

# press release



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## **CHRYsalis CAPITAL II CORPORATION ANNOUNCES CHANGE OF NAME AND COMPLETION OF QUALIFYING TRANSACTION**

*Tangarine Payment Solutions Inc. (TSXV:TAN)*  
*Shares Issued: 46,694,224*

TORONTO, Ont. August 11, 2006 - Chrysalis Capital II Corporation (TSXV: CHC.p), ("Chrysalis II") is pleased to announce that it has closed its previously announced acquisition of all of the issued and outstanding securities of Tangarine Concepts Corporation ("Tangarine") by way of an amalgamation of Tangarine with 6582435 Canada Inc., a wholly-owned subsidiary of Chrysalis II. As previously announced, Chrysalis II, Tangarine and its principal shareholders entered into a letter of intent dated January 3, 2006 pursuant to which Chrysalis II agreed to acquire, prior to the amalgamation, 2,500,000 common shares in the capital of Tangarine ("Tangarine Common Shares") from two of its principal shareholders at a purchase price of \$0.80 per share for a total consideration of \$2,000,000. Pursuant to the amalgamation, Chrysalis II issued (i) one common share in the capital of Chrysalis II ("Chrysalis Common Shares") for each outstanding class A special share in the capital of Tangarine and for each outstanding Tangarine Common Share and (ii) one series I preferred share in the capital of Chrysalis II for each outstanding preferred share in the capital of Tangarine. Each outstanding warrant to purchase Tangarine Common Shares outstanding immediately prior to the amalgamation is now exercisable to acquire one Chrysalis Common Share in lieu thereof on economically equivalent terms and conditions.

The amalgamation constitutes the Qualifying Transaction of Chrysalis II for the purposes of Policy 2.4 of the TSX Venture Exchange.

As previously announced, in advance of the amalgamation Chrysalis II filed articles of amendment consolidating all of its issued and outstanding common shares on a three for one basis and creating a new series of preferred shares designated as series I preferred shares. As a result of the consolidation, the trading of Chrysalis Common Shares was halted pending completion of the Qualifying Transaction. The shares of the resulting issuer, Tangarine Payment Solutions Corp., will commence trading on or about August 15, 2006 under the new stock symbol TAN.

As a result of the completion of the share consolidation and the Qualifying Transaction, the issued and outstanding share capital of Chrysalis II is 46,694,224 common shares and 3,059,178 series I preferred shares. Of the outstanding common shares, 28,325,469 common shares were issued to holders of Tangarine Common Shares, 15,452,087 were issued to holders of Tangarine class A special shares and 2,916,668 were issued to existing holders of Chrysalis Common Shares. The aggregate number of outstanding common shares as compared to the projected number of common shares as disclosed in the Joint Information Circular increased by 422,356 common shares. The reason for the increase was that 36,123 Tangarine Common Shares and

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361,232 Tangarine class A special shares were issued to current terminal owners in exchange for point-of-sale terminals together with contractual rights under the terminal purchase agreement, 25,000 common shares were issued to the Business Development Bank of Canada as partial consideration in respect of a loan and 1 common share as a result of fractional shares from the consolidation.

Under the terms of an escrow agreement dated August 1, 2006 between Chrysalis II, Olympia Trust Company and certain escrow securityholders, 3,059,178 series I preferred shares and 25,329,816 common shares of Tangarine Payment Solutions Corp. are held in escrow and to be released in accordance with the following timeline:

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released (common shares)	Total Number of Escrowed Securities to be Released (Series I Preferred Shares)
August 11, 2006	1/10 of escrowed Securities	2,532,982	305,918
February 11, 2007	1/6 of remaining escrow securities	3,799,472	458,877
August 11, 2007	1/5 of remaining escrow securities	3,799,472	458,877
February 11, 2008	1/4 of remaining escrow securities	3,799,472	458,877
August 11, 2008	1/3 of remaining escrow securities	3,799,472	458,877
February 11, 2009	1/2 of remaining escrow securities	3,799,472	458,877
August 11, 2009	All of remaining escrow securities	3,799,472	458,877
TOTAL	100%	25,329,816	3,059,178

Immediately prior to the completion of the Qualifying Transaction, Chrysalis II filed articles of continuance changing its name to Tangarine Payment Solutions Corp. and continuing Chrysalis II under the Canada Business Corporations Act. This filing was approved by its shareholders at the annual and special meeting held on July 14, 2006.

