

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED ON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NEW ISSUE

February 24, 2000

EBULLY INC.
(A Junior Capital Pool Corporation)
1,500,000 Common Shares
(Without Nominal or Par Value)

PRICE: \$0.20 Per Common Share

The purpose of this issue is to provide Ebully Inc. (the "Corporation") with a minimum of funds with which to identify and evaluate assets, technologies or businesses with a view to their potential acquisition. See "Use of Proceeds" and "Business of the Corporation". The Corporation will not acquire or participate in assets, technologies or businesses located outside of Canada until after the completion of a major transaction (as defined herein).

Pursuant to an Agency Agreement, Emerging Equities Inc. ("the Agent") will be granted an option to acquire up to 150,000 Common Shares of the Corporation (the "Common Shares") at \$0.20 per share expiring 18 months from the date the Corporation's shares are listed on The Canadian Venture Exchange. Directors of the Corporation will receive options to purchase 255,000 Common Shares of the Corporation at \$0.20 expiring five (5) years from the date of grant. The Agent's option and the options to be granted to Directors are qualified under this prospectus for distribution.

This issue is not underwritten and is subject to the receipt by the Corporation of a minimum subscription of \$300,000 which must be raised within 90 days of the issuance of a receipt for filing of a final prospectus, or such other time as may be authorized by the Executive Director of the Alberta Securities Commission and agreed to by the Agent. See "Plan of Distribution".

	Common Shares	Price to Public	Agents Commission ⁽¹⁾	Net Proceeds to Corporation ⁽²⁾
Per Common Share	-	\$0.20	\$0.02	\$0.18
Total Offering	1,500,000	\$300,000	\$30,000	\$270,000

(1) A commission of 10% of the gross proceeds of this offering will be paid to the Agent. In addition the Agent will be granted a non-transferable option to purchase 150,000 Common Shares at a price of \$0.20 per share which expires 18 months from the date the Corporation's shares are listed on The Canadian Venture Exchange, which option is qualified under this prospectus. The Agent will also be paid an Agency fee of \$10,000, plus G.S.T. and its expenses, which include legal fees not to exceed \$5,000, plus G.S.T.

(2) Before deducting the costs of this issue, estimated at \$26,000, which include the Agent's Agency fee and legal fees the Corporation's expenses and legal fees and listing and regulatory fees. See "Use of Proceeds".

INVESTMENT IN THE COMMON SHARES SHOULD BE REGARDED AS HIGHLY SPECULATIVE. This offering is suitable only to those investors who are willing to rely on the management of the Corporation and who are prepared to risk a loss of their entire investment. The Common Shares are highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated, has not entered into any acquisition or business participation opportunity or agreement and has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. Any business of the Corporation will involve a high degree of risk and there is no assurance that the Corporation will identify an asset, technology or business prospect which warrants acquisition or participation. Moreover, if a prospect is identified and acquisition or participation is warranted, additional funds may be required to complete the acquisition or participation and the Corporation may not be able to obtain financing. Where the acquisition or participation is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution to their investment.

Subscribers acquiring Common Shares under this offering will experience an immediate dilution of 21% or \$0.042 per share, based on gross proceeds of this issue, without deduction of selling commissions and related expenses the issue.

Other than the initial distribution of Common Shares pursuant to this prospectus, trading in all securities of the Corporation shall not be permitted during the period between the date of receipt of the preliminary prospectus and the time the securities are posted for trading on The Canadian Venture Exchange (the "Exchange") except pursuant to the Alberta Securities Commission (the "Commission") Rule 46-501 entitled "Junior Capital Pool Offerings" and Companion Policy 46-501.

The Exchange may suspend from trading or delist the securities of a Junior Capital Pool Corporation where (a) the Corporation has failed to complete a Major Transaction within eighteen (18) months of the date of listing; or (b) the Corporation does not have at least \$25,000 in cash at any time during its listing.

There is no market for the Common Shares offered by this Prospectus and purchasers may not be able to dispose of them. The price of this offering has been determined arbitrarily by the directors of the Corporation. This offering is subject to the Junior Capital Pool policies and guidelines issued by the Commission and the Exchange. Therefore, among other things, individual purchasers of the Common Shares of the Corporation offered hereby shall not be able to purchase more than 2% of the total Common Shares offered hereby (30,000 shares).

This offering is not underwritten and is subject to a total subscription which must be raised within ninety (90) days of the issuance of a receipt for the filing of a final prospectus or such other time as may be authorized by the Executive Director of the Commission and agreed to by the Agent. The funds received from the sale of the shares offered hereunder will be deposited with Olympia Trust Company and will not be released until a total of \$300,000 has been deposited and the Agent has consented to such release. If the total subscription is not raised, subscription monies will be returned to subscribers without interest or deduction. See "Plan of Distribution".

The Common Shares are offered by Emerging Equities Inc. as agent on behalf of the Corporation, on a "best efforts" basis, subject to prior sale, if, as and when issued, and delivered in accordance with the conditions referred to under "Plan of Distribution" and subject to approval of McCaffery Goss Mudry, Calgary, Alberta, of legal matters on behalf of the Corporation, and the approval of McLeod & Company, 800, 110 12 Macleod Trail South, Calgary, Alberta, T2J 6A5, of such legal matters on behalf of the Agent. It is expected that definitive share certificates evidencing the Common Shares will be available for delivery at the closing of this offering on or before May 23, 2000.

