit available for use. In 2007 Dinan had US\$32,571 in cash and credit available for use. During the year Dinan used US\$2,026,445 in its operations compared to US\$530,580 in the corresponding period of 2006. Dinan used US\$550,670 in investing activities primarily related to the acquisition of equipment, compared to US\$199,255 in 2006. Cash used in operations and investing activities were primarily financed by capital injections of US\$2,609,686 (as compared with US\$882,075 in 2006) and notes payable and notes payable advanced by shareholders.

Related Party Transactions

In 2007 the shareholders, Jan and Steve Dinan, advanced Dinan US\$1,232,930 as shareholder loans. As of December 31, 2007 Dinan was indebted to Steve and Jan Dinan for US\$2,220,000. During the year Dinan paid US\$42,606 in interest related to this indebtedness. The Dinans also received US\$163,770 in rent payments for the first five months of the year.

Year ended December 31, 2006 compared to the year ended December 31, 2005

Overview

Revenue growth at Dinan has been relatively consistent from Dinan's inception through 2003. In the period 2004 to 2006, authorized BMW dealers were experiencing growth sufficient to cause them to prioritize Dinan as less important to their operations. Also during this time frame BMW increased the frequency of its introduction of new models, taxing Dinan's ability to produce new aftermarket products for new BMW models.

In 2006 it became apparent to Dinan's management that Dinan had to accelerate development and improve its technical capabilities and dealer relations. The BMW dealers had focussed on expanding sales to a more general customer base and had lost touch with their performance enthusiast customer base. This resulted in BMW dealers having decreased knowledge regarding Dinan's High Performance Products and therefore being less effective at selling those products to automotive performance enthusiasts. In 2006 Dinan spent significant amounts of money for authorized BMW dealer education and development. The improved dealer relations in 2006 improved sales of

Dinan product but the added cost of dealer education and development detracted from net income. In an effort to offset these additional costs, Dinan increased its gross margins by decreasing manufacturing costs.

Selected Annual Information

The following table represents selected annual financial information derived from the Issuer's financial statements and should be read in conjunction with the consolidated financial statements.

	Financial year ended December 31, 2006	Financial year ended December 31, 2005
Gross Revenue	US\$11,300,485	US\$9,592,590
Gross Margin	US\$7,285,702	US\$6,343,056
EBITDA	US\$(153,304)	US\$632,708
Net [income/loss]	US\$(1,081,614)	US\$1,000
Cash dividends per share	Nil	Nil

EBITDA has been calculated as

Gross Margin	US\$7,285,702	US\$6,343,056
Less:		
Labor expense	US\$(3,145,355)	US\$(2,798,699)
General and administrative (less one time expenses)	US\$(4,138,789)	US\$(2,606,796)
Research and development	US\$(154,862)	US\$(304,853)
EBITDA	US\$(153,304)	US\$632,708

Results of Operations

The following is a result of operations for the fiscal year ending 2006, compared to the same period in 2005.

Revenue

Increased attention and training at the BMW dealers resulted in an increase in revenue in 2006. Revenue in 2006 increased to US\$11,300,485 from US\$9,592,590 in 2005. 100% of the increase was from high performance hardware as a result of a strong sales push and more attention to the dealers.

Gross Profit

The gross profit in 2006 as a percentage of sales was not significantly changed from 2005. Gross profit in 2006 was US\$7,285,702 at 64% of revenue, from US\$6,343,056 at 66% of revenue in 2005. Prices of products remained the same through out this period compared to prices in 2005.

EBITDA

The EBITDA declined in 2006 to US\$(153,304) at -1.36% of revenue from US\$632,708 at 6.6% of revenue in 2005. The decline was a result in increased expenses resulting from more dealer training. A team of five field representatives had been hired to improve dealer relations. In addition financial incentives for both dealers and retail customers were given to improve sales. While sales went up and the gross margin was basically unchanged, additional expenses eroded net income significantly.

Expenses

Expenses went up in 2006 because of increased payroll from field representatives and rebates to increase sales. In 2006 operating expenses were US\$8,250,058 at 73% of revenue (including labour costs). In 2005 operating expenses were US\$6,032,691, at 63% of revenue (including labour costs). Other expenses in 2006 include US\$191,207 of interest expense related to Dinan's debt. The increase in the interest account related to the additional financing received during the fourth quarter to support the new direction and the strategies Dinan was undertaking.

Net Income

In 2006 there was a net loss of US\$1,081,614 compared to a profit in 2005 of US\$1,000. The decrease was a result of the factors discussed above.

R&D

R & D expenditures decreased in 2006 from US\$304,853 in 2005 to US\$154,862 in 2006 as Dinan focused on its top line growth and its new business strategies.

Liquidity and Capital Resources

During 2005 Dinan generated US\$48,377 in cash from its operations, and used US\$392,088 to purchase equipment. The shortfall was financed by shareholder contributions of US\$175,000 and US\$194,212 in notes payable. Dinan had a line of credit available at the beginning of the year of US\$170,000 and US\$28,000 at the close of the year.

Related Party Transactions

In 2006 the shareholders, Jan and Steve Dinan, advanced Dinan US\$882,075. During the year Dinan paid Jan and Steve Dinan US\$393,048 in rent payments for the premises that the business was renting from the Dinans.

Disclosure of Outstanding Securities

Dinan is authorized to issue up to 500,000 shares of common stock, of which there are currently 154,800 shares issued and outstanding. Dinan's securities do not trade on any stock exchange.

There are no issued or outstanding securities of Dinan convertible into shares of common stock or other equity securities.

DESCRIPTION OF OFFERED SECURITIES

Units

Each Unit is comprised of one Share and one half of one Warrant.

Shares

Each Share is one Common Share of the Issuer. For a description of the special rights and restrictions of the Common Shares, please see the disclosure relating to the Common Shares in "Selected Consolidated Financial Information And Management's Discussion And Analysis For The Issuer – Disclosure of Outstanding Securities".

Warrants

The following description of the Warrants is a brief summary of their material attributes and characteristics, which does not purport to be complete, and is qualified in its entirety by reference to the provisions of the common share purchase warrant indenture (the "Warrant Indenture") to be dated as of the date of the closing of the Offering and to

be entered into between the Issuer and Trustco (the “Warrant Indenture Trustee”). All capitalized terms are as defined in the Indenture unless otherwise defined herein.

The Warrant Indenture will contain, among other things, the following provisions:

- (a) the Warrants will be transferable, subject to compliance with applicable securities laws;
- (b) the Warrants, including the number of Warrant Shares issuable upon exercise or deemed exercise thereof, will be subject to adjustment upon the occurrence of certain stated events, including the subdivision or consolidation of Common Shares, certain distributions of Common Shares, or securities convertible into or exchangeable for Common Shares, or of other securities or assets of the Issuer, certain offerings of rights, warrants or options and certain capital reorganizations;
- (c) the holder of Warrants will not become a shareholder of the Issuer by virtue of holding such Warrants;
- (d) no fractional Warrants will be issued and all fractions will be rounded down to the nearest whole number;
- (e) Warrants not exercised by the Expiry Date shall be void and of no effect; and
- (f) the Warrant Indenture and the Warrants will be governed by, and construed in accordance with, the laws of the Province of British Columbia applicable to contracts executed in British Columbia.

Provided the Issuer meets the TSX-V’s requirements for the listing of the Warrants, including the distribution of the Warrants to a sufficient number of public shareholders, at the request of the Agent the Issuer may apply to list the Warrants on the TSX-V.

The Warrants and the Warrant Shares have not been and will not be registered under United States Securities Act of 1933, as amended (the “1933 Act”), or any US state securities laws. The Warrants may not be exercised within the United States or by or on behalf of a US Person or a person in the United States unless an exemption from such registration requirements is available, and the holder thereof has delivered to the Issuer an opinion of counsel reasonably satisfactory to the Issuer to such effect; provided, that an institutional “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act, an “Institutional Accredited Investor”) that purchases Units in the Offering pursuant to Rule 506 of Regulation D or Section 4(2) under the 1933 Act, on its own behalf or on behalf of another Institutional Accredited Investor for which it is exercising sole investment discretion with respect to the purchase of the Units (the “Original Beneficial Purchaser”), will not be required to deliver an opinion of counsel in connection with its exercise of the Warrants forming part of such Units on its own behalf or on behalf of such Original Beneficial Purchaser, if any, at a time when it is, and such Original Beneficial Purchaser, if any, is, an Institutional Accredited Investor. See “Plan of Distribution – Offering In the United States”.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement dated ●, 2009 entered into among the Issuer and the Agent, the Issuer has appointed the Agent to act as its agent to offer for distribution in the Selling Jurisdictions on a “commercially reasonable efforts” agency basis, an aggregate of up to 10,000,000 Units at a purchase price of \$0.30 per Unit for aggregate gross proceeds to the Issuer of up to \$3,000,000, subject to the terms and conditions of the Agency Agreement. The Agent may enter into selling arrangements with other investment dealers at no additional cost to the Issuer. The Issuer will pay an 8% cash commission (previously defined as the “Agent’s Commission”) to the Agent from the gross proceeds realized from the sale of the Units under the Offering and on any Additional Units that are issued and sold upon exercise of the Over-Allotment Option (as described below). In addition, the Issuer has agreed to grant to the Agent, as additional compensation, non-transferable common share purchase warrants (previously defined as the “Agent’s Warrants”) that will entitle the Agent to purchase such number of Common Shares (previously defined as the “Agent’s Warrant Shares”) as is equal to 15% of the aggregate number of Units sold under the Offering and on any Additional Units that are issued and sold upon exercise of the Over-Allotment Option. Each Agent’s Warrant will entitle the Agent to purchase one Agent’s Warrant Share at an exercise price of \$0.40 per Agent’s Warrant Share until the Expiry Date. This prospectus qualifies the distribution of such number of Agent’s Warrants as will entitle the Agent to purchase Agent’s Warrant Shares equal to 10% of the number of Units issued in the Offering. National Instrument 41-101 *General Prospectus Requirements* (“NI 41-101”) imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an underwriter as compensation (“Qualified Compensation Securities”). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the shares offered pursuant to this Prospectus. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be issued pursuant to an exemption to the prospectus requirements and therefore, subject to a hold period in accordance with applicable securities laws. In addition the Issuer will reimburse the Agent for its legal fees and other expenses incurred pursuant to the Offering, which are anticipated to be approximately \$125,000.

The Issuer has granted to the Agent the Over-Allotment Option which is exercisable, in whole or in part no later than 48 hours prior to the Closing, to offer and sell up to an additional 3,333,333 Additional Units at the Offering Price to raise additional gross proceeds to the Issuer of up to \$1,000,000, to cover over-allotments or to help to stabilize the price of the Units in order to facilitate their distribution. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the additional Units to be issued by the Issuer upon exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agent’s over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the Over-Allotment Option or secondary market purchases.

The obligations of the Agent under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of financial markets or upon the occurrence of certain stated events, including the completion of satisfactory due diligence.

The Offering Price of the Units was determined by negotiation between the Issuer and the Agent.

The Agent hereby conditionally offers, as agent on behalf of the Issuer, up to 10,000,000 Units on a “commercially reasonable efforts” agency basis, subject to prior sale if, as, and when issued. In the event that the closing of the Offering does not occur on or before 90 days following the date of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, and agreed to by the Agent, all subscriptions and subscription funds will be returned to investors by the Agent, without interest or any deduction or penalty.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. One or more global certificates that represent the aggregate principal number of Shares and Warrants comprising the Units subscribed for will be issued in registered form to The Canadian Depository for Securities Limited (“CDS”) and will be deposited with CDS on the date of closing. All of the purchasers of Units, other than United States purchasers, will receive only a customer confirmation from the Agent as to the Units purchased. Certificates representing the Units in registered and definitive form will be issued only to United States purchasers of Units and in certain other limited circumstances.

This prospectus qualifies the distribution of the Common Shares and Warrants comprising the Units issuable in respect of the Offering.

The Issuer has made an application to the TSX-V to list the Shares and the Warrant Shares, subject to the Issuer fulfilling all of the requirements of the TSX-V.

Pursuant to policy statements of certain securities regulators, the Agent may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the terms of the Agency Agreement, the Issuer has agreed not to issue any additional equity or quasi-equity securities for a period of 90 days from closing of the Offering without prior written consent of the Agent except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to share compensation arrangements, (ii) the exercise of outstanding warrants, (iii) the issuance of securities in connection with property or share acquisitions in the normal course of business, such consent not to be unreasonably withheld, and (iv) the conversion of Convertible Shares into Common Shares.

Offering in the United States

The Units offered hereby, and the Common Shares and the Warrants comprising the Units, and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the 1933 Act, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except that the Units may be offered and sold to Institutional Accredited Investors by the Issuer pursuant to Rule 506 and/or Section 4(2) under the 1933 Act on a private placement basis. The Agent has agreed that, except in certain transactions exempt from the registration requirements of the 1933 Act, it will not offer or sell within the United States or to, or for the account or benefit of, US persons or persons in the United States, the Units as part of its distribution. The Agent has further agreed that all offers and sales of the Units outside the United States to non-US Persons will be made in compliance with Regulation S under the 1933 Act, or in compliance with an exemption from registration thereunder, and that it will have sent to each dealer, or other person who is receiving a selling concession, fee or other remuneration in respect of the Units, to which they sell Units, a confirmation or other notice setting forth the restrictions on offers and sales of the Units within the United States or to, or for the account or benefit of, US persons or persons in the United States. The terms “United States” and “US person” are as defined in Regulation S under the 1933 Act. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares in the United States.

In addition, until 40 days after the commencement of this Offering, an offer or sale of Common Shares within the United States by any dealer, whether or not participating in this Offering, may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an available exemption under the 1933 Act.

The Common Shares, the Warrants, and the Warrant Shares issuable upon exercise of the Warrants, that are sold in the United States or to, or for the account or benefit of, a US person or persons in the United States will be “restricted” securities within the meaning of Rule 144 of the 1933 Act and certificates representing any such securities will bear a legend to the effect that the securities represented thereby are not registered under the 1933 Act and may only be offered or sold pursuant to certain exemptions from the registration requirements of the 1933 Act.

The restricted Common Shares may be resold on the TSX-V pursuant to Rule 904 of Regulation S under the 1933 Act, which requires among other things, that: (i) the offer is not made to a person in the United States and (ii) neither the seller of the Shares nor any person acting on its behalf is aware of the fact that the transaction has been pre-arranged with a buyer in the United States.

The Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the 1933 Act or the securities laws of any state, and the Warrants may not be exercised in the United States or by, or for the account or benefit of, a US person or person in the United States unless an exemption from such registration requirements is available. Certificates evidencing the Warrants and the Warrant Shares issuable upon exercise of the Warrants which are issued in the United States or to, or for the account or benefit of, a US person or person in the United States will bear a legend to this effect. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Warrants or the Warrant Shares in the United States.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Maitland & Company, counsel to the Issuer, the following is, as of the date of this prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to holders of Shares and Warrants acquired under the Offering. The opinion of Maitland & Company is limited to those matters specified under the sections entitled “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations” and does not extend to taxation or other matters not within the said sections.

This summary applies to holders who, for the purposes of the Tax Act: (i) deal at arm’s length and are not affiliated with the Issuer; (ii) are not “financial institutions” as defined in the Tax Act for purposes of the mark-to-market rules; (iii) are not “specified financial institutions” as defined in the Tax Act; and (iv) hold their Shares and Warrants as capital property. Such securities will generally be “capital property” to a holder unless they are held in the course of carrying on a business of trading or dealing in securities or have been acquired in a transaction or transactions considered to be an adventure in the nature of trade. Certain holders who are resident in Canada for purposes of the Tax Act and who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Subsection 39(4) of the Tax Act does not apply to deem the Warrants to be capital property.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “Regulations”) in force as of the date hereof, all specific proposals (the “Proposed Amendments”) to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof, the current provisions of the Canada-United States Income Tax Convention (1980) (the “Convention”), and counsel’s understanding of the current published administrative and assessing practices of the CRA. No assurance can be given that the Proposed Amendments will be enacted in their current proposed form, if at all. This summary does not take into account or anticipate any other changes to the law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. Therefore, holders should consult their own tax advisors with respect to their particular circumstances.

Holders Resident in Canada

The following discussion applies to a holder (a “Canadian Holder”) of Shares and Warrants who, at all relevant times, is or is deemed to be resident in Canada for purposes of the Tax Act.

Acquisition of Shares and Warrants

The total purchase price of a Unit to a Canadian Holder must be allocated on a reasonable basis between the Common Share and the one half Warrant to determine the cost of each for purposes of the Tax Act. For its purposes, the Issuer intends to allocate \$0.30 of the issue price of each Unit as consideration for the issue of each Common Share and \$0.00 of the issue price of each Unit for the issue of each one half of one Warrant. Although the Issuer believes that its allocation is reasonable, the allocation is not binding on the CRA. The Canadian Holder’s adjusted cost base of the Common Share comprising a part of each Unit will be determined by averaging the cost allocated to

the Common Share with the adjusted cost base to the Canadian Holder of all Common Shares owned by the Canadian Holder immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Canadian Holder upon the exercise of a Warrant to acquire a Common Share. When a Warrant is exercised, the Canadian Holder's cost of the Common Share acquired thereby will be the aggregate of the Canadian Holder's adjusted cost base of such Warrant and the exercise price paid for the Common Share. The Canadian Holder's adjusted cost base of the Common Share so acquired will be determined by averaging such cost with the adjusted cost base to the Canadian Holder of all Common Shares owned by the Canadian Holder immediately prior to such acquisition.

Disposition and Expiry of Warrants

A disposition or deemed disposition by a Canadian Holder of a Warrant (other than upon the exercise thereof) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Canadian Holder's adjusted cost base of the Warrants. In the event of the expiry of an unexercised Warrant, the Canadian Holder will realize a capital loss equal to the Canadian Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and losses is discussed in greater detail below under the subheading "Capital Gains and Losses".

Dividends

Dividends declared and paid on a Canadian Holder's Common Shares will be included in the Canadian Holder's income as taxable dividends received from a taxable Canadian corporation. The normal gross-up and dividend tax credit rules applicable to taxable dividends received from a taxable Canadian corporation will apply to dividends received by a Canadian Holder who is an individual. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient is notified in writing by the Issuer at or before the time the dividend is paid designating the dividend as an "eligible dividend". Dividends received by a Canadian Holder which is a corporation will generally be deductible in computing its taxable income. Certain corporations may be liable to pay a refundable tax of 33½% under Part IV of the Tax Act on dividends received (or deemed to be received) on the Common Shares to the extent such dividends are deductible in computing taxable income for the year.

Disposition of Common Shares

A disposition or deemed disposition by a Canadian Holder of Common Shares will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Canadian Holder's adjusted cost base of the Common Shares.

The tax treatment of capital gains and losses is discussed in greater detail below under the subheading "Capital Gains and Losses".

Capital Gains and Losses

Upon a disposition (or a deemed disposition) of a Common Share or Warrant (other than on the exercise thereof), a Canadian Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Canadian Holder. One half of any capital gain will be included in income as a taxable capital gain and one half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Canadian Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received

by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Canadian Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares or that is itself a member of a partnership or a beneficiary of a trust that owns such shares.

A Canadian Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6 2/3% on its “aggregate investment income” (as defined in the Tax Act) for the year, which will include taxable capital gains realized and dividends received or deemed to be received in respect of the Shares that are not deductible in computing taxable income.

Individuals (other than certain trusts) may be subject to alternative minimum tax in respect of realized capital gains.

Holders Resident in the United States

The following summary is generally applicable to holders who (i) for the purposes of the Tax Act have not been and will not be deemed to be resident in Canada at any time while they hold Common Shares or Warrants; (ii) who do not use or hold the Common Shares and/or Warrants in carrying on a business in Canada; and (iii) are residents of the United States for purposes of the Convention (“US Holders”). Special rules, which are not discussed in this summary, may apply to a US Holder that is an insurer carrying on business in Canada and elsewhere.

The discussion under the headings “Acquisition of Shares and Warrants”, “Exercise of Warrants” and “Disposition and Expiry of Warrants” applies to US Holders.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited to a US Holder will generally be subject to Canadian withholding tax at the rate of 15%. This rate is reduced to 5% in the case of a US Holder that is a corporation that owns at least 10% of the voting stock of the Issuer.

Capital Gains and Losses

A US Holder will not be subject to tax under the Tax Act in respect of any capital gain on the disposition of Warrants or Common Shares provided that (i) the Common Shares are listed on a designated stock exchange (which includes the TSX-V) for the purposes of the Tax Act at the time of disposition; and (ii) at no time during the 60 month period immediately preceding the disposition of the Warrants or Common Shares the US Holder or persons with whom the US Holder does not deal at arm’s length (or the US Holder together with such persons) owned 25% or more of the issued shares of any class or series of the capital stock of the Issuer.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

CIRCULAR 230 DISCLOSURE: ANY TAX STATEMENT MADE HEREIN REGARDING ANY U.S. FEDERAL TAX ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR PURPOSES OF AVOIDING ANY PENALTIES UNDER THE INTERNAL REVENUE CODE. ANY SUCH STATEMENT HEREIN IS WRITTEN TO SUPPORT THE MARKETING OR PROMOTION OF THE TRANSACTION TO WHICH THE STATEMENT RELATES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax considerations generally applicable to Non-U.S. Holders who acquire Units (collectively and individually referred to, together with the Shares, Warrants, and the Warrant Shares, for purposes of this summary, as the “Securities”) pursuant to the Offering and who will, for purposes of the Code, hold the Units as capital assets. In addition, for purposes of this summary, any reference to “Shares” shall include the Warrant Shares.

