

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Sub Capital Inc.
1750 – 999 West Hastings Street
Vancouver, BC V6C 2W2

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in the Provinces of British Columbia, Alberta, Quebec and Ontario.

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input checked="" type="checkbox"/> Other (describe) |

The issuer is a NEX-listed company with the TSX venture exchange.

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

April 29, 2010

Item 6: For each security distributed:

- (a) describe the type of security,

Units

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

6,011,078 Units. Each Unit consists of one common share of the Issuer and one warrant. Each warrant entitles the holder to acquire one common share of the Issuer at a price of \$0.125 on or before April 29, 2011.

- (c) state the exemption(s) relied on.

NI 45-106, s. 2.3(1) (accredited investor)

NI 45-106, s. 2.5(1) (family, friends and business associates)

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	21	\$0.09	\$337,847.08

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Alberta	1	\$0.09	\$3,150.00
Quebec	1	\$0.09	\$45,000.00
Switzerland	3	\$0.09	\$135,000.00
Peru	1	\$0.09	\$20,000.00
Total number of Purchasers	1		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$540,997.08

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Larry Aligizakis 1750 – 999 West Hastings Street Vancouver, BC V6C 2W2	N/A	489,463 common shares of the Issuer	\$0.09	NI 45-106 s.2.3(1) [accredited investor] April 29, 2010	\$44,051.67

Item 9: If a distribution is made in Ontario, please include the attached “Authorization of Indirect Collection of Personal Information for Distributions in Ontario”. The “Authorization of Indirect Collection of Personal Information for Distributions in Ontario” is only required to be filed with the Ontario Securities Commission.

N/A

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: May 17, 2010

Sub Capital Inc.

Name of issuer (please print)

Edward Kelly, President, 604-763-4774

Print name, title and telephone number of person signing


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.

Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The attached Schedule I contains personal information of purchasers and details of the distribution(s). The issuer hereby confirms that each purchaser listed in Schedule I of this report

- (a) has been notified by the issuer
 - (i) of the delivery to the Ontario Securities Commission of the information pertaining to the person as set out in Schedule I,
 - (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation,
 - (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and
 - (iv) of the title, business address and business telephone number of the public official in Ontario, as set out in this report, who can answer questions about the Ontario Securities Commission's indirect collection of the information, and
- (b) has authorized the indirect collection of the information by the Ontario Securities Commission.

Instructions:

1. File this report and the applicable fee in each jurisdiction in which a distribution is made at the addresses listed at the end of this report. If the distribution is made in more than one jurisdiction, the issuer may complete a single report identifying all purchasers and file that report in each of the jurisdictions in which the distribution is made. Filing fees associated with the filing of the report are not affected by identifying all purchasers in a single report.
2. If the space provided for any answer is insufficient, additional sheets may be used and must be cross-referenced to the relevant part and properly identified and signed by the person whose signature appears on the report.
3. One report may be used for multiple distributions occurring within 10 days of each other provided that the report is filed on or before the 10th day following the first of such distributions.
4. In order to determine the applicable fee, consult the securities legislation of each jurisdiction in which a distribution is made.

Schedule I

Complete the following table.

For reports filed under sub-section 6.1(1)(j) (TSX Venture Exchange offering) of National Instrument 45-106 the following table only needs to list the total number of purchasers by jurisdiction instead of including the name, residential address and telephone number of each purchaser.

Do not include in this table, securities issued as payment of commissions or finder's fees disclosed under item 8 of this report.

The information in this schedule will not be placed on the public file of any securities regulatory authority or, where applicable, regulator. However, freedom of information legislation in certain jurisdictions may require the securities regulatory authority or, where applicable, regulator to make this information available if requested.

Full name, residential address and telephone number of purchaser	Number and type of securities (units) purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution
Marc Levy 6828 Beechwood St. Vancouver BC V6P 5V2 604-506-6280	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Rahel Besimo 1403-1133 Homer Street Vancouver BC V6B 0B1 778-997-9570	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Bedrock Capital Corporation 3275 Dickinson Crescent West Vancouver BC V7V 2L4 604-925-5703	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Pola Litsky 6828 Beechwood St. Vancouver BC V6P 5V2 604-899-1118	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
VP Bank (Switzerland) Ltd Bahnhofstrasse 3 8022 Zurich -Switzerland	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010