**EMERGING EQUITIES INC.
BOW VALLEY SQUARE II
2350 205 5TH AVENUE S.W.
Calgary, Alberta
T2P 2V7
Telephone: (403) 216-8200**

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PROSPECTUS SUMMARY

The information in this summary is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus.

- OFFERING:** A total of 1,500,000 Common Shares at \$0.20 per share. In addition, the Corporation will grant an option to Emerging Equities Inc. (the "Agent") to purchase 150,000 Common Shares and options to the Corporation's directors to purchase 255,000 Common Shares at \$0.20 per share, which options are qualified under and distributed pursuant to this Prospectus. See "Plan of Distribution" and "Directors and Management Stock Options".
- CORPORATION:** The principal business of the Corporation will be to identify and evaluate corporations, properties, assets or businesses with a view to their potential acquisition and completing a Major Transaction, approved by the Canadian Venture Exchange, in accordance with Alberta Securities Commission Rule 46-501. As yet, the Corporation has not carried on any business. The Corporation has commenced negotiations with Panda Systems Inc. although no agreement with Panda Systems Inc. has yet been reached. See "Business of the Corporation".
- USE OF PROCEEDS:** The net proceeds will be used to provide the Corporation with a minimum of funds with which to identify potential acquisitions and to pay the expenses incurred pursuant to this offering. The Corporation may not have sufficient funds to secure such acquisitions once identified and additional funds may be required. See "Use of Proceeds", "Business of the Corporation - Method of Financing Acquisitions or Participation" and "Risk Factors".
- DIRECTORS AND MANAGEMENT:**
- | | | |
|-----------------------|---|-------------------------------------------------|
| Philip Sceviour | - | President, Chief Executive Officer and Director |
| Kells S. Boland | - | Director |
| Melvin Wong | - | Director |
| Kuldip Baid | - | Director |
| Fred A. Stewart, Q.C. | - | Director |
| Paula Sceviour | - | Secretary/Treasurer and Chief Financial Officer |
- DIVIDEND POLICY:** It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See "Dividend Policy".
- SPECULATIVE ASPECT:** Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. This offering is only suitable for those investors who are willing to rely solely on the management of the Corporation and who are prepared to risk a loss of their entire investment. See "Business of the Corporation", "Risk Factors" and "Conflicts of Interest".

THE CORPORATION

The Corporation was on August 13, 1999 incorporated pursuant to the *Business Corporations Act* (Alberta).

The registered office, head office and principal office of the Corporation is located at Suite at 2200, 736 - 6th Avenue, S.W., Calgary, Alberta, T2P 3T7. The head office of the Corporation is located at 1120, 444 - 5th Avenue S.W., Calgary, Alberta, T2P 2T8.

BUSINESS OF THE CORPORATION

History and Operations of the Corporation

To date, the Corporation has not conducted operations of any kind.

The Corporation proposes to identify and evaluate opportunities for the acquisition of interests in corporations, properties, assets or businesses and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval with a view to completing a Major Transaction, approved by the Canadian Venture Exchange and the majority of the minority shareholders, in accordance with Alberta Securities Commission Rule 46-501. Until the confirmation of a Major Transaction, the Corporation shall not carry on any business other than the identification and evaluation of corporations, properties, assets or business in connection with a potential Major Transaction.

Process and Criteria for Acquisitions

The Corporation proposes to identify acquisitions of interests in corporations, properties, assets or businesses through discussions with various contacts. Once a prospective acquisition target has been identified and evaluated, the Corporation will proceed to negotiate the terms upon which the Corporation may acquire an interest in the corporation, property, asset or business. All potential acquisitions and participation will initially be screened by management of the Corporation to determine their economic viability. The Board of Directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. The Corporation will not consider acquisitions of corporations, properties, assets or businesses outside of Canada prior to the completion of a Major Transaction.

Method of Financing Acquisitions or Participation

The Corporation proposes to use cash, bank financing, issuance of treasury shares, private or public financing, or some combination thereof to finance acquisitions. If treasury shares are issued such issuance could result in further dilution to shareholders.

Possible Major Transaction

The Corporation has commenced negotiations with Panda Systems Inc., the owner of the Panda Web Engine, an internet based application development program.

While negotiations with Panda Systems Inc. are at a preliminary stage there is a high likelihood for the completion of an agreement with Panda Systems that would qualify as a Major Transaction. It is too early in the negotiations respecting this opportunity to advise investors of the nature and magnitude of the consideration likely to be given by the Corporation in the proposed transaction. However based upon a very preliminary valuation it would appear that if common shares are issued by the Corporation in exchange for all of the issued shares of Panda Systems Inc. the shares issued would on a fully diluted basis represent approximately 76.5% of the issued and outstanding shares of the Corporation following the completion of the Major Transaction.

Directors of the Corporation have potential conflicts of interest in negotiating with Panda Systems Inc.. Philip Sceviour the President, a director and shareholder of the Corporation is also the President, director and shareholder of Panda Systems Inc. Other directors and officers, Kells Boland, Melvin Wong and Paula Sceviour are also shareholders of Panda Systems Inc.