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of Securities acquired pursuant to this Offering and Prospectus that is neither a U.S. Holder nor a partnership (or any other entity classified as a partnership for U.S. federal income tax purposes).

For purposes of this summary, a "U.S. Holder" is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S., any state in the U.S., or the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust. This summary does not address the U.S. federal income tax consequences to U.S. Holders of Securities. Accordingly, a U.S. Holder should consult its own tax advisors regarding the U.S. federal income, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any income tax treaties) arising from and relating to the acquisition, ownership, and disposition of Securities.

The following summary does not address aspects of U.S. federal income taxation that may be relevant to a Non-U.S. Holder subject to special treatment under U.S. federal income tax laws, including, but not limited to, any of the following: dealers in securities; banks and other financial institutions; insurance companies; tax-exempt organizations, plans or accounts; persons holding their Securities as part of a "hedge," "straddle" or other risk reduction transaction; shareholders that are controlled foreign corporations or passive foreign investment companies, as those terms are defined in the Code. Any such Non-U.S. Holder should consult its own tax advisor with respect to an investment in the Securities. This summary also does not address the tax consequences resulting to a holder of Securities that is an entity treated as a pass-through entity for U.S. federal income tax purposes or any investors or equity holders in such entities. The tax treatment of an investor in such an entity will generally depend upon the status of the investor and the activities of the partnership or other pass-through entity. We urge any Non-U.S. Holder of Securities that is a partnership or other pass-through entity for U.S. federal income tax purposes and partners, investors, members and other equity holders in such entities to consult their tax advisors about the tax consequences relating to the acquisition, ownership and disposition of Securities.

The following discussion is a general summary of the material U.S. federal income tax consequences of the ownership and disposition of the Securities applicable to Non-U.S. Holders. This summary does not consider specific facts and circumstances that may be relevant to a particular Non-U.S. Holder's tax position and does not consider U.S. state and local or non-U.S. tax consequences.

This summary does not discuss the U.S. federal income tax considerations applicable to shareholders of Dinan in respect of the exchange of any securities of Dinan pursuant to the Share Exchange Agreement or the Qualifying Transaction. Such prospective investors are urged to consult their own tax advisors.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

Treatment of the Resulting Issuer as a U.S. Corporation

Because the former stockholders of Dinan will own at least 80% of the outstanding Common Shares of the Resulting Issuer by reason of their ownership of Dinan stock immediately after the consummation of the Offering and the Qualifying Transaction (but excluding the Securities issued to Non-U.S. Holders in the Offering), the Resulting Issuer should be treated as a U.S. domestic corporation for U.S. federal income tax purposes and be subject to U.S. tax on its worldwide income. However, this determination will not be binding upon the IRS, and there can be no assurance that a contrary position will not be asserted by the IRS. This summary assumes that the Resulting Issuer will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Acquisition of Units

For U.S. federal income tax purposes, the acquisition by a Non-U.S. Holder of a Unit will be treated as the acquisition of an “investment unit” consisting of two components: one Share and one half of one Warrant. The purchase price for each Unit will be allocated between these two components in proportion to their relative fair market values at the time the Unit is purchased by the Non-U.S. Holder. This allocation of the purchase price for each Unit will establish a Non-U.S. Holder’s initial tax basis for U.S. federal income tax purposes in the Share and the one half of one Warrant that comprise each Unit.

For this purpose, the Issuer will allocate \$0.30 of the purchase price for the Unit to the Share and \$0.00 of the purchase price for each Unit to the one half Warrant. However, the IRS will not be bound by the Issuer’s allocation of the purchase price for the Units, and therefore, the IRS or a U.S. court may not respect the allocation set forth above. Each Non-U.S. Holder should consult its own tax advisor regarding the allocation of the purchase price for the Units between the Shares and Warrants.

U.S. Trade or Business Income

In the case of a Non-U.S. Holder which is engaged in a U.S. trade or business and receives dividend income from the Resulting Issuer, or has gain from the sale or other taxable disposition of the Securities, which, in each case, is effectively connected with that trade or business (and, in the case of an applicable tax treaty, is attributable to a Non-U.S. Holder’s permanent establishment in the United States), such trade or business income is subject to U.S. federal income tax on a net income basis at regular U.S. federal income tax rates in the same manner as the income of a U.S. shareholder (provided that the Non-U.S. Holder complies with applicable certification and disclosure requirements), and if such Non-U.S. Holder is a corporation, it may be subject to the branch profits tax at a rate equal to 30% (or such lower rate as may be prescribed by an applicable treaty). In such a case, no U.S. federal income tax withholding will apply. The balance of this discussion assumes that any dividends received by a Non-U.S. Holder, and any gain from sales or exchanges of Securities, are not effectively connected with the conduct of a U.S. trade or business.

Dividends

If the Resulting Issuer makes distributions of cash or property, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from current or accumulated earnings and profits of the Resulting Issuer (as determined under U.S. federal income tax principles). Dividends distributed by the Resulting Issuer to Non-U.S. Holders will be subject to withholding of United States federal income tax at the rate of 30%, or such lower rate as may be provided in an applicable treaty. See “Certain Canadian Federal Income Tax Considerations — Dividends” with respect to the Canadian federal income tax consequences of the payment of such U.S. tax.

As discussed elsewhere herein, the Resulting Issuer is a taxable Canadian corporation for Canadian tax purposes. Dividends declared and paid on a Canadian Holder’s Common Shares will be included in the Canadian Holder’s income as taxable dividends received from a taxable Canadian corporation. The normal gross-up and dividend tax credit rules applicable to taxable dividends received from a taxable Canadian corporation will apply to dividends received by a Canadian Holder who is an individual. Dividends received by a Canadian Holder which is a corporation will generally be deductible in computing its taxable income. Dividends paid or credited or deemed to be paid or credit to a US Holder will generally be subject to Canadian withholding tax at the rate of 15%. This rate is reduced to 5% in the case of a US Holder that is a corporation that owns at least 10% of the voting stock of the Issuer.

The recipients of dividends paid by the Resulting Issuer could be subject to both U.S. federal income tax and Canadian income tax rules. No assurance can be given that all or some of the dividends will not be subject to double taxation. In such case, the amount of cash that would otherwise be available to the recipients could be materially reduced.

In order to obtain a reduced rate of U.S. federal withholding under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits

under the treaty. A Non-U.S. Holder that is eligible for a reduced rate of U.S. federal withholding under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. A Non-U.S. Holder should consult its own tax advisor regarding its possible entitlement to benefits under an income tax treaty.

Exercise and Expiration of Warrants

Unless a Non-U.S. Holder is otherwise subject to U.S. federal income tax as discussed below, the exercise and expiration of the Warrants should not be subject to U.S. federal income taxation.

Disposition of Shares and Warrants

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale or other disposition of the Shares or Warrants unless:

- the gain is effectively connected with the conduct of a U.S. trade or business; or
- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- the Resulting Issuer is or has been a “United States real property holding corporation” (or “USRPHC”) at any time during the shorter of the five-year period ending on the date of disposition and the Non-U.S. Holder’s holding period for the Shares or Warrants.

A Non-U.S. Holder described in the first bullet point above would be taxed in the manner discussed above under the heading “U.S. Trade or Business Income.”

An individual non-U.S. Holder described in the second bullet point above will be subject to a flat 30% tax on the gain derived from the sale of Shares, which may be offset against U.S. source capital losses (even though the individual is not considered a resident of the United States).

With respect to the third bullet point above, in general, a corporation is a USRPHC if the fair market value of its “U.S. real property interests,” as defined in the Code and applicable United States Treasury regulations, equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. There is an exception with respect to any class of stock of a corporation that is regularly traded on an established securities market (however such exception would not apply to an option to acquire stock, such as the Warrants). The disposition of such stock will only be subject to U.S. federal income tax in the case of a person who, directly or constructively at any time during the five-year period ending on the date of the disposition of stock, who owns more than 5% of that class of stock. Under the United States Treasury regulations, in order for a class of stock to be treated as regularly traded on an established securities market, there must be a minimum level of trading of that class of stock. For a class of stock to be treated as regularly traded on an established securities market outside the U.S., the class of stock must be traded in registered form and either the Resulting Issuer must register pursuant to section 12 of the Securities Exchange Act of 1934, or the Resulting Issuer must attach a statement to its U.S. federal income tax return as prescribed by United States Treasury regulations. In addition, a class of stock will not be treated as regularly traded on an established securities market if, at any time during a quarter, one hundred or fewer persons own 50% or more of the outstanding shares of the class of stock. There can be no assurances that the Shares will be considered regularly traded on an established securities market for the current tax year or future tax years. If Dinan is or became a USRPHC, it is likely that the Resulting Issuer would be so considered as well.

Based on the current composition of the assets of Dinan and the Issuer, the Issuer does not believe that the Resulting Issuer will be considered a USRPHC for the current taxable year. There can be no assurance, however, that the Resulting Issuer will not become a USRPHC in the future. The determination of whether the Resulting Issuer will be a USRPHC for each taxable year will depend, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Resulting Issuer will be a USRPHC for

each taxable year will depend on the assets and income of the Resulting Issuer over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Prospectus. Accordingly, there can be no assurance that the IRS will not challenge the determination made by the Resulting Issuer concerning its USRPHC status. Each U.S. Holder should consult its own tax advisors regarding whether the Resulting Issuer may be considered a USRPHC for the current taxable year.

If the Resulting Issuer were classified as a USRPHC and if a Non-U.S. Holder were not eligible to utilize the exception for securities regularly traded on an established securities market, gain from the sale or exchange of Shares or Warrants by a Non-U.S. Holder would be subject to U.S. income taxation and the Non-U.S. Holder would be required to file a U.S. federal income tax return. In addition, the purchaser of the Shares or Warrants would be required to withhold from the purchase price an amount equal to 10% of the purchase price and remit such amount to the IRS. Non-resident alien individuals would generally be subject to the U.S. federal alternative minimum tax rates, which are 26% to 28% under the Code as currently in effect.

As discussed elsewhere herein, the Resulting Issuer is a taxable Canadian corporation for Canadian tax purposes. Upon a disposition (or a deemed disposition) of a Common Share or Warrant (other than on the exercise thereof), a Canadian Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Canadian Holder. One-half of any capital gain will be included in income as a taxable capital gain and one-half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. A Canadian Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6 ²/₃% on its “aggregate investment income” (as defined in the Tax Act) for the year, which will include taxable capital gains realized.

A US Holder will not be subject to tax under the Tax Act in respect of any capital gain on the disposition of Warrants or Common Shares provided that (i) the Common Shares are listed on a designated stock exchange (which includes the TSX-V) for the purposes of the Tax Act at the time of disposition; and (ii) at no time during the 60 month period immediately preceding the disposition of the Warrants or Common Shares the US Holder or persons with whom the US Holder does not deal at arm’s length (or the US Holder together with such persons) owned 25% or more of the issued shares of any class or series of the capital stock of the Issuer.

The shareholders who disposed of the Common Shares or Warrant of the Resulting Issuer could be subject to both U.S. federal income tax and Canadian federal income tax rules. No assurance can be given that all or some of the gains will not be subject to double taxation. In such case, the amount of cash that would otherwise be available to the recipients could be materially reduced.

Information Reporting and Backup Withholding Requirements

The Resulting Issuer must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax, or that is exempt from such withholding tax pursuant to an income tax treaty. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation (currently at a rate of 28%) on certain reportable payments. Dividends paid to a Non-U.S. Holder generally will be exempt from backup withholding if the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption.

The payment of the proceeds from the disposition of Shares or Warrants to or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of the Shares or Warrants to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has one of certain types of relationships with the United States (i.e., is a “U.S.-related person”). In the case of the payment of the proceeds from the disposition of the Shares or Warrants to or through a non-U.S. office of a broker that is either a U.S. person or a U.S.-related person, the United States Treasury

regulations require information reporting (but not the backup withholding) on the payment unless the broker has documentary evidence in its files that the holder is not a U.S. person and the broker has no knowledge to the contrary. Non-U.S. Holders should consult their own tax advisors as to the application of information reporting and backup withholding in their particular circumstances (including upon their disposition of the Shares or Warrants).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, if the Non-U.S. Holder provides the required information to the IRS.

This summary is included herein as general information purposes only. Accordingly, each prospective Non-U.S. Holder is urged to consult its tax advisor with respect to the U.S. federal, state, local and non-U.S. income, estate and other tax consequences of holding and disposing of the Securities.

CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the share capital of the Resulting Issuer, assuming the completion of the Qualifying Transaction and the Offering without the exercise of the Over-Allotment Option.

Designation of Security	Amount Authorized	The Issuer as at the date of the prospectus	The Resulting Issuer, following the completion of the Qualifying Transaction and the Offering
Common Shares ⁽¹⁾	unlimited	5,262,275	26,663,244
Convertible Shares ⁽¹⁾	unlimited	0	41,473,722
Warrants ⁽²⁾	N/A	0	5,000,000
Incentive Stock Options	N/A	300,000	300,000
Agent's Warrants ⁽³⁾	N/A	237,725	1,737,725

The following table sets out the debt capital of the Issuer as at December 31, 2008 and Dinan on a consolidated basis as at September 30, 2008, on a pro forma consolidated basis, assuming the completion of the Qualifying Transaction and the Offering with the full exercise of the Over-Allotment Option. For the purposes of the pro forma amounts, all financial data for Canfe listed in Canadian currency has been converted into US dollars at a rate of \$0.8178 US for each Canadian dollar, which is the December 31, 2008 year end exchange rate as determined by the Issuer's auditors, Chang Lee LLP.

Current Liabilities	N/A	US\$60,144	US\$3,970,342	US\$4,030,456
Long Term Liabilities	N/A	\$Nil	US\$3,495,916	US\$2,678,121
Shareholder Loans ⁽⁴⁾	N/A	\$Nil	US\$2,470,000	US\$1,652,205
Shareholders' Equity (deficit)	N/A	US\$164,118	(US\$501,616)	US\$2,467,540

- (1) Upon the completion of the Qualifying Transaction, which will be concurrent with the completion of the Offering, assuming the Over-Allotment Option is not exercised, it is anticipated that an aggregate of 11,400,969 Common Shares and 41,473,722 Convertible Shares will be issued to the current shareholders of Dinan, provided that the number of Common Shares issuable to the Agent will be subject to upward adjustment if the Over-Allotment Option is partially exercised or exercised in full. Upon the completion of the Offering, assuming the Over-Allotment Option is not exercised, an additional 10,000,000 Common Shares will be issued to subscribers to the Offering. See "General

Development of the Business – Significant Acquisitions” regarding the Qualifying Transaction, “Relationship between the Issuer and the Agent” regarding the potential upward adjustment of the number of Common Shares being issued to the Agent in connection with the Qualifying Transaction, and “Selected Consolidated Financial Information and Management’s Discussion and Analysis for the Issuer – Disclosure of Outstanding Securities” regarding the attributes of the Common Shares.

- (2) Upon the completion of the Offering, assuming the Over-Allotment Option is not exercised, it is anticipated that 5,000,000 Warrants will be issued as part of the Units issued in the Offering. See “Plan of Distribution”.
- (3) Upon the completion of the Offering, assuming the Over-Allotment Option is not exercised, an additional 1,500,000 Agent’s Warrants will be issued to the Agent in connection with the Offering. For more information, see “Plan of Distribution”. For more information on warrants issued to the Agent in connection with the Issuer’s initial public offering, see “Selected Consolidated Financial Information and Management’s Discussion and Analysis for the Issuer – Disclosure of Outstanding Securities – Agent’s Warrants”.
- (4) As of the date of this prospectus, a total of US\$2,576,500 of shareholder loans are owed by Dinan to Stephen J. Dinan and Janice Dinan. Pursuant to the terms of the Share Exchange Agreement, upon the closing of the Offering, the lesser of US\$1,115,000 and 25% of the gross proceeds of the Offering, including the gross proceeds from the sale of Additional Units pursuant to the Over-Allotment Option will be used to repay a portion of such shareholder loans. For the purposes of the pro forma debt capitalization included in the table above and the pro forma financial statements elsewhere in this prospectus, it has been assumed that the Over-Allotment Option will be fully exercised and the gross proceeds of the Offering will be \$4,000,000, and that \$1,000,000 (US\$817,795 based on the December 31, 2008 year-end exchange rate as determined by the Issuer’s auditors, Chang Lee LLP) of Dinan’s outstanding shareholder loans will be repaid. In the event that the Over-Allotment Option is not exercised, the gross proceeds of the Offering will be \$3,000,000 and \$750,000 (approximately US\$595,143, using the noon rate of exchange on March 31, 2009 as reported by the Bank of Canada) will be used to repay the shareholder loans. See “Consolidated Capitalization – Dinan” and “Use of Proceeds – Repayment of Shareholder Loans”.

Changes to Consolidated Capitalization

The Issuer

There has been no other material change in the share and loan capital of the Issuer since the end date of the Issuer’s financial period of January 14, 2008 (date of incorporation) to December 31, 2008.

Immediately prior to the closing of the Qualifying Transaction, the share capital of the Issuer will be amended to allow for the issuance of an unlimited number of Convertible Shares. For more information on the special rights and restrictions of the Convertible Shares, see “Selected Consolidated Financial Information and Management’s Discussion and Analysis for the Issuer – Disclosure of Outstanding Securities”.

For information on the outstanding share capital of the Issuer, see “Selected Consolidated Financial Information and Management’s Discussion and Analysis for the Issuer – Disclosure of Outstanding Securities.”

Dinan

As of September 30, 2008, an aggregate amount of US\$2,470,000 of shareholder loans was owing by Dinan to Stephen J. Dinan and Janice Dinan. As of the date of this prospectus, an additional US\$106,500 of shareholder loans were advanced by Stephen J. Dinan and Janice Dinan to Dinan, resulting in Dinan owing shareholder loans of an aggregate of US\$2,576,500 to Stephen J. Dinan and Janice Dinan. The shareholder loans, which were advanced in several tranches, require the payment of interest in monthly instalments, and carry interest rates of between the commercial prime rate and 11%. The principal amounts of the various tranches of shareholder loans become payable between July 7, 2011 and April 1, 2017. Pursuant to the terms of the Share Exchange Agreement, upon the closing of the Offering, the lesser of 25% of the gross proceeds of the Offering, including the gross proceeds from the sale of Additional Units pursuant to the Over-Allotment Option and US\$750,000 will be used to repay a portion of such shareholder loans.

OPTIONS TO PURCHASE SECURITIES

The Issuer

Stock Options

The following table sets forth certain information concerning options previously granted to the executive officers, directors, and consultants of the Issuer:

<u>Held By</u>	Total Number of Options Granted to Purchase Common Shares	Exercise Price	Market Value on Date of Grant	<u>Expiry Date</u>	Market Value of the Common Shares on March 31, 2009
All executive officers and past executive officers of the Issuer as a group and all directors and past Directors of the Issuer who are not also executive officers of the Issuer as a group	300,000	\$0.10 per Common Share	\$0.10 per Common Share	June 18, 2013	\$0.35 per Common Share
All other employees and past employees of the Issuer as a group	Nil	N/A	N/A	N/A	N/A
All consultants of the Issuer as a group	Nil	N/A	N/A	N/A	N/A
Any other holders of options	<u>Nil</u>	N/A	N/A	N/A	N/A
TOTAL	<u>300,000</u>	N/A	N/A	N/A	N/A

There is no assurance that the options described above will be exercised in whole or in part.

Terms of Stock Options

In accordance with the policies of the TSX-V, the board of directors of the Issuer may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, and technical consultants to the Issuer, non-transferable options to purchase Common Shares exercisable for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance will not exceed 20% of the issued and outstanding Common Shares of the Issuer. In addition, the number of Common Shares reserved for issuance to any one director or officer of the Corporation may not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares. The board of directors of the Issuer determines the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V. Options must terminate by the date which is 90 days following cessation of the optionee's position with the Issuer, provided that if the cessation occurs in connection with the Qualifying Transaction, the option may be exercised within a maximum period of one year after the completion of the Qualifying Transaction. In the event of the option holder's death, the option may be exercised by the holder's legal representative until the later of the expiry date of the option or one year after the date of death.

Following the completion of the Qualifying Transaction, the Resulting Issuer will implement a stock option plan in accordance with the policies of the TSX-V.

Dinan

As of the date of this prospectus, there are no outstanding options to purchase any securities of Dinan.

