

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in British Columbia and Alberta but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from these securities regulatory authorities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus (the "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. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state, territory or possession of the United States, and may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act) without registration or an exemption from registration under the U.S. Securities Act or applicable securities laws of any state, territory or possession of the United States.



GRASSLANDS ENTERTAINMENT INC.
(the "Corporation")
Initial Public Offering
PRELIMINARY PROSPECTUS DATED SEPTEMBER 28, 2001
to qualify for distribution
COMMON SHARES AT \$0.40 PER SHARE

MAXIMUM OFFERING	1,250,000 COMMON SHARES	\$500,000
MINIMUM OFFERING	875,000 COMMON SHARES	\$350,000

AND

600,000 COMMON SHARES TO BE ISSUED UPON EXERCISE OF STOCK OPTIONS TO BE GRANTED TO DIRECTORS AND OFFICERS OF THE CORPORATION

AND

UP TO 125,000 COMMON SHARES, OR 10% OF THE NUMBER OF COMMON SHARES SOLD PURSUANT TO THIS PROSPECTUS, TO BE ISSUED UPON EXERCISE OF AN OPTION TO BE GRANTED TO WOLVERTON SECURITIES LTD. AT AN EXERCISE PRICE OF \$0.40 PER SHARE FOR AGGREGATE PROCEEDS TO THE CORPORATION, IF AS AND WHEN EXERCISED, OF UP TO \$50,000

	Price to the Public	Agent's Commission ⁽¹⁾	Net Proceeds to the Corporation ⁽²⁾
Per Common Share	\$ 0.40	\$ 0.032	\$ 0.368
Total Maximum Offering	500,000	40,000	460,000
Total Minimum Offering	350,000	28,000	322,000

(1) The Corporation will be granting to Wolverton Securities Ltd. (the "Agent") an option (the "Agent's Compensation Option") to purchase up to 125,000 common shares of the Corporation ("Common Shares"), or 10% of the number of Common Shares sold pursuant to this Prospectus (the "Agent's Optioned Shares"). The Agent's Compensation Option entitles the holder thereof to acquire the Agent's Optioned Shares for \$0.40 per share for 18 months following the closing of the offering of Common Shares hereunder (the "Offering"). This Prospectus qualifies the Agent's Optioned Shares for distribution. The Corporation will also pay the expenses of the Agent and a fee for sponsoring the Corporation's application for listing. See "PLAN OF DISTRIBUTION" and "OPTIONS TO PURCHASE SECURITIES".

(2) Before deducting the expenses of this Offering, estimated at \$80,000 before deduction of the Agent's commission, fees and expenses, all of which will be paid out of the proceeds of this Offering. See "PLAN OF DISTRIBUTION".

The Common Shares are not presently listed or posted for trading on any stock exchange. Concurrent with the filing of this Prospectus, the Corporation will be applying to list the Common Shares distributed under this Offering on The Canadian Venture Exchange (the "Exchange"). Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

An investment in the Common Shares is highly speculative and involves significant risk due to a number of factors, including the nature of the Corporation's business and the Corporation's present stage of development. An investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. See "RISK FACTORS".

The Offering is not underwritten and is subject to receipt of subscriptions for a minimum of 875,000 Common Shares pursuant to this Offering. The Corporation has entered into an agreement with Wolverton Securities Ltd. to act as agent for the Corporation for the sale of the Common Shares under the Offering on a best efforts basis and to act as sponsor for the Corporation in respect of its application for listing on the Exchange. The issue price was determined by negotiation between the Corporation and the Agent. The agreement between the Corporation and the Agent is subject to the conditions referred to under the heading "PLAN OF DISTRIBUTION" and is subject to the approval of certain legal matters on behalf of the Corporation by ProVenture Law, Barristers and Solicitors, Calgary, Alberta and on behalf of the Agent by Macleod Dixon LLP, Barristers & Solicitors, Calgary, Alberta. Subscriptions will be received subject to rejection or allotment in whole or in part in the discretion of the Corporation and the Agent and the right is reserved to close the subscription books at any time without notice.

The issue price of \$0.40 for each Common Share exceeds the net tangible book value per Common Share as of March 31, 2001, prior to giving effect to any exercise of stock options by the Agent or the directors and officers of the Corporation, by \$0.315 under the minimum Offering representing a dilution factor of 78.75% and by \$0.306 representing a dilution factor of 76.5% under the maximum Offering. See "DILUTION" and "RISK FACTORS".

It is expected that certificates representing the Common Shares issuable under this Offering will be available in definitive form for delivery immediately following closing of the Offering.

AGENT

Wolverton Securities Ltd.
2100, 335 – 8th Avenue S.W.
Calgary, Alberta
T2P 1C9

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SUMMARY OF PROSPECTUS

The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained in this Prospectus, including the financial statements and notes to the financial statements. In addition to this summary, you are urged to read carefully the entire Prospectus, especially the discussion of the risks of investing in the Common Shares under "Risk Factors".

The Offering

The Offering consists of a maximum of 1,250,000 and a minimum of 875,000 Common Shares, at a sale price of \$0.40 per Common Share. The issue price was determined by negotiation between the Corporation and the Agent. 600,000 Common Shares are reserved for issuance upon exercise of stock options granted to directors of the Corporation's predecessor or to be granted to officers and directors of the Corporation and are being qualified for distribution under this Prospectus. Up to 125,000 Common Shares, or 10% of the number of Common Shares sold pursuant to this Offering, are reserved for issuance upon exercise of the Agent's Compensation Option and are being qualified for distribution under this Prospectus. See "PLAN OF DISTRIBUTION" and "OPTIONS TO PURCHASE SECURITIES".

The Corporation and Principal Business

The Corporation was created by the amalgamation of The Grasslands Entertainment Group Inc. and Starbright Venture Capital Inc. under the *Business Corporations Act* (Alberta) on July 11, 2001. The Corporation is an entertainment company which creates, produces and markets specifically targeted television programming content for the cable specialty market and integrates the content into cross-platform sponsorship opportunities. See "GENERAL DEVELOPMENT OF THE BUSINESS" and "NARRATIVE AND DESCRIPTION OF THE BUSINESS".

Risk Factors

Investment in the Common Shares is subject to a number of risks including risks related to the following topics: Limited Operating History, Fluctuations in Operating Results, Reliance on Key Personnel, Financial History, Financial Risks, Estimates in Reported Revenues and Earnings, Potential Alliances, Risks Related to the Nature of the Entertainment Industry, Internet Dependency and Market Uncertainty, Risks of the Internet as a Medium for Commerce, Regulatory Environment, Competition, Responding to Evolving Technology and Industry Standards, Government Incentive Program, Employment and Labour Relations, Canadian Content and Ownership, Proprietary Rights, Management of Growth, Influence of Management, Relationships with Broadcasters and Distributors, General Economic Conditions and Possible Volatility of Stock Price. See "RISK FACTORS".

Use of Proceeds

The gross proceeds to be raised under this Offering are a minimum of \$350,000 and a maximum of \$500,000. The Corporation estimates the Agent's commission, fees and expenses to be \$60,000 for the minimum Offering and \$72,000 for the maximum Offering. The Corporation estimates other expenses, including legal, audit, printing and regulatory expenses at approximately \$80,000 under the minimum and maximum Offering. The Corporation has already paid \$69,000 of these expenses.

The Corporation's working capital, as of August 31, 2001, was \$129,613 resulting in available funds of \$408,613 in the case of the minimum offering and \$546,613 in the case of the maximum offering which will be utilized as follows:

	Minimum	Maximum
Development of the Thirsty Traveler Web-site	\$ 40,000	\$ 40,000
Advertising Executive (6 month salary and expenses)	100,000	100,000
Bridge Financing for production of The Thirsty Traveler Series	168,613	168,613
Finance development of Buildable Business Unit	Nil	138,000
Unallocated Working Capital	100,000	100,000
TOTAL	\$ 408,613	\$ 546,613

See "USE OF PROCEEDS".

Summary Financial Information

The Corporation

The following table sets forth the pro-forma financial data of the Corporation as at March 31, 2001, prior to the Amalgamation, as compiled from the pro-forma balance sheet contained elsewhere in this prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements included with this Prospectus were prepared in accordance with generally accepted accounting principles in Canada.

	As at March 31, 2001
Total Assets	\$1,414,175
Total Liabilities	29,282
Shareholders' Equity	1,384,893

The Corporation has not paid any dividends on its outstanding common shares to date. The current directors of the Corporation do not presently intend to implement a policy of paying regular dividends on the Common Shares. The board of directors will review this policy from time to time, having regard to the needs of the Corporation to finance future growth, the financial condition of the Corporation and other factors that the board of directors may consider appropriate in the circumstances.

The Grasslands Entertainment Group Inc.

The following table sets forth selected historical financial data of Grasslands which has been derived from, and should be read in conjunction with, the financial statements and notes thereto contained elsewhere in this Prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Statement of Operations:				
	Nine Months Ended March 31, 2001 (unaudited)	Year ended June 30,		
		2000	1999	1998
Revenues	\$ 299,414	\$ 223,550	\$ 79,854	\$169,658
Expenses	200,575	187,020	247,540	266,055
Income (loss) before income taxes	98,839	36,530	(167,686)	(96,397)
Net income (loss)	91,409	36,530	(167,686)	(96,397)
Gain (loss) per share	0.017	0.007	(0.034)	(0.151)
Weighted average number of Common Shares outstanding	5,389,701	5,254,208	4,873,080	636,889
Balance Sheet Data:				
	As at March 31, 2001	As at June 30,		
		2000	1999	1998
Total Assets	\$ 377,665	\$ 192,375	\$ 161,249	\$ 124,199
Total Liabilities	27,782	98,901	104,305	94,344
Shareholders' Equity	349,883	93,474	56,944	29,855

Grasslands never paid any dividends during its operating history.

Starbright Venture Capital Inc.

The following table sets forth selected historical financial data of Starbright which has been derived from, and should be read in conjunction with, the financial statements and notes thereto contained elsewhere in this Prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Statement of Operations:				
	Nine Months Ended March 31, 2001 (unaudited)	Year ended June 30,		
		2000	1999	1998
Revenues	\$ 8,525	\$ 8,737	\$ 68,240	\$ 74,589
Expenses	364,730	456,587	197,726	39,988
Income (loss) before income taxes	(356,205)	(447,850)	(129,486)	34,601
Net income (loss)	(358,000)	(447,850)	(99,360)	31,850
Gain (loss) per share	(0.176)	(0.221)	(0.049)	0.016
Weighted average number of Common Shares outstanding	2,030,803	2,030,803	2,030,803	2,030,803
Balance Sheet Data:				
	As at March 31, 2001	As at June 30,		
		2000	1999	1998
Total Assets	\$ 197,913	\$ 554,413	\$ 1,002,263	\$ 1,134,825
Total Liabilities	1,500	-	-	33,202
Shareholders' Equity	196,413	554,413	1,002,263	1,101,623

Starbright never paid any dividends during its operating history.

See "SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS" and "FINANCIAL STATEMENTS".

CORPORATE STRUCTURE

The Corporation

The Corporation was formed on July 11, 2001 by virtue of the amalgamation (the “Amalgamation”) of The Grasslands Entertainment Group Inc. (“Grasslands”) and Starbright Venture Capital Inc. (“Starbright”) pursuant to the provisions of the *Business Corporations Act* (Alberta) (the “ABCA”). The registered and records office of the Corporation is located at Suite 1220, 144 - 4th Avenue S.W., Calgary, Alberta, T2R 0E3.

The Grasslands Entertainment Group Inc.

Grasslands was incorporated under the provisions of the ABCA as 651139 Alberta Ltd. on April 18, 1995. On November 3, 1995 Grasslands changed its name to The Grasslands Television Group Inc. and on April 18, 1997 again changed its name to The Grasslands Entertainment Group Inc. On July 18, 1997 Grasslands amended its articles of incorporation to remove certain private company restrictions previously contained therein. As a result of such amendment, the articles of Grasslands no longer imposed restrictions on the number of shareholders of Grasslands or the ability for Grasslands to make invitations to the public to subscribe for shares. The registered and records office of Grasslands was located at Suite 1220, 144 - 4th Avenue S.W., Calgary, Alberta, T2R 0E3.

Starbright Venture Capital Inc.

Starbright was incorporated under the provisions of the ABCA on June 3, 1997. The registered and records office of Starbright was located at Suite 1220, 144 - 4th Avenue S.W., Calgary, Alberta, T2R 0E3.

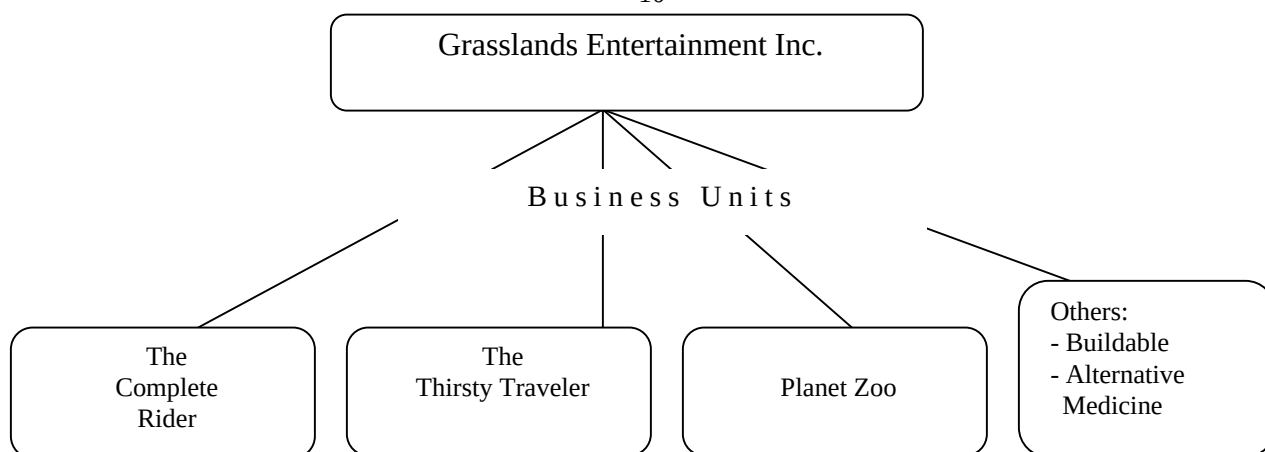
GENERAL DEVELOPMENT OF THE BUSINESS

General Information, Operating History and Principal Products

The Corporation

Since the Amalgamation on July 11, 2001, the Corporation has continued the operations and business plan of Grasslands. Starbright had limited operations since its incorporation. The purpose of the Amalgamation was to combine the business operations of Grasslands with the capital and shareholder distribution of Starbright in order to facilitate this Offering.

The Corporation is an entertainment company which creates, produces and markets specifically targeted television programming content through distinct business units (“Business Unit(s)”) for the cable specialty market and integrates content into cross-platform sponsorship opportunities. The television content generates broadcast revenue and is also used as free advertising to brand an affiliated web-site (“cross-platform”), attracting viewers and generating sponsorship, advertising and merchandising opportunities. The Corporation considers its television series for home video sales and has established strategic links with industry specific print media for additional television and web-site advertising exposure.



The Grasslands Entertainment Group Inc.

The Complete Rider

Grasslands developed its first Business Unit around a television series about horses, titled “The Complete Rider”, which aired in its first season in 1998 and will be airing its fourth season in 2002. The Complete Rider airs on several networks in Canada and the United States including the Outdoor Life Network, CTV Sportsnet, TV Ontario and The Craig Broadcasting System. Under the terms of the Outdoor Life Network’s contract with Grasslands in both Canada and the United States, the network is entitled to air season III of The Complete Rider until August 31, 2003. According to an Outdoor Life Network April 3, 2001 press release, the Outdoor Life 24 Hour cable network which airs The Complete Rider, reaches over 35 million households. The Complete Rider companion web-site (www.thecompleterider.com), which is owned by the Corporation, was launched in 2000 and has experienced as many as 320,000 hits in one month. The Complete Rider web-site offers content and provides advertising opportunities specifically catered to the equine market. Grasslands has also established, at no cost, alliances with industry related magazines in Canada and the United States. Grasslands has released the first The Complete Rider video and a Complete Rider book is scheduled to follow. The following table displays approximate revenues generated by The Complete Rider for the financial years ended June 30, 2000 and 1999.

The Complete Rider	Revenue for Financial Year Ended June 30, 2001 ⁽¹⁾	Revenue for Financial Year Ended June 30, 2000	Revenue for the Financial Year Ended June 30, 1999
Broadcasting Revenue	\$113,000	\$ 100,550	\$ 50,000
Sponsorship Revenue	118,000	104,000	26,000
Other	11,000	12,000	N/A

(1) The figures for the year ended June 30, 2001 are management prepared as the Corporation has not yet completed its audit for such period.

The Corporation has started to develop Business Units for four other industry specific markets described below.

The Thirsty Traveler

The Corporation intends to target the travel and liquor industry via “The Thirsty Traveler” Business Unit including a series and related web-site. A pilot trailer has been completed and the first season has been sold to The Food Network Canada and The Food Network USA with production now underway as of August 2001. Each of the 12, first season, ½ hour episodes will focus on the history of a particular travel destination and the story of their unique libation. The web-site: www.ThirstyTraveler.TV has been reserved and initial discussions are underway with potential partners for development of this web-site. The Corporation has initiated contact with numerous potential sponsors and has entered into discussions with The Organization of American States Small Hotels Caribbeanexperience Project to act as lead sponsor for this series.

Planet Zoo

According to the American Zoo and Aquarium Association, zoos draw 134 million visitors annually which is more attendance than the National Football League, the National Basketball League and Major League Baseball combined. The Corporation intends to target the zoo industry via the "Planet Zoo" Business Unit including a one hour prime time special and related web-site. The first special has been sold to The Discovery Channel Canada and is scheduled for airing in the fall of 2001 or the spring of 2002. The special will focus on the evolving relationship between the world's zoos and the environment. Production is complete with filming having taken place in Florida, South America and Thailand and post production is underway. The web-site: www.ThePlanetZoo.com has been reserved and discussions have been initiated with potential key sponsors and partners including the Calgary Zoological Society.