Panda Systems Inc.

Panda Systems Inc. ("PSI") was incorporated on May 14, 1998, for the purpose of acquiring the Panda Web Engine from Panda Technologies Inc. (a company controlled by Philip Sceviour and Paula Sceviour). PSI was initially capitalized by issuing 770,000 common shares to Philip Sceviour and Paula Sceviour and 25,000 to Jon

Carter at \$0.01 for each. The Panda Web Engine was purchased on July 1998, for the purchase price of \$200,000.00. The purchase price was paid by issuing 200,000 shares of PSI at a stated value of \$1.00 for each share. In June 1998, prior to the purchase of the Panda Web Engine, PSI raised \$367,500.00 cash through a private placement by issuing 367,500 common shares at \$1.00 each. The monies raised by PSI have been used to further develop the Panda Web Engine and its product application CLAIMserv. PSI is based in Calgary, Alberta and currently employs six (6) employees including five (5) programmers.

The Panda Web Engine

The Panda Web Engine is a UNIX based database server system that writes a business organization's data base to HTML and securely stores and manages this information and related applications on the Internet. It allows a business organization's authorized personnel to simultaneously share data, documents and images, print reports and access the data base from multiple offices and remote personal computers.

CLAIMserv

CLAIMserv is product designed and built by PSI for claims management in the insurance industry.

Built on the Panda Web Engine an insurance company can have its claims data reside on a CLAIMserv server. Once created the data can be stored, reviewed, added to and printed from personal computers. There are no programs, and correspondingly no maintenance, required at the PC level relating to CLAIMserv. CLAIMserv can be accessed by and used by multiple approved users including insurance company personnel, adjusters and lawyers.

Requirements to be Met to Complete a Major Transaction

Any Major Transaction (as defined herein) that the Corporation enters into shall be submitted to its shareholders for their approval in accordance with the Alberta Securities Commission Rule 46-501 and Companion Policy 46-501 CP (collectively the "Rule"). Pursuant to the Rule, a Major Transaction must be approved at a meeting of the Corporation's shareholders by 50% plus one vote of the votes cast by the Corporation's shareholders, other than promoters, officers, director or other insiders of the corporation and associates or affiliates of such persons or companies (collectively, "Parties Related to the Corporation") and promoters, officer, directors, insiders and all other parties to or associated with the Major Transaction and associates and affiliates of such person (collectively "Parties Related to the Major Transaction").

A Major Transaction shall include a transaction whereby:

- a. the Corporation issues securities representing more than 25% of its issued and outstanding securities prior to the completion of the Major Transaction to acquire assets of another issuer on the completion of which the Corporation will meet the minimum listing requirements of The Canadian Venture Exchange for an issuer other than a junior capital pool issuer ("Significant Assets");
- b. the Corporation enters into an arrangement, amalgamation, merger or reorganization (the "Reorganization") with another issuer with Significant Assets whereby the ratio of securities which are distributed to the two sets of security holders results in the security holders of the other issuer acquiring control of the entity arising from the Reorganization; or
- c. the Corporation otherwise acquires Significant Assets;

but excludes a transaction whereby the Corporation, prior to the completion of the Major Transaction, issues for cash, securities representing more than 25% of its securities issued and outstanding securities immediately prior to such issuance.

Notwithstanding the definition of a Major Transaction, The Canadian Venture Exchange may not approve a Major Transaction where:

- a. the Corporation does not satisfy or may not reasonably be expected to satisfy the minimum listing requirements of The Canadian Venture Exchange upon completion of the transaction;
- b. the aggregate number of securities of the Corporation owned, directly or indirectly or indirectly, by:
 - i. a member firm of The Canadian Venture Exchange;

- ii. registrants, unregistered corporate finance professionals, employee shareholders and partners of the member firm; and
 - iii. associates of any such persons,
- collectively, would exceed 20% of the issued and outstanding securities of the Corporation following completion by the Corporation of a Major Transaction; or
- c. the consideration paid either for the company or entity which is the subject of, or to the vendor of assets acquired in connection with or in contemplation of the Corporation's Major Transaction, is objectionable to The Canadian Venture Exchange.

Prior to the completion of a Major Transaction or the issuance of any securities of the Corporation pursuant to a Major Transaction, the Corporation shall be required to comply with the by-laws and policies of The Canadian Venture Exchange, the provisions of the *Securities Act* (Alberta) and the regulations thereto, and submit for review to The Canadian Venture Exchange an information circular which must comply with the *Securities Act* (Alberta) and the rules and regulations thereto and contain a certificate to the effect that the information circular constitutes full, true and plain disclosure of all material facts relating to particular matters to be acted upon by shareholders. The Corporation must then mail the information circular and related proxy material to the shareholders and obtain the approval of the Major Transaction by the shareholders on the basis of the application of the "majority of the minority" test, which requires that the resolution approving the Major Transaction must be approved by at least 50% plus one vote of the votes cast by shareholders who vote at the meeting, other than Parties Related to the Corporation and Parties Related to the Major Transaction. In the event that the Major Transaction involves the acquisition of an asset or assets, the Corporation will submit with the information circular for review by The Canadian Venture Exchange or its experts, a current independent engineering report, feasibility study or valuation relating to the asset or assets in such circumstances where such a report, study or valuation would be required on the filing of a prospectus. The Corporation will be considered to have completed its Major Transaction on the date of the meeting of shareholders at which the Major Transaction was approved, provided that all post-meeting documentation is subsequently filed with The Canadian Venture Exchange and The Canadian Venture Exchange has issued a Bulletin confirming that the Major Transaction has been completed. The Rule shall cease to apply, other than Parts 7 and 9 of the Rule, after the Corporation has completed its Major Transaction and such a Bulletin has been issued.