PRIOR SALES

The Issuer

The following table summarizes the sales of common shares and securities convertible into Common Shares of the Issuer during the 12 months prior to the date of this prospectus:

<u>Date</u>	<u>Type of Security</u>	<u>Price per Security</u>	<u>Number of Securities</u>
June 16, 2008 ⁽¹⁾	Common Shares	\$0.10	3,000,000
June 16, 2008 ⁽²⁾	Stock Options	N/A	300,000
June 16, 2008 ⁽³⁾	Agent's Option	N/A	300,000
November 19, 2008 ⁽⁴⁾	Common Shares	\$0.10	20,000
November 28, 2008 ⁽⁴⁾	Common Shares	\$0.10	42,275

- (1) These Common Shares were issued pursuant to the initial public offering of securities of the Issuer which closed on June 16, 2008 pursuant to the final prospectus of the Issuer dated May 28, 2008.
- (2) Each Stock Option entitles the holder to purchase one Common Share at a price of \$0.10 per Common Share until June 18, 2013.
- (3) Each Agent's Option entitles the holder to purchase one Common Share at a price of \$0.10 per Common Share until June 18, 2010.
- (4) These Common Shares were issued pursuant to an exercise of the Agent's Option.

Dinan

The following table summarizes the sales of common shares and securities convertible into Common Shares of Dinan during the 12 months prior to the date of this prospectus:

<u>Date</u>	<u>Type of Security</u>	<u>Price per Security</u>	<u>Number of Securities</u>
February 13, 2009	common stock	\$95.26	14,800 ⁽¹⁾

- (1) These shares were issued to the Agent pursuant to the terms of an engagement letter dated January 8, 2009, in consideration for advisory services provided by the Agent to Dinan in connection with the Qualifying Transaction. These shares will be held in escrow until the completion of the Qualifying Transaction, and may be subject to downward adjustment if the Over-Allotment Option is not exercised or is partially exercised. See "Relationship Between the Issuer and the Agent" and "Escrowed Securities – Dinan".

TRADING PRICE AND VOLUME

The Issuer

The Common Shares of the Issuer commenced trading on the TSX-V on June 18, 2008. The following table lists the volume, price ranges (high and low) for the Common Shares as quoted on the TSX-V and the traded volume on a monthly basis from June 18, 2008 to March 31, 2009:

	<u>Price (\$)</u>		<u>Monthly Volume</u>
March 2009	-	-	-
February 2009	-	-	-
January 2009 ⁽¹⁾	-	-	-
December 2008	-	-	-
November 2008	\$0.45	\$0.25	63,275
October 2008	-	-	-
September 2008	-	-	-
August 2008	\$0.65	\$0.60	30,000
July 2008	\$0.80	\$0.50	85,500
June 18, 2008 – June 30, 2008	\$0.50	\$0.50	112,500

(1) The trading of the Common Shares was halted at the request of the Issuer after the close of the market on January 8, 2009 and remains halted. The Issuer anticipates that the trading of the Common Shares will remain halted until the completion of the Qualifying Transaction and the Offering.

Dinan

The common shares of Dinan are closely held and have never traded on any public market.

ESCROWED SECURITIES

The Issuer

The following table sets forth details, to the knowledge of the Issuer, regarding securities which are currently held in escrow as at the date of this prospectus.

<u>Designation of Class</u>	Prior to the Offering and the Qualifying Transaction		After the Offering and the Qualifying Transaction	
	<u>Number of Securities in Escrow</u> ⁽¹⁾⁽²⁾	<u>Percentage of Class as at the date of this Prospectus</u> ⁽²⁾	<u>Number of Securities of the Issuer in Escrow</u>	<u>Percentage of Class After Completion of Offering</u> ⁽⁴⁾
Common Shares	2,250,000 ⁽¹⁾	42.76%	2,025,000 ⁽³⁾	7.59%

(1) These Common Shares are held in escrow by Olympia Trust Company pursuant to an escrow agreement dated April 11, 2008 (the “CPC Escrow Agreement”). 10% of these escrowed Common Shares will be released from escrow on the issuance of the final exchange bulletin in respect of the Qualifying Transaction (the “Initial Release”) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The foregoing release schedule may be altered if the Resulting Issuer becomes a Tier 1 issuer pursuant to the policies of the TSX-V.

(2) Based on 5,262,275 Common Shares outstanding.

(3) After giving effect to the Initial Release.

(4) Based on the estimated 26,663,244 Common Shares on a non-diluted basis which are expected to be outstanding following the completion of the Qualifying Transaction and Offering, assuming the Over-Allotment Option is not exercised and none of the Convertible Shares are converted into Common Shares.

Dinan

An aggregate of 14,800 shares of common stock of Dinan, held by the Agent, representing approximately 7% of the outstanding shares of common stock of Dinan, are currently held in escrow pursuant to an escrow agreement dated

February 13, 2009 (the “Canaccord Escrow Agreement”), among Dinan, the Agent and Axiom Law Corporation. Pursuant to the terms of the Canaccord Escrow Agreement, all of these shares will be released prior to the completion of the Qualifying Transaction and the Offering, and either returned to treasury for cancellation or tendered for exchange pursuant to the Share Exchange Agreement. For more information see “Relationship Between The Issuer And The Agent”.

The Resulting Issuer

The following table sets forth details, to the knowledge of the Issuer, regarding the “Principals” of the Resulting Issuer and their securities which are currently held in escrow and those which are anticipated to be held in escrow following the completion of the Qualifying Transaction and the Offering. Shares purchased under the Offering by those persons who will be Principals of the Resulting Issuer will not be subject to escrow restrictions.

<u>Designation of Class</u>	Prior to the Offering and the Qualifying Transaction		After the Offering and the Qualifying Transaction	
	Number of Securities in Escrow	Percentage of Class as at the date of this Prospectus	Number of Securities of the Issuer in Escrow	Percentage of Class After Completion of Offering⁽¹⁾
Common Shares	2,250,000 ⁽²⁾	42.76%	9,151,430 ⁽³⁾	37.12%
Convertible Shares	N/A	N/A	37,326,349 ⁽⁴⁾	90.0%

- (1) Based on the estimated 26,663,244 Common Shares and 41,473,722 Convertible Shares on a non-diluted basis which are expected to be outstanding following the completion of the Qualifying Transaction and Offering, assuming the Over-Allotment Option and any outstanding warrants or stock options of the Issuer are not exercised and none of the Convertible Shares are converted into Common Shares.
- (2) These Common Shares are held in escrow by Olympia Trust Company pursuant to an escrow agreement dated April 11, 2008 (the “CPC Escrow Agreement”). 10% of these escrowed Common Shares will be released from escrow on the issuance of the final exchange bulletin in respect of the Qualifying Transaction (the “Initial Release”) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The foregoing release schedule may be altered if the Resulting Issuer becomes a Tier 1 Issuer pursuant to the policies of the TSX-V.
- (3) After giving effect to the Initial Release. Of these Common Shares, 2,025,000 will be held in escrow pursuant to the CPC Escrow Agreement (See Note 2 of this table), and 7,126,430 will be held in escrow by Olympia Trust Company pursuant to an escrow agreement to be dated as of the closing date of the Qualifying Transaction (the “Resulting Issuer Escrow Agreement”). The Common Shares held subject to the Resulting Issuer Escrow Agreement will have the same release schedule as those held pursuant to the CPC Escrow Agreement, which may be altered if the Resulting Issuer becomes a Tier 1 Issuer pursuant to the policies of the TSX-V. See Note 1 of this table and “Escrowed Securities – The Issuer”.
- (4) After giving effect to the Initial Release. These Convertible Shares will be held pursuant to the Resulting Issuer Escrow Agreement, and will be subject to the same release schedule as the Common Shares held pursuant to the Resulting Issuer Escrow Agreement. See Note 3 of this table and “Escrowed Securities – The Issuer”.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Issuer, the only persons as at the date hereof who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares or Convertible Shares, either before or after the completion of the Qualifying Transaction and the Offering, are as stated in the following table, which assumes the conversion of all Convertible Shares into Common Shares, with all securities indicated herein being held both legally and beneficially by the holders thereof.

<u>Name and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Class as at the Date of this Prospectus</u>	<u>Percentage of Class After Giving Effect to the Completion of the Offering and Qualifying Transaction⁽¹⁾</u>	<u>Number of Common Shares Assuming Conversion in to Common Shares of all Convertible Shares</u>	<u>Percentage of Class Assuming Conversion in to Common Shares of all Convertible Shares⁽²⁾</u>
Dr. Lawrence Dick, North Vancouver, BC ⁽³⁾	Direct	850,000	16.2%	3.19%	850,000	1.25%
Robert Bick Vancouver, BC ⁽⁴⁾	Direct	600,000	11.4%	2.25%	600,000	0.88%
William Majcher Vancouver, BC ⁽⁵⁾	Direct	600,000	11.4%	2.25%	600,000	0.88%
Stephen J. Dinan Morgan Hill, California ⁽⁶⁾	Direct	3,959,128 ⁽⁷⁾	N/A	14.85%	24,695,989 ⁽⁷⁾	36.24%
Janice Dinan Morgan Hill, California ⁽⁶⁾	Direct	3,959,128 ⁽⁷⁾	N/A	14.85%	24,695,989 ⁽⁷⁾	36.24%
Canaccord Capital Corporation Vancouver, BC ⁽⁸⁾	Direct	3,482,713 ⁽⁷⁾⁽⁹⁾	N/A	13.06%	3,482,713 ⁽⁷⁾⁽⁹⁾	5.11%

(1) Based on the estimated 26,663,244 Common Shares on a non-diluted basis which are expected to be outstanding following the completion of the Qualifying Transaction and Offering, assuming the Over-Allotment Option is not exercised and no Convertible Shares are converted by the holders thereof into Common Shares.

(2) Based on the estimated 68,136,966 Common Shares on a non-diluted basis which are expected to be outstanding following the completion of the Qualifying Transaction and Offering, assuming the Over-Allotment Option is not exercised and all Convertible Shares are converted by the holders thereof into Common Shares.

(3) In addition to the 850,000 Common Shares listed above, Dr. Lawrence Dick also holds incentive stock options of the Issuer exercisable into an additional 80,000 Common Shares. For more information see “Options to Purchase Securities – The Issuer”.

(4) In addition to the 600,000 Common Shares listed above, Mr. Robert Bick also holds incentive stock options of the Issuer exercisable into an additional 100,000 Common Shares. For more information see “Options to Purchase Securities – The Issuer”.

(5) In addition to the 600,000 Common Shares listed above, Mr. William Majcher also holds incentive stock options of the Issuer exercisable into an additional 80,000 Common Shares. For more information see “Options to Purchase Securities – The Issuer”.

(6) In connection with the Qualifying Transaction, Stephen J. Dinan and Janice Dinan will each be issued 3,959,128 Common Shares, and 20,736,861 Convertible Shares. Upon the Completion of the Qualifying Transaction and the Offering, assuming the Over-Allotment Option is not exercised, each of them will hold 14.85% of the Common Shares

and 50% of the Convertible Shares then issued and outstanding. The Convertible Shares are not entitled to vote at shareholder meetings, except where such vote is required under the Business Corporations Act. Assuming the immediate conversion of all Convertible Shares into Common Shares, each of them would hold 24,695,989 Common Shares, representing 36.24% of the Common Shares then issued and outstanding.

- (7) Currently unissued, but expected to be issued in connection with the Qualifying Transaction.
- (8) In addition to the 5,221,438 Common Shares listed above, the Agent holds agent's warrants issued in connection with the Issuer's initial public offering, exercisable into 237,725 Common Shares. Assuming the Offering is fully subscribed but the Over-Allotment Option is not exercised, it is anticipated that upon the closing of the Offering, the Agent will be issued Agent's Warrants exercisable into an additional 1,500,000 Common Shares.
- (9) Indicates the number of Common Shares issuable to the Agent upon the closing of the Qualifying Transaction, assuming to the Over-Allotment Option is not exercised. Depending on the amount of the Over-Allotment Option which is exercised, the number of Common Shares issuable to the Agent on the closing of the Qualifying Transaction may be increased, and if the Over-Allotment Option is fully exercised, it is anticipated that up to 5,221,438 Common Shares may be issued to the Agent, which represents approximately 16.45% of the 31,739,662 Common Shares which are anticipated to be then outstanding, and 7.13% of the Common Shares which would be issued and outstanding following the conversion of all Convertible Shares into Common Shares. For more information see "Relationship to the Issuer and the Agent".

DIRECTORS AND EXECUTIVE OFFICERS

The following information is provided for the directors and executive officers of the Issuer after the completion of the Qualifying Transaction:

<u>Name, Municipality of Residence and Position with the Resulting Issuer</u>	<u>Principal Occupation and Occupation During the Past Five Years</u>	<u>Director or Officer of Issuer/Dinan Since</u>
Stephen J. Dinan Morgan Hill, CA <i>President, Chief Executive Officer and Director</i>	Chief Executive Officer of Dinan Engineering, Inc. since November, 1982.	N/A / November 1982
Robert Bick⁽¹⁾ Vancouver, BC <i>Director</i>	President, Chief Executive Officer, Director and Promoter of the Issuer since January 14, 2008; Chief Executive Officer of Evolving Gold Corp. since February 2007; President of Click-It Marketing Inc. (formerly Fruits of the Earth Importers Limited) since December, 1995; President, Chief Executive Officer and a Director of Triple Dragon Resources Inc. from July 2007 to March 2008; Chief Executive Officer and President of Scarlet Resources Ltd. since November 2007; CEO and Director of Continent Resources Inc. since January 2008.	January 14, 2008 / N/A
David Habiger⁽¹⁾ Hinsdale, IL <i>Director</i>	President and Chief Executive Officer of Sonic Solutions since September 2005; General Manager of Sonic Solutions from 2003 until September 2005.	N/A / N/A
Erik Wensberg⁽¹⁾ Center Stafford, NH <i>Director</i>	Executive Vice-President of Amusement Media, Inc. since March 1998.	N/A / N/A
Joseph P. Giuffre North Vancouver, BC <i>Director</i>	Partner, Axium Law Corporation from January 1, 2004 to present; Partner, Gowlings Lafleur Henderson LLP from March 1, 2000 to December	N/A / N/A

<u>Name, Municipality of Residence and Position with the Resulting Issuer</u>	<u>Principal Occupation and Occupation During the Past Five Years</u>	<u>Director or Officer of Issuer/Dinan Since</u>
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31, 2003.

Janice Dinan
Morgan Hill, CA

Chief Financial Officer of Dinan Engineering, Inc. since November, 1982.

N/A / November 1982

Chief Operations Officer

(1) Proposed member of the Audit Committee.

Each of the Directors of the Issuer will hold office until the next annual general meeting of the shareholders of the Issuer pursuant to the Business Corporations Act, or unless his office is earlier vacated in accordance with the Articles of the Issuer, or with the provisions of the Business Corporations Act.

As at the date hereof, the directors and senior officers of the Issuer currently beneficially own or control, directly or indirectly, or exercise control or direction over, 2,250,000 Common Shares, or 42.76% of the issued and outstanding Common Shares of the Issuer. After the completion of the Offering and the Qualifying Transaction, assuming that the Over-Allotment Option is not exercised, the directors and officers of the Issuer do not exercise any stock options or convert any of the Convertible Shares into Common Shares, the directors and senior officers of the Resulting Issuer will own approximately 8,768,256 Common Shares, or 32.89% of the issued and outstanding Common Shares and approximately 41,473,722, or 100% of the issued and outstanding Convertible Shares. In the event that all of the Convertible Shares are converted into Common Shares by the holders thereof, the directors and senior officers of the Resulting Issuer will hold approximately 50,241,978 Common Shares, which is 73.74% of the 68,136,966 Common Shares which are anticipated to be then outstanding.

Management and Key Personnel

Stephen J. Dinan, President, Chief Executive Officer and Director (Age 55)

Stephen J. Dinan will be the President, Chief Executive Officer and a director of the Resulting Issuer. Mr. Dinan has been involved in the BMW automotive performance industry for over 31 years. Mr. Dinan founded Dinan as a sole proprietorship in 1979, and has been Chief Executive Officer and a director of Dinan since the company's incorporation in November 1982. Mr. Dinan will devote his full-time employment duties to the business of the Resulting Issuer. Mr. Dinan is not currently party to any employment, non-competition or confidentiality agreement with the Resulting Issuer.

Janice Dinan, Chief Operations Officer (Age 55)

Janice Dinan will be the Chief Operations Officer of the Resulting Issuer. Mrs. Dinan has been a director and the Chief Financial Officer and Secretary of Dinan since November, 1982. Ms. Dinan will devote her full-time employment duties to the business of the Resulting Issuer. Ms. Dinan is not currently party to any employment, non-competition or confidentiality agreement with the Resulting Issuer.

Directors

Robert Bick, Director (Age 61)

Robert Bick has been an officer and director of the Issuer since its incorporation in January 2008. Mr. Bick is currently Chief Executive Officer of Evolving Gold Corp. (TSXV: EVG) and Continent Resources Inc. (CNSX: CTT) and President of Click-It Marketing Inc. (formerly Fruits of the Earth Importers Limited). Mr. Bick was formerly the Chief Executive Officer, President and a director of Triple Dragon Resources Inc. (CNQ: TDRN).

Mr. Bick is not a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. Mr. Bick will devote such time to the business of the Resulting Issuer as is required to effectively fulfil his duties as a director of the Resulting Issuer.

Joseph Giuffre, Director (Age 50)

Joseph Giuffre has been a partner of the law firm Axiom Law Corporation since January 1, 2004. Prior to that, Mr. Giuffre was a partner of the law firm Gowling Lafleur Henderson LLP from March 1, 2000 to December 31, 2003. Mr. Giuffre has a transaction-based legal practice in the areas of corporate finance, securities, corporate structuring, project finance, mergers and acquisitions. Mr. Giuffre has extensive experience acting for Canadian public companies with an international focus, many of which have progressed from private start-up companies to publicly-listed emerging companies trading on the TSX Venture Exchange, the Toronto Stock Exchange, American Stock Exchange or NASDAQ. Mr. Giuffre holds a Bachelor of Arts in Economics from the University of Calgary and a Bachelor of Law from the University of Alberta.

Mr. Giuffre has been a director of Nevada Copper Corp. (TSXV:NCU) since November 2006. Since September 2007, Mr. Giuffre has been a director of Mesa Uranium Corp. (TSXV:MZU). Since April 2006, Mr. Giuffre has been the corporate secretary of Saxon Oil Company Ltd. (TSXV:SN). Since January 2007, Mr. Giuffre has been a director of Trueclaim Exploration Inc. (TSXV: TRM) (formerly Stage Capital Corp.). Mr. Giuffre has been a director of Kootenay Gold Inc. (TSXV: KTN) since July 2008.

Mr. Giuffre is not a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. Mr. Giuffre will devote such time to the business of the Resulting Issuer as is required to effectively fulfill his duties as a director of the Resulting Issuer.

David Habiger, Director (Age 39)

David Habiger will be a director of the Resulting Issuer. Since September 2005, Mr. Habiger has been the Chief Executive Officer and President of Sonic Solutions (NASDAQ:SNIC), a software company based in Marin County, California which specializes in digital media software.

Mr. Habiger holds a Masters of Business Administration from the University of Chicago and a Bachelor of Business Administration from St. Norbert College.

Mr. Habiger is not a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. Mr. Habiger will devote such time to the business of the Resulting Issuer as is required to effectively fulfill his duties as a director of the Resulting Issuer.

Erik Wensberg, Director (Age 52)

Erik Wensberg will be a director of the Resulting Issuer. Since March 1998, Mr. Wensberg has been the Executive Vice President of Amusement Media, Inc., a media and promotion company offering place-based advertising, promotions and integrated marketing programs at amusement facilities in the United States of America.

Mr. Wensberg is not a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. Mr. Wensberg will devote such time to the business of the Resulting Issuer as is required to effectively fulfill his duties as a director of the Resulting Issuer.

Corporate Cease Trade Orders Or Bankruptcies

No director or executive officer of the Issuer or the Resulting Issuer is, as at the date of this prospectus, or was within 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Issuer), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties Or Sanctions

No director or executive officer of the Issuer or the Resulting Issuer, and no shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director or executive officer of the Issuer or Resulting Issuer, and no shareholder holding a sufficient number of securities of the Issuer or the Resulting Issuer to affect materially the control of the Issuer:

- (a) is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, a director or executive officer of any company (including the Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

EXECUTIVE COMPENSATION

The summary compensation tables below disclose compensation paid to the following individuals:

- (a) each chief executive officer (“CEO”) of the Issuer or each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year;

- (b) each chief financial officer (“CFO”) of the Issuer or each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year;
- (c) each of the Issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000 per year; and
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Issuer at the end of the most recently completed financial year

(each, a "Named Executive Officer" or “NEO”).

The Issuer

Summary Compensation Table

The Issuer currently has two Named Executive Officer, Mr. Robert Bick, President, Chief Executive Officer, and a director of the Issuer, and Peter Bryant, Chief Financial Officer and a director of the Issuer. The following table contains a summary of the compensation paid to the Named Executive Officer of the Issuer from January 14, 2008 (the date of incorporation) to December 31, 2008:

Name and Principal Position	Financial period ended ⁽¹⁾	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs granted (#) ⁽²⁾	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$) ⁽³⁾	
Robert Bick President, Chief Executive Officer and Director	2008	\$Nil	\$Nil	\$Nil	100,000 ⁽⁴⁾	Nil	Nil	Nil
Peter Bryant Chief Financial Officer and Director	2008	\$Nil	\$Nil	\$Nil	40,000 ⁽⁴⁾	Nil	Nil	Nil

- (1) Financial period from January 14, 2008 (date of incorporation) to December 31, 2008.
- (2) “SAR” or “stock appreciation right” means a right granted by the Issuer, as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Issuer.
- (3) “LTIP” or “long term incentive plan” means any plan that provides compensation intended to motivate performance to occur over a period greater than one financial year, but does not include option or stock appreciation right plans or plans to compensation through restricted shares or restricted share units.
- (4) Figures represent options granted during a particular year; see “Aggregate Option” table for the aggregate number of options outstanding at year end.