Projects Under Development

The Corporation intends to target the craft and hobby industry via the "Buildable" Business Unit including a series and related web-site. A pilot episode has been completed and additional projects have been identified for future episodes. Each episode will feature a craft project which parents can build with their children. The Corporation has scheduled development and production to begin in 2002. Refinement of projects and development of a complete business strategy for the integration of the broadcast, internet and sponsorship cross platform components are scheduled for fourth quarter 2002.

The Corporation is currently in discussions with potential sponsors for development of a Business Unit respecting alternative medicine and spirituality. The Corporation is currently researching the growth areas of this market and has initiated discussions with the Integrated Health Institute of Calgary to look at strategies for combining resources to create the media components for broadcast and internet. This Business Unit is scheduled for implementation in the fourth quarter of 2002.

Starbright Venture Capital Inc.

Starbright was formed pursuant to a plan of arrangement (the "Plan of Arrangement") whereby former shareholders of Universal Genetics Corporation Limited ("Universal"), a company which was formerly listed on the Alberta Stock Exchange, exchanged their shares for common shares of Starbright. By virtue of the Plan of Arrangement, the following results occurred:

1. Shareholders of Universal received shares of Starbright.
2. One of the principal holders (the "Principal Shareholder") of the Universal shares prior to the Plan of Arrangement received all of the outstanding common shares of Universal.
3. The principal assets and operations of Universal remained with Universal;
4. As consideration for keeping the principal assets and operations of Universal, Universal paid Starbright \$1,100,000 by way of cash, promissory notes and preferred shares of Universal and certain collateral security.

Upon completion of the Plan of Arrangement, Universal became a private company, wholly owned by the Principal Shareholder.

Starbright became a shell company, with a large shareholder distribution, \$150,000 in cash, \$500,000 in promissory notes from Universal and Universal preferred shares with a redemption price of \$450,000. The indebtedness of Universal to Starbright was secured by way of a guarantee provided by Universal's subsidiary and a second collateral mortgage on land and buildings of Universal's subsidiary. Subsequent to the Plan of Arrangement, operations of Universal proved unprofitable and Universal defaulted on its obligations to Starbright. As of March 31, 2001, Starbright had \$197,913 in cash and other current assets and all remaining amounts owing from Universal, including the Universal preferred shares, had been written down to nil. Starbright continues to hold its security on amounts owed by Universal and Universal continues its operations. Negotiations are ongoing with Universal for the payment of outstanding amounts, but management of Starbright deemed it prudent to write down such amounts to nil on its financial statements.

Industry Trends

The Corporation sees growth in the television and Internet markets as two trends which will have a significant impact on the Corporation's business.

According to the latest statistical data from the National Cable Television Association, targeted programming to a specific "niche audience" has fueled dramatic growth in the number of specialty cable program networks. By the end of 1995, there were 139 cable-programming services available nationwide, in addition to many regional-programming networks. By the Fall of 1999, the number of national cable video networks grew to 214. On November 24, 2000, the CRTC – Canadian Radio and Television Commission licensed two hundred eighty nine (289) new cable networks.

Approximately 7 in 10 television households (in excess of 65 million) are cable subscribers. In 1996, over 57% of all subscribers received 47 channels or more and the number of channels grew to 54 in 1998. North America's thirst for quality television has been the driving force behind the cable industry's growth. The willingness to invest in new technologies and programming has made cable television more than just an antenna service -- it is now an integral part of the culture. Cable networks have also led the way in development of top quality Internet sites, including such offerings as ESPN Sports Zone, Discovery Online and CNN Interactive.

The much anticipated '200 Channel Universe' is here and management of the Corporation believes the '500 Channel Universe' is just around the corner. The one constant in the expanding cable television system, is the increased demand for programming content. A 500-channel market would require over 4 million hours of programming to satisfy each of them supplying 24 hours a day of content.

The Amalgamation

Members of the board of directors of each of Grasslands and Starbright entered into an amalgamation agreement dated the 11th day of May, 2001. The shareholders of each of Grasslands and Starbright approved the Amalgamation at respective shareholder meetings on July 9, 2001 and July 3, 2001 and the Amalgamation was effected by filing articles of amalgamation on July 11, 2001 under the current name of the Corporation, Grasslands Entertainment Inc. Prior to the Amalgamation, Grasslands had 6,079,208 common shares outstanding each of which was exchanged for 1.3 Common Shares of the Corporation for a total of 7,902,970 Common Shares. Prior to the Amalgamation, Starbright had 2,030,803 common shares outstanding each of which was exchanged for 1 Common Share of the Corporation for a total of 2,030,803 Common Shares. In the opinion of the board of directors of Grasslands and Starbright, the Amalgamation was favorable for both entities as it combined the operations of Grasslands with the cash and shareholder distribution of Starbright thereby facilitating this Offering.

NARRATIVE AND DESCRIPTION OF THE BUSINESS

Stated Business Objectives and Milestones

The Corporation has adopted the objectives and milestones set forth below.

Grow Production Revenues

The Complete Rider Business Unit

The Corporation has scheduled to produce and complete an additional thirteen half-hour episodes of their Complete Rider television Series starting Spring 2002 for airing Fall of 2002. This will give the Corporation a total of 52 finished episodes of this series and will provide the ability to target new broadcasters and provide them with weekly program content to fill a year of their programming schedule. It will also continue to provide mass media support for the companion web-site and continued cross-platform marketing opportunities for new and existing corporate partners.

The Planet Zoo Business Unit

Production of the one hour Prime Time Special Planet Zoo is complete with airing scheduled for Fall of 2001 or Spring of 2002 with The Discovery Channel. The Corporation is currently in discussions with a number of interested sponsors. The Corporation has also had discussions with their project partner, the Calgary Zoological Society, on a partnership alliance to develop and operate the companion web-site.

The Thirsty Traveler Business Unit

Production is underway and completion of the initial twelve half hour episodes of the 'The Thirsty Traveler' television Series is scheduled for January 2002 with the series airing in the Spring of 2002 with the Food Networks in Canada and United States. It will also provide the initial mass media attention to launch the first phase of the companion web-site, www.ThirstyTraveler.TV. The Corporation is currently in discussions with interested sponsors and web partners.

Grow Cross-Platform Sponsorship Revenue

The Corporation plans to continue to develop and execute new cross-platform sponsorship opportunities with corporate clients that have historically been identified with specific projects and Business Units as well as develop new partnerships. These strategies will integrate the content of the television series and the companion web-site of a particular Business Unit. The Corporation has started to target major sponsors within each of its identified target industries within each Business Unit. Each potential Business Unit is reviewed for cross-platform revenue potential. The overall criteria for assessment of these Business Units include:

License Fees

A licensing fee is paid by a broadcaster for use of the Corporation's content for a fixed period of time.

In Program Sponsorship

Corporate partners pay to be included in program content and/or to sponsor segments of content that relate to their products and services.

Barter

The Corporation supplies content to broadcasters in exchange for commercial time inventory on the network or station. Grasslands then earns revenue by selling that inventory to existing corporate partners or to new regional or national sponsors.

Sale of Content for Personal Entertainment Devices (PED)

The Corporation re-tools its content for sale as a CDROM-DVD or VHS product for personal viewing.

Web-Sites

Grasslands reviews potential of content for companion web sites to drive additional sponsorship opportunities and for distribution of re-tooled content for PEDs.

Collection of Industry Specific Marketing and Data

The Corporation also plans to develop and execute promotions and contests within all of their Business Units that would incorporate their controlled television, print and Internet medias. These promotions and contests will be designed to collect strategic data on the specific markets and to increase revenues through sale of the specific data and sponsorship of the particular promotion and/or contest.

Operations

The Corporation has a small employee base and uses contractors to staff key production positions facilitating the use of the best people for productions. The Corporation internally provides the management as well as much of the creative and sales components. The Corporation currently has five full time specialized employees. The management of the Corporation brings over 70 years of combined experience in the areas of business management as well as broadcast content development and production.

USE OF PROCEEDS

The gross proceeds to be raised under this Offering are a minimum of \$350,000 and a maximum of \$500,000. The Corporation estimates the Agent's commission, fees and expenses to be \$60,000 for the minimum Offering and \$72,000 for the maximum Offering. The Corporation estimates other expenses, including legal, audit, printing and regulatory expenses at approximately \$80,000 under the minimum and maximum Offering. The Corporation has already paid \$69,000 of these expenses.

The Corporation's working capital, as of August 31, 2001, was \$129,613 resulting in available funds of \$408,613 in the case of the minimum offering and \$546,613 in the case of the maximum offering (the "Available Funds"). The Available Funds are anticipated to be utilized as follows:

	Minimum	Maximum
Development of the Thirsty Traveler Web-site	\$ 40,000	\$ 40,000
Advertising Executive (6 month salary and expenses)	100,000	100,000
Bridge Financing for production of The Thirsty Traveler Series	168,613	168,613
Finance development of Buildable Business Unit	Nil	138,000
Unallocated Working Capital	100,000	100,000
TOTAL	\$ 408,613	\$ 546,613

In the event the Agent exercises the Agent's Compensation Option, the additional \$35,000 to \$50,000 received thereunder will be allocated to working capital.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of Available Funds may be necessary.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

Selected Financial Information

The Corporation

The following table sets forth the pro-forma financial data of the Corporation as at March 31, 2001, prior to the Amalgamation, as compiled from and should be read in conjunction with the pro-forma balance sheet and notes thereto contained elsewhere in this prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements included with this Prospectus were prepared in accordance with generally accepted accounting principles in Canada.

	As at March 31, 2001
Total Assets	\$ 1,414,175
Total Liabilities	29,282
Shareholders' Equity	1,384,893

The Corporation has not paid any dividends on its outstanding common shares to date. The current directors of the Corporation do not presently intend to implement a policy of paying regular dividends on the Common Shares. The board of directors will review this policy from time to time, having regard to the needs of the Corporation to finance future growth, the financial condition of the Corporation and other factors that the board of directors may consider appropriate in the circumstances.

The Grasslands Entertainment Group Inc.

The following table sets forth selected historical financial data of Grasslands which has been derived from, and should be read in conjunction with, the financial statements and notes thereto contained elsewhere in this Prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements have been prepared in accordance with generally accepted accounting principles in Canada.

Statement of Operations:				
	Nine Months Ended March 31, 2001 (unaudited)	Year ended June 30,		
		2000	1999	1998
Revenues	\$299,414	\$223,550	\$79,854	\$169,658
Expenses	200,575	187,020	247,540	266,055
Income (loss) before income taxes	98,839	36,530	(167,686)	(96,397)
Net income (loss)	91,409	36,530	(167,686)	(96,397)
Gain (loss) per share	0.017	0.007	(0.034)	(0.151)
Weighted average number of Common Shares outstanding	5,389,701	5,254,208	4,873,080	636,889
Balance Sheet Data:				
	As at March 31, 2001	As at June 30,		
		2000	1999	1998
Total Assets	\$377,665	\$192,375	\$161,249	\$124,199
Total Liabilities	27,782	98,901	104,305	94,344
Shareholders' Equity	349,883	93,474	56,944	29,855

Grasslands never paid any dividends during its operating history.

Starbright Venture Capital Inc.

The following table sets forth selected historical financial data of Starbright which has been derived from, and should be read in conjunction with, the financial statements and notes thereto contained elsewhere in this Prospectus. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. All financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Statement of Operations:				
	Nine Months Ended March 31, 2001 (unaudited)	Year ended June 30,		
		2000	1999	1998
Revenues	\$ 8,525	\$ 8,737	\$ 68,240	\$ 74,589
Expenses	364,730	456,587	197,726	39,988
Income (loss) before income taxes	(356,205)	(447,850)	(129,486)	34,601
Net income (loss)	(358,000)	(447,850)	(99,360)	31,850
Gain (loss) per share	(0.176)	(0.221)	(0.049)	0.016
Weighted average number of Common Shares outstanding	2,030,803	2,030,803	2,030,803	2,030,803

Balance Sheet Data:				
	As at March 31, 2001	As at June 30,		
		2000	1999	1998
Total Assets	\$197,913	\$554,413	\$1,002,263	\$1,134,825
Total Liabilities	1,500	-	-	33,202
Shareholders' Equity	196,413	554,413	1,002,263	1,101,623

Starbright never paid any dividends during its operating history.

Management Discussion and Analysis

Since Starbright had limited operations prior to the Amalgamation, historical management discussion and analysis of the Corporation focuses on Grasslands.

The following discussion and analysis provides information that management believes is relevant to an understanding of the Corporation's results of operations and financial condition. This discussion should be read in conjunction with the financial statements, including the notes thereto, included elsewhere in this Prospectus. This discussion contains forward looking statements that involve risks and uncertainties. The Corporation's actual results may differ materially from those anticipated in these forward looking statements as a result of certain risk factors including, without limitation, those set forth under "RISK FACTORS".

Liquidity

The Corporation estimates, based on internal cash flow projections, that capital expenditures pertaining to future development and production activities, operating and general administrative expenses will be funded by cash flow from operations and Available Funds.

Forward Looking

The Corporation has initiated two projects which will benefit from this Offering. They are the Thirsty Traveler and Buildable Business Units.

The Thirsty Traveler requires bridge financing for the television series and additional financing for the companion internet web-site.

Bridge financing of \$168,613 is required to cover contractor expenses, travel and equipment. The bridge financing is required because conventional project financing is usually only available after contracts with sponsors have been executed.

Development of the Thirsty Traveler web-site component is expected to cost \$40,000. The web-site is expected to enhance the Corporation's opportunities to attract additional sponsorship revenues.

The Corporation intends to finance the "Buildable" Business Unit for \$138,000 out of the Available Funds (in the case of the maximum Offering) as opposed to traditional methods of financing through pre-sale of broadcast licenses. Management has determined that having the ability to finance this Business Unit internally, the Corporation is in a better position to place the television component with broadcasters and to attract corporate sponsorship partners to the series, internet and additional down stream opportunities.

In addition, the Corporation will recruit a senior marketing executive to provide additional impetus to the sales and marketing division of the Corporation. This position is budgeted for \$100,000 which includes salary and expenses for six months. With the Corporation currently in the process of producing three Business Units, the addition of a senior marketing executive will allow the Corporation to reduce time lines for fulfillment of the sales cycle. See "USE OF PROCEEDS".

Variations in Operating Results

The following is a summary of the variations in the Corporation's operating results for the periods indicated.

Nine Months Ended March 31, 2001

The Corporation's results for the nine month period ended March 31, 2001 are discussed in relation to figures for the year ended June 30, 2000, as comparative figures for the nine month period ended March 31, 2000 are not readily available and had not been compiled as the Corporation was primarily in a start-up phase.

Revenue

Revenue for the nine months ended March 31, 2001 was \$299,414 compared to revenue of \$223,550 for the year ended June 30, 2000. The revenue for the nine months ended March 31, 2001 was supported through sales of season III of The Complete Rider plus distribution and producing revenue. The increase is primarily attributable to increased sponsorship revenues for season III of The Complete Rider.

Contracting Expenses

Contracting expenses for the nine months ended March 31, 2001 were \$30,900 compared to contracting expenses of \$10,957 for the year ended June 30, 2000. The increase is primarily attributable to a greater portion of administrative time being utilized for funding and new projects versus capitalized on existing projects.

Amortization and Depreciation

Estimated revenues are reviewed at the start and periodically by management for each project. Costs are amortized over the projected life of the projects revenue streams.

Amortization and depreciation for the nine months ended March 31, 2001 was \$126,302 compared to \$126,230 for the year ended June 30, 2000. The increase is primarily due to the increased production cost of season III of The Complete Rider.

Office Expenses

Office expenses for the six months ended March 31, 2001 were \$29,875 compared to \$26,576 for the year ended June 30, 2000. This increase is primarily attributable to lease payments for additional computer equipment.

Cash flow and Profit

Net cash flow from operations for the nine months ended March 31, 2001 was \$217,803 compared to \$162,827 for the year ended June 30, 2000. After providing for amortization and depreciation, the Corporation had a profit of \$91,409 for the nine months ended December 31, 2001 compared to \$36,530 for the year ended June 30, 2000.

Capital Expenditures

Capital expenditures for the nine months ended March 31, 2001 were \$261,079 compared to \$187,890 for the year ended June 30, 2000. The increase is primarily attributable to the increased cost of season III of The Complete Rider and the addition of development for The Thirsty Traveler.

Years Ended June 30, 2000 and 1999

Revenue

Revenue increased to \$223,550 in 2000 compared to \$78,854 in 1999. The increase in revenue was primarily attributable to increased revenue received from sponsors and licensors for season II of The Complete Rider.

Contracting Expenses

Contracting expenses for 2000 were \$10,957 compared to \$142,056 in 1999. The decrease was attributable to contracting costs in 2000 being attributed to capital projects.

Amortization and Depreciation

Amortization and depreciation was \$126,230 in 2000, compared to \$38,863 in 1999. The increase was due to amortization of the remaining 50% of season I of The Complete Rider and the first 50% of season II of The Complete Rider.

Office Expense

Office expense was \$26,576 in 2000 compared to \$41,512 in 1999. The decrease was primarily due to the moving of the Corporation's offices.

Professional

Professional expenditures were \$18,202 in 2000 compared to \$25,025 in 1999. The decrease was primarily attributed to the Corporation not seeking equity investment in 2000.

Cash Flow and Income

For the year ended 2000 cash flow from operations was \$162,287 as compared to (\$128,739) for 1999. After providing for depreciation and amortization, the Corporation's profit for 2000 was \$36,530 as compared to (\$167,686) for 1999.

Capital Expenditures

Capital expenditures were \$187,890 in 2000 compared to \$22,890 in 1999. The increase was primarily due to increased costs of season III of The Complete Rider and the addition of CompleteRider.com and Complete Rider video projects.