MANAGEMENT AND KEY PERSONNEL

Philip G. Sceviour – Mr. Sceviour is the President, Chief Executive Officer and a Director of the Corporation. He has been involved with the ongoing business of developing software through Panda Systems Inc. since the mid 1980's. He holds a Bachelors degree in Civil Engineering and Management from McMaster University (1977). Mr. Sceviour is currently President of Panda Systems Inc., a developer of Internet based applications; past President of First Quality Greenhouses Ltd., a manufacturer of commercial greenhouses for Canada and the northwest U.S. Previous positions include international pipeline consulting and strategic analysis for Novagas International (Chile, Mexico, U.S.); economic analysis and pipeline engineering for Nova Corp. (Alberta) and lubricant sales for Texaco (Ontario). Mr. Sceviour served as a director of the Federation of Calgary Communities for six years.

Kells S. Boland - Mr. Boland is a Director of the Corporation. He holds a Masters in Business Administration degree from the University of Maryland (1971) and a Bachelors degree in economics from the College of Wooster (1967). Mr. Boland is currently president of PROLOG Planning Inc., management and economics consulting firms since 1981. He is a long standing member of the board, and surface committee chairman, of the Calgary Transportation Authority. Previous positions include Executive Department in-house consultant with the Southern Pacific Company in San Francisco, Project Cost Engineer on the Canadian Arctic Gas Risk Analysis Team and Senior Project Administrator (Traffic) on the Trans-Alaska Pipeline and Roads Project. Mr. Boland also served six years as an officer in the United States Navy.

Paula J. Sceviour – Mrs. Sceviour is the Chief Financial Officer and Secretary/Treasurer of the Corporation. She has been involved with the ongoing business of software development through Panda Systems Inc. since the mid 1980's. Mrs. Sceviour graduated with a degree in Civil Engineering from McMaster University (1977). Previously she spent over 10 years with Encor as a senior development engineer. Mrs. Sceviour also serves as a director on the Calgary Winter Club board.

Melvin F. S. Wong – Mr. Wong is a Director of the Corporation. He holds a Bachelor of Architecture degree from the University of British Columbia (1979) and a Bachelors degree in Science from the University of Alberta (1974). Mr. Wong is currently President and a director of First Quality Industries Ltd. (1996), a commercial greenhouse manufacturer with sales in Western Canada and northwest U.S. From 1979 through 1987 Mr. Wong worked for a

variety of architectural firms in Alberta and Singapore. From 1988 to 1996 he was a principal of Melvin Wong Architect, an architectural consulting firm registered in Alberta.

Kuldip A. Baid ⁽¹⁾ – Mr. Baid is a Director of the Corporation. He received a Bachelors of Commerce from the University of Alberta (1976) and completed his certification as a Chartered Accountant in 1979. Mr. Baid has been Vice President Finance & Administration for KIK Tire Technologies Inc. (ASE) since 1987 and was previously Manager of Tax with Turbo Resources Ltd. (1981-1986). Previous work experience includes public accounting practice with Deloitte & Touche; employment as a financial analyst for Oxford Development Group Ltd.; and Manager of Accounting for Carma Developers Ltd. Mr. Baid was also the Chief Financial Officer of Windsor Energy Corporation (TSE listed) from May 1996 to April 1999, when it was de-listed. In addition, Mr. Baid has also served as a Director of Aspen Energy Corporation (ASE listed) from April 1996 to present and of Westbridge Land Development Inc. (ASE listed) from September 1999 to present.

Fred A. Stewart, Q.C. - Fred Stewart is the president of Fred Stewart & Associates Inc., a consultant to clients in the advanced technology sector since 1996. Prior to that, Mr. Stewart served as a Member of the Alberta Legislative Assembly from 1986 to 1993, with portfolio responsibilities as Minister of Technology, Research and Telecommunications and Government House Leader. After leaving public office, Mr. Stewart was associated with the Calgary law firm of Milner Fenerty from 1993 to 1996. He was a founding partner of the firm of Warren, Raymaker and Stewart where he practised primarily corporate and commercial law, for over 20 years.

Mr. Stewart serves as Chairman of Netera Alliance Inc., a not-for-profit Alberta consortium providing high performance networking and computational services as part of the national high speed broadband network system. He also serves as Chairman of the Calgary Research & Development Authority, a Board Member of Calgary Inc. and a founding member of the Alberta Information Technology Association. In addition, he sits as a Board Member of several Alberta corporations. Mr. Stewart has been a director of Beaver Lake Resources Corporation, a public company listed on the Alberta Stock Exchange from 1994 to its privatization in August 1999.

