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**AFG FLAMEGUARD ISSUES PRIVATE PLACEMENT SHARES,  
MAKES CHANGE ON BOARD AND  
REPORTS ON DEPLOYMENTS**

**VANCOUVER, BC** – February 13, 2012 - AFG Flameguard Ltd. (“AFG” or the “Corporation”), a technology focused company that provides innovative products and services to the fire suppression and prevention industry, is pleased to announce that in connection with the private placement announced on December 21, 2011, it has issued a first tranche of 215,000 units (“Unit”) at a price of \$0.35 per Unit for total gross proceeds of \$75,250 on January 30, 2011.

Each Unit consists of one common share and one common share purchase warrant. Two common share purchase warrants entitle the holder to purchase one additional common share of the Corporation at a price of \$0.55 for a period of twelve months from the date the shares of the Corporation are listed on a stock exchange, provided that if at any time the Corporation’s shares have a closing price of \$0.75 or more for ten (10) consecutive trading days on the stock exchange, the Corporation will be entitled to give notice to the holders of the warrants to the effect that the warrants will expire 30 days from the date of mailing of such notice unless exercised before the expiry of that period, and in such event all unexercised warrants will expire at 4:30 pm (Vancouver time) on the last day of such 30 day period.

The Corporation issued 16,500 warrants and paid \$4,042.50 as finder’s fee to Leede Financial Markets Inc. (“Leede”) with respect to \$57,750 raised by Leede.

The Board also announces that David Sumner resigned as an officer and director of the Corporation. Mr. Sumner is one of the founders of AFG and will continue to assist the Corporation with a focus on field training, demonstration, sales and market development as these responsibilities are within Mr Sumner’s area of expertise and require increasing attention. The board is grateful to Mr. Sumner for playing a key role in the launching of the Corporation and an innovator in developing markets for the products, which he will continue to do, free from the duties of being an officer and director.

AFG is very pleased to announce that there have now been over 20 deployments of its DSPA-5 device by fire departments in Canada, resulting in saving significant property damage, costs, human and environmental contamination.

Recent deployments of the DSPA-5 include Souris, Prince Edward Island, Kingston, Nova Scotia and West Lincoln, Ontario. In Souris the DSPA-5 was deployed in a multi-story house fire where a basement fire erupted when wood supply used for heating caught fire. The DSPA-5 was instrumental in helping firefighters save the structure and extinguish the fire with only 5 gallons of water being used to overhaul the fire. On December 6, 2011 a DSPA-5 was deployed

in Kings County, Nova Scotia in a kitchen fire which resulted in the firefighters saving the home and only 30 gallons of water was used to fully extinguish a potentially much larger and damaging blaze. On January 16, 2012 a DSPA-5 was used to battle a bedroom fire and save a home in West Lincoln. The first responder arrived by car and deployed the DSPA-5 through a window and was able to suppress the fire until crews arrived to overhaul the fire with only 100 gallons of water being used.

AFG previously announced on December 6, 2011 DSPA-5 deployments in Cornwall, Prince Edward Island, Port Elgin, Meaford, Chatsworth, Durham, Mildmay and Trenton, Ontario as well as Oromocto and Canning, New Brunswick and Roberval, Quebec.

After the Cornwall deployment, Fire Chief Kirby Wakelin, North River Fire Department commented, "It [DSPA-5] is a fire suppression unit and it was doing its job. It knocked the flames out and it saved the mini-home. There is no question about it. The home would not be standing if it wasn't for that [DPSA-5]. I have been a firefighter for 25 years and many people have made claims of offering products better than water. This is the first one that really lives up to that claim."

Other recent deployments of the DSPA-5 in Port Elgin, Meaford, Chatsworth, Durham, Mildmay and Trenton, Ontario as well as Oromocto and Canning, New Brunswick and Roberval, Quebec resulted in savings as reported by the attending fire chief of over \$3 million in potential structural damage that would have been caused if traditional methods were used to extinguish the fires. These reported savings do not include other benefits, such as savings to insurance companies related to lower payouts, savings to property and business owners related to interruption of business and savings to fire departments related to the reduced use of other equipment, minimal use of water, less exposure to injury and toxins by firefighters and residents. Savings on occupant displacement expense, reduced environmental damage, reduced business interruption and saving irreplaceable personal property and records are all positive benefits of the DSPA-5 that multiply the savings reported on the scene.

In one of these cases, the Meaford Golf Course fire, the DSPA-5 completely extinguished the fire and no water was used to battle the fire. Damage was limited to \$40,000 in a \$500,000 building. The DSPA-5 was instrumental in protecting priceless vintage trophies and golf artifacts and the property owner was back in business within two weeks of the fire.

After using the DSPA-5 to battle a fully engulfed fire in Port Elgin, Fire Chief Phil Eagleson stated, "Utilizing DSPA fire suppression technology prevented loss to the two storey portion of the structure." Eagleson further stated, "firefighters were also successful in protecting two vehicles and saving two felines from the fire."

As a result of the effective use of the DSPA-5 in Roberval, Quebec the Fire Chief in a radio interview explained how the DSPA-5 recently saved a three storey structure from being completely destroyed.