Full name, residential address and telephone number of purchaser	Number and type of securities (units) purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution
001 41 44 226 24 65				
Rahn & Bodmer Co. Talstrasse 15, P.O. Box 8022 Zurich Switzerland 41 44 639 11 11	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
CAT Brokerage AG Guntenbergstrasse 10, 8002 Zürich, Switzerland 41 43 311 2626	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Open Market Investments Ltd 507-700 West Pender St. Vancouver BC V6C 1G8 604-783-0640	111,112.00	\$10,000.08	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Riva Dubrofsky 219 DelaRoche St. Dollard des Ormeaux QC H9A 3C3 516-696-2973	500,000.00	\$45,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Joel Doctor 314 Pumpridge Place S.W. Calgary AB T2V 5E4 403-850-5775	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Robert Orr 5614 Balsam St. # 501 Vancouver BC V6M 4B7 604-805-2126	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Mani Chopry 1027 Davie Street # 515 Vancouver BC V6E 4L2 778-996-3710	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Canary Capital Corp. 666 Burrard St. # 550 Vancouver BC V6C 2P8 7787732824	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Marc Morin 3209 Cortes Ave Coquitlam BC V3E 1V2 7782160376	22,300.00	\$2,007.00	NI 45-106, s. 2.5(1) (family, friends and business)	April 29, 2010

Full name, residential address and telephone number of purchaser	Number and type of securities (units) purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution
			associates)	
Hin Pik Chik 7555 Alderbridge Way # 905 Richmond BC V6X 4L3 6047272181]	20,000.00	\$1,800.00	NI 45-106, s. 2.5(1) (family, friends and business associates)	April 29, 2010
Edward Kelly 1288 Marinaside Cres #121 Vancouver BC V6Z 2W5 6047634774	679,222.00	\$61,130.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
E Kelly Investments Ltd 328-510 W. Hastings Vancouver, BC V6B 1L6 6047634774	111,111.00	\$10,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Elizabeth Kelly 1288 Marinaside Cres #121 Vancouver BC V6Z 2W5 6044188540	291,111.00	\$26,200.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Edward Kelly & Elizabeth Kelly 1288 Marinaside Cres #121 Vancouver BC V6Z 2W5 6044188540	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Nikolas Matysek 3275 Dickinson Crescent West Vancouver BC V7V 2L4 6049999939	500,000.00	\$45,000.00	NI 45-106, s. 2.5(1) (family, friends and business associates)	April 29, 2010
Brandon Boddy 308-1008 Cambie Street Vancouver BC V6B 6J7 6046437010	55,000.00	\$4,950.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Ania Balicki 308-1008 Cambie St. Vancouver BC V6B 6J7 6046437010	44,000.00	\$3,960.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Gregg Boddy 2271 Sorrento Dr.	100,000.00	\$9,000.00	NI 45-106, s. 2.3(1) (accredited	April 29, 2010

Full name, residential address and telephone number of purchaser	Number and type of securities (units) purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution
Coquitlam BC V3K 6P4 6049395862			investor)	
Liam Moss 1002-1441 St. Georges Ave North Vancouver BC V7L 3J4 7789085426	35,000.00	\$3,150.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Thomas Henricksen 431 Ariste de Aljovin Miraflores, Lima 18 Peru 511989591170	222,222.00	\$20,000.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Neil Davey 185, Kings Rd East North Vancouver BC V7N 1H4 604-916-1107	55,000.00	\$4,950.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Brandy Davey 185, Kings Rd East North Vancouver BC V7N 1H4 604-916-1107	55,000.00	\$4,950.00	NI 45-106, s. 2.3(1) (accredited investor)	April 29, 2010
Total	6,011,078	\$540,997.08		

Securities Regulatory Authorities and Regulators

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6500
Toll free in British Columbia and Alberta 1-800-373-6393
Facsimile: (604) 899-6506

Alberta Securities Commission

4th Floor, 300 – 5th Avenue SW
Calgary, Alberta T2P 3C4
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

Saskatchewan Financial Services Commission

6th Floor, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 3V7
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

The Manitoba Securities Commission

1130 – 405 Broadway Avenue
Winnipeg, Manitoba R3C 3L6
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

Ontario Securities Commission

Suite 1903, Box 5520 Queen Street West
Toronto, Ontario M5H 3S8
Telephone: (416) 593-3682
Facsimile: (416) 593-8252
Public official contact regarding indirect collection of information:
Administrative Assistant to the Director of Corporate Finance
Telephone (416) 593-8086

Autorité des marchés financiers

800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337
Or 1 877 525-0337
Facsimile: (514) 864-6381

New Brunswick Securities Commission

133 Prince William Street, Suite 606
Saint John, New Brunswick E2L 2B5
Telephone: (506) 658-3060
Facsimile: (506) 658-3059

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia B3J 3J9
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Prince Edward Island Securities Office

95 Rochford Street, P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Securities Commission of Newfoundland and Labrador

P.O. Box 8700 2nd Floor, West Block Confederation Building
St. John's, Newfoundland and Labrador A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of Yukon

Department of Community Services
Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, YT Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

Government of Northwest Territories

Department of Justice
Securities Registry
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 920-3318
Facsimile: (867) 873-0243

Government of Nunavut

Department of Justice

Legal Registries Division

P.O. Box 1000 – Station 570

1st Floor, Brown Building

Iqaluit, Nunavut X0A 0H0

Telephone: (867) 975-6190

Facsimile: (867) 975-6194