"The Tangarine team is very pleased to have completed its amalgamation with Chrysalis II," said Keith Turner, President and Chief Executive Officer of Chrysalis II. "The platform provided by the

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TSX Venture Exchange will assist Tangarine in continuing to grow its business and seize strategic opportunities."

Chrysalis II also announces changes to the management of Chrysalis II with the appointment of Keith Turner as President and Chief Executive Officer, Brent Knudsen as Director of Business Development and Fraser Elliott as Chief Financial Officer, replacing Marc Lavine and Jonathan Ehrlich. As well, the board of directors of Chrysalis II have accepted the resignation of Messrs. Robert Munro and Geoffrey Rotstein from the board. As approved by the shareholders of Chrysalis II, Messrs. Keith Turner, Brent Knudsen, Fraser Elliott, Robert Chadwick and Pierre Gagnon have joined the board of directors filling the vacancies created by such resignations.

Further details regarding the Qualifying Transaction may be found in a joint information circular dated June 16, 2006, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **ABOUT CHRYSALIS CAPITAL II CORPORATION**

Chrysalis II is The Chrysalis Capital Group's ("Chrysalis") second capital pool company ("CPC"). Chrysalis is entirely focused on generating superior shareholder returns through the creation of a series of unique CPCs. Through experience and innovation, we've become trusted experts at investing and working with companies involved in the CPC program. Not all CPCs are created equal.

To date, Chrysalis has established three CPCs - Chrysalis Capital I: now PharmEng International Inc. (TSXV: PII), Chrysalis Capital II: now Tangarine Payment Solutions Corp. (TSXV: TAN), and Chrysalis Capital III: which completed its IPO on June 27, 2006 and is currently seeking a strong company for its Qualifying Transaction. For more information about Chrysalis, please visit [www.tccg.ca](http://www.tccg.ca).

## **ABOUT TANGARINE CONCEPTS CORPORATION**

Tangarine markets consumer-initiated electronic financial payment solutions to small and mid sized retail businesses, including equipment and software applications to process debit and credit card transactions at retail points-of-sale ("POS"). Tangarine's focus is on electronic POS transactions, a segment dominated by certain Canadian banks. Tangarine targets small and mid sized retail businesses, such as convenience stores, small specialty stores, bars, restaurants and gas stations and offers them POS transaction services and options similar to those that large volume or corporate merchants receive from the major Canadian banks. Tangarine is a fully integrated POS terminal provider and offers a complete suite of POS terminal management services, including deployment, maintenance, transaction processing, reporting and settlement.

Since its entrance into the POS transaction business in 2001, Tangarine has become one of the leading non-financial institution POS terminal providers in Canada with over 8,200 terminals placed across Canada, although primarily in Alberta and Ontario, divided between wired (69%)

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and wireless (31%) terminals. In addition to providing POS transactional support services to retailers, Tangarine also sells prepaid cellular and long distance cards as ancillary products through certain of its POS terminals.

In October, 2005, Tangarine officially launched prepaid MasterCard(r) under the brand name MyCardTM ([www.mycard.ca](http://www.mycard.ca)). The launch, through both its existing retail base and a reseller program, is a bold step for Tangarine and it has successfully issued over 9,000 cards as of July 31, 2006.

*This news release contains projections and other forward-looking statements regarding future events. Such statements are predictions, which may involve known and unknown risks, uncertainties and other factors, which could cause the actual events or results and objectives to differ materially from those expressed.*

*The TSX Venture Exchange has in no way passed upon the merits of the Qualifying Transaction and has neither approved nor disapproved the contents of this press release.*

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*

For further information, please contact:

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