Years Ended June 30, 1999 and 1998

Revenue

Revenue decreased to \$79,854 in 1999 compared to \$169,658 in 1998. The decrease in revenue was primarily attributable to season II of The Complete Rider revenue recognized in the 2000 fiscal year due to the delivery date of the series.

Contracting Expenses

Contracting expenses for 1999 were \$142,056 compared to \$100,324 in 1998. The increase was attributable to evaluation of additional projects.

Amortization and Depreciation

Amortization and depreciation was \$38,863 in 1999, compared to \$90,000 in 1998. The decrease was due to reduction in amortization of season I of The Complete Rider.

Cash Flow and Net Loss

For the year ended 1999, cash flow from operations was (\$128,739) as compared to (\$35,292) for 1998.

After providing for depreciation and amortization the Corporation's profit for 1999 was (\$167,686) as compared to (\$96,397) for 1998 which was primarily due to a decrease in revenue.

Capital Expenditures

Capital expenditures were \$22,890 in 1999 compared to \$142,521 in 1998. The decrease was primarily due to decreased costs of season II of The Complete Rider.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which 9,933,773 are issued and outstanding as fully paid and non-assessable as at the date of this Prospectus and a further 100,000 are reserved for issuance pursuant to stock options previously granted to former directors and officers of Starbright prior to the Amalgamation which options are still exercisable. Contemporaneously with the closing of the Offering, the Corporation expects to reserve for issuance a further 600,000 Common Shares for issuance on the exercise of options to be granted to the Corporation's directors, officers, key employees and consultants and up to a further 125,000 Common Shares, or 10% of the number of Common Shares sold pursuant to this Prospectus, to be issued on the exercise of the Agent's Compensation Option. The Corporation is also authorized to issue an unlimited number of preferred shares (the "Preferred Shares"), which are issuable in one or more series. To the date hereof, no Preferred Shares have been issued. See "OPTIONS TO PURCHASE SECURITIES" and "PLAN OF DISTRIBUTION".

Common Shares

The holders of the Corporation's Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation and to notice of and one vote per share at meetings of the shareholders of the Corporation, except meetings at which only the holders of a particular class of shares other than Common Shares may vote. Upon liquidation or dissolution of the Corporation, holders of Common Shares are entitled to receive such assets as are distributable to the holders of Common Shares, subject to the rights of holders of any series of outstanding Preferred Shares.

Preferred Shares

The holders of any series of Preferred Shares will have such rights and privileges and be subject to such restrictions and conditions, including any voting rights, conversion rights, payment rights or such other rights, as are determined by the directors of the Corporation prior to the issuance of such shares. No shares of any series of Preferred Shares are issuable unless Articles of Amendment are filed with the Registrar of Corporations under the ABCA.

CONSOLIDATED CAPITALIZATION

The following table and notes set forth the capitalization of the Corporation as of the dates indicated before and after giving effect to this Offering. This table should be read in conjunction with the pro forma balance sheet and the notes thereto included in this Prospectus.

Capital	Authorized	Outstanding as at March 31, 2001⁽³⁾	Outstanding After Giving Effect to this Offering (Minimum) (unaudited)	Outstanding After Giving Effect to this Offering (Maximum) (unaudited)
Number of Common Shares ⁽¹⁾	Unlimited	9,933,773	10,808,773	11,183,773
Amount ⁽²⁾		\$1,078,498	\$1,400,498	\$1,538,498
Preferred Shares	Unlimited	Nil	Nil	Nil

- (1) There are 100,000 Common Shares reserved for issuance pursuant to stock options previously granted to former directors and officers of Starbright prior to the Amalgamation, which options are still exercisable, at \$0.30 per Common Share. Contemporaneously with closing of the Offering, the Corporation expects to reserve an aggregate of 600,000 Common Shares for issuance upon the exercise of options to be granted to the directors and officers of the Corporation at \$0.40 per Common Share and 125,000 Common Shares, or 10% of the number of Common Shares sold pursuant to this Prospectus, for issuance upon the exercise of the Agent's Compensation Option at \$0.40 per Common Share. See "OPTIONS TO PURCHASE SECURITIES" and "PLAN OF DISTRIBUTION".
- (2) After deduction of the Agent's commission of \$40,000 under the Maximum Offering and \$28,000 under the minimum Offering but before deduction of any other expenses of this Offering. See "USE OF PROCEEDS".
- (2) As at March 31, 2001, the deficit of the Corporation was \$153,605. The Corporation has no long-term debt.

OPTIONS TO PURCHASE SECURITIES

Pursuant to policy 4.4 of the Exchange (the "Policy"), the Corporation is eligible, subject to final regulatory approval, to grant stock options to its directors, management company employees, employees, consultants and individuals employed in investor relations. The purpose of granting stock options is to develop the interest of such individuals in the Corporation's growth and development by providing them with the opportunity, through options on Common Shares, to acquire an increased financial interest in the Corporation. Options granted pursuant to the Policy are not transferable and may not be exercisable for a period exceeding five years. The price at which Common Shares may be purchased on the exercise of options granted under the Policy is determined by the directors of the Corporation at the time the option is granted subject to the Exchange's maximum allowable discounts. Subject to the Policy, the number of Common Shares that may be acquired under any particular options, the exercise period for such options (not to exceed five years) and the vesting restrictions applicable to the options are determined by the board of directors at the time the options are granted. The Policy states that:

1. the aggregate number of Common Shares that may be reserved for issuance, together with any other incentive stock options or other stock purchase or option plans, may not exceed 10% of the issued and outstanding Common Shares;
2. the aggregate number of shares reserved for issuance upon the exercise of options granted to any one person may not exceed five percent of the total number of issued and outstanding Common Shares;
3. the aggregate number of Common Shares to be granted to Consultants may not exceed 2% of the issued and outstanding Common Shares and such options must vest in stages over 12 months, with no more than ¼ of the options vesting in any three month period; and
4. the aggregate number of options granted to persons employed in investor relations activities must not exceed 2% of the issued and outstanding Common Shares.

Should a participant cease to be eligible to exercise options due to the loss of corporate office (being that of an officer or director) or employment, the options granted to that participant will terminate not later than 90 days after the loss of such corporate office or employment and options granted to individuals involved in investor relations activities will terminate not later than 30 days after such employment ceases. The Policy also provides that participants can exercise their options for a period not exceeding 12 months following death. Contemporaneously with the closing of the Offering, 600,000 options are expected to be granted to the directors and officers of the Corporation (the "New Options").

In addition, there were 100,000 stock options of Starbright outstanding which survived the Amalgamation (the "Starbright Options"). The Starbright Options were granted on June 6, 1997 pursuant to Starbright's then existing

stock option plan and are exercisable into Common Shares of the Corporation at \$0.30 per Common Share. The Starbright Options expire on June 5, 2002 or 90 days from the date the optionee ceases to be engaged by Starbright or its successor. 50,000 of the Starbright Options are held equally by Everett Koeller and Ned Studer and will therefore expire on June 5, 2002 or 90 days from the date either ceases to act as a director or officer of the Corporation. 50,000 of the Starbright Options are held by former directors and officers of Starbright, none of whom hold offices or directorships with the Corporation and will therefore expire on October 9, 2001, being 90 days from the date of the Amalgamation.

Upon completion of the Offering and the granting of the New Options, the New Options and the Starbright Options will be held as follows:

Name	Number of Common Shares Under Option	Exercise Price Per Common Share
James Ripley	125,000	\$0.40
Brian Smith	125,000	\$0.40
Ron Johnson	250,000	\$0.40
Everett Koeller	50,000	\$0.40
	25,000	\$0.30
Ned Studer	50,000	\$0.40
	25,000	\$0.30
Marshall Copithorne	25,000	\$0.30
LeRoy Gieck	25,000	\$0.30
Total	700,000	

Contemporaneously with the closing of this Offering, the Corporation will also be reserving up to 125,000 Common Shares, or 10% of the number of Common Shares subscribed for under this Offering, for issuance to the Agent pursuant to the Agent's Compensation Option. See "PLAN OF DISTRIBUTION".

The Common Shares issuable upon exercise of the New Options and the Agent's Compensation Option are being qualified for distribution by this Prospectus.

PRIOR SALES

The Corporation

In the 12 months prior to the date of this Prospectus, the Corporation issued 9,933,773 Common Shares on July 11, 2001 pursuant to the Amalgamation. 1.3 Common Shares were issued for each of the 6,079,208 Grasslands common shares, for a total of 7,902,970 Common Shares. 1.0 Common Share was issued for each of the 2,030,803 Starbright common shares, for a total of 2,030,803 Common Shares.

The Grasslands Entertainment Group Inc.

Prior to the Amalgamation and in the 12 months prior to the date of this Prospectus, Grasslands issued 1,258,000 Common Shares as follows:

Date	Number of Shares	Issue Price Per Common Share	Aggregate Issue Price	Consideration Received
October 31, 2000	433,000	Nil ⁽¹⁾	Nil ⁽¹⁾	Nil ⁽¹⁾
February 14, 2001	825,000	\$0.20	\$165,000	\$165,000

(1) These common shares were issued on exercise of 433,000 common share purchase warrants, on a one for one basis, which warrants were issued during the first quarter of 1999 for \$0.30 per warrant.

Starbright Venture Capital Inc.

Prior to the Amalgamation and in the 12 months prior to the date of this Prospectus, Starbright did not issue any securities.

ESCROWED SECURITIES

Pursuant to an escrow agreement in accordance with the National Policy 46-201 (the "Regulatory Escrow Agreement") to be dated on or about the date on the receipt for the Final Prospectus issued by the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta (the "Escrow Agreement Date") among the Corporation, Computershare Trust Company of Canada Inc. (the "Escrow Agent") and certain shareholders, the following securities (the "Regulatory Escrowed Shares") will be deposited with the Escrow Agent on or about the Escrow Agreement Date:

Name of Securityholder	Designation of Class of Security Held in Escrow	Number of Securities
James Ripley	Common Shares	1,471,774
Brian Smith	Common Shares	1,471,774
Ron Johnson	Common Shares	396,500
Everett Koeller	Common Shares	235,315
Ned Studer	Common Shares	10,000
Total		3,585,363

The Regulatory Escrowed Shares represent 33.2% of the Common Shares outstanding after giving effect to the minimum Offering and 32.1% of the Common Shares outstanding after giving effect to the maximum Offering, without giving effect to the exercise of the Starbright Options, the New Options or the Agent's Compensation Option.

The Regulatory Escrow Agreement provides that, other than in certain specified circumstances, the Regulatory Escrowed Shares may not be traded, released, transferred or dealt with in any manner and that 10% percent of the Regulatory Escrowed Shares will be released from escrow on the date the Common Shares are listed for trading on the Exchange and an additional 15% will be released every 6 months thereafter.

Pursuant to a private escrow agreement (the "Private Escrow Agreement") between Grasslands, James Ripley, Brian Smith, David Oberg and Wakanda Resources Ltd. dated June 19, 2001, the following Common Shares of the Corporation (the "Privately Escrowed Shares") are subject to escrow requirements:

Name of Securityholder	Designation of Class of Security Held in Escrow	Number of Securities
James Ripley	Common Shares	1,471,774
Brian Smith	Common Shares	1,471,774
David Oberg	Common Shares	691,784
Wakanda Resources Limited ⁽¹⁾	Common Shares	1,211,784
Total		4,847,116

⁽¹⁾ Thomas Bainbridge is the beneficial holder of these Common Shares.

The Common Shares held by Mr. Ripley and Mr. Smith pursuant to the Regulatory Escrow Agreement are the same Common Shares held pursuant to the Private Escrow Agreement. The Privately Escrowed Shares held by Mr. Oberg and by Wakanda Resources Ltd. represent 17.6% of the Common Shares outstanding after giving effect to the minimum Offering and 17.0% after giving effect to the maximum Offering, without giving effect to the exercise of the New Options, the Starbright Options or the Agent's Compensation Option.

The Private Escrow Agreement, provides that other than in certain specified circumstances, the Privately Escrowed Shares may not be traded, released, transferred or dealt with in any manner and that 1/3 of the Privately Escrowed Shares will be released on each of October 30, 2001, October 30, 2002 and October 30, 2003.

Together, the Regulatory Escrowed Shares and the Privately Escrowed Shares represent 50.8% of the Common Shares outstanding after giving effect to the minimum Offering and 49.1% after giving effect to the maximum Offering, without giving effect to the exercise of the New Options, the Starbright Options or the Agent's Compensation Option.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, to the knowledge of the Corporation, the only persons or companies who own of record or beneficially, directly or indirectly, more than 10% of the Common Shares are:

Name and Municipality of Residence	Type of Ownership	Number and Percentage of Common Shares Owned Before Offering	Percentage of Common Shares Owned After Offering⁽¹⁾ (Minimum Offering)	Percentage of Common Shares Owned After Offering⁽¹⁾ (Maximum Offering)
James Ripley Calgary, Alberta	Beneficial and of Record	1,471,774 14.8%	13.6%	13.2%
Brian Smith Calgary, Alberta	Beneficial and of Record	1,471,774 14.8%	13.6%	13.2%
Wakanda Resources Limited ⁽²⁾ Calgary, Alberta	of Record	1,211,784 12.2%	11.2%	10.8%

(1) Assumes that no Common Shares are purchased by the above noted parties under this Offering.

(2) Thom Bainbridge is the beneficial holder of these Common Shares.

DIRECTORS AND OFFICERS

The following table sets forth, as of the date of this Prospectus, the name, municipality of residence and position held by each director and officer of the Corporation:

Name and Municipality of Residence	Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
James Ripley Calgary, Alberta	President, Chief Executive Officer and Director	Mr. Ripley has been the President and Chief Executive Officer of the Corporation since the Amalgamation. Prior thereto, Mr. Ripley held the position of Chief Executive Officer for The Grasslands Entertainment Group Inc. from November of 1999 and was the Vice President of The Grasslands Entertainment Group Inc. from November of 1995.
Brian Smith ⁽¹⁾ Calgary, Alberta	Chief Operating Officer and Director	Mr. Smith has been the Chief Operating Officer in charge of Production for the Corporation since the Amalgamation. Prior thereto, Mr. Smith held the position of Vice President in charge of Production for The Grasslands Entertainment Group Inc. from January of 1996.

Name and Municipality of Residence	Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
Ron Johnson Calgary, Alberta	Chief Financial Officer and Corporate Secretary	Mr. Johnson has been the Chief Financial Officer and Corporate Secretary of the Corporation since the Amalgamation. Prior thereto, Mr. Johnson was the Chief Financial Officer of The Grasslands Entertainment Group Inc. and the Chief Executive Officer of PA Solutions Ltd. from October 1, 1999 to May 31, 2000. Prior thereto, Mr. Johnson was a partner at Ernst & Young and the Vice President of Triangle Ernst & Young Inc., which is a division of Ernst & Young providing software solutions to the exploration and producing segments of the oil and gas industry.
Everett Koeller ⁽¹⁾ Calgary, Alberta	Director	Mr. Koeller has been the President of Calvert Home Mortgage since 1975.
Ned Studer ⁽¹⁾ Calgary, Alberta	Director	Mr. Studer has been the Treasurer of Impact Energy Inc. since January, 2001. Prior thereto, Mr. Studer was the Treasurer and a Financial Analyst for Startech Energy Inc.

(1) Members of the Audit Committee. The Corporation does not have an Executive Committee.

All of the directors and officers will hold office until the next annual general meeting of the shareholders of the Corporation or until replaced in accordance with the provisions of the ABCA. A brief description of the directors and officers of the Corporation is included below.

JAMES RIPLEY – President, Chief Executive Officer and Director

James Ripley is 46 years old and is responsible for the overall management of the Corporation including coordinating on-going financing initiatives, sales and marketing, development and implementation of sponsorship initiatives incorporating the Corporation's broadcast projects and internet properties as well as development of strategic alliances and acquisitions. Mr. Ripley has a varied and extensive media and communications background spanning more than twenty-five years. He is recognized as an award winning writer and broadcaster including three Canadian Association of Broadcasters CANPRO (Canadian Programing) Gold Awards for writing and production excellence and Alberta Motion Picture Industry Awards (AMPIAs) for writing and performance excellence. He has also worked extensively within the advertising community in development of marketing strategies as well as implementation of these strategies. His experience inside the electronic media gives Mr. Ripley the ability to work from inside knowledge of how media thinks, what it wants and how it reacts. Mr. Ripley completed the Radio and Television Arts program at Fanshaw College, London Ontario in 1975.

BRIAN SMITH – Chief Operating Officer, Director and Audit Committee Member

Brian Smith is 38 years old and is responsible for the operations and productions of the Corporation. Mr. Smith's other responsibilities include that of Executive Producer on all projects and co-productions. He is responsible for the development of the broadcast project, broadcast funding applications, negotiations of broadcast contracts and distribution contracts where applicable, staffing projects, production schedules, post production schedules and the delivery of products to broadcast partners. Mr. Smith has been actively involved in television production since 1985. In that time he has produced and directed award winning television documentaries, specials and series including the AMPIA's Best Of Festival and The Reel Network's (an Alberta media and film industry association) IRIS Award winner "Born Hutterite". This award winning documentary has been seen in over 100 countries on such networks as Discovery International. As well, Mr. Smith has received Canadian Cable Television Association Awards for Excellence in Programming for "The Changing Faces of Calgary", "The Long Walk" and "Tele-Treffpunkt". Mr. Smith was also the Executive Producer of the Grassland's project "Beyond the Barbed Wire" (a CTV comedy pilot) which featured Academy Award Nominee Graham Greene. In 1985, Mr. Smith earned a Diploma of Applied Arts from the Southern Alberta Institute of Technology.

RON JOHNSON - Chief Financial Officer and Corporate Secretary

Ron Johnson is 55 years old and is responsible for managing the finances of the Corporation, shareholder relations and preparation of financial statements. Mr. Johnson brings more than 30 years of business experience to the Corporation. He was a founding member, principal shareholder and officer of XI Consultants Inc. and Triangle

Software Ltd., both software companies which developed, marketed and maintained software for the exploration and producing segment of the oil and gas industry. XI Consultants Inc. was eventually sold to Price Waterhouse-Coopers and Triangle Software Ltd. was sold to Ernst & Young. Mr. Johnson was a partner of Ernst and Young from 1991 to 1997 where he was responsible for the marketing, business development and administration of their oil and gas software. In 1969, Mr. Johnson obtained his Bachelor of Business Administration from the University of Montana.