The Issuer does not provide retirement or other benefits for any of its directors or officers and the Issuer does not have any plans pursuant to which cash or non-cash compensation is paid or distributed to the Named Executive Officers.

Options and Stock Appreciation Rights

Stock appreciation right (“SAR”) means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Issuer’s shares.

Options/SAR Grants During the Most Recently Completed Financial Year

No SARs were granted to the Named Executive Officers during the financial period from January 14, 2008 to December 31, 2008.

The following incentive stock options were granted to the Named Executive Officers during the financial period from January 14, 2008 to December 31, 2008.

Name	Date of Grant	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial year	Exercise or Base (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security ⁽¹⁾)	Expiration Date
Robert Bick	June 16, 2008	100,000	33%	\$0.10	N/A	June 18, 2013
Peter Bryant	June 16, 2008	40,000	13%	\$0.10	N/A	June 18, 2013

(1) The Issuer’s common shares did not commence trading on the TSX Venture Exchange until June 28, 2008.

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

During the most recently completed financial year, there were no incentive stock options exercised by the Named Executive Officers. The following table sets out the financial year end value of stock options held by the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money⁽¹⁾ Options/SARs at Financial Year-End (\$) Exercisable/ Unexercisable
Robert Bick	Nil	N/A	100,000 Exercisable/ 0 Unexercisable	\$55,000 Exercisable/ \$0 Unexercisable
Peter Bryant	Nil	N/A	40,000 Exercisable/ 0 Unexercisable	\$22,000 Exercisable/ \$0 Unexercisable

(1) “In the money” options are those where the market value of the underlying securities at the financial year-end exceeds the exercise price of the option. Value is determined by calculating the difference between the last closing price of the Issuer’s Common Shares on or before December 31, 2008 (which was \$0.65), and the exercise price of each option, and then multiplying the difference by the number of shares under option as at December 31, 2008.

Option and SAR Repricings

No options or SARs held by the Named Executive Officers were re-priced during the financial period from January 14, 2008 to December 31, 2008 or during the period during which the Issuer has been a Reporting Issuer.

Pension Plans

The Issuer does not provide retirement benefits for directors or executive officers.

Long Term Incentive Plans

The Issuer does not have any plans which provide compensation intended to serve as incentive of the Named Executive Officers for performance to occur over a period longer than one year.

The Issuer does not have any compensatory plan, contract or arrangement where an executive officer is entitled to receive more than \$100,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the executive officer's services with the Issuer, a change of control of the Issuer, or a change in responsibilities of the executive officer following a change in control.

Compensation of Directors

Directors receive no other compensation other than stock options granted during the financial period from January 14, 2008 to December 31, 2008. The following incentive stock options were granted to the directors who are not Named Executive Officers during the financial year ended December 31, 2008:

Name	Date of Grant	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial year	Exercise or Base (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security ⁽¹⁾)	Expiration Date
Dr. Lawrence Dick	June 16, 2008	80,000	27%	\$0.10	N/A	June 18, 2013
William Majcher	June 16, 2008	80,000	27%	\$0.10	N/A	June 18, 2013

(1) The Issuer's Common Shares did not commence trading on the TSX-V until June 29, 2008.

None of the directors who are not Named Executive Officers exercised any stock options during the financial period from January 14, 2008 to December 31, 2008.

Other Compensation

The Issuer has not paid any compensation to its directors for their services as directors since incorporation.

Dinan

Summary Compensation Table

Dinan currently has two Named Executive Officers, Mr. Stephen J. Dinan, President and Chief Executive Officer and a director of Dinan and Janice Dinan, Chief Financial Officer, Secretary and a director of Dinan. The following table contains a summary of the compensation paid to the Named Executive Officers of Dinan during the financial years ended December 31, 2007, 2006 and 2005:

Name and Principal Position	Financial year ended ⁽¹⁾	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs granted (#) ⁽²⁾	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$) ⁽³⁾	
Stephen J. Dinan President, Chief Executive Officer and Director	2007	\$69,400	Nil	\$35,950	Nil	Nil	Nil	Nil
	2006	\$66,091	Nil	\$35,359	Nil	Nil	Nil	Nil
	2005	\$58,836	Nil	\$35,359	Nil	Nil	Nil	Nil
Janice Dinan Chief Financial Officer, Secretary and Director	2007	Nil	Nil	\$21,950	Nil	Nil	Nil	Nil
	2006	Nil	Nil	\$21,950	Nil	Nil	Nil	Nil
	2005	Nil	Nil	\$21,950	Nil	Nil	Nil	Nil

- (1) Financial year ended December 31.
- (2) “SAR” or “stock appreciation right” means a right granted by the Issuer, as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Issuer.
- (3) “LTIP” or “long term incentive plan” means any plan that provides compensation intended to motivate performance to occur over a period greater than one financial year, but does not include option or stock appreciation right plans or plans to compensation through restricted shares or restricted share units.

Dinan does not provide retirement or other benefits for any of its directors or officers and Dinan does not have any plans pursuant to which cash or non-cash compensation is paid or distributed to the Named Executive Officers.

Long Term Incentive Plans

Dinan does not have any plans which provide compensation intended to serve as incentive of the Named Executive Officers for performance to occur over a period longer than one year.

The Issuer does not have any compensatory plan, contract or arrangement where an executive officer is entitled to receive more than \$100,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the executive officer’s services with the Issuer, a change of control of the Issuer, or a change in responsibilities of the executive officer following a change in control.

Options and Stock Appreciation Rights

Stock appreciation right (“SAR”) means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of Dinan’s shares.

Options/SAR Grants During the Most Recently Completed Financial Year

No SARs or incentive stock options were granted to the Named Executive Officers during the financial year ended December 31, 2007.

Pension Plans

Dinan does not provide retirement benefits for directors or executive officers.

Compensation of Directors

None.

The Resulting Issuer

Upon completion of the Qualifying Transaction, the Resulting Issuer is expected to have two Named Executive Officers for the current financial year being Stephen J. Dinan, who will be appointed as the President and CEO of the Resulting Issuer, and a Chief Financial Officers of the Resulting Issuer, who will be appointed upon completion of the Qualifying Transaction.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

The Issuer

Since January 14, 2008, the date of incorporation of the Issuer, no current or former director, executive officer or employee of the Issuer, or of any of its subsidiaries, has been indebted to the Issuer or to any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

Dinan

Since January 1, 2007, the beginning of the last completed financial year, no current or former director, executive officer or employee of Dinan, or of any of its subsidiaries, has been indebted to Dinan or to any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Dinan or any of its subsidiaries.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. In particular, certain of the directors of the Resulting Issuer are involved in managerial and/or director positions with other companies. Conflicts, if any, will be subject to the procedures and remedies available under the Business Corporations Act. The Business Corporations Act provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the Business Corporations Act.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Audit Committee's Charter

1. MISSION

Senior management, as overseen by the board of directors, has primary responsibility for the Issuer's financial reporting, accounting systems and internal controls. The audit committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

2. RESPONSIBILITIES

The audit committee shall:

(a) Financial Information

- (i) review the annual financial statements and related matters and recommend their approval to the board of directors, after discussing matters such as the selection of accounting policies, major accounting judgements, accruals and estimates with management;
- (ii) review the annual information form, if applicable;
- (iii) be responsible for reviewing the results of the external audit, including:
 - A. the auditor's engagement letter;
 - B. the reasonableness of the estimated audit fees;
 - C. the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit;
 - D. the post-audit management letter together with management's response;
 - E. the form of the audit report;
 - F. any other related audit engagements (e.g. audit of the Issuer pension plan);
 - G. non-audit services performed by the auditor;
 - H. assessing the auditor's performance;
 - I. recommending the auditor for appointment by the board or directors; and
 - J. meeting with the auditors to discuss pertinent matters, including the quality of accounting personnel;
- (iv) ensure that adequate procedures are in place for the review of the Issuer's public disclosure of financial information extracted or derived from the Issuer's financial statements (except for disclosure required to be reviewed by the audit committee), and must periodically assess the adequacy of those procedures;
- (v) establish procedures for:
 - A. the receipt, retention and treatment of complaints received by the Issuer regarding accounting, internal accounting controls, or auditing matters; and
 - B. the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters;
- (vi) review and approve the Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Issuer;

(b) Interim Financial Statements

- (vii) obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors;

- (viii) review, or engage the external auditors to review, the quarterly interim financial statements if not reviewed by the board of directors;
- (ix) obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information;

(c) Accounting System and Internal Controls

- (x) obtain reasonable assurance from discussions with and(or) reports from management, and reports from external and internal auditors that the Issuer's accounting systems are reliable and that the prescribed internal controls are operating effectively;
- (xi) direct the auditors' examinations to particular areas;
- (xii) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies);
- (xiii) review control weaknesses identified by the external and internal auditors, together with management's response;
- (xiv) review the appointments of the chief financial officer and key financial executives;
- (xv) review accounting and financial human resources and succession planning within the corporation;

(d) Reporting

- (xvi) report to the board of directors following each meeting on the major discussions and decisions made by the audit committee; and
- (xvii) review the audit committee's terms of reference periodically and propose recommended changes to the board of directors.

3. COMPOSITION AND REGULATIONS

- (a) The audit committee shall be composed of at least three directors. The members and the chairperson of the audit committee shall be appointed by the board of directors for a one year term and may serve any number of consecutive terms.
- (b) The chairperson of the audit committee shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- (c) The audit committee shall have the power, authority and discretion delegated to it by the board of directors which shall not include the power to change the membership of or fill vacancies in the audit committee.
- (d) The audit committee shall conform to the regulations which may from time to time be imposed upon it by the board of directors. The board of directors shall have the power at any time to revoke or override the authority given to or acts done by the audit committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the audit committee or fill vacancies in it as it shall see fit.
- (e) The audit committee may meet and adjourn, as they think proper. A majority of the members of the audit committee shall constitute a quorum thereof. Questions arising shall be determined by a majority of votes

of the members of the audit committee present, and in the case of an equality of votes, the chairperson shall not have a second or casting vote.

- (f) A resolution approved in writing by all of the members of the audit committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the audit committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- (g) The audit committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the board of directors.
- (h) The audit committee shall have unrestricted and unfettered access to all Issuer personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

The Resulting Issuer may adopt a revised Audit Committee charter in accordance with applicable securities and regulatory requirements.

Composition of the Audit Committee

Canfe's current Audit Committee is comprised of Lawrence Dick (financially literate and independent), William Majcher (financially literate and independent) and Peter Bryant (financially literate).

Upon completion of the Qualifying Transaction, the Resulting Issuer's Audit Committee will be composed of Robert Bick (financially literate and independent), David Habiger (financially literate and independent), and Erik Wensberg (financially literate and independent).

Relevant Education and Experience

The Issuer

Lawrence Dick has been on the board of numerous public companies over the last 10 years. He has a PhD in Economic Geology and is currently working as professional geologist. Dr. Dick is currently a member of the audit committee of Continent Resources Inc. (CNSX: CTT).

William Majcher received a Bachelor of Commerce and is currently a managing director of the Baron Group. He is a retired RCMP officer. Prior to his retirement, he headed up the Integrated Market Enforcement Team that has the mandate to promote and enhance the integrity of Canadian securities markets. Mr. Majcher is currently on the audit committee of Evolving Gold Corp. (TSXV: EVG) and on the board of directors of a few other Canadian public companies.

Peter Bryant obtained a Bachelor of Commerce from the University of Witwatersrand in Johannesburg, South Africa and is currently a director of a few Canadian public companies. Mr. Bryant is currently a member of the audit committee of Confederation Minerals Ltd. (TSXV: CFM) and Strikewell Energy Corp. (TSXV: SKK).

The Resulting Issuer

Robert Bick has been an officer and director of the Issuer since its incorporation in January 2008. Mr. Bick is currently Chief Executive Officer of Evolving Gold Corp. (TSXV: EVG) and Continent Resources Inc. (CNSX: CTT) and President of Click-It Marketing Inc. (formerly Fruits of the Earth Importers Limited). Mr. Bick was formerly the Chief Executive Officer, President and a director of Triple Dragon Resources Inc. (CNQ: TDRN).

David Habiger holds an Master of Business Administration. from the University of Chicago and a Bachelor of Business Administration from St. Norbert College in DePere, Wisconsin. Mr. Habiger has been the Chief Executive Officer and President of Sonic Solutions (NASDAQ:SNIC) since September 2005.

Erik Wensberg has been the Executive Vice President of Amusement Media, Inc. since March, 1998. Mr. Wensberg's various executive and marketing positions have involved establishing annual marketing budgets and related financial reporting.

Audit Committee Oversight

At no time since January 14, 2008, the incorporation date of the Issuer, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors.

Reliance on Certain Exemptions

At no time since January 14, 2008, the incorporation date of the Issuer, has the Issuer relied on the exemption in Section 2.4 of National Instrument 52-110 ("NI 52-110") (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Issuer is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Issuer's external auditors from the Issuer's incorporation on January 14, 2008 to December 31, 2008 for audit fees are as follows:

Financial Period from January 14, 2008 to December 31, 2008	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
Chang Lee LLP	\$5,775	\$Nil	\$Nil	\$Nil

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

Corporate Governance

Board of Directors

The Issuer's current board of directors consists of Robert Bick, Peter Bryant, Lawrence Dick and William Majcher.

Following the completion of the Qualifying Transaction, the board of directors of the Resulting Issuer (the "Board") will consist of five directors: Stephen J. Dinan, the President and CEO of the Resulting Issuer, Robert Bick, David Habiger, Erik Wensberg, and Joseph P. Giuffre.

National Instrument 58-101 ("NI 58-101") distinguishes independent and non-independent directors. With respect to Canfe's current board of directors, for the purposes of NI 58-101 Lawrence Dick and William Majcher qualify as independent directors, and Robert Bick and Peter Bryant are non-independent directors, as they are executive officers of the Issuer. With respect to the board of the Resulting Issuer, for the purposes of NI 58-101, Mr. Dinan will not qualify as an independent director, as he will be an executive officer of the Resulting Issuer, and Messrs. Bick, Habiger, Wensberg and Giuffre will be independent directors pursuant to NI 58-101.

The majority of the directors of the Resulting Issuer will be independent of management. The operations of the Resulting Issuer will not support a large Board of Directors (the “Board”), and the Board has determined that the disclosed size and constitution of the Board of Directors of the Resulting Issuer will be appropriate for the Resulting Issuer’s stage of development.

The Issuer’s board of directors meets for a formal board meeting periodically on an as needed basis to review and discuss the Issuer’s business activities, and to consider and if thought fit, to approve matters presented to the board of directors for approval, and to provide guidance to management. In addition, management informally provides updates to the Issuer’s board of directors at least once per quarter between formal Board meetings. In general, management consults with the board of directors when deemed appropriate to keep it informed regarding the Issuer’s affairs.

The Issuer’s board of directors facilitates the exercise of independent supervision over management through these various meetings. At present, the board of directors does not have any formal committees other than its Audit Committee. When necessary, the board of directors will strike a special committee of independent directors to deal with matters requiring independence. The composition of the board of directors is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Issuer’s board of directors, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Issuer, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

Directorships

The following directors of the Issuer and intended directors of the Resulting Issuer are also directors of other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Reporting Issuer</u>
Robert Bick	Evolving Gold Corp. Continent Resources Inc.
Joseph P. Giuffre	Nevada Copper Corp. Mesa Uranium Corp. Kootenay Gold Inc. Trueclaim Exploration Inc. (formerly Stage Capital Inc)
David Habiger	Sonic Solutions
Dr. Lawrence Dick	Confederation Minerals Ltd. Continent Resources Inc. Great Bear Uranium Corp. Pinnacle Mines Corp. Timmins Gold Corp.
William Majcher	China Investment Fund Ltd. Disaster Preparedness Systems Inc. Evolving Gold Corp.
Peter Bryant	Confederation Minerals Inc. Strikewell Energy Corp.

Orientation and Continuing Education

At present, the Issuer does not provide a formal orientation and education program for new directors. Prior to joining the board, potential board members are encouraged to meet with management and inform themselves

regarding management and the Issuer's affairs. After joining the board, management and the board chair provide orientation both at the outset and on an ongoing basis. The Issuer currently has no specific policy regarding continuing education for directors, and requests for education are encouraged, and dealt with on an ad hoc basis.

Ethical Business Conduct

The Issuer's board of directors does not currently have a written code of ethics, but views good corporate governance as an integral component to the success of the Issuer. The primary step taken by the Issuer to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors, and ensure that proposed directors are of the highest ethical standards.

Nomination of Directors

Once a decision has been made to add or replace a director, the task of identifying new candidates falls on the Issuer's board of directors and management. Proposals are put forth by the board and management and considered and discussed. If a candidate looks promising, the board and management will conduct due diligence on the candidate and if the results are satisfactory, the candidate is invited to join the board.

Compensation

The Issuer's board of directors does not have a compensation Committee. The Issuer considers that the functions of such a committee can be served by the Board as a whole. The Issuer may also grant stock options to directors of the Issuer in consideration for their services provided to the Issuer.

Other Board Committees

The Issuer does not have any standing committees other than the Audit Committee.

Assessments

At present, the Issuer's board of directors does not have a formal process for assessing the effectiveness of the board, its audit committee and whether individual directors are performing effectively. These matters are dealt with on a case by case basis at the board level. The board is of the view that the Issuer's shareholders are the most important assessors of board performance and that they provide the most effective, objective assessment of the board's performance.

The Resulting Issuer

The board of directors of the Resulting Issuer may form such further committees and adopt such further corporate governance policies as it deems to be necessary or advisable and in compliance with applicable securities and regulatory requirements.

DIVIDEND RECORD AND POLICY

The Issuer

There is no restriction that would prevent the Issuer from paying dividends on the Common Shares or Convertible Shares (upon their creation), except that the Articles of the Issuer will provide that any such dividends must be granted rateably between the two classes. However, the Issuer has not paid any dividends on its Common Shares or Convertible Shares and it is not contemplated that the Resulting Issuer will pay any dividends on its Common Shares or Convertible Shares in the immediate or foreseeable future.

Dinan

There is no restriction that would prevent Dinan from paying dividends on its common stock. However, Dinan has not paid any dividends on its common stock and it is not contemplated that Dinan will pay any dividends on its common stock in the immediate or foreseeable future.

The Resulting Issuer

As indicated more fully in the discussion under the heading “United States Federal Income Tax Considerations,” upon completion of the Offering and the Qualifying Transaction, the Resulting Issuer should be treated as a U.S. corporation for U.S. federal income tax purposes. As a result, if the Resulting Issuer pays a dividend to a Non-U.S. Holder, the Resulting Issuer will be required to withhold U.S. income tax at the rate of 30%, or such lower rate as may be provided in an applicable income tax treaty. It is unlikely that a foreign tax credit or deduction would be available for Canadian federal income tax purposes for the U.S. income tax withheld. The recipients of dividends paid by the Resulting Issuer could be subject to both U.S. federal income tax and Canadian federal income tax rules. No assurance can be given that all or some of the dividends will not be subject to double taxation. In such case, the amount of cash that would otherwise be available to the recipients could be materially reduced.

RISK FACTORS

Investing in securities of the Issuer or, following completion of the Qualifying Transaction, the Resulting Issuer involves a high degree of risk. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of the Resulting Issuer will likely be materially and adversely affected. Purchasers of Units in the Offering must be able to withstand the loss of their entire investment. The risks set out below are not the only risks the Resulting Issuer faces. You should also refer to the other information set forth in this prospectus, including the financial statements and related notes.

The Resulting Issuer’s success is dependent on the ability and experience of a relatively small number of key personnel, including that of Stephen J. Dinan.

The Resulting Issuer’s success is dependent on the ability and experience of a relatively small number of key personnel, the loss of any of whom can have a significant adverse effect on the Resulting Issuer. In particular, the success of the Resulting Issuer will be dependent on the skills, expertise, and goodwill associated with Stephen J. Dinan, who will be a director and the President and Chief Executive Officer of the Resulting Issuer. The loss of any of the key members of the Resulting Issuer’s personnel, especially the loss of Stephen J. Dinan, would likely have a material adverse effect on the business of the Resulting Issuer.

The Resulting Issuer’s success is dependent on its ability to bring new products to the market.

Because the BMW automotive models and the ECUs which control them are being updated regularly by BMW, Dinan’s existing products are only applicable to the currently produced BMW models. In order to maintain its sales, the Resulting Issuer will have to conduct ongoing research and development activities in order to continue to introduce new products designed for new BMW models. The success of such new products cannot be guaranteed. The ongoing research and development costs for such products are significant, and with the increasing complexity of BMW automotives and the ECUs which control them, it is anticipated that such research and development costs will

increase over time. If the Resulting Issuer is unable to bring new products to market in a timely manner, it will have a material adverse effect of the business of the Resulting Issuer.