## **DSPA-5 DEPLOYMENTS RECEIVING ACCOLADES**

AFG markets an innovative line of environmentally friendly products for battling fire including the revolutionary Dry Sprinkler Powder Aerosol (“DSPA”) technology and a complete line of safe, non-toxic and easy to apply thin-coat intumescent (fire resistant) paints, coatings and sprays. The AFG product line led by the DSPA-5 has the potential to significantly transform the firefighting and prevention, renovation and construction industries.

The DSPA-5 first responder tool is AFG’s premier product. As a unique handheld portable fire knockdown tool, the DSPA-5 is already in use in fire departments across North America and internationally. It is designed primarily for use by trained firefighters, but is also an appropriate tool for a wide variety of applications, including fire departments, remote businesses, homes and cottages, marine, industrial, high-rise buildings and military. With the ability to extinguish flames at the source within seconds, the DSPA-5 is proving itself to be the first responder tool of choice for the firefighting industry.

Recent deployments of the DSPA-5 by firefighters in Canada have proven the versatility and reliability of the DSPA-5 and have helped save multi-story houses, a golf clubhouse and mobile homes. The success of the DSPA-5 has received very positive media attention because its use dramatically reduced the property damage that usually results when traditional methods are used to fight the fire.

Thomas Bell, AFG President and CEO commented, “The recent success stories in Canada have established Dry Sprinkler Powder Aerosol as an effective tool to battle fires. AFG expects that the accolades and success stories related to DSPA technology will pave the way for the sale of fixed DSPA systems that can be used in a variety of applications and structures. Virtually any enclosed structure, specifically those lacking water sprinkler systems or where fire service access is problematic is an ideal candidate for fixed DSPA systems.”

## **MUNICIPALITIES CHANGING BY-LAWS TO INCLUDE DSPA’S AS BUDGETED ESSENTIAL EQUIPMENT**

In Ontario, Grimsby, West Lincoln County and Haldimand County are among the first areas to amend their emergency and rescue cost recovery by-laws to reflect the use of a DSPA-5 as a budgetary item and a recognized tool used for the suppression and containment of fire during an incident. Fire Marque, an independent company that many counties have engaged to recover firefighting costs from insurance companies has added DSPA-5 to their list of items covered under their cost recovery program.

AFG is proposing similar municipal by-law amendments in all areas where deployments occur and where over 400 units are currently rolled out to 180 fire halls. Such amendments will assist the municipalities in recovering the cost of the DSPA-5 and further simplify the purchase process of units and assist in the insurance recovery program.

## **AFG'S UNIQUE DISTRIBUTION MODEL**

To ensure acceptance and growth in the residential, business and government markets, AFG has created a unique distribution Roll-Out Program designed to accelerate the rate of product distribution to qualified fire departments in Canada. As use and sales of the DSPA-5 grow, our strategy will secure a reputation for AFG within the firefighting community as well as with the public and demonstrate significant savings to insurance companies and property owners compared to losses normally incurred using traditional fire suppression methods.

The DSPA-5 is clearly a revolutionary product but it is not the only innovative product that AFG markets. We also offer advanced technological sensing and extinguishing products as well as high quality fire resistant thin-coat paints and coatings. AFG's HCA WL thin-coat paint is now listed with Quality Auditing Institute ("QAI") having met UL/ULC flame spread ratings as an 'A' class flame retardant on a variety of substrates. Recently HCA WL has been tested to meet one hour duration for fire resistant as a membrane application for wall assemblies. No other thin-coat intumescent paint has met all these standards. The AFG sales team is currently targeting a diverse client base for all of our products including: residences, businesses, municipalities, nuclear plant operators, First Nation communities, cottagers, museums, farms, hotels, restaurants, marine and military.

## **AFG PRODUCTS: INNOVATION IN LIFE SAFETY**



**DSPA – DRY SPRINKLER POWDER AEROSOL** - AFG's Dry Sprinkler Powder Aerosol (DSPA) extinguishing systems are environmentally friendly powder aerosol generators that extinguish fires in their early stages and knockdown fully developed A, B, C and K fires in a contained environment within seconds. AFG's premier DSPA-5 product is a unique handheld first responder portable knockdown tool, already in use in fire departments across North America and worldwide.



**NOFIQ FIRE SUPPRESSION SYSTEMS** - NOFIQ fire suppression systems are capable of detecting carbon monoxide (CO) and temperature rise – both an indication of fire in its earliest form. The detection component will sound an alarm in the surrounding area and send a wireless message to an alarm management station. If a fire fully ignites the built-in aerosol fire-extinguishing component will extinguish the fire. These systems are the perfect solution for server stations, electrical panels and other business applications where the equipment and the environment would be significantly damaged by water suppression units.



**INTUMESCENT FIRE RESISTANT PAINTS AND COATINGS -** AFG's intumescent (fire resistant) paints and coatings include a complete line of safe, non-toxic and easy to apply intumescent paints, coatings, fire retardants, fire containment products and fabric sprays. They are designed for a wide variety of industrial, commercial and construction industry applications. They can be implemented wherever regular paint is used – primarily on steel and wood. The HCA WL thin-coat paint has recently been listed with QAI and has the longest heat resistant rating in the industry for flame retardant properties.

For more information, please visit <http://www.afg5.com> and follow AFG on Twitter at [twitter.com/afgflameguard](https://twitter.com/afgflameguard) or contact:

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