EVERETT KOELLER – Director and Audit Committee Member

Mr. Koeller is 53 years old and is an independent director of the Corporation. Mr. Koeller has 30 years experience in financial management in western Canada. Mr. Koeller currently serves as a director of Goldray Inc. (formerly Raypath Resources Ltd.) a CDNX listed company; Intermap Technologies Inc. a CDNX listed company. Mr. Koeller served as a director of Universal Genetics Corporation Limited (formerly ASE listed) from 1987 to 1997. From June 3, 1997 until the Amalgamation, Mr. Koeller was the President and a director of Starbright, one of the predecessor companies to the Corporation. Mr. Koeller is the President of Calvert Home Mortgage Investment Corporation, a private Alberta company, in which he has been actively involved since 1975.

NED STUDER – Director and Audit Committee Member

Mr. Studer is 52 years old and is an independent director of the Corporation. Mr. Studer was appointed the Treasurer of Impact Energy Inc. (TSE Listed) in January 2001 and was the Treasurer of Startech Energy Ltd. (TSE Listed) prior thereto. Mr. Studer was the President of his own financial consulting firm, N. Studer Petromanagement Ltd. and from 1987 to 1997 was a director of Universal Genetics Corporation Limited. (formerly ASE listed). Mr. Studer also held the position of Treasurer of Denali Petroleums Ltd. from 1992 to 1993 (formerly VSE listed). Mr. Studer received his CMA designation from the Society of Management Accountants in Calgary in 1977.

Each of Messrs. Ripley, Smith and Johnson are full time employees of the Corporation. None of the officers and directors have entered into non-competition agreements with the Corporation. The directors and officers of the Corporation have advised that at the date hereof, prior to giving effect to the Offering and without giving any effect to any stock options, together they own or exercise control or direction over 3,989,324 Common Shares representing 40.2% of the issued and outstanding Common Shares and will represent approximately 36.9% or 35.7% of the issued and outstanding Common Shares after giving effect to the minimum and maximum Offering respectively. 3,585,363 of the Common Shares held by the officers and directors as a group are subject to the Regulatory Escrow Agreement. See "ESCROWED SECURITIES".

EXECUTIVE COMPENSATION

Compensation of Executive Officers

For purposes of this section, Executive Officer of Grasslands means an individual who, at any time during the 9 month period ending March 31, 2001 or during the financial years ended June 30, 2000, June 30, 1999 or June 30, 1998 was: (i) the chairman or a vice-chairman of the board of directors; (ii) the president; (iii) any vice-president in charge of a principal business unit such as sales finance or production; or (iv) any officer of Grasslands or of a subsidiary or other person who performed a policy-making function in respect of Grasslands. The Executive Officers of Grasslands were:

- (i) James Ripley, President of Grasslands from November, 1999 until the Amalgamation (and now President and Chief Executive Officer of the Corporation);
- (ii) David Oberg, former President of Grasslands until November 1999;
- (iii) Brian Smith, Vice President in charge of production from January 1996 until the Amalgamation (and now Chief Operating Officer of the Corporation); and
- (iv) Ron Johnson, Chief Financial Officer of Grasslands from October, 1999 until the Amalgamation (and now Chief Financial Officer and Corporate Secretary of the Corporation).

For purposes of this section, Executive Officer of Starbright means an individual who, at any time during the financial years ended March 31, 2001 or during the financial years ended June 30, 2000, June 30, 1999 or June 30, 1998 was: (i) the chairman or a vice-chairman of the board of directors; (ii) the president; (iii) any vice-president in charge of a principal business unit such as sales finance or production; or (iv) any officer of Grasslands or of a subsidiary or other person who performed a policy-making function in respect of Grasslands. The only Executive Officer of Starbright was Everett Koeller, President of Starbright from July 24, 1997 until the Amalgamation.

Summary Compensation Table

The following table is a summary of the compensation paid to each Executive Officer of Grasslands, during the 9 month period ending March 31, 2001 or during the financial years ended June 30, 2000, June 30, 1999 or June 30, 1998.

Name	Annual Compensation				Long Term Compensation			
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Restricted Shares Or Restricted Share Units (\$)	LTIP Payouts (\$)	All other Compensation (\$)
James Ripley	3/31/01	27,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/00	30,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/99	23,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/98	20,000	Nil	Nil	Nil	Nil	Nil	Nil
David Oberg	6/30/00	12,500	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/99	23,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/98	26,000	Nil	Nil	Nil	Nil	Nil	Nil
Brian Smith	3/31/01	27,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/00	30,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/99	23,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/98	20,000	Nil	Nil	Nil	Nil	Nil	Nil
Ron Johnson	3/31/01	10,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/00	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/99	10,000	Nil	Nil	Nil	Nil	Nil	Nil
	6/30/98	Nil	Nil	Nil	Nil	Nil	Nil	Nil

No compensation was paid to any Executive Officer of Starbright, during the 9 month period ending March 31, 2001 or during the financial years ended June 30, 2000, June 30, 1999 or June 30, 1998

Compensation by Way of Options

See "OPTIONS TO PURCHASE SECURITIES".

Compensation of Directors

Other than compensation paid to Executive Officers, neither the Corporation nor Grasslands have paid any compensation to directors for their services as directors. Grasslands and Starbright never had, and the Corporation does not now have, any standard arrangement to compensate directors for such services other than the granting of stock options. See "OPTIONS TO PURCHASE SECURITIES". Each of the four directors of Starbright were paid \$500 for aggregate payments of \$2,000 (3/4 accrued), during the 9 month period ending March 31, 2001 and during each of the financial years ended June 30, 2000, June 30, 1999 or June 30, 1998.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or officers of the Corporation have ever been indebted to the Corporation. Prior to the Amalgamation and in the 12 months prior to the date of this Prospectus, no directors or officers of Grasslands or of Starbright were indebted to Grasslands or Starbright.

PLAN OF DISTRIBUTION

Pursuant to an Agency and Sponsorship Agreement dated among the Corporation, the Agent and Computershare Trust Company of Canada, the Corporation has appointed the Agent as its agent to offer for sale to the public a minimum of 875,000 and a maximum of 1,250,000 Common Shares, as provided in this Prospectus, at a price of \$0.40 per Common Share. The issue price of the Common Shares was determined by negotiation between the Corporation and the Agent. Upon closing of the Offering, the Agent will be paid a commission equal to 8% of the aggregate gross proceeds from the sale of the Common Shares. The Corporation has also agreed to pay a sponsorship fee in the amount of \$25,000 (plus GST) for the Agent acting as sponsor for the Corporation for its application for listing the Common Shares on the Exchange. The Corporation has agreed to reimburse the Agent for all reasonable expenses incurred by the Agent in connection with the Offering (including, without limitation, the legal fees of the Agent, long distance telephone calls, courier expenses, marketing expenses, accounting costs and other third party expenses), which expenses are estimated to be \$7,000 (plus GST). The Corporation has also agreed to grant to the Agent a non-transferable option that will entitle the Agent to purchase up to 125,000 Common Shares, or 10% of the number of Common Shares sold pursuant to this Offering, at an exercise price of \$0.40 per share. The Agent's Option will expire and be of no further force or effect on the date that is 18 months from the date the outstanding Common Shares of the Corporation are listed on the Exchange. The distribution of the Agent's Option is being qualified under this Prospectus. The Agent has agreed to use its best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make selling group arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain stated events.

All funds received from subscriptions for Common Shares will be held by the Computershare Trust Company of Canada in trust pursuant to the Agency Agreement. If the minimum Offering is not fully subscribed or the Offering has not closed on or prior to the date that is 90 days from the date of issuance of a receipt for the filing of this Prospectus, or such later date as may be permitted by the British Columbia Securities Commission and the Alberta Securities Commission and agreed to by the Agent and the Corporation, all subscription funds will be returned to subscribers without interest or deduction. The distribution will not continue for a period of more than 90 days after the date of the receipt for the Prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each of the persons or companies who subscribed within that period has consented to the continuation.

The Common Shares are not presently listed or posted for trading on any stock exchange. The Corporation has applied to list the Common Shares distributed under this Offering on the Canadian Venture Exchange (the "Exchange"). Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and should be considered speculative. You should carefully consider the risks and uncertainties described below and the other information contained in this Prospectus before making an investment decision. Additional risks and uncertainties not presently known to the Corporation or that are currently deemed immaterial may also impair future business operations. If any of the following risks actually occur, the business, financial condition and operating results of the Corporation could be materially harmed. Further, the Corporation may fail to meet expectations of the public markets in any given period. In such cases, the trading price of the Common Shares could decline and you could lose all or part of your investment.

Risk Factors Relating to the Business of the Corporation

Limited Operating History

The Corporation was formed July 11, 2001 by virtue of the Amalgamation of Starbright and Grasslands. Grasslands was incorporated in 1995. Starbright was incorporated in 1997. Accordingly, the Corporation has a limited operating history on which to base an evaluation of its business and future prospects. There is limited significant historical basis to assess how the Corporation, in an early stage of development and whose business involves new and rapidly developing technologies, will respond to competitive, economic and technological challenges. Corporations in the early stage of development and particularly corporations operating in rapidly evolving and changing industries and markets, frequently encounter risks and challenges. There can be no assurance that the Corporation will successfully address these risks and challenges, and failure to do so could have an adverse effect on the business results of operations and financial condition of the Corporation, operating results could suffer and you could lose all or part of your investment.

Fluctuations in Operating Results

The Corporation's results of operations may fluctuate materially from quarter to quarter and in the future. The results of any one period are not necessarily indicative of results for any future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition. Accordingly, the Corporation's operating results in a particular period are difficult to predict and may not meet the expectations of securities analysts or investors. If this were to occur, the Corporation's share value could decline. Factors that will cause the Corporation's operating results to fluctuate may include: the timing with respect to consummating material contracts; the Corporation's ability to maintain and grow the audiences for the programmed entertainment content, and to grow a significant customer base for other services; changes in the level of operating expenses to support future growth and the ability to attract advertising revenue on a consistent basis; changes in pricing policies; competitive factors; trends and nature of the entertainment business; fluctuations in advertising and sponsorship revenues; technical difficulties or system downtime; general economic conditions and economic conditions specific to the internet or to the cable and advertising markets; the unforeseen fluctuations in the cost of delivering programming content; and, the amount and timing of capital expenditures and related costs.

Reliance on Key Personnel

The contribution of certain key employees and directors, is particularly important to the profitability of the Corporation and the Corporation relies to a significant degree on the experience, leadership and skills of these parties. If any of the individuals were to be unavailable, the Corporation could find it difficult to locate replacement individuals with similar skills and knowledge of the industry. A loss of any of these key personnel could have an adverse impact on the business and financial condition of the Corporation. The loss of the services of one or more of these people could have a materially detrimental effect on the operations of the Corporation.

Financial History

Grasslands incurred net losses of approximately \$96,397 and \$167,686 for the years ending June 30, 1998 and 1999, respectively. Grasslands generated net income of approximately \$36,530 and \$91,409 for the year ending June 30, 2000 and the nine months ended March 31, 2001, respectively. The Corporation expects significant capital expenditures for future development and production activities. As a result of these expenditures, the Corporation may incur further losses in the foreseeable future, and may not be profitable. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. A significant portion of the Corporation's financial resources have been, and will continue to be, directed to finance future development. If such developments fail to prove profitable, the value of your investment could be significantly reduced.

Financial Risks

There is a risk that the Corporation may underestimate its capital and other expenditure requirements or will incur losses in the future. In these circumstances, additional debt or equity financing may be required. Additionally, if the Corporation responds to unanticipated competitive pressures or wishes to take advantage of unanticipated opportunities, additional debt or equity financing may be required. There can be no assurance that additional financing in these circumstances would be obtainable or, if obtainable, that the terms would be acceptable to the Corporation.

Risk Factors Related to this Offering

Estimates in Reported Revenues and Earnings

The Corporation makes numerous estimates as to its revenues and matching production and distribution expenses on a project-by-project basis. As a result of this accounting, earnings can widely fluctuate if management estimates have not accurately forecast the revenue potential of a production. Revenue increases and decreases can be dramatically affected by increased or decreased sponsorship revenues. The Corporation is dependent for a significant portion of its advertising revenues from a small number of advertisers and advertising revenues fluctuate with economic cycles. Financing costs vary significantly with projects. Capital expenditures increase or decrease with the cost of the production of television programming content. As a result, the Corporation's revenues, expenses and resulting income or losses may fluctuate significantly.

Potential Alliances

The Corporation may evaluate and seek strategic alliances. The implementation of strategic relationships entails numerous risks, including difficulties in assimilating acquired operations, diversion of management's attention from other concerns, amortization of acquired intangible assets and potential loss of key employees. Furthermore, any such strategic alliances may involve the sale of equity or other interests in the Corporation. While the Corporation may participate in such discussions with parties, there can be no assurance that the Corporation will enter into any such strategic alliance or that if it does, as to the timing, terms and conditions of any such strategic alliance. Strategic alliances may be subject to regulatory approvals and limitations on non-Canadian ownership. Further, the Corporation's success in any strategic alliance is dependent on the reputation of its strategic partners. No assurance can be given as to the ability of the Corporation to integrate operations, personnel or services that might be acquired in the future and the failure of the Corporation to do so could have a material adverse effect on the Corporation's business, financial condition and operating results.

Discretion in Use of Proceeds of Offering

Management will have broad discretion in using the proceeds of the Offering. You will not have the opportunity to evaluate the economic, financial or other information that we may use to determine how we use these proceeds. See "USE OF PROCEEDS".

Immediate Dilution

You will suffer immediate dilution of \$0.315 (78.75%) under the minimum Offering and \$0.306 (76.5%) under the maximum Offering with respect to the issue price for each Common Share compared to the net tangible book value per Common Share. See "OTHER MATERIAL FACTS - Dilution".

Risk Factors Relating To The Industry Of The Corporation

Risks Related to the Nature of the Entertainment Industry

The entertainment industry historically has involved a substantial degree of risk. Acceptance of entertainment programming represents a response not only to its artistic components, but also to reviews of critics, promotion by the distributor, the quality and acceptance of other competing programs, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly and cannot be predicted with certainty. There is a risk that some or all of the Corporation's programming will not be successful, resulting in costs not being recouped or anticipated profits not

being realized. While the Corporation will endeavor to develop new programming, there can be no assurance that revenue from existing or future programming will replace a possible loss of revenue associated with the cancellation of any particular production or development of other programs. Further, there can be no assurance of economic success of any specialty television programming.

Internet Dependency and Market Uncertainty

The Corporation's future success is in part dependent on continued growth in the use of the internet. The Corporation's business may be adversely impacted if the number of users on the internet does not increase or if commerce over the internet does not become more accepted and widespread. The use and acceptance of the internet may not increase for a number of reasons, including the cost and availability of internet access. Capacity constraints caused by growth in the use of the internet may impede further development of the internet to the extent that users experience delays, transmission errors and other difficulties. If the necessary infrastructure, products, services or facilities are not developed, or if the internet does not become a viable and widespread commercial medium, the Corporation may be unable to develop and provide the prospective value to advertisers and consumers.

The overall market for internet usage has experienced significant growth in recent years. There can be no assurance that the internet markets will continue to grow, or that the Corporation will be successful in establishing itself in new markets. If the various markets in which the Corporation's programming content competes fail to grow, or grows more slowly than the Corporation currently anticipates, or the Corporation is unable to establish itself in new markets, the Corporation will be materially adversely affected.

Risks of the Internet as a Medium for Commerce

Use of the internet by consumers is at a relatively early stage of development, and market acceptance of the internet as a medium for commerce is subject to a high level of uncertainty. The successful reliance by the Corporation on its web-sites, as a source of revenue and consumer information, will depend, in part, on the development and widespread acceptance of the internet as a medium for commerce. There can be no assurance that the internet will be a successful commerce channel. The internet may not prove to be a viable commercial marketplace because of inadequate development of the necessary infrastructure for commerce, such as reliable network backbones, complimentary services, high speed modems and security procedures for financial transactions. The viability of the internet or its viability for commerce may prove uncertain due to delays in the development and adoption of new standards and protocols to handle increased levels of internet activity or due to increased government regulation or taxation. If use of the internet does not continue to grow, or if the necessary internet structure or complimentary services are not developed to effectively support growth that may occur, the Corporation's business could be adversely affected. The nature of the internet as an electronic marketplace may render it inherently more competitive than conventional commerce formats.

Regulatory Environment

There is currently relatively little legislation or regulation directly applicable to the internet. The Corporation's web-sites (existing or anticipated) are not currently subject to direct regulation by any governmental agency, other than regulations applicable to businesses generally and laws and regulations directly applicable to access to, or commerce on, the internet. The application of existing laws and regulations governing internet issues, such as property ownership, copyright, trade secrets, libel and personal privacy, is subject to substantial uncertainty. New legislation and regulations may be adopted in Canada and elsewhere covering issues such as licensing, broadcast license fees, property ownership, copyrights, content, privacy, online content pricing, taxation, access charges, characteristics and quality of internet services, defamation and liability for third party activities. Legislation and regulations or the broader application of existing laws may expose the Corporation to liabilities and additional operational requirements or significantly slow internet growth, and adversely affect the business of the Corporation.

The television broadcast and film industry is subject to significant regulation. The Corporation's operations may be affected in varying degrees by future changes in the regulatory environment. There is no assurance that a change in the laws, regulations or the Canadian Radio-television Telecommunications Commission (the "CTRC") policies impacting upon specialty television will not occur, making it difficult or expensive to comply with the regulatory obligations or otherwise adversely affecting the Corporation's business opportunities and prospects. Any change in the regulatory environment could have a material adverse affect on the revenues and expenses of the Corporation.