There is no guarantee that the Resulting Issuer will be able to produce custom ECU software for future BMW models.

Sales of custom ECU software currently accounts for a significant portion of Dinan's revenues, and the effectiveness of many of Dinan's High Performance Products relies on the concurrent installation of custom ECU software. The complexity of the ECU software in BMW automobiles has increased significantly in recent years. There is also no guarantee that Dinan will continue to have the technological ability to develop custom software for the ECUs of future BMW models. In addition, it is possible that BMW will take technical or legal measures to try to prevent the installation of custom ECU software in its automobiles. If the Resulting Issuer is unable to produce custom ECU software for future models of BMW automobiles, it will likely have a material adverse effect of the operations of the Resulting Issuer.

The current economic climate is difficult for automotive manufacturing companies and automotive parts manufacturers and dealers in general and luxury and high-performance automotive manufacturers and dealers in particular.

The current and anticipated near-term economic climate in North America has included or may include negative trends in employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, available credit, interest rates, consumer spending patterns, customer preferences and other economic factors. The foregoing trends make the current and anticipated near-term economic climate in North America difficult for automotive manufacturing companies and automotive parts manufacturers and dealers in general and luxury and high-performance automotive manufacturers and dealers in particular. High-performance automotive parts manufacturing and sales for luxury cars will comprise the majority of the Resulting Issuer's business. The current economic climate has resulted in decreased sales for most automotive and automotive parts manufacturers in North America in recent months, and Dinan has experienced a similar decline in the sales of its High Performance Products and custom ECU software. The continuation of the current economic climate, or a further deterioration of the current economic climate, could have a material adverse effect of the Resulting Issuer's business.

The Resulting Issuer's business may be adversely affected by future economic cycles.

The Resulting Issuer's focus will be on the high performance automotive parts market and general service for BMW automobiles, which are luxury vehicles. The Resulting Issuer has observed that both the high performance parts market and the luxury vehicle market have grown in terms of sales for the past several years, however both markets are affected by both seasonal cycles and general economic conditions, in particular, economic conditions such as are currently being experienced. Both the automotive and automotive aftermarket parts industries may be adversely affected by future economic cycles similar to those currently being experienced, which will result in a downturn in sales. The Resulting Issuer expects to encounter periods of time where revenues are lower as a result of the seasonality of sales and/or general economic conditions and there is a substantial risk that the coming months or a longer period thereafter will be such a period.

The Resulting Issuer's business may be adversely affected by overall consumer demand and levels of discretionary spending.

The Resulting Issuer's business will be substantially dependent on consumer demand and discretionary spending preferences. Over the last several months, consumer demand and levels of discretionary spending in North America have deteriorated. During the fourth calendar quarter of 2008, Dinan has also experienced decreased sales in comparison to the fourth calendar quarter of 2007, but overall sales for 2008 have exceeded sales in 2007. The revenues of the Resulting Issuer may be materially and adversely affected if there is a severe or sustained downturn in overall levels of consumer spending, particularly in discretionary market segments. The high performance automotive parts industry's sales are cyclical and historically have experienced periodic downturns characterized by weak demand. These cycles are often dependent on general economic conditions and consumer confidence, as well as the level of discretionary personal income and credit availability. The current or future recessions may have a material and adverse effect on the Resulting Issuer's business.

The Resulting Issuer's business may be adversely affected by competition.

Many of the Resulting Issuer's competitors in the high performance parts industry have significant operating histories, name recognition and customer bases. These resources may allow competitors to respond more quickly than the Resulting Issuer can to new or emerging technologies and to changes in customer demands, thereby increasing their market share at the expense of the Resulting Issuer's market share. The market for Dinan's High Performance Products is highly competitive.

In the high performance parts industry, Dinan competes with independent manufacturers that sell the same or similar products, in some cases at lower prices than Dinan. With the commencement of BMW's high performance parts line, Dinan is also in direct competition with BMW.

Dinan Service Centres compete directly with independent automobile service centres and the service departments of BMW dealerships. Many independent general automobile service centres are able to charge lower service fees than Dinan, which specializes in the service of BMW automobiles.

Recent market events and conditions, including disruptions in the US and international credit markets and other financial systems and the deterioration of the US and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Resulting Issuer's ability to fund its working capital and other capital requirements.

The Resulting Issuer has historically relied at times on debt financing from commercial financial institutions to fund its working capital and other financial requirements.

In 2007 and into 2008, the US credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, subprime and non-prime mortgages) and a decline in credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008, causing a loss of confidence in the broader US and global credit and financial markets and resulting in the collapse of and intervention in major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the US and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Resulting Issuer to obtain, or increase its cost of obtaining, capital and financing for its operations. The Resulting Issuer's access to additional capital may not be available on terms acceptable to it or at all.

BMW could take technological or other actions which could negatively and materially impact the Resulting Issuer's business.

BMW could take technological or other actions which could, either intentionally or inadvertently, have one or more of the following effects: (i) restricting or eliminating the compatibility of current or future Dinan products with BMW automobiles; (ii) preventing Dinan from developing new products for new or existing models of BMW automobiles; (iii) discouraging existing BMW customers from using Dinan products; (iv) impairing the goodwill associated with the Dinan brand; or (v) preventing authorized BMW dealers from carrying Dinan products or participating in the Dinan Authorized Dealer Network. Any such actions on the part of BMW could negatively and materially impact the Resulting Issuer's business.

The Resulting Issuer's economic success is dependent on the continuation of BMW's production of luxury, high performance automobiles.

Dinan currently only produces products for the BMW family of automobiles. While the Resulting Issuer will have the technical ability to produce high performance products for other brands of automobile, such a change would involve significant research and development costs and would cause a significant degradation of Dinan's goodwill, which is strongly associated with the BMW brand. Any such transition would carry a great deal of risk, and may not be successful. Therefore, if BMW ceases to produce luxury, high performance oriented automobiles or substantially reduces or changes the design or production of its vehicles, it is likely to have a material adverse effect of the business of the Resulting Issuer.

The Resulting Issuer's success is dependent on its ability to hire and retain qualified technical personnel.

Competition for personnel, particularly persons having relevant technical expertise, is intense and there can be no assurance that the Resulting Issuer will retain existing personnel or hire additional qualified personnel. The Resulting Issuer's ability to continue its research and development activities and to bring new products to market, and the ongoing success of its operations, is dependent on its ability to hire and retain qualified technical personnel. The inability of the Resulting Issuer to retain and attract the necessary personnel could have a material adverse effect on the operations of the Resulting Issuer.

The Resulting Issuer's business will be subject to potential future product defects, product defect claims, product recalls or class action lawsuits based on product defects.

The Resulting Issuer's current or future products may be subject to potential product defects. Such product defects could result in product defect claims, product reclaims, or lawsuits, including class action law suits. Any of the foregoing events could have a material adverse impact on the business of the Resulting Issuer.

BMW is not required to maintain its warranty in respect of any damage caused by the Resulting Issuer's products.

To the extent that any of the Resulting Issuer's current or future products cause damage to BMW automobiles, BMW will not be required to maintain its warranty in relation to such damage. In the event that any of the Resulting Issuer's products systematically cause damage to BMW's vehicles, BMW may withdraw its warranty in relation to areas of an automobile affected by such products if such products are installed. The foregoing events could have a material adverse impact on the business of the Resulting Issuer.

The Resulting Issuer's business will be subject to potential intellectual property liabilities.

Dinan relies on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect Dinan's intellectual property rights. Dinan has not obtained patent protection in respect of its intellectual property. In the event that the foregoing protections are not sufficient to protect the Resulting Issuer's or Dinan's intellectual property, or if any of Dinan or the Resulting Issuer's products are found to infringe on the intellectual property rights of another party, including in particular that of BMW, it could have a materially adverse effect on the business of the Resulting Issuer.

The Resulting Issuer's ability to compete effectively will depend on its ability to maintain the proprietary nature of its technology and manufacturing process.

The Resulting Issuer's ability to compete effectively will depend, in part, on Dinan's ability to maintain the proprietary nature of its technology and manufacturing process. Dinan relies on a combination of copyright, trademark and trade secret laws as well as technical measures to establish and protect its proprietary rights. There can be no assurance that the steps taken by Dinan to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate Dinan's copyrights, trade marks, trade names or other similar proprietary rights. In addition, there can be no assurance that third parties will not assert infringement claims against Dinan or the Resulting Issuer.

Tax Risks

As indicated more fully in the discussion under the heading “Certain United States Federal Income Tax Considerations”, the Resulting Issuer should be treated as a U.S. corporation for U.S. federal income tax purposes. The Resulting Issuer will also be a “taxable Canadian corporation” for purposes of the Tax Act. As a result, if the Resulting Issuer has any taxable income (other than dividends from Dinan), it would be subject to both Canadian and United States federal income tax on such income which would likely give rise to double tax because it is unlikely that tax paid to one country will be creditable against, or deductible in computing, the tax owed the other country. In addition, if the Resulting Issuer pays a dividend to a Non-U.S. Holder, the Resulting Issuer will be required to withhold U.S. income tax at the rate of 30%, or such lower rate as may be provided in an applicable treaty. The receipt of such a dividend by a Canadian shareholder would be subject to Canadian federal income tax, but it is unlikely that such Canadian shareholder would be entitled to a foreign tax credit or deduction with respect to the U.S. income tax withheld. The recipients of dividends paid by the Resulting Issuer could be subject to both U.S. federal income tax and Canadian federal income tax rules. No assurance can be given that all or some of the dividends will not be subject to double taxation. In such case, the amount of cash that would otherwise be available to the recipients could be materially reduced.

The Resulting Issuer intends to expand by opening new Service Centres, which will expose it to additional risks.

Expansion will require the Resulting Issuer to enter into new local markets and increase its market share, as well as develop a management infrastructure to support additional operations. As the Resulting Issuer continues to expand its retail locations, its success will depend, in large part, on the ability to anticipate and effectively manage risks associated with local operations. Any of these risks could adversely affect the operations of the Resulting Issuer and, consequently, business, financial condition and results of operations.

The Issuer and Dinan are currently subject to litigation proceedings which may have an adverse material impact on the Resulting Issuer.

The Issuer and Dinan are currently subject to litigation proceedings. For more information on such proceedings see “Legal Proceedings and Regulatory Actions”. Pursuant to the terms of the Share Exchange Agreement, Stephen J. Dinan and Janice Dinan, the majority shareholders of Dinan, have agreed that in the event that such litigation results in a settlement or judgment, all obligations in relation to such settlement or judgment will be for their sole personal account, and further that if the settlement or judgment requires the transfer of any securities of the Resulting Issuer or Dinan to Acer, Stephen J. Dinan and Janice Dinan will satisfy such judgment or settlement by transferring to Acer the required number of the Resulting Issuer’s Common Shares from the securities they receive in connection with the Qualifying Transaction. Nonetheless, the results of the aforementioned litigation proceedings could, but are not expected to, have a material adverse effect on business or operations of Dinan or the Resulting Issuer.

The Resulting Issuer may be subject to unfavourable conditions in key geographic markets.

The Resulting Issuer’s operations will be subject to local economic, competitive and other conditions prevailing in the particular geographic areas suitable for Service Centre locations. The Resulting Issuer’s performance may be subject to the availability of suitable potential properties in the various geographic markets in which the Resulting Issuer plans to expand. Potential expansion properties may be difficult and costly to obtain, and it may be difficult to establish successful Service Centres. Therefore, the Resulting Issuer is at risk of not securing potential properties, with direct and visible access, proper zoning, adequate size and appropriate target markets, to facilitate its growth plan and this may subsequently affect operations and financial results.

The Resulting Issuer’s success depends on Dinan’s current brand and any future brands it may develop, and if the value of such brands were to diminish, the Resulting Issuer’s business would be adversely affected.

Dinan has only one approved and registered trademark in the United States and Canada. The Resulting Issuer’s overall success will depend substantially on its brand, which currently consists of one trademark, trade name, graphic logo, slogan and other related intellectual property rights. Any general degradation of the public image of the Dinan brand could adversely affect the development, promotion and overall success of the business.

The Resulting Issuer may not be able to obtain additional financing on favorable terms, or at all.

The Resulting Issuer expects that additional financing, raised through the issuance of equities or otherwise, over time will be necessary to expand its operations. The availability and terms of any additional financing are unknown at this time. Access to additional sources of financing will depend, in part, on: general market conditions, the market's perception of current performance and growth potential, current debt levels, current and expected future earnings, cash flow and the market price of the Resulting Issuer's securities.

Dinan's business operations are subject to extensive governmental regulations, and any failure to comply with these regulations could adversely affect the results of operations, financial condition and overall business.

Dinan's business operations are regulated by governmental authorities in the jurisdiction of the State of California. These regulations relate to, among other things, management, licensing, financing, environmental emissions, foreign investment and use of confidential customer information. Any failure to comply with all applicable laws and regulations could result in, among other things, regulatory actions or legal proceedings, the imposition of fines, penalties or judgments or significant limitations against the Resulting Issuer or Dinan. In addition, regulatory environments are subject to change and new or revised requirements imposed by governmental authorities could have adverse effects, including increased costs of compliance. Changes in the regulation of operations or changes in interpretations of existing regulations by courts or regulators, or the inability to comply with current or future regulations, could adversely affect the Resulting Issuer by reducing revenues, increasing operating expenses and exposing significant liabilities.

The Resulting Issuer's business and products will be subject to environmental regulation, which is subject to change.

The Resulting Issuer's business and products will be subject to environmental regulation, including but not restricted to regulation by the State of California Air Resources Board. While such environmental regulation has not historically had a negative impact on the business of Dinan, this environmental regulation is subject to change, and such changes may restrict or prohibit the business of the Resulting Issuer in a manner that would have a material negative impact.

Dinan will face new challenges and increased costs in connection with being held by a public company.

Dinan expects to incur additional expenditures related to implementing the infrastructure and procedures that are required to function adequately as a public company. It is expected that the obligations of being held by a public company from and after the Offering and Qualifying Transaction, including the substantial continuous disclosure, public reporting and investor relations obligations will place additional demands on management and financial resources.

Insurance coverage.

Dinan maintains insurance coverage in respect of its potential liabilities, including accidents, theft and the accidental loss of value of assets from risks, in amounts, with such insurers, and on such terms as considered appropriate, taking into account all relevant factors. In addition, Dinan maintains insurance against product defect claims in amounts, with such insurers, and on such terms as considered appropriate, taking into account all relevant factors. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes and floods, which may be uninsurable or not economically insurable. The Resulting Issuer will use discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on assets and its business at a reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of lost investment. There are no assurances that insurance coverage will continue to be available to the Resulting Issuer or Dinan on reasonable terms, including reasonable premium, deductible and co-insurance requirements, or that the insurer will not disclaim coverage of any future claim. The business, financial condition, liquidity and results of operations could be materially and adversely affected if any of the foregoing developments were to occur.

Failure of computer and data processing systems.

Dinan is dependent upon the successful and uninterrupted functioning of its computer and data processing systems for sales processing. The failure of these systems could interrupt operations or materially impact the ability to originate and service customer accounts. If sustained or repeated, a system failure could negatively affect the Resulting Issuer's business, financial condition, liquidity, results of operations or future prospects.

Dinan maintains confidential information regarding customers in its computer systems. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of a relevant computer system could disrupt operations, damage the Resulting Issuer's reputation or result in liabilities.

An active public market for the Common Shares and the Warrants of the Resulting Issuer may not develop; the value of the Common Shares and the Warrants of the Resulting Issuer will likely be highly volatile and your investment could decline in value.

The public market for Common Shares of the Issuer is currently halted and has historically been highly illiquid. There is no current public market for the Warrants. An active public market for Common Shares and Warrants of the Resulting Issuer may not develop after the completion of the Qualifying Transaction and Offering. If an active public market does not develop, the value of your investment may decline and the liquidity of your investment may be limited. The number of the Issuer's securities to be issued pursuant to the Qualifying Transaction has been determined by negotiation between the Issuer and Dinan and may bear no relation to the price at which Common Shares of the Resulting Issuer will trade in the public market following the completion of the Qualifying Transaction. The stock market in general has historically experienced significant price and volume fluctuations. Volatility in the market price for a particular company's shares has often been unrelated or disproportionate to the operating performance of that company. Market and industry factors may depress the market price of the Common Shares and Warrants of the Resulting Issuer, regardless of its operating performance.

Future sales of outstanding Common Shares of the Resulting Issuer could cause the market price of the Common Shares of the Resulting Issuer to decrease significantly, even if its business is doing well.

If any shareholder sells a substantial number of the Common Shares of the Resulting Issuer in the public market following Completion of the Qualifying Transaction, the market price of the Common Shares of the Resulting Issuer could fall. The perception among the public that such sales may occur could have the same effect.

PROMOTERS

Mr. Robert Bick is a promoter of the Issuer. As at the date of this prospectus, Mr. Bick holds 600,000 Common Shares of the Issuer, representing 11.4% of the issued and outstanding shares of the Issuer, prior to the completion of the Offering and the Qualifying Transaction. See "Principal Shareholders".

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this prospectus, no director, executive officer, principal shareholder or any known associate or affiliate of such persons, has any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect the Issuer.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Issuer's management, there is no material litigation outstanding, threatened or pending, as of the date hereof, by or against the Issuer or Dinan which would be material to a purchaser of securities of the Issuer except as set out below.

On September 8, 2008, Acer Capital Group LLC ("Acer") commenced litigation (the "Acer Litigation") in the Los Angeles County Superior Court (subsequently transferred to the Orange County Superior Court) against the Issuer,

Dinan and the Agent (collectively, the “Acer Litigation Defendants”), in connection with an engagement letter dated October 9, 2007 between Dinan and Acer (the “Acer Engagement Letter”). The Issuer has not been served in respect of the Acer Litigation as of the date of this prospectus. Acer alleges, among other allegations, a breach of the Acer Engagement Letter by Dinan and tortious interference by the Issuer and the Agent in the contractual relationship between Dinan and Acer. Acer seeks an unspecified amount of damages from all Acer Litigation Defendants. Dinan has asserted claims against Acer in a parallel and related action alleging unfair business practices and fraudulent misrepresentation in relation to the Acer Engagement Letter, and breach of contract by the principals of Acer in relation to a separate contract regarding automotive racing support services. Pursuant to the terms of the Share Exchange Agreement, in the event that the Acer Litigation results in a settlement or judgment, all obligations in relation to such settlement or judgment will be for the sole account of Stephen J. Dinan and Janice Dinan. If the settlement or judgment requires the transfer of any securities of the Issuer or Dinan to Acer, Stephen J. Dinan and Janice Dinan will satisfy such judgment or settlement by transferring to Acer the required number of the Resulting Issuer’s Common Shares from the securities they receive in connection with the Qualifying Transaction.

Other than as set out above, there have been no regulatory actions against the Issuer or Dinan in the preceding three years.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENT

The Issuer may be considered to be a connected issuer to the Agent (as such term is defined in National Instrument 33-105 – Underwriting Conflicts), due to the fact that the Agent holds 14,800 shares of common stock of Dinan (the “Agent’s Dinan Shares”), which is 9.6% of the outstanding shares of common stock of Dinan as of the date of this prospectus. The Agent’s Dinan Shares were issued pursuant to the terms of a fiscal advisory agreement between the Agent and Dinan dated January 8, 2009 (the “Fiscal Advisory Agreement”). Pursuant to the terms of the Fiscal Advisory Agreement, the Agent’s Dinan Shares are held in escrow pursuant to the Canaccord Escrow Agreement (for more information, see “Escrowed Securities – Dinan”), and will be released immediately prior to the closing of the Qualifying Transaction. Pursuant to the terms of the Fiscal Advisory Agreement, if the Over-Allotment Option is exercised in full, all of the Agent’s Dinan Shares will be released and exchanged for an aggregate of 5,221,438 Common Shares of the Issuer in the Qualifying Transaction. In the event that the Over-Allotment Option is not exercised, 4,929 of the Agent’s Dinan Shares will be returned to Dinan and cancelled, and 9,871 will be exchanged by the Agent for an aggregate of 3,482,713 Common Shares of the Issuer in the Qualifying Transaction. If the Over-Allotment Option is exercised in part, the number of the Agent’s Dinan Shares to be returned to Dinan for cancellation will be adjusted accordingly such that the Agent will retain between 9,871 and 14,800 for exchange for Common Shares in the Qualifying Transaction. Following the completion of the Qualifying Transaction and the Offering, it is anticipated that if the Over-Allotment Option is not exercised, the Agent will hold approximately 13.06% of the issued and outstanding Common Shares (which would equate to 5.11% of the issued and outstanding Common Shares if all Convertible Shares were converted to Common Shares), and if the Over-Allotment Option is exercised in whole, the Agent will hold up to approximately 16.45% of the outstanding Common Shares of the Issuer (which would equate to 7.13% of the issued and outstanding Common Shares if all Convertible Shares were converted to Common Shares). In addition, the Agent’s “Pro Group” currently holds an aggregate of 130,000 Common Shares and 237,725 Common Share purchase warrants of the Issuer.

The Agent was not involved in the decision to distribute the securities in the Offering, and, except for the payment by the Issuer to the Agent of a cash commission equal to 8% of the gross proceeds of the Offering, the proceeds from the Offering will not be applied for the benefit of the Agent.