Mr. Stewart has been a Director of Oncolyntics Biotech Inc. (ASE listed) from August 1999 to the present, and was formerly a director of Synorb Biotech Inc. (TSE listed) from March 2, 1995 to July 5, 1995. Mr. Stewart was also a Director of Beaver Lake Resources Corporation (ASE listed), from February 1999 to the date of its voluntary de-listing in August 1999. In addition to the foregoing, Mr. Stewart has also served as President of Fred Stewart & Associates Inc. (a government and corporate relations consulting company) since March 1996. Prior to that Mr. Stewart was an associate with Milner Fenerty, Barristers and Solicitors from June 1993 to March 1996. Mr. Stewart served as member of the Legislative Assembly of the Province of Alberta from 1986 to 1993.

Mr. Stewart has recently been granted a Special Award by the Alberta Science and Technology Foundation for his contribution to Alberta's advanced technology community.

(1) Mr. Baid was a director of Captive Air International Inc. (which subsequently changed its name to KIK Tire Technologies Inc.) when it was subject to an interim cease trade order in July of 1991 by the Alberta Securities Commission (the "ASC") for failure to file its financial statements in a timely fashion. This cease trade order was rescinded in the same month that it was issued. ON December 17, 1996, the staff of the ASC alleged that KIK Tire Technologies ("KIK Tire") and Mr. Baid were in violation of the *Securities Act* (Alberta) (the "Act") for (i) failing to file a Form 20 in a timely manner, (ii) failing to include un audited financial statements in an offering memorandum which were dated less than 90 days prior to the date that securities under such offering memorandum were offered for sale; and (iii) illegally distributing securities under section 107(1)(q) of the Act due to failing to complete the distribution of such securities within 6 months after the first purchase under that subsection was made. After negotiation, a settlement agreement was entered into between the ASC, Mr. Baid and KIK Tire. On August 23, 1996, KIK Tire voluntarily requested that the ASE halt trading of its securities pursuant to the reverse takeover policies of the ASE. In November of 1996, KIK Tire informed the ASE that it was not going to proceed with the reverse takeover transaction, and applied to have its shares reinstated upon the ASE again. A suspension notice was issued by the ASE until KIK Tire complied with the relisting provisions of the ASE, and the Common Shares of KIK Tire were reinstated for trading on February 18, 1997.

USE OF PROCEEDS

The gross proceeds to be received by the Corporation from the combination of prior sales of common shares and the sale of all of the common shares offered by this prospectus will be \$405,000. The Rule requires that, until completion of the Corporation's Major Transaction and except as otherwise provided by the Rule, all proceeds from the sale of all securities, including proceeds from sales prior to the prospectus, shall be utilized by the Corporation:

1. to identify and evaluate assets or business (e.g., for expenses such as business valuations and engineering reports);
2. for fees for legal advice relating to the identification and evaluation of assets or businesses and the obtaining of shareholder approval for the Corporation's proposed Major Transaction; and

3. for deposits in the maximum aggregate amount of \$25,000 to preserve assets, provided that no deposit or similar payment may be made to a Party Related to the Corporation.

At least 70% of the gross proceeds from the sale of all securities issued by the Corporation shall be used for its intended business purposes and objectives. Until completion of the Corporation's Major Transaction, no more than 30% of the gross proceeds from the sale of all securities issued by the Corporation shall be used for purposes other than those described above, including the following expenditures which the Rule specifies as not being expenditures to identify and evaluate assets or businesses:

- a. listing and filing fees;
- b. underwriters or agents fees or commissions;
- c. other securities issuance costs including legal and audit expenses relating to the preparation and filing of the Corporation's prospectus; and
- d. administrative and general expenses including office supplies, office rent and related utilities, printing costs (including printing of the prospectus), equipment leases (provided that no proceeds shall be used to acquire or lease a vehicle) and fees for legal advice other than for those matters described in number 1 above.

Until completion of its Major Transaction, the Corporation may not make any payment, direct or indirect, to any Party related to the Corporation by any means including remuneration (which includes salaries, consulting fees, management fees, finders' fees, loans, advances and bonuses) and the deposits and similar payments to preserve assets described in number 3 above.

Moreover, no such payments shall be made to any Related Party on or after the completion of the Corporation's Major Transaction if it relates to services rendered or obligations incurred prior to or in connection with the Major Transaction. However, the Corporation may compensate a Party Related to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (except vehicle leases), and legal expenses (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation), and may reimburse a Party Related to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the Corporation's business.

It is expected that the proceeds from previous sales of its securities (\$105,000) together with the proceeds of this issue (\$300,000) shall be applied as follows:

1. Estimated costs of identifying, evaluating and making potential acquisitions	\$ 319,000 ⁽¹⁾
2. Estimated Administrative and General Expenses	30,000
3. Estimated listing and regulatory fees	6,000
4. Estimated Costs of Issue including Agent's commissions, expenses and legal fees plus G.S.T., the Corporation's expenses and legal fees plus G.S.T.	50,000
Total	\$ 405,000

- (1) In the event that the Corporation completes an approved Major Transaction prior to spending the entire \$319,000 on identification and evaluation of corporations, properties, assets or businesses, the Corporation may use the remaining funds to finance or partially finance the acquisition of or participation in such corporations, properties, assets or businesses, or for other purposes.