Competition

The business in which the Corporation is and will be engaged in is competitive, fragmented and subject to rapid technological change and frequent new content and service introductions and enhancements. The Corporation may face competition with other web-sites and producers and distributors of television programming. Many of the competitors may be substantially larger and have greater creative, financial, technical, marketing and other resources than the Corporation, and may have more established reputations for success in their respective businesses. The Corporation may compete with other production companies for ideas and storylines created by third parties as well as for employees, contractors, actors, directors and other personnel required for a production. The Corporation may also compete for the availability of employees and contractors to create and maintain the web-site and television programming. The Corporation may also face future competition from new services. There can be no assurance that the Corporation will be able to successfully compete with such competitors and competitive pressures.

Responding to Evolving Technology and Industry Standards

The Corporation's future success will depend on its ability to address the increasingly sophisticated needs of consumers by capitalizing on existing and emerging specialty programming and technologies, including technologies related to communications and the internet. If the Corporation fails to develop content and services in a timely fashion, or does not enhance the content or services to meet evolving consumer needs and industry standards, the Corporation may not remain competitive, continue to build or even retain its current content audience.

The technological market is characterized by rapid technological developments, frequent new product introductions, evolving industry standards, and changes in transmission and content delivery mechanisms. There can be no assurance that the Corporation will be able to respond quickly, cost effectively or sufficiently to this or other technological developments. Failing to effectively respond to technological developments could materially damage the Corporation.

Government Incentive Program

The Corporation attempts to defray a portion of the production costs of its programming by obtaining, advances and guarantees from distributors and licensees in exchange for distribution and broadcasting rights to the production and, in some cases, investments from third parties. In addition to fees from broadcasters, financial contributions by co-producers and presales of distribution rights, Canadian industry incentive programs represent a financing source for the Corporation's productions. There can be no assurance that individual incentive programs available to the Corporation will not be reduced, amended or eliminated.

Employment and Labour Relations

Many individuals associated with the Corporation's projects are members of guilds or unions which bargain collectively with producers on an industry-wide basis from time to time. While the Corporation currently has and expects to continue to have positive relationships with the guilds and unions in the industry, a strike or other form of labour protest affecting those guilds or unions could, to some extent, disrupt production schedules which could result in delays and additional expenses. As a result of such actions, labour costs may also increase.

Canadian Content and Ownership

Canadian conventional, specialty, pay and pay-per-view television services are required to devote a certain amount of their programming schedules, including prime time, to Canadian productions. In addition to scheduling requirements, such Canadian television services are typically required to invest in, or acquire, Canadian programs based on the nature of the particular service and financial performance. Under regulations and policies of the CRTC, a program will qualify as a Canadian production if, among other things, (i) it is produced by Canadians with the involvement of Canadians in principal functions, and (ii) a substantial portion of the budget in spent on Canadian elements. The Corporation believes it will continue to qualify as a Canadian producer for this purpose so long as, among other things, more than 50% of the combined voting power of its outstanding shares is beneficially owned by Canadian nationals. The Corporation cannot be certain of the total percentage of the Corporation's stock currently held in Canada.

Proprietary Rights

To the extent practicable, the Corporation attempts to retain and protect all proprietary and intellectual property rights to its productions through international copyright laws and licensing and distribution arrangements with reputable international companies for specified territories and media for limited durations. Despite these precautions, existing copyright laws afford only limited practical protection in certain jurisdictions. As a result, it may be possible for unauthorized third parties to copy and distribute the Corporation's productions or certain portions or applications of the Corporation's products. In addition, there can be no assurance that other companies will not independently develop and produce programs which are similar to or imitate those of the Corporation but legally circumvent the Corporation's intellectual property rights.

Management of Growth

Growth in the Corporation's business will place demands on its managerial and operations resources. If the Corporation is unable to manage its growth effectively, this could have a material adverse effect on its financial condition and results of operations.

Influence of Management

Approximately 36% of the outstanding common shares of the Corporation will be held by senior executive officers of the Corporation upon completion of the Offering. As a result, senior management will be in a position to influence the election of the Board of Directors of the Corporation and to generally direct the affairs of the Corporation, including whether the Corporation's operations are acquired by a third party.

Relationships with Broadcasters and Distributors

The Corporation's relationships with major broadcasters and distributors are important to its success. There can be no assurance that the Corporation will be able to maintain relationships it has, or establish new relationships.

General Economic Conditions

The Corporation's revenues and results of operations are and will continue to be influenced by prevailing general economic conditions. In the event of a general economic downturn or a recession, potential purchasers of the Corporation's advertising inventory or consumers may substantially reduce their advertising budgets. In the event of such an economic downturn, there can be no assurance that the Corporation's business, financial condition and results of operations would not be materially adversely affected.

Possible Volatility of Stock Price

The price for the Offering may not be indicative of prices that will prevail in any trading market. The market price of the Corporation's Shares may be subject to significant fluctuation in response to numerous factors, including the limited public float for such shares, variations in the annual or quarterly financial results of the Corporation or its competitors, timing of announcements of acquisitions by the Corporation or its competitors, changes by financial research analysts in their recommendations or estimates of the results of operations of the Corporation, changing conditions in the economy in general or in the television sector in particular, unfavorable publicity or changes in applicable laws and regulations, or other factors. Moreover, from time to time, the stock market may experience significant price and volume volatility that may affect the market price of the Corporation's shares for reasons unrelated to the Corporation's performance. No prediction can be made as to the effect, if any, that future sales of shares or the availability of such shares for future sale will have on the market price of the shares prevailing from time to time. Sales of a substantial number of such shares, or the perception that such sales could occur, could adversely affect the prevailing price of the Shares.

PROMOTERS

James Ripley, Brian Smith and Ron Johnson may be considered to be promoters of the Corporation in that they took the initiative in founding and/or organizing the Corporation. See also "PRIOR SALES", "PRINCIPAL SHAREHOLDERS" AND "OPTIONS TO PURCHASE SECURITIES".

LEGAL PROCEEDINGS

Certain legal matters relating to the issue and sale of the Common Shares will be passed upon on behalf of the Corporation by ProVenture Law, Barristers & Solicitors, Calgary, Alberta and on behalf of the Agent by Macleod Dixon LLP, Barristers & Solicitors, Calgary, Alberta.

LITIGATION

To the knowledge of the Corporation, there are no material existing or pending legal proceedings out of the normal course against the Corporation or any directors or senior officers thereof.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described under the heading "Material Contracts", to the knowledge of the Corporation after having made reasonable inquiry, none of the directors, senior officers or principal shareholders of the Corporation, Grasslands or Starbright has had any material interest in any transaction within the 3 years prior to the date of this Prospectus or in any proposed transaction.

RELATIONSHIP BETWEEN CORPORATION AND AGENT

The Corporation is not a related party or connected party of the Agent.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Corporation's current auditor of the Corporation is Amonson Lalonde Ware & Co., Chartered Accountants, 100, 129 – 17th Avenue S.W., Calgary, Alberta.

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada, at 6th Floor, Western Gas Tower, 530 – 8th Avenue S.W., Calgary, Alberta.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation which are presently in effect:

1. Agency and Sponsorship Agreement dated , 2001 between the Corporation and Wolverton Securities Ltd.. See "PLAN OF DISTRIBUTION".
2. Regulatory Escrow Agreement dated , 2001 among the Corporation, Computershare Trust Company of Canada and certain shareholders of the Corporation. See "ESCROWED SECURITIES".
3. Private Escrow Agreement dated June 19, 2001 among the Corporation and certain shareholders of the Corporation. See "ESCROWED SECURITIES".
4. Option Agreements between Starbright Venture Capital Inc. and each of Everett Koeller, Ned Studer, Marshall Copithorne and LeRoy Gieck dated June 6, 1997. See "OPTIONS TO PURCHASE SECURITIES".
5. Promissory Note for \$350,000 from Universal Genetics Corporation Limited to Starbright Venture Capital Inc. dated October 30, 1997. See "GENERAL INFORMATION, OPERATING HISTORY AND PRINCIPAL PRODUCTS – Starbright Venture Capital Inc."
6. Promissory Note for \$150,000 from Universal Genetics Corporation Limited to Starbright Venture Capital Inc. dated October 30, 1997. See "GENERAL INFORMATION, OPERATING HISTORY AND PRINCIPAL PRODUCTS – Starbright Venture Capital Inc."
7. General Security Agreement of Universal Genetics Corporation Limited to Starbright Venture Capital Inc. dated July, 1997. See "GENERAL INFORMATION, OPERATING HISTORY AND PRINCIPAL PRODUCTS – Starbright Venture Capital Inc."

8. Guarantee of Universal Genetics Ltd. to Starbright Venture Capital Inc. dated October 30, 1997. See "GENERAL INFORMATION, OPERATING HISTORY AND PRINCIPAL PRODUCTS – Starbright Venture Capital Inc."
9. Collateral Mortgage of Land between Universal Genetics Ltd. and Starbright Venture Capital Inc. dated October 30, 1997. See "GENERAL INFORMATION, OPERATING HISTORY AND PRINCIPAL PRODUCTS – Starbright Venture Capital Inc."

Copies of the foregoing agreements may be inspected during ordinary business hours at our registered office during the course of distribution of the Common Shares and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

Dilution

The net tangible book value as of March 31, 2001 was \$0.060 per Common Share. After giving effect to the issuance of the Common Shares at a price of \$0.40 per Common Share, after deducting the Agent's Commission and after giving effect to the minimum and maximum Offering, the net tangible book value as at March 31, 2001 was \$0.085 per Common Share for the minimum Offering and \$0.094 per Common Share for the maximum Offering. This represents an immediate increase in the net tangible book value to existing shareholders of \$0.025 per Common Share (41.67%) for the minimum Offering and \$0.034 per Common Share (56.67%) for the maximum Offering. This also represents an immediate dilution in net tangible book value to subscribers under this Offering of \$0.315 per Common Share (78.75%) for the minimum Offering and \$0.306 per Common Share (76.50%) for the maximum Offering. The following table illustrates the per share dilution:

	Minimum Offering	Maximum Offering
Issue Price per Common Share:	\$ 0.40	\$ 0.40
Net tangible book value prior to the Offering:	\$593,958	\$ 593,958
Increase of net tangible book value attributable to the Offering:	\$322,000	\$ 460,000
Net Tangible Book Value after the Offering	\$915,958	\$1,053,958
Per Common Shares Dilution to Subscribers under the Offering	\$ 0.315	\$ 0.306
Percentage Dilution to Subscribers under the Offering	78.75%	76.50%

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of this Prospectus and any amendment thereto. In several of the provinces, applicable securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such province. A purchaser should refer to any applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

FINANCIAL STATEMENTS

**Annual, Audited Financial Statements of The Grasslands Entertainment Group Inc. for the Years Ending
June 30, 2000, 1999 and 1998**

AUDITORS' REPORT

To the Shareholders of

THE GRASSLANDS ENTERTAINMENT GROUP INC.

I have audited the balance sheets of The Grasslands Entertainment Group Inc. as at June 30, 2000, 1999 and 1998 and the statements of income and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2000, 1999 and 1998 and the results of its operations and changes in financial position for the years then ended in accordance with generally accepted accounting principles.

August 31, 2000
Calgary, Alberta

"T. L. Hiner"
Chartered Accountant

THE GRASSLANDS ENTERTAINMENT GROUP INC.

FINANCIAL STATEMENTS

JUNE 30, 2000, 1999 AND 1998

THE GRASSLANDS ENTERTAINMENT GROUP INC.

BALANCE SHEETS - JUNE 30, 2000, 1999 AND 1998

ASSETS			
	<u>2000</u>	<u>1999</u>	<u>1998</u>
CURRENT ASSETS			
Cash	\$ 6,797	\$ 11,154	\$ 14,061
Accounts receivable	53,774	78,578	27,552
Production costs (Note 3)	92,464	27,194	29,104
Prepaid expenses	<u>3,682</u>	<u>4,988</u>	<u>-</u>
Total current assets	156,717	121,914	70,717
PRODUCTION COSTS (Note 3)	35,390	39,000	53,063
CAPITAL ASSETS (Note 4)	<u>268</u>	<u>335</u>	<u>419</u>
	<u>\$ 192,375</u>	<u>\$ 161,249</u>	<u>\$ 124,199</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY			
ACCOUNTS PAYABLE	\$ 98,901	\$ 104,305	\$ 90,986
DEFERRED ADVANCES	<u>-</u>	<u>-</u>	<u>3,358</u>
	<u>98,901</u>	<u>104,305</u>	<u>94,344</u>
SHAREHOLDERS' EQUITY			
Share capital (Note 5)	386,150	386,150	191,375
Deficit	<u>(292,676)</u>	<u>(329,206)</u>	<u>(161,520)</u>
FUTURE OPERATIONS (Note 1)	<u>93,474</u>	<u>56,944</u>	<u>29,855</u>
	<u>\$ 192,375</u>	<u>\$ 161,249</u>	<u>\$ 124,199</u>

Approved by the Board

"James Ripley"
Director

"Bryan Smith"
Director

See notes to financial statements

THE GRASSLANDS ENTERTAINMENT GROUP INC.

STATEMENTS OF INCOME AND DEFICIT

FOR THE YEARS ENDED JUNE 30, 2000, 1999 AND 1998

	<u>2000</u>	<u>1999</u>	<u>1998</u>
REVENUE	<u>\$ 223,550</u>	<u>\$ 79,854</u>	<u>\$ 169,658</u>
EXPENSES			
Contracting	10,957	142,056	100,324
Professional fees	18,202	25,025	29,924
Office and other	26,576	41,512	45,702
Share issue costs	4,988	-	-
Amortization of capital assets	67	84	105
Amortization of production costs	<u>126,230</u>	<u>38,863</u>	<u>90,000</u>
	<u>187,020</u>	<u>247,540</u>	<u>266,055</u>
Net income (loss)	36,530	(167,686)	(96,397)
DEFICIT, beginning of year	<u>(329,206)</u>	<u>(161,520)</u>	<u>(65,123)</u>
DEFICIT, end of year	<u>\$ (292,676)</u>	<u>\$ (329,206)</u>	<u>\$ (161,520)</u>
EARNINGS (LOSSES) PER SHARE	<u>\$ 0.007</u>	<u>\$ (0.034)</u>	<u>\$ (0.151)</u>

See notes to financial statements

THE GRASSLANDS ENTERTAINMENT GROUP INC.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2000, 1999 AND 1998

	<u>2000</u>	<u>1999</u>	<u>1998</u>
CASH FROM (TO) OPERATING ACTIVITIES			
Net income (loss)	\$ 36,530	\$ (167,686)	\$ (96,397)
Items not requiring cash			
Amortization of capital assets	67	84	105
Amortization of production costs	126,230	38,863	90,000
Advertising revenue recognized	<u>-</u>	<u>-</u>	<u>(29,000)</u>
	162,827	(128,739)	(35,292)
Resulting from changes in			
Accounts receivable	24,804	(51,026)	(15,016)
Production costs	(20,706)	42,695	-
Prepaid expenses	1,306	(4,988)	-
Accounts payable	<u>(5,404)</u>	<u>13,319</u>	<u>80,028</u>
	<u>162,827</u>	<u>(128,739)</u>	<u>29,720</u>
CASH FROM (TO) INVESTING ACTIVITIES			
Production costs incurred	<u>(222,710)</u>	<u>(92,341)</u>	<u>(146,716)</u>
CASH FROM (TO) FINANCING ACTIVITIES			
Issuance of share capital and warrants	-	194,775	81,000
Advances toward development, production and advertising	<u>55,526</u>	<u>23,398</u>	<u>2,108</u>
	<u>55,526</u>	<u>218,173</u>	<u>83,108</u>
INCREASE (DECREASE) IN CASH	(4,357)	(2,907)	(33,888)
CASH, beginning of year	<u>11,154</u>	<u>14,061</u>	<u>47,949</u>
CASH, end of year	<u><u>\$ 6,797</u></u>	<u><u>\$ 11,154</u></u>	<u><u>\$ 14,061</u></u>

See notes to financial statements

THE GRASSLANDS ENTERTAINMENT GROUP INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000, 1999 AND 1998

1. BUSINESS AND FUTURE OPERATIONS OF THE COMPANY

The Grasslands Entertainment Group Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on April 18, 1995 and is in the business of creating, developing, producing and marketing entertainment programming and products and internet componenets.

The Company is in the development stage with regards to its activity and certain production initiatives. The Company currently has a working capital deficiency and has generally incurred operating losses since inception. These production initiatives will require financial commitments in the short term. The success of these initiatives and the resolution of the working capital deficiencies depend on the Company's ability to access the necessary development and operational capital. The Company intends to finance these commitments through equity offerings and future profitable operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are the representations of management prepared in accordance with generally accepted accounting principles in Canada, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies suumarized below:

(a) Revenue recognition

Substantially all of the Company's programs are produced for television. Revenues from television licensing agreements are recognized when each program becomes contractually available for broadcast. Revenues earned currently which are to be received in future periods are discounted to their present value using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Production costs

Production costs represent expenditures made on the development and production of programs. These costs including related interest and production overhead and exploitation costs, are capitalized as incurred. Advances or contributions received from third parties to assist in the development or production of programs are deducted from these costs to the extent that costs have been incurred, any excess amounts being deferred. Profit participations and residual, if any, are accrued in the proportion that revenue for a period bears to the estimated future revenues. The individual program forecast method is used to amortize these costs to cost of goods sold based upon the revenues in proportion to management's estimate of ultimate revenues to be received.

Estimated future revenues are reviewed periodically by management and revised when appropriate. Unamortized production costs are compared with net realizable values on a program-by-program basis and losses are provided when indicated. Costs related to programs which are abandoned or sold are charged to cost of goods sold in the year such action occurs.

Production inventory costs are classified as current assets on the basis that they relate to programs released, completed programs not released and television programs in production that are contract of sale. All other capitalized production costs are classified as non-current assets.