The Issuer is not a related issuer to the Agent (as such term is defined in National Instrument 33-105 – Underwriting Conflicts).

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Issuer is Chang Lee LLP, Chartered Accountants of Suite 505, 815 Hornby Street, Vancouver, British Columbia V6Z 2E6.

The auditor of Dinan is Moore & Associates, Chartered, of Las Vegas, Nevada.

Following the completion of the Qualifying Transaction, the Resulting Issuer's auditor is expected to be Manning Elliot LLP.

The transfer agent and registrar for the Common Shares of the Issuer is Olympia Trust Company of Suite 1900, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

MATERIAL CONTRACTS

The Issuer

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Issuer since incorporation which can reasonably be regarded as material, are the following:

1. Agency Agreement dated ●, 2009 between the Issuer and the Agent, entered into in connection with the Offering.
2. Share Exchange Agreement dated January 8, 2009, among the Issuer, Dinan, and the shareholders of Dinan. See "General Development of the Business - Significant Acquisitions – Share Exchange Agreement"
3. Agency Agreement dated May 28, 2008 between the Issuer and the Agent, entered into in connection with the initial public offering of the Issuer's common shares;
4. Escrow Agreement dated April 11, 2008 among the Issuer, Olympia Trust Company and certain shareholders of the Issuer. See "Escrowed Securities".

Copies of these agreements will be available for inspection at the offices of the Issuer's counsel, Maitland & Company, at Suite 700 - 625 Howe Street, Vancouver, British Columbia at any time during ordinary business hours during the course of distribution of the Units and for a period of 30 days thereafter.

Dinan

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Dinan since incorporation which can reasonably be regarded as material, are the following:

1. Share Exchange Agreement dated January 8, 2009, among the Issuer, Dinan, and the shareholders of Dinan. See "General Development of the Business - Significant Acquisitions – Share Exchange Agreement".
2. Engagement Letter dated January 8, 2009 between Dinan and Canaccord Capital Corporation pursuant to which Canaccord agrees to act as financial advisor in respect of potential listings on a stock exchange. See "Relationship Between the Issuer and the Agent".
3. Commercial Lease Agreement dated December 1, 2007 between Dinan and Alan R. Megenity and Marsha L. Megenity, trustees of the Megenity Trust.
4. Stock Purchase Agreement dated October 1, 2007 between Dinan and Alan R. Megenity and Marsha L. Megenity. See "Narrative Description of the Business of Dinan – Three Year History".
5. Commercial Lease Agreement dated August 15, 2007 between Dinan and Doris Fisher Revocable Trust.
6. Commercial Security Agreement between Dinan and Beach Business Bank, dated July 17, 2007.
7. Commercial Lease Agreement dated February 5, 2007 between Dinan and Sobek LLC.

Copies of these agreements will be available for inspection at the offices of Dinan's counsel, Axiom Law Corporation, at Suite 3350, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, British Columbia at any time during ordinary business hours during the course of distribution of the Units and for a period of 30 days thereafter.

EXPERTS

Certain legal matters relating to the Offering of the Units will be passed upon by Maitland & Company on behalf of the Issuer on matters referred to under "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations". Chang Lee LLP has prepared an auditor's report in connection with the Issuer's Financial Statements included in this prospectus. Moore & Associates, Chartered, has prepared an auditor's report in connection with the Dinan Financial Statements included in this prospectus.

INTEREST OF EXPERTS

Except as disclosed herein, none of Maitland & Company, Chang Lee LLP, Moore & Associates, Chartered, or any director, officer, employee or partner of any of the foregoing received or will receive a direct or indirect interest in the property of the Issuer or of any associate or affiliate of the Issuer. As at the date hereof, the aforementioned companies and partnerships, and all directors, officers, employees and partners thereof, beneficially own, directly or indirectly, less than 1% of the securities of the Issuer and its associates and affiliates. In addition, no other director, officer, partner or employee of any of the aforementioned companies and partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associates or affiliates of the Issuer.

OTHER MATERIAL FACTS

To management of the Issuer's knowledge, there are no further material facts or particulars in respect of the securities being distributed pursuant to this prospectus that are not already disclosed herein that are necessary to be disclosed for this prospectus to contain full, true and plan disclosure of all material facts relating to such securities.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser of the Units with remedies for rescission or, in some jurisdictions, damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province or territory. The purchaser of the Units should refer to any applicable provisions of the securities legislation of such purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the prospectus of Canfe Ventures Ltd. (the "Issuer") dated ●, 2009 relating to the sale of up to 10,000,000 Units of the Issuer. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-named prospectus of our report to the directors of the Issuer on the balance sheets of the Issuer as at December 31, 2008 and the statements of operations and deficit, and cash flows for the period from January 14, 2008 to December 31, 2008. Our report is dated February 19, 2009.

CHANG LEE LLP, CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada
●, 2009

We have read the prospectus of Canfe Ventures Ltd. (the "Issuer") dated ●, 2009 relating to the sale of up to 10,000,000 Units of the Issuer. We have complied with US generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-named prospectus of our report to the directors of Dinan Engineering, Inc. ("Dinan") on the balance sheets of Dinan as at December 31, 2007 and 2006 and the statements of operations and deficit, and cash flows for the years ended December 31, 2007, 2006 and 2005. Our report is dated ●, 2009, except for note 10 which is ●, 2009.

MOORE & ASSOCIATES, CHARTERED

Las Vegas, Nevada, USA.
●, 2009

FINANCIAL STATEMENTS OF THE ISSUER

**Audited Financial Statements of the Issuer
for the financial period from January 14, 2008 to December 31, 2008**

CANFE VENTURES LTD.

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For The Period Ended December 31, 2008

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Chang Lee LLP
Chartered Accountants

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Vancouver, B.C, V6Z 2E6
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AUDITORS' REPORT

To the Directors of
Canfe Ventures Ltd.

We have audited the balance sheet of Canfe Ventures Ltd. (a Capital Pool Company) as at December 31, 2008 and the statements of operations and deficit and cash flows for the period from January 14, 2008 (date of inception) to December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the period from January 14, 2008 (date of inception) to December 31, 2008 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
February 19, 2009

Chartered Accountants

CANFE VENTURES LTD.

(A Capital Pool Company)

BALANCE SHEET**AS AT DECEMBER 31, 2008**

	As at December 31, 2008
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 274,087
Prepaid expense	104
TOTAL CURRENT ASSETS	<u>274,191</u>
TOTAL ASSETS	<u>\$ 274,191</u>
LIABILITIES	
Accounts payable	<u>\$ 73,507</u>
SHAREHOLDERS' EQUITY	
Share capital (Note 3)	355,923
Contributed surplus (Note 8)	27,944
Deficit	<u>(183,183)</u>
	<u>200,684</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 274,191</u>

NATURE OF OPERATIONS - Note 1

SUBSEQUENT EVENTS AND QUALIFYING TRANSACTION - Note 10

Approved by the Board:

<i>“Robert Bick”</i>	Director
Robert Bick	
<i>“Lawrence Dick”</i>	Director
Lawrence Dick	

The accompanying notes are an integral part of these financial statements.

CANFE VENTURES LTD.

(A Capital Pool Company)

STATEMENT OF OPERATIONS AND DEFICIT

	From incorporation on January 14, 2008 to December 31, 2008
EXPENSES	
Accounting & Legal	\$ 123,871
Interest & Bank Charges	478
Meals & Entertainment	108
Office	123
Stock Based Compensation	18,140
Transfer Agent and Filing Fees	39,468
Travel	2,978
	<hr/>
Loss before other income	(185,166)
Other income	
Interest income	1,983
	<hr/>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(183,183)
DEFICIT – BEGINNING OF PERIOD	-
DEFICIT – END OF PERIOD	<hr/> \$(183,183) <hr/>
Basic and diluted loss per share	<hr/> \$ (0.05) <hr/>
Weighted average number of common shares outstanding – basic and diluted	<hr/> 3,876,804 <hr/>

The accompanying notes are an integral part of these financial statements.

CANFE VENTURES LTD.
(A Capital Pool Company)
STATEMENT OF CASH FLOWS

	From incorporation on January 14 to December 31, 2008
OPERATING ACTIVITIES	
Net loss for the period	\$(183,183)
Stock based compensation	18,140
Change in non-cash working capital items:	
Prepaid expense	(104)
Accounts payable	73,507
<hr/>	
CASH USED IN OPERATING ACTIVITIES	(91,640)
<hr/>	
FINANCING ACTIVITIES	
Proceeds from share issuance	416,227
Share issuance costs	(50,500)
<hr/>	
CASH PROVIDED BY FINANCING ACTIVITIES	365,727
<hr/>	
NET INCREASE IN CASH	274,087
<hr/>	
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-
<hr/>	
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 274,087

Supplemental disclosure with respect to cash flows:

Interest paid in cash	\$ -
<hr/>	
Income tax paid in cash	\$ -
<hr/>	

The accompanying notes are an integral part of these financial statements.

CANFE VENTURES LTD.

(A Capital Pool Company)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

1. NATURE OF OPERATIONS

Canfe Ventures Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on January 14, 2008. On June 16, 2008, the Company completed its initial public offering of 3 million common shares at a price of \$0.10 per share for gross proceeds of \$300,000 (the “IPO”). On June 18, 2008, the Company officially began trading on the TSX Venture Exchange (the “Exchange”) under the Exchange’s capital pool program with the stock symbol “FEY.P”.

As at December 31, 2008, the Company has no business operations and its only assets are cash and cash equivalents and prepaid expenses. As a capital pool company (the “CPC”), the Company’s principal business is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. Where an acquisition or participation (the “Qualifying Transaction”) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Under the CPC policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company’s shares from trading should it not meet these requirements.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation**

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates and assumptions used.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance to be cash equivalents. As of December 31, 2008, the Company did not have any cash equivalents.

(d) Loss Per Share

Basic loss per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

CANFE VENTURES LTD.
(A Capital Pool Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008

(e) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the carrying amount and tax bases of various assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets unless it is more likely than not that the Company will realize the benefits of its future income tax assets.

(f) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date.

(g) Stock-Based Compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870 “Stock-based Compensation and Other Stock-based Payments”. When stock or stock options are issued to non-employees, compensation expense is recognized based on the fair value of the stock or stock options issued as determined using the Black Scholes option pricing model. There are 537,725 stock options outstanding at December 31, 2008.

(h) Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855)

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

(i) Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders’ equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, when applicable, the Company’s financial statements will include a statement of comprehensive income/loss and a new category, accumulated other comprehensive income/loss, will be added to the shareholders’ equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. There were no such components to be recognized in comprehensive income for the period ended December 31, 2008.

(j) Hedges (CICA Handbook Section 3865)

This standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

CANFE VENTURES LTD.
(A Capital Pool Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008

(k) Capital Disclosures (CICA Handbook Section 1535)

The standard requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. The Company does not expect the impact of the adoption of this new section on the financial statements to be significant. The impact of adopting this section is disclosed in Note 8.

(l) Financial Instruments – Disclosures and Financial Instruments – Presentation (CICA Handbook Section 3862 and 3863)

The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The impact of adopting these sections are disclosed in Note 7.

(m) New Accounting Standards Not Yet Adopted

Goodwill and Intangible Assets (CICA Handbook Section 3064)

The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. This standard is effective for years beginning on or after January 1, 2009. The Company is currently evaluating the impact this new framework will have on its financial statements.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board (AcSB) confirmed that Canadian public companies will have to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. The Company is currently evaluating the impact this new framework will have on its financial statements.

3. SHARE CAPITAL

Authorized:

- Unlimited number of common shares

	Number of Shares	Amount
Issued for cash at \$0.05 pursuant to share subscriptions [see note (i)]	2,200,000	\$ 110,000
Issued for cash proceeds pursuant to initial public offering [see note (ii)]	3,000,000	300,00
Issued for cash proceeds pursuant to IPO agent's options [see note (iii)]	62,275	6,2
Reclassified from contributed surplus for agent's options exercised	-	2,1
Share issuance costs	-	(62,49 4)
Balance, December 31, 2008	5,262,275	\$ 355,923

CANFE VENTURES LTD.

(A Capital Pool Company)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

- (i) The 2,200,000 issued and outstanding shares of the Company are subject to an escrow agreement pursuant to policies of the Exchange. Under terms of the escrow agreement, 10% of the escrowed shares will be released from escrow upon the issuance of the Exchange bulletin accepting the Company's Qualifying Transaction (the "Initial Release") and an additional 15% will be released on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. Shares held in escrow will be cancelled should the Company fail to complete its Qualifying Transaction or become de-listed. As of December 31, 2008, all of 2,200,000 seed shares remained in escrow.
- (ii) The Company closed a prospectus offering on June 16, 2008 for 3,000,000 common shares of the Company at a price of \$0.10 per common share for aggregate gross proceeds of \$300,000. Expenses of the issue were \$50,500 giving net proceeds of \$249,500. 50,000 common shares were purchased by a director of the Company which resulted in the shares being held in escrow with the same terms as per note 3(i).
- (iii) On June 18, 2008, the closing date of the IPO, the Company granted 300,000 options to purchase common shares to the IPO agent exercisable at \$0.10 per share for a period of twenty-four months from closing of the IPO. Stock based compensation of \$11,994 has been recorded as share issuance costs and credited to contributed surplus during the period ended December 31, 2008. The Company uses the Black-Scholes option pricing model to value agent's options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The fair value of the agent's options granted during the period was \$0.04 with the following assumptions and results: risk-free interest rate of 3.23%, dividend yield of 0%, expected volatility of 60% and expected term of 2 years. On November 19, 2008, the Company's IPO agent exercised 20,000 options to purchase common shares at a price of \$0.10 per share. On November 28, 2008, the IPO agent exercised another 42,275 options to purchase common shares at a price of \$0.10 per share. As at December 31, 2008, there were 237,725 IPO agent's options outstanding and exercisable.

4. STOCK OPTIONS

During the period ended December 31, 2008, the Company granted 300,000 options to purchase common shares at an exercise price of \$0.10 per share to four directors of the Company for a period of sixty months from closing of the IPO pursuant to a stock option agreement. Stock based compensation of \$18,140 has been recorded in the statement of operations and deficit and credited to contributed surplus during the period ended December 31, 2008. The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The fair value of the stock options granted during the period was \$0.06 with the following assumptions and results: risk-free interest rate of 3.43%, dividend yield of 0%, expected volatility of 71% and expected term of 5 years.

CANFE VENTURES LTD.
(A Capital Pool Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008

The following table discloses the reconciliation of stock options and agent's options granted and exercisable for the period ended December 31, 2008:

	Options	Weighted - average exercise price	Weighted - average remaining contractual life (years)
Options granted during the period	600,000	\$0.10	3.50
Options exercised during the period	<u>(62,275)</u>	<u>\$0.10</u>	<u>(0.44)</u>
Outstanding and exercisable as at December 31, 2008	<u>537,725</u>	<u>\$0.10</u>	<u>3.14</u>

5. CONTRIBUTED SURPLUS

The following table reconciles the Company's contributed surplus:

Stock based compensation for options granted on June 16, 2008	\$30,134
Stock option exercised on November 19, 2008	(703)
Stock option exercised on November 28, 2008	<u>(1,487)</u>
Balance, December 31, 2008	<u>\$27,944</u>

6. INCOME TAXES

As at December 31, 2008, the Company has approximately \$177,488 of non-capital losses carried forward available to reduce taxable income for future years. The loss expires in 2028 if unused. Significant components of the Company's future income tax assets are shown below:

Combined statutory tax rate	31.50%
Future income tax assets	
Non-capital loss carry forwards	\$ 55,909
Valuation allowance	<u>(55,909)</u>
Net future income tax asset	<u>\$</u>

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion of all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The

CANFE VENTURES LTD.
(A Capital Pool Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008

amount of future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

7. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2008, the Company had a cash and cash equivalent balance of \$274,087 to settle current liabilities of \$73,507. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

As at December 31, 2008, the company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign currency risk.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify, evaluate and acquire assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange, and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company does not have any major capital expenditures committed for the coming year.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

CANFE VENTURES LTD.
(A Capital Pool Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008

9. CONTINGENT LIABILITIES

The Company has been named in a lawsuit claiming a fee allegedly owed by Dinan. The Company has not yet been served but intends to defend itself if it is served. Management, in consultation with legal counsel, has determined that this lawsuit is without merit and no possible liability noted.

10. SUBSEQUENT EVENTS AND QUALIFYING TRANSACTION

On January 12, 2009, the Company entered into a new letter agreement (the "New Letter Agreement") for the arm's length acquisition of 100% of the common shares of Dinan Engineering, Inc. ("Dinan") based in Morgan Hills, California. This transaction is intended to be the Company's "Qualifying Transaction" under Exchange Policy 2.4.

Pursuant to the New Letter Agreement, the Company will acquire all of the issued and outstanding shares of Dinan in consideration for securities of the Company consisting of voting common shares (the "Canfe Shares") and other securities convertible or exercisable into Canfe Shares so that if converted or exercised on closing, the shareholders of Dinan would hold in the aggregate 54,613,416 Canfe Shares at a deemed price of \$0.27 per Canfe Share for a total deemed value of \$14,745,622. Pursuant to the New Letter Agreement, the Company has advanced \$25,000 to Dinan and agreed to pay legal costs associated with the Qualifying Transaction of up to \$75,000. As at March 27, 2009, the Company has paid \$66,661.12 to Dinan's legal counsels to cover legal costs.

In conjunction with the Proposed Transaction, the Company plans to conduct a brokered financing of common shares (the "Concurrent Financing") to raise up to \$3,000,000 with an over-allotment option of \$1,000,000.

FINANCIAL STATEMENTS OF DINAN

**Unaudited Consolidated Financial Statements of Dinan
For the Nine Month Period Ended September 30, 2008, and
Audited Consolidated Financial Statements of Dinan
for the Financial Years Ended December 31, 2007, 2006, and 2005**

The accompanying notes are an integral part of these consolidated financial statements.

DINAN ENGINEERING INC.

Contents	Pages
Report of Registered Independent Public Accounting Firm	1
Consolidated Balance Sheets	2
Consolidated Statements of Income and Comprehensive Income	3
Consolidated Statements of Changes in Stockholders' Equity	4
Consolidated Statements of Cash Flows	5
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MOORE & ASSOCIATES, CHARTERED
ACCOUNTANTS AND ADVISORS
PCAOB REGISTERED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors
Dinan Engineering Inc.**

We have audited the accompanying consolidated balance sheets of Dinan Engineering Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2007, 2006 and 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dinan Engineering Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2007, 2006 and 2005, in conformity with accounting principles generally accepted in the United States of America.