In the event the Agent exercises its option, there will be available to the Corporation a maximum of an additional \$30,000 which will be added to the working capital of the Corporation. See "Plan of Distribution."

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any province thereof, in certificates of deposit or interest bearing accounts of Canadian chartered banks, trust companies or the Alberta Treasury Branches.

The proceeds of this offering after deducting the costs of this issue will only be sufficient to identify a minimum number of opportunities. Additional funds may be required to finance any acquisition to which the Corporation may commit. See "Business of the Corporation", "Method of Financing Acquisitions or Participation" and "Speculative Nature of Securities".

PLAN OF DISTRIBUTION

Pursuant to an agency agreement (the "Agency Agreement") dated as of February 24, 2000, among the Corporation, the Agent and Olympia Trust Company, the Corporation has appointed the Agent as its agent to offer for sale to the public a total of 1,500,000 Common Shares of the Corporation at \$0.20 per share. The Agent will receive a commission of \$30,000, an agency fee of \$10,000 plus G.S.T., plus its reasonable expenses, including its legal fees estimated not to exceed \$5,000, plus G.S.T.

The Corporation will further grant to the Agent at the Closing a non-transferrable option to acquire 150,000 Common Shares at \$0.20 per share for an eighteen (18) month period from the date of listing on The Canadian Venture Exchange, which option is qualified for distribution under this prospectus. The Agent intends to sell to the public any Common Shares received by it following the exercise of the Option. Pursuant to the Rule as amended, where the Agent receives an option or the right to subscribe for a certain number of shares as consideration for acting as Agent, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to the completion of the Major Transaction. The remaining 50% may only be sold after completion of the Major Transaction. The option to be granted to the Agent is qualified under and distributed pursuant to this prospectus. The Agent has agreed to use its best efforts to secure subscriptions for all of the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage 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 or upon the occurrence of certain stated events. The Corporation will grant to its officers and directors options to purchase 255,000 Common Shares. These options and the shares issued on exercise of such options are qualified for distribution under this Prospectus.

Total Subscription

The total subscription is 1,500,000 Common Shares. The funds received from the sale of the shares offered hereunder will be deposited with Olympia Trust Company, Calgary, Alberta (the "Trustee") and will not be released until a total of \$300,000 has been deposited. The total subscription must be raised within 90 days of the date of the receipt of the final prospectus, or such other time as may be authorized by the Executive Director of the Commission and agreed to by the Agent, failing which the Trustee will remit the funds collected to the original subscribers without interest or deduction.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which as at the date hereof, 1,050,000 were issued and outstanding as fully paid and non-assessable, 255,000 were reserved under directors' and management stock options and 150,000 were reserved under the option to the Agent as contemplated under the Agency Agreement. See "Directors' and Management Stock Options" and "Plan of Distribution".

The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares to be outstanding on completion of this offering will be fully paid and non-assessable.

CAPITALIZATION AND DILUTION

Capital	Amount Authorized	Outstanding as at September 30, 1999	Outstanding After Giving Effect to this Issue
Common Shares	Unlimited	\$105,000 ⁽¹⁾ (1,050,000)	\$405,000 ⁽²⁾⁽³⁾⁽⁴⁾ (2,550,000)

- (1) The retained earnings and deficit of the Corporation as at the date hereof are nil. The Corporation has no long term debt.
- (2) The Corporation has reserved an aggregate of 255,000 Common Shares at \$0.20 per share pursuant to the options to be granted to the directors and management. See "Directors and Management Stock Options".
- (3) The Corporation has reserved an aggregate of 150,000 Common Shares at \$0.20 per share pursuant to the option to be granted to the Agent. See "Plan of Distribution".

(4) Represents gross proceeds raised without deduction of commissions for other expenses.

Subscribers acquiring Common Shares under this offering will experience an immediate dilution of 21% or \$0.042 per share, based on gross proceeds of this issue without deduction of selling commissions and related expenses of issue.

If the Corporation issues treasury shares to finance its acquisitions or participation, control of the Corporation may change and subscribers may suffer further dilution of their investment.

PRIOR SALES

Since the date of incorporation, 1,050,000 Common Shares have been issued as follows:

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration Received
August 13, 1999	1,050,000	\$0.10	\$105,000	Cash

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own of record or are known to the Corporation to own beneficially, directly or indirectly, issued and outstanding Common Shares of the Corporation as at the date hereof:

Name	Type of Ownership	Number of Common shares	Percentage of Shares Owned Before Offering	Percentage of Shares Owned After Offering
Philip Sceviour	Direct/Beneficial	300,000	28.57%	11.76%
Kells S. Boland	Direct/Beneficial	300,000	28.57%	11.76%
Melvin Wong	Direct/Beneficial	300,000	28.57%	11.76%
Kuldip Baid	Direct/Beneficial	100,000	9.52%	3.92%
Fred A. Stewart Q.C.	Direct/Beneficial	50,000	4.77%	1.96%

As at the date hereof, 1,050,000 Common Shares are beneficially owned, directly or indirectly, by all of the directors and officers of the Corporation as a group prior to giving effect to this offering which represents 100% of the issued and outstanding common shares of the Corporation and will represent approximately 41.18% of the issued and outstanding common shares of the Corporation after giving effect to this offering.