(c) Capital assets

Capital assets consists of office equipment, which is recorded at cost and amortized based on useful life on a 20% declining balance basis.

3. PRODUCTION COSTS

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Story rights and development costs	\$ 196,735	\$ 96,645	\$ 61,366
Less: advances and contributions received from third parties	<u>104,271</u>	<u>69,451</u>	<u>32,262</u>
Programs in production	<u>92,464</u>	<u>27,194</u>	<u>29,104</u>
Original cost of completed programs	290,483	167,863	143,063
Less: accumulated amortization	<u>255,093</u>	<u>128,863</u>	<u>90,000</u>
Completed programs, net of accumulated amortization	<u>\$ 35,390</u>	<u>\$ 39,000</u>	<u>\$ 53,063</u>

3. PRODUCTION COSTS (continued)

Advances are received from private and public sources for the development and production phases of programs. In some cases these advances are repayable upon the project entering the next phase. It is at this point that a liability is recognized.

Advances are offset against costs to the extent costs have been incurred on specific programs. Any surplus revenue is disclosed as deferred advances and will be offset against costs incurred in subsequent periods.

Gross additions to program costs were \$222,710 for the year ended June 30, 2000, \$92,341 for the year ended June 30, 1999 and \$146,716 for the year ended June 30, 1998.

The Company has capitalized overhead costs related to productions of \$21,500 for the year ended June 30, 2000, \$NIL for the year ended June 30, 1999 and \$7,697 for the year ended June 30, 1998.

4. CAPITAL ASSETS

2000	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment, furniture and fixtures	<u>\$ 819</u>	<u>\$ 551</u>	<u>\$ 268</u>
1999			
Equipment, furniture and fixtures	<u>\$ 819</u>	<u>\$ 484</u>	<u>\$ 335</u>
1998			
Equipment, furniture and fixtures	<u>\$ 819</u>	<u>\$ 400</u>	<u>\$ 419</u>

5. SHARE CAPITAL

(a) Authorized

Unlimited number of Class A voting shares

Unlimited Class B non-voting shares

Unlimited Class C preference shares

5. SHARE CAPITAL (Continued)

(b) Issued

	Number of Shares	1999	1998
Balance, beginning of year (Note 5 (c) (i))	649,994	\$ 191,375	\$ 110,375
Issued for cash (405,000 shares in 1998)	<u>15,000</u>	<u>15,000</u>	<u>81,000</u>
	664,994	206,375	191,375
Stock split (Note 5(c) (ii))	<u>3,989,964</u>	<u>-</u>	<u>-</u>
	4,654,958	206,375	191,375
Exchange warrants exercised	<u>166,250</u>	<u>49,875</u>	<u>-</u>
	4,821,208	256,250	191,375
Exchange warrants (Note 5(c) (iii))	<u>433,000</u>	<u>129,900</u>	<u>-</u>
Balance, end of year	<u><u>386,150</u></u>	<u><u>\$ 386,150</u></u>	<u><u>\$ 191,375</u></u>

There were no changes in share capital in the fiscal year ended June 30, 2000.

(c) Share split and exchange warrants

- (i) On October 31, 1997, the shareholders approved a resolution to consolidate the \$3,500,000 shares outstanding at June 30, 1997 plus 405,000 shares issued for cash in fiscal 1998 into 649,994 shares.
- (ii) On October 22, 1998, the shareholders approved a resolution to split the 664,994 existing Class A shares into 4,654,958 Class A shares.
- (iii) The Company issued 599,250 exchange warrants for \$179,775. Each exchange warrant entitled the holder to receive, at no additional cost, 1 Class A share of the Company at anytime until November 1, 2000. All exchange warrants will be deemed to be exercised by October 31, 2000.

6. INCOME TAXES

At June 30, 2000, the Company has approximately \$247,000 (1999 - \$346,000, 1998 - \$240,000) of unused tax pools and unutilized non-capital loss carryforwards available to reduce future taxes payable, the tax benefit of which has not been recognized in these financial statements. The unutilized non-capital loss carryforwards expire in 2006.

7. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

8. SUBSEQUENT EVENT

Subsequent to June 30, 2000, the Board of Directors authorized management to negotiate a significant acquisition or merger transaction. No letter of intent has been signed.

9. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to current year disclosure. The comparative data for the year ended June 30, 1998 was audited by another chartered accounting firm.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. Management has reviewed the operations of the company subsequent to January 1, 2000 and have found no Year 2000 Issues but it is not possible to be certain that all aspects of the Year 2000 Issue related to the efforts of customers, suppliers or other third parties, will be fully resolved.

FINANCIAL STATEMENTS

**Interim, Unaudited Financial Statements of The Grasslands Entertainment Group Inc. for the 9 month
Period Ending March 31, 2001**

THE GRASSLANDS ENTERTAINMENT GROUP INC.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2001

T.L. HINER
CHARTERED ACCOUNTANT*

REVIEW ENGAGEMENT REPORT

To The Shareholders:
The Grasslands Entertainment Group Inc.

I have reviewed the balance sheet of The Grasslands Entertainment Group Inc. as at March 31, 2001 and the statements of income and deficit and changes in cash resources for the period then ended. My review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

April 25, 2001
Calgary, Alberta

"T.L. Hiner"
Chartered Accountant

THE GRASSLANDS ENTERTAINMENT GROUP INC.

BALANCE SHEET

March 31, 2001
(Unaudited)

ASSETS

	March 31, 2001	June 30, 2000
CURRENT ASSETS		
Cash	\$ 53,258	\$ 6,797
Accounts receivable	55,350	53,774
Production costs (Note 3)	83,939	92,464
Prepaid expenses	6,250	3,682
	198,797	156,717
PRODUCTION COSTS (Note 3)	177,944	35,390
CAPITAL ASSETS (Note 4)	924	268
	<u>\$ 377,665</u>	<u>\$ 192,375</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 20,352	\$ 98,901
Income taxes payable	7,430	-
	<u>27,782</u>	<u>98,901</u>

SHARE CAPITAL AND DEFICIT

SHARE CAPITAL (Note 5)	551,150	386,150
DEFICIT	<u>(201,267)</u>	<u>(292,676)</u>
	349,883	93,474
FUTURE OPERATIONS (Note 1)	<u>\$ 377,665</u>	<u>\$ 192,375</u>

APPROVED BY THE BOARD:

"James Ripley" Director
"Bryan Smith" Director

See notes to financial statements.

THE GRASSLANDS ENTERTAINMENT GROUP INC.

STATEMENTS OF INCOME AND DEFICIT

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

	<u>2001</u> (9 months)	<u>2000</u> (12 months)
REVENUE	\$ <u>299,414</u>	\$ <u>223,550</u>
EXPENSES		
Contracting	30,900	10,957
Office	29,875	26,576
Professional fees	13,406	18,202
Share issue costs	-	4,988
Amortization of production costs	126,302	126,230
Amortization	<u>92</u>	<u>67</u>
	<u>200,575</u>	<u>187,020</u>
INCOME BEFORE INCOME TAXES	98,839	36,530
PROVISION FOR INCOME TAX	<u>7,430</u>	<u>-</u>
NET INCOME FOR THE PERIOD	91,409	36,530
DEFICIT, BEGINNING OF PERIOD	<u>(292,676)</u>	<u>(329,206)</u>
DEFICIT, END OF PERIOD	<u>\$ (201,267)</u>	<u>\$ (292,676)</u>

See notes to financial statements.

THE GRASSLANDS ENTERTAINMENT GROUP INC.

STATEMENTS OF CHANGES IN CASH RESOURCES

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

	<u>2001</u> (9 months)	<u>2000</u> (12 months)
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Income for the period	\$ 91,409	\$ 36,530
Items not involving cash:		
Amortization	92	67
Amortization of production costs	<u>126,302</u>	<u>126,230</u>
	217,803	162,827
Change in non-cash working capital components	<u>(66,738)</u>	<u>55,526</u>
	<u>151,065</u>	<u>218,353</u>
FINANCING:		
Issuance of share capital	<u>165,000</u>	<u>-</u>
INVESTMENTS:		
Acquisition of capital assets	(748)	-
Production costs incurred	<u>(268,856)</u>	<u>(222,710)</u>
	<u>(269,604)</u>	<u>(222,710)</u>
INCREASE (DECREASE) IN CASH	46,461	(4,357)
CASH, BEGINNING OF PERIOD	<u>6,797</u>	<u>11,154</u>
CASH, END OF PERIOD	<u>\$ 53,258</u>	<u>\$ 6,797</u>

See notes to financial statements.

THE GRASSLANDS ENTERTAINMENT GROUP INC.

NOTES TO THE FINANCIAL STATEMENTS

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

1. **BUSINESS AND FUTURE OPERATIONS OF THE COMPANY:**

The Grasslands Entertainment Group Inc. (the "company") was incorporated under the Business Corporations Act (Alberta) and is in the business of creating, developing, producing and marketing entertainment programming and products and internet components.

The company is in the development stage with regards to its activity and certain production initiatives. These production initiatives will require financial commitments in the short term. The success of these initiatives depend on the company's ability to access development and operational capital. The company intends to finance these commitments through equity offerings and future profitable operations.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the company are the representations of management prepared in accordance with generally accepted accounting principles in Canada, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) **Revenue recognition**

Substantially all of the company's programs are produced for television. Revenues from television licensing agreements are recognized when each program becomes contractually available for broadcast. Revenues earned currently which are to be received in future periods are discounted to their present value using the effective interest method.

(b) **Production costs**

Production costs represent expenditures made on the development and production of programs. These costs including related interest and production overhead and exploitation costs, are capitalized as incurred. Advances or contributions received from third parties to assist in the development or production of programs are deducted from these costs to the extent that costs have been incurred, any excess amounts being deferred. Profit participations and residual, if any,

THE GRASSLANDS ENTERTAINMENT GROUP INC.

NOTES TO THE FINANCIAL STATEMENTS

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Production costs (continued)

are accrued in the proportion that revenue for a period bears to the estimated future revenues. The individual program forecast method is used to amortize these costs to cost of goods sold based upon the revenues in proportion to management's estimate of ultimate revenues to be received.

Estimated future revenues are reviewed periodically by management and revised when appropriate. Unamortized production costs are compared with net realizable values on a program-by-program basis and losses are provided when indicated. Costs related to programs which are abandoned or sold are charged to cost of goods sold in the period such action occurs.

Production inventory costs are classified as current assets on the basis that they relate to programs released, completed programs not released and television programs in production that are contract of sale. All other capitalized production costs are classified as non-current assets.

(c) Capital assets

Capital assets consists of office equipment, which is recorded at cost and amortized based on useful life on a 20% declining balance basis.

3. PRODUCTION COSTS

	<u>2001</u> (9 months)	<u>2000</u> (12 months)
Story rights and development costs	\$ 96,439	\$ 196,735
Less: advances and contributions received from third parties	<u>12,500</u>	<u>104,271</u>
Programs in production	<u>\$ 83,939</u>	<u>\$ 92,464</u>
Original cost of completed programs	\$ 559,339	\$ 290,483
Less: accumulated amortization	<u>381,395</u>	<u>255,093</u>
Completed programs, net of accumulated amortization	<u>\$ 177,944</u>	<u>\$ 35,390</u>

THE GRASSLANDS ENTERTAINMENT GROUP INC.

NOTES TO THE FINANCIAL STATEMENTS

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

3. PRODUCTION COSTS (continued)

Advances are received from private and public sources for the development and production phases of programs. In some cases these advances are repayable upon the project entering the next phase. It is at this point that a liability is recognized.

Advances are offset against costs to the extent costs have been incurred on specific programs. Any surplus revenue is disclosed as deferred advances and will be offset against costs incurred in subsequent periods.

Gross additions to program costs were \$268,856 for the period ended March 31, 2001 and \$222,710 for the year ended June 30, 2000.

The company has capitalized overhead costs related to productions of \$12,493 for the period ended March 31, 2000 and \$21,500 for the year ended June 30, 2000.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
March 31, 2001			
Office equipment	<u>\$ 1,567</u>	<u>\$ 643</u>	<u>\$ 924</u>
June 30, 2000			
Office equipment	<u>\$ 819</u>	<u>\$ 551</u>	<u>\$ 268</u>

5. SHARE CAPITAL

(a) Authorized

Unlimited Class A voting shares
Unlimited Class B non-voting shares
Unlimited Class C preference shares

THE GRASSLANDS ENTERTAINMENT GROUP INC.

NOTES TO THE FINANCIAL STATEMENTS

**For the Nine Month Period Ended March 31, 2001
(Unaudited)**

5. SHARE CAPITAL (Continued)

(b) Issued

	Number of Shares	Amount
Balance, June 30, 2000	5,254,208	\$ 386,150
Issued for cash	825,000	165,000
Balance, March 31, 2001	6,079,208	\$ 551,150

(c) Share issues

During the period, the company issued 825,000 shares for cash of \$165,000.

6. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

7. LEASE COMMITMENTS

The company is required by certain equipment lease agreements to pay monthly rentals of \$525 until March 2003.

8. MATERIAL EVENTS

On March 16, 2001, the Board of Directors, representing the shareholders of the company, signed a non-binding letter of intent which would see all of the outstanding shares of the company being acquired by Starbright Venture Capital Inc. The company has signed lock-up agreements with shareholders representing 87.7% of the outstanding shares.

FINANCIAL STATEMENTS

Annual, Audited Financial Statements of Starbright Venture Capital Inc. for the Years Ending June 30, 2000, 1999 and 1998

Amonson Lalonde Ware & Co.
Chartered Accountants

PARTNERS

MARCEL J. LALONDE, C.A., MANAGING PARTNER*
DAVID L. AMONSON, C.A.*
DARREL A. KESSLERING, C.A.*
DONALD D. JONES, C.A.*
WILLIAM E. WARE, C.A., 1912 - 1988

100, 129 - 17 AVENUE NE
CALGARY, ALBERTA T2E 1L7
TELEPHONE: (403)230-4660
FAX: (403)230-5351

AUDITORS' REPORT

To the Shareholders of
STARBRIGHT VENTURE CAPITAL INC.

We have audited the balance sheets of Starbright Venture Capital Inc. as at June 30, 2000, 1999 and 1998 and the statements of income and retained earnings and cash flows for the years ended June 30, 2000 and 1999 and for the eight months from inception to June 30, 1998. 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 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 June 30, 2000, 1999 and 1998 and the results of its operations and cash flows for the years ended June 30, 2000 and 1999 and for the eight months from inception to June 30, 1998 in accordance with generally accepted accounting principles.

August 1, 2000

"Amonson Lalonde Ware & Co."

STARBRIGHT VENTURE CAPITAL INC.

FINANCIAL STATEMENTS

JUNE 30, 2000, 1999 AND 1998

STARBRIGHT VENTURE CAPITAL INC.

BALANCE SHEETS - JUNE 30, 2000, 1999 AND 1998

ASSETS

	<u>2000</u>	<u>1999</u>	<u>1998</u>
CURRENT ASSETS			
Cash (Note 2)	\$ 208,160	\$ 230,670	\$ 152,216
Receivable from affiliate (Note 3)	-	-	198,434
Other current assets (Note 11)	18,074	19,371	16,381
Current portion of note receivable from affiliate (Note 4)	<u>30,245</u>	<u>14,530</u>	<u>15,572</u>
Total current assets	256,479	264,571	382,603
NOTE RECEIVABLE FROM AFFILIATE , net of current portion (Note 4)	297,934	313,649	328,179
INVESTMENT IN UNIVERSAL GENETICS CORPORATION LIMITED (Note 5)	<u>-</u>	<u>424,043</u>	<u>424,043</u>
	<u><u>\$ 554,413</u></u>	<u><u>\$ 1,002,263</u></u>	<u><u>\$ 1,134,825</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 224
Income taxes payable (Note 6)	<u>-</u>	<u>-</u>	<u>2,751</u>
Total current liabilities	-	-	2,975
FUTURE INCOME TAX LIABILITY (Note 7)	<u>-</u>	<u>-</u>	<u>30,227</u>
	<u>-</u>	<u>-</u>	<u>33,202</u>
SHAREHOLDERS' EQUITY			
Share capital (Note 8)	1,069,773	1,069,773	1,069,773
Retained earnings (deficit)	<u>(515,360)</u>	<u>(67,510)</u>	<u>31,850</u>
	<u>554,413</u>	<u>1,002,263</u>	<u>1,101,623</u>
	<u><u>\$ 554,413</u></u>	<u><u>\$ 1,002,263</u></u>	<u><u>\$ 1,134,825</u></u>

Approved by the Board

"Ned Studer"
Director

"Everett Koeller"
Director

Ammonson Estimate House P.C.