/s/ Moore & Associates, Chartered

Moore & Associates Chartered
Las Vegas, Nevada
March 19, 2009

6490 West Desert Inn Road, NV 89146 (702) 253-7499 Fax (702) 253-7501

Dinan Engineering Inc.
Consolidated Balance Sheets
(Stated in US Dollars)

	Note	As of September 30, 2008 (Unaudited)	As of December 31, 2007 (Audited)	As of December 31, 2006 (Audited)
ASSETS				
Current Assets				
Cash		\$ 338,302	\$ 32,571	\$ -
Accounts receivable		1,120,225	231,987	446,729
Prepaid expenses		76,502	87,962	23,499
Inventory		3,100,288	2,709,608	2,098,354
Total Current Assets		4,635,317	3,062,128	2,568,582
Non-Current Assets				
Property and Equipment	4	1,477,325	1,048,198	1,139,796
Goodwill	6	852,000	852,000	-
Total Assets		\$6,964,642	\$4,962,326	\$3,708,378
LIABILITIES				
Current Liabilities				
Bank overdraft		\$ 147,324	\$ -	\$ 485,983
Accounts payable and accrued expenses		1,504,682	635,068	818,034
Warranty reserve		84,915	92,376	110,188
Current portion of notes payable	3	2,233,421	1,502,630	870,272
Total Current Liabilities		3,970,342	2,230,074	2,284,477
Long Term Liabilities				
Notes Payable	3	764,021	777,817	360,436
Notes Payable to Shareholders	2	2,470,000	2,220,000	987,070
Warranty Reserve		261,895	283,364	330,563
Total Long Term Liabilities		3,495,916	3,281,181	1,678,069
Total Liabilities		7,466,258	5,511,255	3,962,546
STOCKHOLDERS' DEFICIT				
Common stock, 500,000 shares authorized at par value of \$0.001, 140,000 shares		140	140	140
Additional paid in capital		2,351,236	2,278,579	1,351,562
Accumulated deficit		(2,852,992)	(2,827,648)	(1,605,870)
Total Stockholders' Deficit		(501,616)	(548,929)	(254,168)
Total Liabilities & Stockholders' Deficit		\$6,964,642	\$4,962,326	\$3,708,378

Dinan Engineering Inc.
Consolidated Statements of Operations
(Stated in US Dollars)

	For the nine months ended September 30,		For the years ended December 31,		
	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)	2006 (Audited)	2005 (Audited)
REVENUES	\$10,362,090	\$7,072,285	\$ 9,151,079	\$11,300,485	\$9,592,590
COST OF GOODS SOLD	3,245,340	2,189,478	2,832,228	4,014,783	3,249,534
GROSS MARGIN	7,116,750	4,882,807	6,318,851	7,285,702	6,343,056
OPERATING EXPENSES					
Labor costs	2,869,520	2,165,223	3,120,252	3,145,355	2,798,699
Depreciation	251,613	195,468	262,933	268,978	282,210
General and administrative	3,489,986	3,006,462	3,482,166	4,680,863	2,646,929
Research and development	218,416	61,505	176,633	154,862	304,853
Total operating expenses	6,829,535	5,428,658	7,041,984	8,250,058	6,032,691
INCOME (LOSS) FROM OPERATIONS	287,215	(545,851)	(723,133)	(964,356)	310,365
OTHER INCOME (EXPENSE)					
Gain (loss) on sale of equipment	39,123	(27,055)	(29,335)	94,395	-
Interest expense	(351,699)	(290,559)	(387,412)	(191,207)	(172,565)
Other expenses	17	(81,835)	(81,898)	(20,446)	(136,800)
Total other income (expense)	(312,559)	(399,449)	(498,645)	(117,258)	(309,365)
NET INCOME (LOSS)	\$ (25,344)	\$ (945,300)	\$(1,221,778)	\$(1,081,614)	\$ 1,000
BASIC LOSS PER SHARE	\$ (0.18)	\$ (6.75)	\$ (8.73)	\$ (7.73)	\$ 0.01
WEIGHTED NUMBERS OF AVERAGE SHARES OUTSTANDING	140,000	140,000	140,000	140,000	140,000

Dinan Engineering Inc.
Consolidated Statements of Stockholders' Deficit
(Stated in US Dollars)

	Shares Outstanding	Amount	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at December 31, 2005 (Audited)	140,000	\$ 140	\$ 294,487	\$ (525,256)	\$ (230,629)
Additional paid-in capital	-	-	175,000	-	175,000
Net loss for the year ended December 31, 2006	-	-	-	1,000	1,000
Balance at December 31, 2006 (Audited)	140,000	140	469,487	(524,256)	(54,629)
Additional paid-in capital	-	-	882,075	-	882,075
Net loss for the year ended December 31, 2006	-	-	-	(1,081,614)	(1,081,614)
Balance at December 31, 2006 (Audited)	140,000	140	1,351,562	(1,605,870)	(254,168)
Additional paid-in capital	-	-	927,017	-	927,017
Net loss for the year ended December 31, 2007	-	-	-	(1,221,778)	(1,221,778)
Balance, December 31, 2007 (Audited)	140,000	140	2,278,579	(2,827,648)	(548,929)
Additional paid-in capital	-	-	72,657	-	72,657
Net nine months ended September 30, 2008	-	-	-	(25,344)	(25,344)
Balance, September 30, 2008 (Unaudited)	140,000	\$ 140	\$2,351,236	\$(2,852,992)	\$ (501,616)

Dinan Engineering Inc.

Consolidated Statements of Cash Flows (Stated in US Dollars)

	For the nine months ended September 30,		For the years ended December 31,		
	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)	2006 (Audited)	2005 (Audited)
Cash Flows from Operating Activities					
Net income (loss)	\$(25,344)	\$(945,300)	\$(1,221,778)	\$(1,081,614)	\$ 1,000
Adjustments to reconcile net loss to net cash used by operating activities					
Depreciation expense	251,613	154,534	262,933	268,978	282,210
Loss (gain) on sale of assets	(39,123)	27,055	29,335	(94,395)	-
Changes in operating assets and liabilities					
(Increase) decrease in accounts receivable	(888,238)	27,119	214,742	227,484	(290,992)
(Increase) decrease in prepaid expenses	11,460	(40,859)	(64,463)	(3,578)	6,451
(Increase) decrease in inventory	(390,680)	(444,285)	(513,254)	(511,098)	(10,252)
(Increase) decrease in accounts payable	869,614	(553,541)	(182,966)	102,567	186,399
Increase (decrease) in bank overdraft	147,324	(343,847)	(485,983)	485,983	(80,400)
Increase (decrease) in warranty reserve	(28,930)	(32,856)	(65,011)	75,093	(46,039)
Net cash used in operating activities	<u>(92,304)</u>	<u>(2,151,980)</u>	<u>(2,026,445)</u>	<u>(530,580)</u>	<u>48,377</u>
Cash Flows from Investing Activities					
Purchase of property and equipment	(708,057)	-	(204,502)	(293,650)	(392,088)
Business acquisition	-	-	(400,000)	-	-
Proceeds from sale of equipment	66,440	53,832	53,832	94,395	-
Net cash used in investing activities	<u>(641,617)</u>	<u>53,832</u>	<u>(550,670)</u>	<u>(199,255)</u>	<u>(392,088)</u>
Cash Flows from Financing Activities					
Capital contribution from owners	72,657	927,017	927,017	882,075	175,000
Proceeds from notes payable	716,995	-	449,739	(177,741)	194,212
Proceeds of loan from shareholders	250,000	1,171,131	1,232,930	-	-
Net cash provided by financing activities	<u>1,039,652</u>	<u>2,098,148</u>	<u>2,609,686</u>	<u>704,334</u>	<u>369,212</u>
Net increase (decrease) in cash and cash equivalents for the period	305,731	-	32,571	(25,501)	25,501
Beginning of period	<u>32,571</u>	<u>-</u>	<u>-</u>	<u>25,501</u>	<u>-</u>
End of period	\$ 338,302	\$ -	\$ 32,571	\$ -	\$ 25,501

Supplemental Disclosures of Cash Flows Information

Cash Paid for:

Interest	\$ 351,699	\$ 290,559	\$ 387,412	\$ 191,207	\$ 172,565
Income taxes	-	-	-	-	-

The accompanying notes are an integral part of these consolidated financial statements.

Dinan Engineering Inc.
Notes to the Consolidated Financial Statements
for the nine months ended September 30, 2008 and 2007 (Unaudited) and
for the years ended December 31 2007, 2006 and 2005 (Audited)

NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITIES

(a) Business and Organization

Dinan Engineering, Inc. (The Company) was organized on November 3, 1982, under the laws of the State of California. The Company is engaged in the business of modifying BMW automobiles for high performance and styling in the after market.

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

(b) Principles of Consolidation

The financial statements represent the consolidated financial position, operations and cash flows of the Company and its wholly owned subsidiary, A&E Performance, Inc. All significant intercompany transactions have been eliminated in the consolidation.

(c) Revenue Recognition

The Company recognizes revenues when products are fully delivered or services have been provided and collection is reasonably assured.

(d) Depreciation

The cost of the property and equipment will be depreciated over the estimated useful life of 2 to 7 years. Depreciation is computed using the straight-line method when the assets are placed in service.

(e) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

(f) Basic Loss per Share

Basic (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. The Company has no stock equivalents outstanding as of September 30, 2008 and December 31, 2007, 2006 or 2005.

	September 30, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Net income (loss) (numerator)	\$ (25,344)	\$ (1,221,778)	\$ (1,081,614)	\$ 1,000
Shares (denominator)	140,000	140,000	140,000	140,000
Per share amount	<u>\$ (0.28)</u>	<u>\$ (8.73)</u>	<u>\$ (7.73)</u>	<u>\$ 0.01</u>

(g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Dinan Engineering Inc.
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NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITIES (continued)

(h) Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company incurred advertising costs of \$287,259, \$354,492 and \$207,185 during the years ended December 31, 2007, 2006 and 2005, respectively.

(i) Concentrations of Risk

The Company's bank accounts are deposited in insured institutions. The funds are insured up to \$100,000.

(j) Income Taxes

The Company has elected to be taxed as a Sub-chapter S corporation under the U.S. tax code, whereby the income and deductions are passed through and taxed at the shareholder level. Accordingly, the Company has no income tax expense for the periods ended September 30, 2008 and December 31, 2007, 2006 and 2005. Also the Company has no deferred tax assets or liabilities as of those dates.

(k) Stock-based compensation

The Company has adopted the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards Number 123 (REVISED 2004), "Share-Based Payment" (SFAS 123[R]). The Company has elected to calculate any stock-based compensation expense using the Black-Scholes valuation model.

(l) Warranty Reserve

The Company maintains a reserve for the estimated value of the parts and services to be delivered under its warranty agreements. The Company has a reserve of \$346,810, \$375,740 and \$110,188 for warranties as of September 30, 2008 and December 31, 2007 and 2006, respectively.

(m) Inventory

The Company's inventory is comprised of custom auto parts for BMW automobiles. The Company only supplies certain parts and materials and is then billed for completed products. Inventory is stated at the lower of cost (first-in, first-out) or net realizable value.

As of September 30, 2008 and December 31, 2007 and 2006 inventory consisted of the following:

	September 30, 2008	December 31, 2007	December 31, 2006
Unkitted goods	\$ 1,994,279	\$ 1,575,444	\$ 1,422,252
Finished goods	1,083,533	1,119,801	576,473
Work in process	22,476	14,363	99,629
Total	<u>\$ 3,100,288</u>	<u>\$ 2,709,608</u>	<u>\$ 2,098,354</u>

Dinan Engineering Inc.
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NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITIES (continued)

(n) Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Specific reserves are estimated by management based on certain assumptions and variables, including the customer's financial condition, age of the customer's receivables, and changes in payment histories. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. As of September 30, 2008 and December 31, 2007 and 2006, an allowance for doubtful receivables of \$10,248, \$50 and \$625, respectively, was considered necessary.

(o) Research and Development

The Company follows the policy of expensing its research and development costs in the period in which they are incurred in accordance with SFAS No. 2, "Accounting for Research and Development Costs". The Company incurred research and development expenses of approximately \$68,803 for the nine month period ended September 30, 2008 and \$176,633, \$154,862 and \$304,853 during the years ended December 31, 2007, 2006 and 2005, respectively.

(p) Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective for us beginning January 1, 2008. The Company is currently assessing the potential impact that adoption of SFAS No. 157 would have on the financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS No. 159 gives the irrevocable option to carry many financial assets and liabilities at fair values, with changes in fair value recognized in earnings. SFAS No. 159 is effective beginning January 1, 2008, although early adoption is permitted. The Company is currently assessing the potential impact that adoption of SFAS No. 159 will have on the financial statements.

The FASB has revised SFAS No. 141. This revised statement establishes uniform treatment for all acquisitions. It defines the acquiring company. The statement further requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, measured at their fair market values as of that date. It requires the acquirer in a business combination achieved in stages to recognize the identifiable assets and liabilities, as well as the non-controlling interest in the acquired, at the full amounts of their fair values. This changes the way that minority interest is recorded and modified as a parent's interest in a subsidiary changes over time. This statement also makes corresponding significant amendments to other standards that related to business combinations, namely, 109, 142 and various EITF's. This statement applies prospectively to business combinations for which the amendments to other standards that related to business combinations, namely, 109, 142 and various EITF's. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company believes the implementation of this standard will have no effect on our financial statements.

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NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITIES (continued)

(q) Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared by the Company. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2008 and 2007 have been made. The results of operations for the periods ended September 30, 2008 and 2007 are not necessarily indicative of the operating results for the full years.

NOTE 2 - NOTES PAYABLE TO SHAREHOLDER

The Company has received cash advances from its shareholders which are recorded in the form of a note payable. The note payable is unsecured, bear interest at prime and is due on December 31, 2016. The Company had total notes payable to shareholder of \$2,470,000 and \$2,220,000 as of September 30, 2008 and December 31, 2007, respectively, all of which was considered a long-term liability. The Company has paid \$66,500, \$42,606 and \$Nil to the shareholders for interest on the related party loans during the nine months ended September 30, 2008 and the years ended December 31, 2007 and 2006, respectively.

NOTE 3 - NOTES PAYABLE

Long-term debt consisted of the following:

	September 30, 2008	December 31, 2007	December 31, 2006
Note payable to trust with interest at 5%, secured by property and equipment, due December 1, 2012, \$11,492 due monthly.	\$ 517,713	\$ 600,000	\$ -
Line of credit due to bank with interest at 10.25%, secured by inventory, due July 17, 2009, guaranteed by shareholders.	1,952,000	1,195,000	721,864
Notes payable to banks with interest rates from 4.98%-9.35%, monthly payments total approximately \$34,083, secured by vehicles and cash.	527,729	485,447	508,844
Less current portion	(2,233,421)	(1,502,630)	(870,272)
Long-term debt	<u>\$ 764,021</u>	<u>\$ 777,817</u>	<u>\$ 360,436</u>

Future maturities of long-term debt are as follows as of December 31, 2007:

2008	\$ 1,502,630
2009	240,006
2010	234,997
2011	170,432
2012	132,382
	<u>\$ 2,280,447</u>

The Company has unused credit facilities of \$805,000 as of December 31, 2007.

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NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation expense for the nine months ended September 30, 2008 and years ended December 31, 2007 and 2006 amounted to \$195,468, \$262,933 and \$268,347 respectively. Gains from losses on sales and disposals are included in the statements of operations. Maintenance and repairs are charged to expense as incurred. As of September 30, 2008 and December 31, 2007 and 2006 property and equipment consisted of the following:

	September 30, 2008	December 31, 2007	December 31, 2006
Automobiles	\$ 549,451	\$ 704,067	\$ 796,469
Equipment	1,230,479	1,099,349	1,010,590
Office equipment	200,716	317,274	317,274
Tooling	554,815	555,942	521,897
Leasehold improvements	672,317	195,515	195,515
Accumulated depreciation	(1,730,453)	(1,823,949)	(1,701,949)
Total	<u>\$ 1,477,325</u>	<u>\$ 1,048,198</u>	<u>\$ 1,139,796</u>

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Company has entered into a month to month arrangement for its office and manufacturing space. The Company incurred rent expense of \$772,118, \$685,326 and \$497,246 in 2007, 2006 and 2005, respectively.

Future obligations under operating leases as of December 31, 2007 are as follows:

2008	\$ 473,550
2009	473,550
2010	473,550
2011	473,550
2012	464,113

During 2007, the shareholders were paid \$163,770 (2006 \$393,048) in rent.

NOTE 6 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has an accumulated deficit of \$2,852,992 as of September 30, 2008 and has incurred losses from operations in the last 2 years.

The Company has arranged a bank line of credit with an unused credit facility of approximately \$800,000 as of December 31, 2007. Additionally, the Company has a positive working capital position of approximately \$664,975 as of September 30, 2008. Management believes that these combine to provide sufficient funds for the Company for future periods. The Company has completed its development of a new line of products to complement the recently marketed line of BMW automobiles. The Company has begun marketing these products during 2008. The Company is positioning itself so that it may be able to raise additional funds through the capital markets. Despite management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors and continue as a going concern.

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NOTE 7 – BUSINESS ACQUISITION

On December 1, 2007, the Company purchased all of the outstanding shares of A&E Performance, Inc. (A&E) for \$1,000,000. The purchase was made in cash of \$400,000 and a note payable for \$600,000. A&E operates an automobile service facility in Campbell, California. The purchase price was allocated to the identifiable assets of A&E as follows:

Inventory	\$ 98,000
Equipment	50,000
Goodwill	<u>852,000</u>
Total	<u>\$1,000,000</u>

NOTE 8 - OPERATING SEGMENTS

The Company has two segments of operations. The first is the manufacturing and sale of aftermarket parts for BMW automobiles. The second is the operation of service facilities for improving the performance of BMW automobiles.

	Nine months			
	ended	Years ended December 31,		
	September 30,	2007		2006
	2008	2007		2006
	(unaudited)	2007		2006
		2007		2005
Sales				
Service	\$ 3,916,026	\$ 3,455,232	\$ 3,864,925	\$ -
Aftermarket parts	6,446,064	5,695,847	7,435,560	9,592,590
	<u>10,362,090</u>	<u>9,151,079</u>	<u>11,300,485</u>	<u>9,592,590</u>
Cost of Goods Sold				
Service	1,361,809	2,008,341	2,200,947	-
Aftermarket parts	1,883,531	1,981,562	1,831,836	3,249,534
	<u>3,245,340</u>	<u>3,989,903</u>	<u>4,014,783</u>	<u>3,249,534</u>
Expenses				
Service	2,707,626	1,237,665	1,361,196	-
Aftermarket parts	4,121,909	4,577,979	6,794,467	6,032,691
	<u>6,829,535</u>	<u>5,815,644</u>	<u>8,155,663</u>	<u>6,032,691</u>
Net Income (Loss)				
Service	383,313	92,131	242,498	-
Aftermarket parts	(408,657)	(1,215,909)	(1,324,112)	1,000
	<u>(25,344)</u>	<u>(1,123,778)</u>	<u>(1,081,614)</u>	<u>1,000</u>
Assets				
Service	1,474,616	939,562	1,282,094	-
Aftermarket parts	5,588,026	4,120,764	2,426,284	3,422,015
	<u>\$ 7,062,642</u>	<u>\$ 5,060,326</u>	<u>\$ 3,708,378</u>	<u>\$ 3,422,015</u>

Dinan Engineering Inc.
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NOTE 9 - DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The financial statements as at September 30, 2008 and December 31 2007 and 2006 and for the nine month periods ended September 30, 2008 and 2007 have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") which differ in some respects from accounting principles generally accepted in Canada ("CND GAAP").

Under CDN GAAP the Company would be required to classify the Notes payable to shareholder as current liability in accordance with EIC 122 – “Balance Sheet Classification of callable debt obligations and debt obligations expected to be financed”. There are no other significant differences.

a) For CDN GAAP purposes the Company has adopted the following pronouncements

In addition for Canadian GAAP purposes the company adopted the following pronouncements:

(i) Accounting Changes

In July 2006, the Accounting Standards Board (“AcSB”) issued a replacement of CICA Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of the changes in accounting policies, estimates and errors on the financial statements. The adoption of Section 1506, effective January 1, 2007, had no impact on these financial statements.

ii) Inventory

In May 2007, the AcSB issued CICA Handbook Section 3031, “Inventories”. Section 3031 introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after The adoption of Section 3031, effective January 1, 2008 had no impact on these financial statements.

iii) Going Concern

In May 2007, the AcSB amended Section 1400, General Standards of Financial Statement Presentation, to change the guidance related to management’s responsibility to assess the ability of the entity to continue as a going concern. Management is required to make an assessment of an entity’s ability to continue as a going concern and should take into account all available information about the future which is at least, but is not limited to, twelve months from the balance sheet dates. Disclosure is required for material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern. See Note 6.

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NOTE 9 - DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

(iv) Financial Instruments, Comprehensive Income and Hedging Relationships

Effective January 1, 2007, the Company adopted the following new accounting standards relating to financial instruments, as issued by the Canadian Institute of Chartered Accountants: Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”); Section 3861, Financial Instruments – Disclosure and Presentation (“Section 3861”); Section 1530, Comprehensive Income (“Section 1530”); and Section 3865, Hedges (“Section 3865”). These changes in accounting policy were applied in accordance with the transitional provisions contained in each of these sections.

Financial Instruments

Sections 3855 and 3861 provide guidance for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. These standards require financial assets, liabilities and derivatives to initially be recognized at fair value. After initial recognition, financial instruments are measured at fair value, amortized cost or cost, depending on the classification of the financial instrument. These standards also require the Company to recognize and measure derivative instruments embedded in host contracts that were issued on or after January 1, 2003.

Upon the adoption of the new standards on January 1, 2007, the Company has classified its financial instruments as follows:

- Cash is classified as held-for-trading and is measured at fair value with changes in fair value recognized in net loss. This classification had no impact on the Company’s financial statements at the time of adoption.
- Accounts receivable is classified as loans and receivables, which are measured at amortized cost. This classification had no impact on the Company’s financial statements at the time of adoption.
- Accounts payable, notes payable and notes payable to shareholder are classified as other financial liabilities and are measured at amortized cost using the effective interest method. This classification had no impact on the Company’s financial statements at the time of adoption.

In addition, the Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments. The Company did not have any available for sale financial assets, held-to-maturity instruments and outstanding contracts with embedded derivatives at January 1, 2007.

Comprehensive Income

Section 1530 establishes standards for the reporting and display of comprehensive income. The Company’s only component of comprehensive income was unrealized holding losses on available for sale securities.

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NOTE 9 - DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Hedges

Section 3865 establishes standards on when and how hedge accounting may be applied. Hedge accounting under this section is optional. The Company did not have any hedges in place as at January 1, 2007, so the adoption of this section did not have any impact on the Company's financial statements.

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at September 30, 2008.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk is minimal. Most obligations, such as the interest-bearing notes payable, have a fixed interest rate and therefore the Company does not perform interest rate risk management to minimize the overall financial interest rate risk. The annual impact of a 1% increase or decrease in the credit facility rate would have resulted in an increase or decrease in income from operations by approximately \$8,000, assuming full use of the credit facility, which is not considered a significant impact to the consolidated financial statements

Foreign exchange risk

Foreign currency risk is the risk that future cash flows arising from amounts receivable and/or payable in a foreign currency will fluctuate because of changes in foreign exchange rates. In the normal course of business, the Company does not have significant foreign exchange transactions and, accordingly, the amounts of foreign exchange risk are not expected to have an adverse material impact on the operations of the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. Credit risk is minimized by performing ongoing credit evaluations of customers and is limited due to the large number of customers. Over the last several years, the Company has not suffered any material credit related losses with any of its customers.