ESCROW PROVISIONS

All of the securities of the Corporation:

- a. beneficially owned, directly or indirectly, at the time of this offering;
- b. acquired hereunder; and
- c. acquired, from treasury after this offering but prior to completion of a Major Transaction;

by the Parties Related to the Corporation, including all of the presently issued Common Shares shall be held in escrow pursuant to an agreement in compliance with Rule 46-501 (the "Escrowed Securities"). All securities of the Corporation acquired in the secondary market prior to a Major Transaction by a Control Person shall be held in escrow. A Control Person means any person or company that holds or is one of a combination of persons or companies that holds:

- a. a sufficient number of securities of an issuer so as to materially affect control of the issuer; or
- b. more than 20% of the outstanding voting securities of the issuer except where there is evidence showing that the holdings of those securities does not affect materially the control of the issuer.

Any other securities that may be issued prior to this offering shall be held in escrow in compliance with Rule 46-501. The following table sets out as at the date hereof, the number of securities of the Corporation, which to the knowledge of the Corporation, are to be held in escrow:

<u>Designation of Class</u>	<u>Number of Securities Held in Escrow</u>	<u>Percentage of Class Outstanding</u>	<u>Percentage of Class After Giving Effect to this Offer</u>
Common Shares	1,050,000	100%	41.17%

One-third of the number of Escrowed Securities then in escrow shall be released on each of the first, second and third anniversaries of the completion of the Major Transaction. In the event a Major Transaction is not completed, there will be no release from escrow of the Escrowed Securities.

Additionally, securities issued in a Major Transaction shall be held in escrow as follows:

- a. securities issued in conjunction or contemporaneous with or in contemplation of a Major Transaction which are acquired by private placement or in any manner by a Control Person (determined after giving effect to the issuance) or by any Parties Related to the Corporation shall be subject to escrow restrictions as prescribed in Circular No. 18 of The Canadian Venture Exchange; and
- b. in its discretion, The Canadian Venture Exchange may impose escrow restrictions on all or any portion of the securities issued to any other party in conjunction or contemporaneous with or in contemplation of the Major Transaction in accordance with Circular No. 18 of The Canadian Venture Exchange.

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years:

<u>Name and Municipality</u>	<u>Office</u>	<u>Present Occupation and Position Held During the Last Five Years</u>
Philip Sceviour ⁽¹⁾ Calgary, Alberta	President Chief Executive Officer & Director	President of Panda Systems Inc. from February 1998; President of and First Quality Greenhouses and Supplies Ltd. from 1989 through 1997.
Kells S. Boland ⁽¹⁾ Calgary, Alberta	Director	President of Prolog Planning Inc. since 1981.
Melvin Wong ⁽¹⁾ Calgary, Alberta	Director	President of First Quality Industries Ltd. since 1996. Principal of Melvin Wong Architects from 1988 through 1996.
Kuldip Baid Calgary, Alberta	Director	Vice President of Finance and Administration with KIK Tire Technologies Inc. (ASE) since 1987 to present. Chief Financial Officer of Windsor Energy Corporation (TSE listed) from May 1996 to April 1999, when it was de-listed. Director of Aspen Energy Corporation (ASE listed) from April 1996 to present. Director of Westbridge Land Development Inc. (ASE listed) from September 1999 to present.
Paula Sceviour Calgary, Alberta	Secretary/Treasurer & Chief Financial Officer	Secretary/Treasurer for Panda Systems Inc. since February 1998; previously Secretary/Treasurer for Panda Systems Ltd. commencing in 1985 and Vice President Finance for First Quality Greenhouses and Supplies Ltd. from 1989 through 1997.

Fred A. Stewart, Q.C.
Calgary, Alberta

Director

Director of Oncolytics Biotech Inc. from August 23, 1999 to present, Director of Synsorb Biotech Inc. (TSE listed) from March 2, 1995 to July 5, 1995. Director of Beaver Lake Resources Corporation (ASE listed), from February 1999 to de-listing in August 1999. President of Fred Stewart & Associates Inc. (a government and corporate relations consulting company) since March 1996. Prior to that Mr. Stewart was an associate with Milner Fenerty, Barristers and Solicitors from June 1993 to March 1996. Mr. Stewart served as member of the Legislative Assembly of the Province of Alberta from 1986 to 1993.

(1) These directors are also members of the Audit Committee.

It is expected that, initially, Philip Sceviour will devote approximately 25% of his time to the affairs of the Corporation and the other directors will devote their time and expertise as required. See also "Management and Key Personnel".

DIVIDEND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

PRELIMINARY EXPENSES

Since its incorporation the Corporation has incurred neither administrative nor development expenses. Excluding the costs of this issue (including listing, legal and audit expenses), it is estimated that during the 12 month period from the date of this Prospectus, administrative expenses of approximately \$30,000 will be incurred. These expenses may change if the directors and officers consider a change to be in the best interests of the Corporation. See "Use of Proceeds".

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid by the Corporation to any directors or officers since incorporation. No remuneration or deposits or similar payments shall be paid to a Parties Related to the Corporation and no remuneration will be paid by the Corporation to any individual or entity providing investor or public relations type services prior to completion of the Major Transaction by the Corporation. However, the Corporation may reimburse Parties Related to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases) and legal services (provided that neither the lawyer providing the services nor any member of the law firm providing the services is a promoter of the Corporation), and may reimburse Parties Related to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the Corporation's business. See "Use of Proceeds".