STARBRIGHT VENTURE CAPITAL INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED JUNE 30, 2000 AND 1999 AND

FOR THE EIGHT MONTHS ENDED JUNE 30, 1998

	<u>2000</u>	<u>1999</u>	<u>1998</u>
REVENUE (Note 10)	<u>\$ 8,737</u>	<u>\$ 68,240</u>	<u>\$ 39,631</u>
EXPENSES			
Directors' fees (Note 9)	2,000	2,000	2,000
Professional fees	21,388	12,954	34,162
Office and other	9,156	1,291	3,826
Bad debts expense (Notes 1 and 3)	<u>-</u>	<u>83,090</u>	<u>-</u>
	<u>32,544</u>	<u>99,335</u>	<u>39,988</u>
Income (loss) from operations	(23,807)	(31,095)	(357)
PROVISION FOR WRITE DOWN OF PREFERRED SHARES (Notes 1 and 5)	(424,043)	-	-
GAIN ON SALE OF MARKETABLE SECURITIES	-	-	34,958
PROVISION FOR WRITE DOWN OF NOTES RECEIVABLE (Notes 1 and 3)	<u>-</u>	<u>(98,391)</u>	<u>-</u>
Income (loss) before income taxes	(447,850)	(129,486)	34,601
INCOME TAXES (Note 6)	<u>-</u>	<u>(30,126)</u>	<u>2,751</u>
Net income (loss)	(447,850)	(99,360)	31,850
RETAINED EARNINGS (DEFICIT), beginning of year	<u>(67,510)</u>	<u>31,850</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT), end of year	<u><u>\$ (515,360)</u></u>	<u><u>\$ (67,510)</u></u>	<u><u>\$ 31,850</u></u>
EARNINGS (LOSSES) PER SHARE	<u><u>\$ (0.221)</u></u>	<u><u>\$ (0.049)</u></u>	<u><u>\$ 0.016</u></u>

STARBRIGHT VENTURE CAPITAL INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2000 AND 1999 AND

FOR THE EIGHT MONTHS ENDED JUNE 30, 1998

	<u>2000</u>	<u>1999</u>	<u>1998</u>
CASH FROM (TO) OPERATING ACTIVITIES			
Net income (loss)	\$ (447,850)	\$ (99,360)	\$ 31,850
Items not requiring cash			
Future income tax liability	-	(30,227)	30,227
Provision for write down of preferred shares	424,043	-	-
(Gain) on sale of marketable securities	-	-	(34,958)
Provision for write down of notes receivable	-	98,391	-
	<u>(23,807)</u>	<u>(31,196)</u>	<u>27,119</u>
Resulting from changes in			
Receivable from affiliate	-	100,043	(198,434)
Marketable securities	-	-	20,788
GST receivable	1,297	914	(2,211)
Accounts payable	-	(224)	224
Income taxes payable	-	(6,655)	2,751
	<u>(22,510)</u>	<u>62,882</u>	<u>(149,763)</u>
CASH FROM (TO) INVESTING ACTIVITIES			
Acquisition of Universal Genetics Corporation Limited common shares	-	-	(1,100,000)
Acquisition of preferred shares	-	-	(450,000)
Redemption of Universal Genetics Corporation Limited common shares	-	-	1,100,000
Redemption of preferred shares	-	-	25,957
Note receivable	-	15,572	(343,751)
	<u>-</u>	<u>15,572</u>	<u>(767,794)</u>
CASH FROM (TO) FINANCING ACTIVITIES			
Issuance of share capital	-	-	1,069,773
INCREASE (DECREASE) IN CASH	(22,510)	78,454	152,216
CASH, beginning of year	<u>230,670</u>	<u>152,216</u>	<u>-</u>
CASH, end of year	<u>\$ 208,160</u>	<u>\$ 230,670</u>	<u>\$ 152,216</u>

STARBRIGHT VENTURE CAPITAL INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000, 1999 AND 1998

1. OPERATING AND SIGNIFICANT ACCOUNTING POLICIES

Starbright Venture Capital Inc. was incorporated under the Alberta Business Corporations Act on June 4, 1997. The Corporation is a public company which has invested in Universal Genetics Corporation Limited and in marketable securities.

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable bounds of materiality and utilizing the following significant accounting policies:

Investment in Universal Genetics Corporation Limited

Effective October 30, 1997, a plan of arrangement was executed which caused 53.07% of the issued and outstanding common shares of Universal Genetics Corporation Limited (Universal) (that is, the shares not held by Kenneth R. Bester and Universal Genetics Ltd.) to be transferred to Starbright Venture Capital Inc. (Starbright) in exchange for one Starbright share for each Universal share previously held.

Starbright was entitled to receive from Universal the following:

- the sum of \$150,000 in cash,
- additional cash in three \$50,000 instalments soon after closing,
- a promissory note in the amount of \$350,000 (Note 4),
- 450,000 preferred shares (Note 5) and
- certain collateral security as explained in Note 4.

The Company's investment in preferred shares of Universal Genetics Corporation Limited is accounted for on the lower of the cost method and net realizable value. The investment is carried at cost (less write-down to estimated net realizable value) and the net earnings of the affiliate are reflected in the determination of the net earnings of the Company only to the extent of cumulative dividends earned. Cost of the shares issued in exchange was established at the negotiated exchange amount (\$1,100,000 less the deferred income taxes that were expected to be incurred when the last of the preferred shares are redeemed). The exchange amount was supported by an independent fairness opinion.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes; to the extent such differences are likely to be realized.

1. OPERATING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when the Company is entitled to invoice for the goods, interest, dividends or services, provided that management is confident that such revenue is realizable.

Interest Rate Risk

It is management's opinion that the Company is not exposed to significant interest rate risk arising from its financial instruments.

Credit Risk

Credit risk arises from the possibility that the entities which the Company deals with may experience financial difficulty and be unable to fulfill their obligations. The receivable from affiliate, note receivable and investment in preferred shares are dependent on the operating performance of Universal Genetics Corporation Limited and its subsidiary, Universal Genetics Ltd. The obligations of these two companies to Starbright Venture Capital Inc. are very significant. No payments were received in fiscal 2000, from Universal Genetics Corporation Limited. There is no certainty that the scheduled payments will be received in fiscal 2001. However, management has concluded that it is reasonable to expect that the recorded value of the note receivable will ultimately be realized. Readers of these financial statements should seek to be informed of the current status of both Universal Genetics companies.

Fair Value of Financial Instruments

Fair values of cash and other current assets are assumed to approximate their carrying amounts because of their short-term to maturity. The fair value of the note receivable and preferred shares is dependent upon the value of Universal Genetics Corporation Limited. That value is now estimated to be less than the negotiated transfer prices and write-downs have occurred as disclosed in these financial statements.

2. CASH

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Cash and cash equivalents held at CIBC Wood Gundy Securities Inc.	\$ 213,123	\$ 226,898	\$ 112,155
Cash held by (paid by) Calvert Home Mortgage Corporation Limited as cash manager for the Corporation. Calvert Home Mortgage Corporation Limited is controlled and managed by a director of Starbright Venture Capital Inc.	<u>(4,963)</u>	<u>3,772</u>	<u>40,061</u>
	<u>\$ 208,160</u>	<u>\$ 230,670</u>	<u>\$ 152,216</u>

3. RECEIVABLE FROM AFFILIATE

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Universal Genetics Corporation Limited			
Promissory note arising from plan of arrangement	\$ 98,391	\$ 98,391	\$ 150,000
Allowance for doubtful promissory note	(98,391)	(98,391)	-
Amount due on redemption of preferred shares	-	-	25,957
Dividends recorded	43,418	43,418	17,975
Interest recorded on mortgage receivable	39,672	39,672	4,502
Allowance for doubtful accounts	<u>(83,090)</u>	<u>(83,090)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,434</u>

The promissory note in the amount of \$150,000 bear interest at 12% per annum commencing April 30, 1998. The note is past due and is unsecured. No interest is being accrued since management is not confident that such revenue is realizable.

4. NOTE RECEIVABLE FROM AFFILIATE

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Universal Genetics Corporation Limited			
Interest rate - 8%	<u>\$ 328,179</u>	<u>\$ 328,179</u>	<u>\$ 343,751</u>
Term - 5 years ending October 30, 2002			
Repayment terms - \$3,320 per month PI to October 30, 2002 then lump sum payment of \$274,968			
Collateral - guarantee by Universal Genetics Ltd, supported by a collateral second mortgage on 60.3 hectares of land having the legal description NW 1/4-S27-T2-R25-W4M, the first mortgages cover indebtedness to the Universal Genetics Ltd. primary lender in the amount of \$831,656 as of March 31, 2000 and had a net book value on the land and building of \$1,088,674			

4. NOTE RECEIVABLE FROM AFFILIATE (Continued)

The note receivable is scheduled to be repaid in the following fiscal years:

2001	<u>\$ 30,245</u>
2002	16,997
2003	18,384
2004	19,885
2005	21,507
2006 and subsequent	<u>221,161</u>
	<u>297,934</u>
	<u>\$ 328,179</u>

No interest is being accrued since management is not confident that such revenue is realizable.

5. INVESTMENT IN UNIVERSAL GENETICS CORPORATION LIMITED

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Investment in preferred shares	\$ 424,043	\$ 424,043	\$ 450,000
Write down of preferred shares	(424,043)	-	-
Redemption of preferred shares	<u>-</u>	<u>-</u>	<u>(25,957)</u>
	<u>\$ -</u>	<u>\$ 424,043</u>	<u>\$ 424,043</u>

Preferred shares of Universal Genetics Corporation Limited have the following terms:

- fixed cumulative dividend of 6%
- redeemable at \$1 per share at any time without notice, bonus or penalty
- mandatory payment of 3.5% of gross revenues per quarter which payments shall first be applied to dividends and then to redemption
- priority on liquidation, dissolution or wind-up at \$1 per share
- non-voting except where Universal Genetics Corporation Limited is in default of the mandatory payment of the 3.5% of gross revenues described above

Universal Genetics Corporation Limited has not paid the 3.5% of gross revenues so the preferred shares are voting and represent 20% of all outstanding voting shares of Universal Genetics Corporation Limited. As of June 30, 2000, management has concluded that the net realizable value of the preferred shares is near zero; therefore, the entire investment has been written down to zero.

6. INCOME TAXES PAYABLE

Taxes on earnings vary from the amounts that would be computed by applying the base Federal and Alberta income tax rates to the earnings (losses) before income taxes. The following is a reconciliation of the base taxes with the amount recorded on the statement of income:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net income (loss) before income taxes	<u>\$ (447,850)</u>	<u>\$ (129,486)</u>	<u>\$ 34,601</u>
Income tax (recovery) at base Federal and Alberta rates	<u>\$ (199,831)</u>	<u>\$ (57,762)</u>	<u>\$ 15,435</u>
Change in provision resulting from:			
Non-taxable dividends from Canadian corporations	-	(11,350)	(8,786)
Non-taxable quarter of gains (losses)	47,302	10,973	(3,898)
Reduced recovery due to lack of confidence of realization	<u>152,529</u>	<u>28,013</u>	<u>-</u>
Recorded provision (recovery) for income taxes	<u>\$ -</u>	<u>\$ (30,126)</u>	<u>\$ 2,751</u>

For income tax purposes, the Company has losses carried forward which can be used to reduce future years' otherwise taxable income. These losses expire as follows:

2006	\$ 56,538
2007	<u>23,808</u>
	<u>\$ 80,346</u>

7. FUTURE INCOME TAXES

Pursuant to a plan of arrangement, the Company was scheduled to receive \$86,363 in excess of the paid up capital at some future date when the last \$86,363 of the preferred shares of Universal Genetics Corporation Limited were redeemed. This excess was expected to be taxed at an effective rate of 35%; so a future income tax liability of \$30,227 was recorded as a reduction in the share capital from the negotiated \$1,100,000 to \$1,069,773.

7. FUTURE INCOME TAXES (Continued)

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Plan of arrangement	\$ -	\$ 86,383	\$ 86,383
Provision for book purposes on notes receivable not deducted for tax purposes (Note 3)	(98,381)	(98,381)	-
Provision for book purposes on write down of preferred shares not deducted for tax purposes	(424,043)	-	-
Income tax loss carry forward	<u>(80,346)</u>	<u>(56,538)</u>	<u>-</u>
	<u>\$ (602,770)</u>	<u>\$ (68,536)</u>	<u>\$ 86,383</u>
Future income tax liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,227</u>

8. SHARE CAPITAL

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Authorized			
Unlimited number of voting, no par value, common shares			
Unlimited number of non-voting, no par value, preferred shares			
Issued			
2,030,803 common shares	<u>\$ 1,069,773</u>	<u>\$ 1,069,773</u>	<u>\$ 1,069,773</u>

Future income tax of \$30,227 was recorded as a reduction in the share capital from the negotiated \$1,100,000 to \$1,069,773.

Stock options

The Company has a director stock option plan exercisable until June 5, 2002 in which 100,000 common shares are available to directors at \$0.30 per share. Fully diluted earnings (losses) per share would be \$(0.210) in 2000, \$(0.047) per share in 1999 and \$0.015 in 1998.

9. TRANSACTIONS WITH RELATED PARTIES

The four directors received \$500 each as directors' fees. Calvert Home Mortgage Corporation Limited (controlled and managed by a director, Everett Koeller) is a shareholder and is administering cash on behalf of Starbright Venture Capital Inc. as disclosed in Note 2.

10. REVENUE

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Dividends from Universal Genetics Corporation Limited	\$ -	\$ 25,443	\$ 17,975
Interest income from Universal Genetics Corporation Limited	-	38,014	19,936
Dividends from unaffiliated companies	-	-	1,720
Interest income from third parties	<u>8,737</u>	<u>4,783</u>	<u>-</u>
	<u>\$ 8,737</u>	<u>\$ 68,240</u>	<u>\$ 39,631</u>

11. OTHER CURRENT ASSETS

	<u>2000</u>	<u>1999</u>	<u>1998</u>
GST receivable	\$ -	\$ 1,297	\$ 2,211
Income taxes receivable	<u>3,904</u>	<u>3,904</u>	<u>-</u>
Marketable securities (Market value \$13,500)	<u>14,170</u>	<u>14,170</u>	<u>14,170</u>
	<u>\$ 18,074</u>	<u>\$ 19,371</u>	<u>\$ 16,381</u>

12. COMMENCEMENT OF OPERATIONS

The Company's initial transaction resulted in a receivable from affiliate, notes receivable from affiliate and investment in preferred shares of Universal Genetics Corporation Limited as a result of a plan of arrangement undertaken on October 30, 1997. Related professional fees have been expensed in the period.

13. YEAR 2000 ISSUE

Management has examined the internal operations of the Company subsequent to January 1, 2000 and has found no Year 2000 Issues. Although management is not aware of any external Year 2000 Issues, it is not possible to conclude that all aspects of the Year 2000 Issue have been resolved by affiliates, customers, suppliers and other third parties.

14. SUBSEQUENT EVENT

Subsequent to June 30, 2000, the Board of Directors authorized management to negotiate a significant acquisition or merger transaction. No letter of intent has been signed.

FINANCIAL STATEMENTS

Interim, Unaudited Financial Statements of Starbright Venture Capital Inc. for the 9 month Period Ending March 31, 2001

Amonson Lalonde Ware & Co.
Chartered Accountants

PARTNERS

MARCEL J. LALONDE, C.A., MANAGING PARTNER*
DAVID L. AMONSON, FCA*
DARREL A. KESSLERING, C.A.*
DONALD D. JONES, C.A.*
WILLIAM E. WARE, C.A., 1912 - 1988

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CALGARY, ALBERTA T2E 1L7
TELEPHONE: (403)230-4660
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NOTICE TO READER

To the Shareholders of
STARBRIGHT VENTURE CAPITAL INC.

We have compiled the interim balance sheets of Starbright Venture Capital Inc. as at March 31, 2001 and 2000 and the interim statements of income and retained earnings and cash flows for the nine months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these interim statements may not be appropriate for their purposes.

April 17, 2001

"Amonson Lalonde Ware & Co. "

STARBRIGHT VENTURE CAPITAL INC.
INTERIM FINANCIAL STATEMENTS
MARCH 31, 2001 AND 2000

(Unaudited - See NOTICE TO READER)

STARBRIGHT VENTURE CAPITAL INC.

INTERIM BALANCE SHEETS - MARCH 31, 2001 AND 2000

(Unaudited - See NOTICE TO READER)

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash (Note 2)	\$ 183,743	\$ 208,538
Receivable from affiliate	-	21,847
Other current assets (Note 9)	14,170	14,170
Current portion of note receivable from affiliate (Note 3)	<u>-</u>	<u>29,657</u>
Total current assets	197,913	274,212
NOTE RECEIVABLE FROM AFFILIATE , net of current portion (Note 3)	-	301,979
INVESTMENT IN AFFILIATE (Note 4)	<u>-</u>	<u>424,043</u>
	<u>\$ 197,913</u>	<u>\$ 1,000,234</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

ACCOUNTS PAYABLE	<u>\$ 1,500</u>	<u>\$ -</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	1,069,773	1,069,773
Retained earnings (deficit)	<u>(873,360)</u>	<u>(69,539)</u>
	<u>196,413</u>	<u>1,000,234</u>
	<u>\$ 197,913</u>	<u>\$ 1,000,234</u>

Approved by the Board

"Ned Studer"
Director

"Everett Koeller"
Director

STARBRIGHT VENTURE CAPITAL INC.

INTERIM STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE NINE MONTHS ENDED MARCH 31, 2001 AND 2000

(Unaudited - See NOTICE TO READER)

	<u>2001</u>	<u>2000</u>
REVENUE	\$ 8,525	\$ 25,355
EXPENSES		
Directors' fees (Note 8)	1,500	2,000
Professional fees	27,596	7,348
Office and other	<u>7,455</u>	<u>18,036</u>
	<u>36,551</u>	<u>27,384</u>
Income (loss) from operations	(28,026)	(2,029)
PROVISION FOR WRITE DOWN OF NOTE RECEIVABLE (Notes 1 and 3)	<u>(328,179)</u>	<u>-</u>
Income (loss) before income taxes	(356,205)	(2,029)
INCOME TAXES (Note 6)	<u>1,795</u>	<u>-</u>
Net income (loss)	(358,000)	(2,029)
RETAINED EARNINGS (DEFICIT) , beginning of period	<u>(515,360)</u>	<u>(67,510)</u>
RETAINED EARNINGS (DEFICIT) , end of period	<u>\$ (873,360)</u>	<u>\$ (69,539)</u>
EARNINGS (LOSSES) PER SHARE	<u>(0.176)</u>	<u>(0.001)</u>
FULLY DILUTED EARNINGS (LOSSES) PER SHARE	<u>(0.168)</u>	<u>(0.001)</u>

STARBRIGHT VENTURE CAPITAL INC.

INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 2001 AND 2000

(Unaudited - See NOTICE TO READER)

	<u>2001</u>	<u>2000</u>
CASH FROM (TO) OPERATING ACTIVITIES		
Net income (loss)	\$ (358,000)	\$ (2,029)
Items not requiring cash		
Provision for write down of note receivable	<u>328,179</u>	<u>-</u>
	(29,821)	(2,029)
Resulting from changes in		
Receivable from affiliate	-	(21,847)
Accounts receivable	3,904	5,201
Accounts payable	<u>1,500</u>	<u>-</u>
	<u>(24,417)</u>	<u>(18,675)</u>
CASH FROM (TO) INVESTING ACTIVITIES		
Note receivable	<u>-</u>	<u>(3,457)</u>
INCREASE (DECREASE) IN CASH	(24,417)	(22,132)
CASH, beginning of period	<u>208,160</u>	<u>230,670</u>
CASH, end of period	<u>\$ 183,743</u>	<u>\$ 208,538</u>

STARBRIGHT VENTURE CAPITAL INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2001 AND 2000

(Unaudited - See NOTICE TO READER)

1. OPERATING AND SIGNIFICANT ACCOUNTING POLICIES

Starbright Venture Capital Inc. was incorporated under the Alberta Business Corporations Act on June 4, 1997. The Corporation is a public company which has invested in Universal Genetics Corporation Limited and in marketable securities.

These interim financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable bounds of materiality and utilizing the following significant accounting policies:

Investment in Universal Genetics Corporation Limited

Effective October 30, 1997, a plan of arrangement was executed which caused 53.07% of the issued and outstanding common shares of Universal Genetics Corporation Limited (Universal) (that is, the shares not held by Kenneth R. Bester and Universal Genetics Ltd.) to be transferred to Starbright Venture Capital Inc. (Starbright) in exchange for one Starbright share for each Universal share previously held.

Starbright was entitled to receive from Universal the following:

- the sum of \$150,000 in cash,
- additional cash in three \$50,000 instalments soon after closing,
- a promissory note in the amount of \$350,000,
- 450,000 preferred shares and
- certain collateral security.

The Company's investment in preferred shares of Universal Genetics Corporation Limited is accounted for on the lower of the cost method and net realizable value. The investment is carried at cost (less write-down to estimated net realizable value) and the net earnings of the affiliate are reflected in the determination of the net earnings of the Company only to the extent of cumulative dividends earned. Cost of the shares issued in exchange was established at the negotiated exchange amount (\$1,100,000 less the deferred income taxes that were expected to be incurred when the last of the preferred shares are redeemed). The exchange amount was supported by an independent fairness opinion.

1. OPERATING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes; to the extent such differences are likely to be realized.

Revenue Recognition

Revenue is recognized when the Company is entitled to invoice for the goods, interest, dividends or services, provided that management is confident that such revenue is realizable.

Interest Rate Risk

It is management's opinion that the Company is not exposed to significant interest rate risk arising from its financial instruments.

Credit Risk

Credit risk arises from the possibility that the entities which the Company deals with may experience financial difficulty and be unable to fulfill their obligations. The receivable from affiliate, note receivable and investment in preferred shares are dependent on the operating performance of Universal Genetics Corporation Limited and its wholly-owned subsidiary, Universal Genetics Ltd. The obligations of these two companies to Starbright Venture Capital Inc. are very significant. No payments were received in fiscal 2001, from Universal Genetics Corporation Limited. There is no certainty that the scheduled payments will be received in fiscal 2002. Management has taken a cautious approach and written the note receivable and preferred shares down to zero. This may be too cautious; readers of these financial statements should seek to be informed of the current status of both Universal Genetics companies.

Fair Value of Financial Instruments

Fair values of cash and other current assets are assumed to approximate their carrying amounts because of their short-term to maturity. The fair value of the note receivable and preferred shares is dependent upon the value of Universal Genetics Corporation Limited. That value is now estimated to be less than the negotiated transfer prices and write-downs have occurred as disclosed in these financial statements.

2. CASH

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents held at CIBC Wood Gundy Securities Inc.	\$ 203,173	\$ 213,122
Cash held by (paid by) Calvert Home Mortgage Corporation Limited as cash manager for the Corporation. Calvert Home Mortgage Corporation Limited is managed by a director of Starbright Venture Capital Inc.	<u>(19,430)</u>	<u>(4,584)</u>
	<u>\$ 183,743</u>	<u>\$ 208,538</u>

3. NOTE RECEIVABLE FROM AFFILIATE

	<u>2001</u>	<u>2000</u>
Universal Genetics Corporation Limited	<u>\$ -</u>	<u>\$ 331,636</u>

Interest rate - 8%

Term - 5 years ending October 30, 2002

Repayment terms - \$3,320 per month PI to October 30, 2002
then lump sum payment of \$274,968

Collateral - guarantee by Universal Genetics Ltd, supported by a collateral second mortgage on 60.3 hectares of land having the legal description NW 1/4-S27-T2-R25-W4M, the first mortgages cover indebtedness to the Universal Genetics Ltd. primary lender in the amount of \$831,656 as of March 31, 2000 and had a net book value on the land and building of \$1,088,674

The note receivable was written down to zero as of March 31, 2001. As of June 30, 2000, management had reversed the accrued interest recorded in the first three quarters of fiscal 2000.

4. INVESTMENT IN UNIVERSAL GENETICS CORPORATION LIMITED

	<u>2001</u>	<u>2000</u>
Investment in preferred shares	\$ 424,043	\$ 424,043
Write down of preferred shares	<u>(424,043)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 424,043</u>

Preferred shares of Universal Genetics Corporation Limited have the following terms:

- fixed cumulative dividend of 6%
- redeemable at \$1 per share at any time without notice, bonus or penalty
- mandatory payment of 3.5% of gross revenues per quarter which payments shall first be applied to dividends and then to redemption
- priority on liquidation, dissolution or wind-up at \$1 per share
- non-voting except where Universal Genetics Corporation Limited is in default of the mandatory payment of the 3.5% of gross revenues described above

Universal Genetics Corporation Limited has not paid the 3.5% of gross revenues so the preferred shares are voting and represent 20% of all outstanding voting shares of Universal Genetics Corporation Limited. As of June 30, 2000, management concluded that the net realizable value of the preferred shares was near zero; therefore, the entire investment was written down to zero as of June 30, 2000.

5. FUTURE INCOME TAXES

Pursuant to a plan of arrangement, the Company was scheduled to receive \$86,363 in excess of the paid up capital at some future date when the last \$86,363 of the preferred shares of Universal Genetics Corporation Limited were redeemed. This excess was expected to be taxed at an effective rate of 35%; so deferred income tax of \$30,227 was recorded as a reduction in the share capital from the negotiated \$1,100,000 to \$1,069,773.

	<u>2001</u>	<u>2000</u>
Provision for book purposes on notes receivable not deducted for tax purposes (Note 3)	\$ (426,560)	\$ (98,381)
Provision for book purposes on write down of preferred shares not deducted for tax purposes (Note 4)	(424,043)	(424,043)
Income tax loss carry forward	<u>(108,372)</u>	<u>(80,346)</u>
	<u>\$ (958,975)</u>	<u>\$ (602,770)</u>
Future income tax asset recorded	<u>\$ -</u>	<u>\$ -</u>

6. INCOME TAXES PAYABLE

Taxes on earnings vary from the amounts that would be computed by applying the base Federal and Alberta income tax rates to the earnings (losses) before income taxes. The following is a reconciliation of the base taxes with the amount recorded on the statement of income:

	<u>2001</u>	<u>2000</u>
Net income (loss) before income taxes	<u>\$ (356,205)</u>	<u>\$ (2,029)</u>
Income tax (recovery) at base Federal and Alberta rates	\$ (158,939)	\$ (905)
Change in provision resulting from:		
Non-taxable portion of gains (losses)	97,623	-
Reduced recovery due to lack of confidence of realization	<u>63,111</u>	<u>905</u>
Recorded provision (recovery) for income taxes	<u>\$ 1,795</u>	<u>\$ -</u>

For income tax purposes, the Company has losses carried forward which may be used to reduce future years' otherwise taxable income unless a change of control or other development prevents utilization of the losses. These losses expire as follows:

2006	\$ 56,538
2007	23,808
2008	<u>28,026</u>
	<u>\$ 108,372</u>

7. SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
Authorized		
Unlimited number of voting, no par value, common shares		
Unlimited number of non-voting, no par value, preferred shares		
Issued		
2,030,803 common shares	<u>\$ 1,069,773</u>	<u>\$ 1,069,773</u>

Deferred income tax of \$30,227 was recorded as a reduction in the share capital from the negotiated \$1,100,000 to \$1,069,773.

Stock options

The Company has a director stock option plan exercisable until June 5, 2002 in which 100,000 shares are available to directors at \$0.30 per share.

8. TRANSACTIONS WITH RELATED PARTIES

The four directors receive \$500 each per annum as directors' fees. Calvert Home Mortgage Corporation Limited (managed by a director, Everett Koeller) is a shareholder and is administering cash on behalf of Starbright Venture Capital Inc. as disclosed in Note 2.

9. OTHER CURRENT ASSETS

	<u>2001</u>	<u>2000</u>
Marketable securities (Market value \$11,750)	<u>\$ 14,170</u>	<u>\$ 14,170</u>

10. SUBSEQUENT EVENT

In the nine months ended March 31, 2001, the Board of Directors authorized management to negotiate a significant transaction with The Grasslands Entertainment Group Inc. This is expected to be a reverse takeover.

11. COMPARATIVE DATA

The comparative data to March 31, 2000 does not reflect the decisions made by management in the last quarter of fiscal 2000. In that quarter, the accrued interest on the note receivable was reversed and the investment in the preferred shares of Universal Genetics Corporation Limited was written down to zero. Management had previously issued unaudited quarterly statements for the nine months ended March 31, 2000.

FINANCIAL STATEMENTS

Pro forma, Unaudited Balance Sheet of the Corporation at March 31, 2001 After Giving Effect to the Amalgamation of The Grasslands Entertainment Group Inc. and Starbright Venture Capital Inc.

Amonson Lalonde Ware & Co.
Chartered Accountants

PARTNERS

MARCEL J. LALONDE, C.A., MANAGING PARTNER*
DAVID L. AMONSON, FCA*
DARREL A. KESSLERING, C.A.*
DONALD D. JONES, C.A.*

WILLIAM E. WARE, C.A., 1912 - 1988

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GRASSLANDS ENTERTAINMENT INC.

UNAUDITED PRO FORMA BALANCE SHEET

**ARISING OUT OF THE AMALGAMATION OF STARBRIGHT VENTURE
CAPITAL INC. AND THE GRASSLANDS ENTERTAINMENT GROUP INC.**

MARCH 31, 2001

Compilation report

To the Directors of
**STARBRIGHT VENTURE CAPITAL INC. AND
THE GRASSLANDS ENTERTAINMENT GROUP INC.**

We have reviewed, as to compilation only, the accompanying unaudited pro forma balance sheet arising out of the amalgamation of Starbright Venture Capital Inc. and The Grasslands Entertainment Group Inc. as at March 31, 2001 prepared for inclusion in the prospectus of the company which results from that amalgamation. In our opinion, the unaudited pro forma balance sheet has been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

signed "Amonson Lalonde Ware & Co."

May 2, 2001

GRASSLANDS ENTERTAINMENT INC.
UNAUDITED PRO FORMA BALANCE SHEET
MARCH 31, 2001

(Unaudited - See COMPILATION REPORT)

	The Grasslands Entertainment Group Inc.	Starbright Venture Capital Inc.	Notes	Pro Forma Adjustments	Pro Forma Consolidated
ASSETS					
Cash	53,258	183,743	[c]	460,000	697,001
Accounts receivable	55,350				55,350
Television programs					
Television programs and distribution rights, net of accumulated amortization	177,944				177,944
Television programs in progress	96,439				96,439
Less advances and contributions	(12,500)				(12,500)
	261,883				261,883
Capital assets					
Office equipment	1,567				1,567
Accumulated amortization	(643)				(643)
	924				924
Goodwill			[a]	330,935	330,935
Future income tax assets			[b]	47,662	47,662
Other assets					
Marketable securities		14,170			14,170
Prepaid expenses	6,250				6,250
	6,250	14,170			20,420
	377,665	197,913		838,597	1,414,175
LIABILITIES					
Accounts payable	20,352	1,500			21,852
Income taxes payable	7,430				7,430
	27,782	1,500			29,282
SHARE CAPITAL					
Share capital	551,150	1,069,773	[a] [c]	(542,425) 460,000	1,538,498
Deficit	(201,267)	(873,360)	[a] [b]	873,360 47,662	(153,605)
	349,883	196,413		838,597	1,384,893
	377,665	197,913		838,597	1,414,175

See accompanying notes to the unaudited pro forma balance sheet

GRASSLANDS ENTERTAINMENT INC.

NOTES TO UNAUDITED PRO FORMA BALANCE SHEET

MARCH 31, 2001

(Unaudited – See COMPILATION REPORT)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma balance sheet of Grasslands Entertainment Inc. (“Amalco”) has been prepared by management in accordance with accounting principles generally accepted in Canada. It has been prepared from information derived from the unaudited financial statements of Starbright Venture Capital Inc. (“Starbright”) and The Grasslands Entertainment Group Inc. (“Grasslands”) as at March 31, 2001, together with other information available to the corporations. In the opinion of management of Starbright and Grasslands, this unaudited pro forma balance sheet includes all adjustments necessary for fair presentation of the proposed issuance of the maximum quantity of common shares and the amalgamation of the companies as described below.

The unaudited pro forma balance sheet of Amalco should be read in conjunction with the unaudited financial statements of Starbright and the unaudited financial statements of Grasslands referred to above, and the related Amalco prospectus. This unaudited pro forma balance sheet is not necessarily indicative of the financial position which would have resulted if the combination and reorganization had actually occurred on March 31, 2001.

2. PRO FORMA ADJUSTMENTS

The unaudited pro forma balance sheet adopts the amalgamated name and includes the following pro forma adjustments reflecting transactions as disclosed in the Amalco prospectus:

- [a] The reverse take over transaction by which Grasslands’ shareholders receive 7,902,970 common shares (78.7637%) of Amalco in exchange for all of the issued and outstanding shares of Grasslands results in goodwill on consolidation of \$330,935. This goodwill will be amortized on a straight line basis over 40 years. The deficit of Starbright is eliminated on consolidation and the share capital of Starbright is adjusted to reflect the net of the goodwill on consolidation and the deficit of Starbright.
- [b] Grasslands has timing differences between the book and tax bases of television programs and capital assets that would have yielded future income tax assets of \$47,662 if Grasslands’ management had recorded the future income tax assets. The reverse take over and resultant infusion of capital has caused management to conclude that the future income tax assets are likely to be realized; therefore the future income tax assets have been recorded on consolidation.
- [c] The unaudited pro forma balance sheet is prepared on the anticipated realization of the maximum common share offering involving the issuance of 1,250,000 common shares at \$0.40 per share for aggregate proceeds of \$500,000 (\$460,000 net of agent’s commission). In addition, the Agent will be entitled to a Purchase Warrant allowing it the opportunity to purchase up to an additional 125,000 common shares of the Corporation, or 10% of the number of common shares sold under the prospectus, at a price of \$0.40 per share for a period of eighteen months from the date of closing of the offering. The effect of the Purchase Warrant (and other stock options) has not been reflected in this pro forma balance sheet.

GRASSLANDS ENTERTAINMENT INC.

NOTES TO UNAUDITED PRO FORMA BALANCE SHEET

MARCH 31, 2001

(Unaudited – See COMPILATION REPORT)

2. PRO FORMA ADJUSTMENTS (Continued)

Starbright, before the proposed reverse take over, had 2,030,803 common shares issued and 100,000 options exercisable at \$0.30 per share under a director stock option plan which options expire on the earlier of June 5, 2002 or 90 days from the date of the optionee's loss of office or directorship.

The purchase price of the net assets of Starbright was based on 21.2363% of Starbright having a net book value of \$196,413. This indicated that the consolidated book equity of Grasslands would be \$924,893 after the reverse takeover and before the issuance of 1,250,000 new common shares from treasury.

3. SHARE CAPITAL CONTINUITY

A continuity of Starbright 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:

Common Shares Before Amalgamation	Number of Shares	Amount \$
Starbright shares issued and outstanding at March 31, 2001	2,030,803	1,069,773
Grasslands shares issued and outstanding at March 31, 2001	6,079,208	551,150
Common Shares After Amalgamation		
Common shares of Amalco issued in exchange for one share of each original Starbright share	2,030,803	1,069,773
Common shares of Amalco issued in exchange for 0.769 share of each original Grasslands share	7,902,970	551,150
Adjustment of share capital in accordance with the purchase equation (<i>notes 2[a] and 2[b]</i>)	0	(542,425)
Amalco shares issued and outstanding after amalgamation	9,933,773	1,078,498
Amalco common shares to be issued after giving effect to the maximum public offering (<i>note 2[c]</i>)	1,250,000	460,000
Amalco shares issued and outstanding after the amalgamation and issuance of maximum common shares in new public offering	11,183,773	1,538,498

Pursuant to the terms of a Starbright stock option plan for its directors, Starbright has 100,000 options outstanding. Amalco will issue additional stock options exercisable at \$.40 per share for 600,000 additional common shares. The options have the following exercise price and expiry date:

Expiry Date	Exercise Price	Number of Options
June 5, 2002	\$0.30	100,000
September 2006 (Expected)	\$0.40	600,000

CERTIFICATES

Dated: September 28, 2001

Certificate Of The Corporation

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VIII of the *Securities Act* (Alberta) and Part IX of the *Securities Act* (British Columbia) and the regulations thereunder.

signed “James Ripley”
James Ripley, Chief Executive Officer

signed “Ron Johnson”
Ron Johnson, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

signed “Brian Smith”
Brian Smith, Director

signed “Everett Koeller”
Everett Koeller, Director

Certificate Of The Promoters

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VIII of the *Securities Act* (Alberta) and Part IX of the *Securities Act* (British Columbia) and the regulations thereunder.

signed “James Ripley”
James Ripley

signed “Brian Smith”
Brian Smith

signed “Ron Johnson”
Ron Johnson

Dated: September 28, 2001

Certificate Of The Agent

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 Part VIII of the *Securities Act* (Alberta) and Part IX of the *Securities Act* (British Columbia) and the regulations thereunder.

WOLVERTON SECURITIES LTD.

Signed: “Stan Lee”
Stan Lee