Ongoing credit evaluations of customers' financial conditions are performed with the objective of assessing the likelihood that accounts receivable may not be collectible from customers due to potential credit risk. Potential credit risk can arise through industry conditions but it is management's opinion that this risk remains low.

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NOTE 9 - DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. The Company's existing banking arrangements consist of a credit facility of \$805,000. The Company believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

(v) Capital Disclosures

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Company adopted this standard for Canadian purposes effective January 1, 2008.

The Company's objective is to maintain a capital base that safeguards the entity's ability to meet cash flow requirements and position it for profitability and growth while shareholder confidence. The Company's objective is met by retaining adequate financing to provide for the possibility that cash flows from operations may periodically not be sufficient to meet cash flow requirements.

The Company includes shareholders' equity, notes payable and notes payable to shareholders in its definition of capital. The Company manages the capital structure and will make adjustments to it in ways that would support the broader corporate strategy with consideration of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may obtain additional financing from outside sources or from its shareholders. The Company has not established specific quantitative criteria in the management of the capital structure but rather promotes sustainability and year-over-year growth. The Company is not subject to any externally imposed capital requirements.

Recently Issued Canadian Accounting Pronouncements

In February 2008, the AcSB issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual financial statements for its fiscal year commencing on January 1, 2009. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In February 2008, the AcSB confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company's financial statements.

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NOTE 10 – SUBSEQUENT EVENTS

Letter of Intent with Canfe Ventures Ltd.

On January 8, 2009 the Company entered into a Letter of Intent (“LOI”) with Canfe Ventures Ltd. (“Canfe”), a capital pool company incorporated in British Columbia, Canada and publicly listed on the TSX Venture Exchange. Pursuant to the terms of the LOI the shareholders of the Company will receive an aggregate of 13,139,694 Class A common shares and 41,473,722 non-voting Class B common shares (“Convertible Shares”) in exchange for 100% of their shares of the Company (the “Transaction”). The Convertible Shares are convertible at the option of the holders into an additional 41,473,722 Class A common shares of Canfe. Upon completion of the transaction the Company will become a wholly owned subsidiary of Canfe. For accounting purposes the Transaction will be treated as a reverse takeover and the Company will be deemed the acquirer.

The Transaction is intended to be a Qualifying Transaction for Canfe under the rules of the TSX Venture Exchange governing Capital Pool Companies.

Concurrently with the closing of the above noted transaction, Canfe intends to complete a prospectus offering (the “Offering”) of up to 10,000,000 units (each a “Unit”), at a price of \$0.30 per Unit, for aggregate gross proceeds up to \$3,000,000. Each Unit consists of one Class A common share in the capital of Canfe and one half of one transferable common share purchase warrant of Canfe. Each whole warrant will entitle the holder to purchase one additional Class A common share in the capital of Canfe at an exercise price of \$0.40 per share, at any time on or before 24 months after the closing of the offering

Canaccord Capital Corporation (“Canaccord”) will act as Canfe’s agent in respect of the Offering on a “reasonable efforts” basis. Canaccord will be paid a cash commission equal to 8% of the gross proceeds of the Offering and will be reimbursed for legal and out of pocket costs. In addition Canaccord will receive agent’s warrants equal to 15% of the number of Units sold in the Offering. Each agent’s warrant will entitle the agent to purchase one share at an exercise price of \$0.40 per share at any time until 24 months after the completion of the Offering. In addition, Canfe has granted Canaccord an over-allotment option (the “Over-Allotment Option”), pursuant to which Canaccord may acquire an additional 3,333,333 Units at a price of \$0.30 per Unit, for additional gross proceeds to Canfe of \$1,000,000.

The closing of the Transaction is subject to certain conditions including regulatory approval.

Issuance of Shares of Common Stock to Canaccord Capital Corporation

On January 3, 2009, the Company entered into an engagement letter (the “Canaccord Engagement Letter”) with Canaccord, pursuant to which Canaccord agreed to provide the Company with certain advisory services in relation to the Transaction. On February 13, 2009, the Company issued 14,800 shares of its common stock (the “Canaccord Shares”) to Canaccord in consideration for the provision of the foregoing services. Pursuant to the terms of the Canaccord Engagement Letter, the Canaccord Shares are being held in escrow by the Company’s legal counsel, and will be released to Canaccord upon the closing of the Transaction. The number of the Canaccord Shares to be released to Canaccord will be based on the gross proceeds raised in the Offering, inclusive of the Over-Allotment Option. In the event that the Over-Allotment Option is fully exercised, all Canaccord Shares will be released to Canaccord. In the event that the Over-Allotment Option is not fully exercised, the number of Canaccord Shares issued to Canaccord will be proportionally reduced, such that if no units are issued pursuant to the Over-Allotment Option, approximately 8457 Canaccord Shares will be released to Canaccord. Any Canaccord Shares not released to Canaccord will be cancelled, and in the event that the Transaction is terminated prior to completion, all Canaccord Shares will be cancelled.

**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER
AS AT DECEMBER 31, 2008 AND DINAN AS AT SEPTEMBER 30, 2008**

Canfe Ventures Ltd.

Pro Forma Consolidated Financial Statements

September 30, 2008

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Pro Forma Consolidated Balance Sheet

Pro Forma Consolidated Statements of Operations:

For the nine months ended September 30, 2008

For the year ended December 31, 2007

Notes to Pro Forma Consolidated Financial Statements

Canfe Ventures Ltd.

Pro Forma Consolidated Balance Sheet

(Expressed in US Dollars)

(Unaudited - Prepared by Management)

	Canfe December 31 2008 (Note 1)	Dinan September 30 2008	Pro Forma Adjustment	Pro Forma Consolidated September 30 2008
ASSETS				
(Note 2)				
Current asset				
Cash and cash equivalents	\$ 224,147	\$ 338,302	b \$ 2,453,386 b 817,795 b (261,694) c (204,449) d (817,795)	\$ 2,549,692
Accounts receivable	-	1,120,225		1,120,225
Prepaid expenses	85	76,502		76,587
Inventory	-	3,100,288		3,100,288
	224,232	4,635,317	1,987,243	6,846,792
Property and equipment	-	1,477,325		1,477,325
Goodwill	-	852,000		852,000
	\$ 224,232	\$ 6,964,642	\$ 1,987,243	\$ 9,176,117
LIABILITIES				
Current liabilities				
Bank overdraft	\$ -	\$ 147,324	\$ -	\$ 147,324
Accounts payable and accrued liabilities	60,114	1,504,682		1,564,796
Warranty reserve	-	84,915		84,915
Current portion of notes payable	-	2,233,421		2,233,421
	60,114	3,970,342	-	4,030,456
Note payable	-	764,021		764,021
Note payable to shareholders	-	2,470,000	d (817,795)	1,652,205
Warrant reserve	-	261,895		261,895
	-	3,495,916	(817,795)	2,678,121
	60,114	7,466,258	(817,795)	6,708,577
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital	291,072	140	a (126,954) b 2,453,386 b 817,795 b (261,694) b 2,351,236 b (336,196) c (204,449)	4,984,336
Additional paid in capital	-	2,351,236	b (2,351,236)	-
Contributed surplus	22,852	-	a (22,852) b 336,196	336,196
Deficit	(149,806)	(2,852,992)	a 149,806	(2,852,992)
	164,118	(501,616)	2,805,038	2,467,540
	\$ 224,232	\$ 6,964,642	\$ 1,987,243	\$ 9,176,117

Canfe Ventures Ltd.

Pro Forma Consolidated Statement of Operations

(Expressed in US Dollars)

(Unaudited - Prepared by Management)

	Canfe January 14, 2008 (incorporation) to December 31 2008 (Note 1)	Dinan Nine months Ended September 30 2008	Pro Forma Adjustment (Note 2)	Pro Forma Consolidated
Revenues	\$ -	\$ 10,362,090	\$ -	\$ 10,362,090
Cost of goods sold	-	3,245,340		3,245,340
Gross margin	-	7,116,750		7,116,750
Operating expenses				
Labor costs	-	2,869,520		2,869,520
Depreciation	-	251,613		251,613
General and administrative	173,198	3,489,986		3,663,184
Research and development	-	218,416		218,416
	173,198	6,829,535		7,002,733
Income (loss) from operations	(173,198)	287,215		114,017
Other income (expense)				
Gain (loss) on sale of equipment	-	39,123		39,123
Interest income (expenses)	1,855	(351,699)		(349,844)
Other expenses	-	17		17
	1,855	(312,559)		(310,704)
Net income (loss)	(171,343)	\$ (25,344)		(196,687)
Other comprehensive income				
- Currency translation adjustments	21,537	-		21,537
Comprehensive Income	\$ (149,806)	\$ (25,344)	\$ -	\$ (175,150)
Loss per share - basic and diluted			\$	(0.00)
Weighted average number of common shares outstanding - basic and diluted				73,209,024

See accompanying notes to the pro forma consolidated financial statement.

Canfe Ventures Ltd.

Pro Forma Consolidated Statement of Operations

(Expressed in US Dollars)

(Unaudited - Prepared by Management)

	Dinan Year Ended December 31 2007	Pro Forma Adjustment	Pro Forma Consolidated
		(Note 2)	
Revenues	\$ 9,151,079	\$ -	\$ 9,151,079
Cost of goods sold	2,832,228		2,832,228
Gross margin	6,318,851		6,318,851
Operating expenses			
Labor costs	3,120,252		3,120,252
Depreciation	262,933		262,933
General and administrative	3,482,166		3,482,166
Research and development	176,633		176,633
	7,041,984		7,041,984
Income (loss) from operations	(723,133)		(723,133)
Other income (expense)			
Gain (loss) on sale of equipment	(29,335)		(29,335)
Interest income (expenses)	(387,412)		(387,412)
Other expenses	(81,898)		(81,898)
	(498,645)		(498,645)
Net income (loss)	\$ (1,221,778)	\$ -	\$ (1,221,778)
Loss per share - basic and diluted			\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted			73,209,024

See accompanying notes to the pro forma consolidated financial statement.

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements have been prepared for the purpose of inclusion in the prospectus being filed by Canfe Ventures Ltd. ("Canfe") in connection with Canfe's proposed acquisition ("Business Acquisition") of Dinan Engineering Inc. ("Dinan"), a corporation incorporated under the laws of the State of California, United States of America, on November 3, 1982.

The unaudited pro forma consolidated financial statements have been prepared by the management of Canfe in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to give effect to the proposed transactions and assumptions described in the notes.

These unaudited pro forma consolidated financial statements include unaudited pro forma consolidated balance sheets of: a) Dinan as at September 30, 2008, and the unaudited pro forma consolidated statements of operations for the nine months ended September 30, 2008 and for the year ended December 31, 2007 and b) Canfe as at December 31, 2008 and the unaudited pro forma consolidated statements of operations for the period from January 14, 2008 (incorporation) to December 31, 2008, which should be read in conjunction with the description of the transaction in the prospectus and are derived from the following:

- a) the audited financial statements of Canfe for the period ended December 31, 2008 (for the purpose of preparing unaudited pro forma consolidated balance sheet and statements of operations for the nine months ended September 30, 2008, Canfe's balance sheet and statements of operations for the period ended December 31, 2008 is equivalent to the nine months ended September 30, 2008);
- b) the unaudited interim financial statements of Dinan for the period ended September 30, 2008; and
- c) the audited financial statements of Dinan for the year ended December 31, 2007

The underlying assumptions for the pro forma consolidated adjustments provide a reasonable basis for presenting the significant financial effects directly attributable to such transactions. These pro forma adjustments are tentative and are based on available financial information and certain estimates and assumptions. The actual adjustments to the consolidated financial statements of Canfe will depend on a number of factors. Therefore, the actual adjustments will differ from the pro forma adjustments. Management believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the transactions contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations which would have actually resulted had the Business Acquisition and other pro forma transactions and adjustments been effected on September 30, 2008. Further, the unaudited pro forma consolidated statements of operations are not necessarily indicative of the results of operations that may be obtained by Canfe in the future.

2. Pro Forma Consolidated Financial Statements Assumptions and Adjustments

a) Securities Exchange Agreement

On January 8, 2009, Canfe entered into an agreement (the "Securities Exchange Agreement") with Dinan and its shareholders concerning the purchase by Canfe of 100% of the issued and outstanding shares of the common stocks of Dinan in exchange for an aggregate of 13,139,694 Class A common shares without par value of Canfe (the "Class A Common Shares") and an aggregate of 41,473,722 Class B common shares without par value of Canfe (the "Class B Common Shares"). The Class B Common Shares are convertible at the option of the holders into the same number of Class A Common Shares. For the purpose of the pro forma, it is assumed that all of the Class B Common Shares will be converted into Class A Common Shares.

The Business Acquisition, if completed, will constitute Canfe's Qualifying Transaction pursuant to the policies of the TSX Venture Exchange (the "Exchange"). Upon the closing of the Business Acquisition, Canfe's name will be changed to Dinan Performance Corporation.

If completed, the Business Acquisition will result in the former shareholders of Dinan collectively owning a majority of the issued and outstanding Class A Common Shares of Canfe, once the Class B Common Shares are exchanged for Class A Common Shares. The accounting principle applicable to a reverse takeover has been applied to account for the Business Acquisition. Under this basis of accounting, Dinan has been identified as the acquirer and, accordingly, the consolidated entity is considered to be the continuation of Dinan with the fair value of the net assets of Canfe totaling \$164,118 (C\$200,684) deemed to be acquired by Dinan.

b) Proposed Public Offering

The Business Acquisition contemplates Canfe completing a public offering of 10,000,000 units (the "Units") at a price of \$0.25 (C\$0.30) per Unit for aggregate gross proceeds of \$2,453,386 (C\$3,000,000) (the "Offering"). Each Unit consists of one Class A Common Share and one-half of one transferable Class A Common Share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one Class A Common Share at a price of \$0.33 (C\$0.40) per Class A Common Share for a period of 24 months after the completion of the Offering. Canaccord Capital Corporation ("Canaccord") has been appointed to act as lead agent for the Offering. Canaccord will receive a cash commission equal to 8% of the gross proceeds of the Offering for a total of \$196,271 (C\$240,000) if the Offering is fully subscribed. In addition, Canaccord will receive non-transferable Class A Common Share purchase warrants (the "Agent's Warrants") that will entitle Canaccord to purchase 1,500,000 Class A Common Shares at a price of \$0.33 (C\$0.40) per Class A Common Share for a period of 24 months after the completion of the Offering.

In addition to the above, Canfe has granted Canaccord an option (the "Over-Allotment Option") which is exercisable, in whole or in part no later than 48 hours prior to the closing of the Offering, to offer and sell up to an additional 3,333,333 additional Units (the "Additional Units") at the price of \$0.25 (C\$0.30) per Unit to raise additional gross proceeds of up to \$817,795 (C\$1,000,000). Canaccord will also receive a cash commission equal to 8% of the gross proceeds from the sale of the Additional Units under the Over-Allotment Option for a total of \$65,423 (C\$80,000) and 500,000 Agent's Warrants if the Additional Units are fully subscribed.

2. Pro Forma Consolidated Financial Statements Assumptions and Adjustments (continued)

b) Proposed Public Offering (continued)

Stock based compensation of \$336,196 has been recorded as share issuance costs and credited to contributed surplus as the fair value of the Agent's Warrants. Black-Scholes option pricing model is used to value the Agent's Warrants which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The fair value of the Agent's Warrants to be granted is assumed to be \$0.17 with the following assumptions and results: risk-free interest rate of 1.09%, dividend yield of 0%, expected volatility of 77% and expected term of 2 years.

For the purpose of preparing these unaudited pro forma consolidated financial statements, the Offering and the Over-Allotment Option have been reflected in the unaudited pro forma consolidated financial statements as of September 30, 2008.

c) Transaction cost

The incremental management and administrative costs of Canfe for the Offering and Business Acquisition, including audit fees, legal fees, transfer agent fees, shareholder communication costs and any costs associated with regulatory filings have been estimated to be \$204,449 (C\$250,000). This amount has been reflected in the unaudited pro forma consolidated balance sheet.

d) Repayment of shareholder loans

Pursuant to the terms of the Securities Exchange Agreement, upon the closing of the Offering, the lesser of \$1,115,000 and 25% of the gross proceeds of the Offering, including the gross proceeds from the sale of Additional Units pursuant to the Over-Allotment Option will be used to repay a portion of shareholder loans made by certain Dinan shareholders. For the purposes of the pro forma capitalization, it has been assumed that the gross proceeds of the Offering and the Over-Allotment Option will total \$3,271,181 (C\$4,000,000), and \$817,795 of Dinan's outstanding shareholder loans will be repaid.

e) Foreign exchange rate used

For the purpose of preparing these unaudited pro-forma consolidated financial statements, even though the functional currency of Canfe is in Canadian Dollars, conversion into US Dollars has been made to correspond to the functional currency of Dinan. The foreign exchange rate used to convert Canfe's Balance Sheet items is the year-end rate of 1.2228. The foreign exchange rate used to convert Canfe's Statement of Operations items is the average rate of 1.0691. The difference has been recorded as currency translation adjustments in other comprehensive income. All assumptions and adjustments were also converted using the rate of 1.2228.

3. Share Capital Continuity

A continuity of Canfe's issued common share capital and related recorded values after giving effect to the pro forma transactions described in note 2 above is set out below:

	Shares	Amount
Canfe common shares balance as at December 31, 2008 ⁴	5,262,275 ¹	\$ 291,072
Recapitalization of Canfe's deficit to share capital	-	(126,954)
Initial capitalization of Dinan	-	2,351,376 ³
Shares issued for reverse takeover	54,613,416 ²	-
Class A Common Shares issued under the Offering	10,000,000	2,453,386
Class A Common Shares issued under the Over-Allotment Option	3,333,333	817,795
Estimated fair value of Agent's Warrants	-	(336,196)
Agent's commission	-	(261,694)
Corporate transaction and offering costs	-	(204,449)
Pro forma common shares at September 30, 2008	73,209,024	\$ 4,984,336

1. These shares will be redesignated as Class A Common Shares.

2. Consisting of 13,139,694 Class A Common Shares and 41,473,722 Class B Common Shares.

3. Comprised of the share capital and additional paid in capital of Dinan.

4. See note 1a.

Following the completion of the proposed Business Acquisition, the Offering and Over-Allotment Option, 73,209,024 Class A Common Shares will be outstanding (assuming the conversion of the 41,473,722 Class B Common Shares into the same number of Class A Common Shares) with the following Class A Common Shares reserved for issuance:

- 1) 300,000 Class A Common Shares upon exercise of incentive stock options granted by Canfe to its officers and directors at an exercise price of \$0.08 (C\$0.10) per share;
- 2) 237,725 Class A Common Shares upon exercise of an agent's option granted at the time of Canfe's initial public offering, at a price of \$0.08 (C\$0.10) per share (the "IPO Agent's Options");
- 3) 5,000,000 Class A Common Shares upon exercise of the Warrants to be issued to investors under the Offering, at a price of \$0.33 (C\$0.40) per share
- 4) 1,666,666 Class A Common Shares upon exercise of the Warrants to be issued to investors under the Over-Allotment Option, at a price of \$0.33 (C\$0.40) per Class A Common Share; and
- 5) 2,000,000 Class A Common Shares upon exercise of non-transferable Class A Common Share purchase warrants to be issued to Canaccord in connection with the Offering and the Over-Allotment Option ("Agent's Warrants") at \$0.33 (C\$0.40) per share.

3. Share Capital Continuity (continued)

Shares Reserved	Class A Common Shares
Pro forma Class A Common Shares at September 30, 2008	73,209,024 ¹
Canfe incentive stock options	300,000
Canfe IPO Agent's Options	237,725 ²
Unit Warrants	5,000,000
Share purchase warrants as per the Over-Allotment Option	1,666,666
Agents Warrants	2,000,000
Fully diluted Class A Common Shares	82,413,415

1. Assumes the conversion of the 41,473,722 Class B Common Shares into the same number of Class A Common Shares.

2. Total agent's option granted was 300,000 Class A Common Shares. During the period ended December 31, 2008, 62,275 Class A Common Shares have been exercised.

CERTIFICATE OF ISSUER

Dated: April 7, 2009

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of British Columbia, Alberta and Ontario.

“Robert Bick”

Robert Bick
Chief Executive Officer

“Peter Bryant”

Peter Bryant
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Lawrence Dick”

Lawrence Dick
Director

“William Majcher”

William Majcher
Director

CERTIFICATE OF THE PROMOTER

Dated: April 7, 2009

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of British Columbia, Alberta and Ontario.

“Robert Bick”

Robert Bick
Promoter

CERTIFICATE OF DINAN

Dated: April 7, 2009

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of British Columbia, Alberta and Ontario.

“Stephen J. Dinan”

Stephen J. Dinan
Chief Executive Officer

“Janice Dinan”

Janice Dinan
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Stephen J. Dinan”

Stephen J. Dinan
Director

“Janice Dinan”

Janice Dinan
Director

CERTIFICATE OF AGENT

Dated: April 7, 2009

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 by this prospectus as required by securities legislation of the provinces of British Columbia, Alberta and Ontario.

CANACCORD CAPITAL CORPORATION

“David Rentz”

By: David Rentz