The Directors and Officers will receive stock options. See "Directors' and Management Stock Options".

DIRECTORS' AND MANAGEMENT STOCK OPTIONS

The Board of Directors of the Corporation has adopted a Stock Option Plan for the Corporation. Pursuant to the Plan, the Board of Directors of the Corporation may allocate non-transferable options to purchase Common Shares of the Corporation to directors, officers and employees of the Corporation and its subsidiaries.

Under the Plan the aggregate number of shares to be delivered upon the exercise of options granted thereunder may not exceed 10% of the issued shares of the Corporation at the time of granting the options. Further, the aggregate number of shares to be delivered upon exercise of the options granted thereunder to any one individual shall not exceed 5% of the issued shares of the Corporation.

Options issued pursuant to the Plan will have an exercise price equal to either the closing price of the Common Shares of the Corporation on those stock exchanges on which the Corporation's shares are listed on the business day immediately preceding the day when such options are issued, less any discount which such stock exchanges may allow or, in the event that an option is granted within six months of a public distribution of its shares, then the exercise price of such options will be, if required by such stock exchanges, the greater of the price referred to above or the price per share paid by the investing public for shares acquired in the course of such distribution, determined in accordance with the policies of such stock exchanges.

The Corporation has reserved 255,000 Common Shares pursuant to stock options to be issued to the directors and officers of the Corporation, which options are being qualified for distribution under this prospectus. It is anticipated that these options will be granted immediately following the closing of this offering. The allocation of such options are anticipated to be as follows:

Name	Number of Common Shares Under Option	Exercise Price Per Share
Philip Sceviour	40,175	\$0.20
Kells S. Boland	57,050	\$0.20
Melvin Wong	57,050	\$0.20
Kuldip Baid	19,550	\$0.20
Paula Sceviour	40,175	\$0.20
Fred A. Stewart, Q.C.	41,000	\$0.20

These options will expire five years from the date of grant.

PROMOTER

Philip Sceviour may be considered to be a promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Sceviour has subscribed for and received shares of the Corporation and will receive stock options. See "Prior Sales" and "Directors' and Management Stock Options".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares within the two years prior to the date hereof, other than:

1. Stock Option Plan. See "Directors' and Management Stock Options".
2. Agency Agreement among the Corporation, the Agent and Olympia Trust Company. See "Plan of Distribution".
3. Escrow Agreement among the Corporation, Olympia Company and those shareholders that executed such Escrow Agreement. See "Escrow Provisions".
4. Registrar and Transfer Agency Agreement between the Corporation and Olympia Trust Company. See "Auditor, Transfer Agent and Registrar."

Copies of these agreements will be available for inspection at the head office of the Corporation, Suite 2200, 736 6th Avenue S.W., Calgary, T2P 3T7, and at the offices of the Alberta Securities Commission during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Some of the Corporation's directors and officers may have interests in the company or business that is acquired or with the business arrangement entered into to complete its major transaction. Conflicts, if any, will be subject to the procedures of the *Business Corporations Act* (Alberta).

RISK FACTORS

There is no established market for the Common Shares of the Corporation. This offering should be considered highly speculative due to the proposed nature of the Corporation's business and the fact that the Corporation was only recently incorporated and has no assets other than cash and it has not completed any acquisition or entered into any agreement that would qualify as a Major Transaction. The Corporation has neither a history of earnings nor has it paid any dividends, and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future.

There is no assurance that the Corporation will be able to identify acquisitions which will be profitable. Moreover, should the Corporation identify any corporations, properties, assets or businesses and determine that an acquisition is warranted, the Corporation may not be able to finance the acquisition and additional funds may be required to meet such obligations. As a result of these factors, this offering is only suitable to those investors who are prepared to risk a total loss of their investment and who are willing to rely on the management of the Corporation. See "Business of the Corporation", "Method of Financing Acquisitions or Participation" and "Management and Key Personnel".

The Exchange may suspend from trading or delist the securities of a Junior Capital Pool Corporation where:

- a. the Corporation has failed to complete a Major Transaction within 18 months of the date of listing;
- b. the Corporation does not have at least \$25,000 in cash at any time during its listing.

In the event the securities of the Corporation are suspended from The Canadian Venture Exchange for the reasons specified above, the Alberta Securities Commission may and will issue a cease trade order.

The Exchange may not approve a Major Transaction where the Corporation fails to meet the minimum listing requirements of the Exchange upon completion of the acquisition or where the consideration paid by the Corporation for the company, entity or assets to be acquired as the Corporation's Major Transaction is objectionable to the Canadian Venture Exchange.

The dilution factor for subscribers for Common Shares is 21% or \$0.042 per share, calculated on the basis of total gross proceeds to the Corporation from this issue and prior sales without deduction of related expenses. If the Corporation issues treasury shares to finance its acquisitions or participation, control of the Corporation may change and subscribers may suffer dilution of their investment.

The Directors and Officers of the Corporation will not be devoting all their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. Some of the Directors and Officers of the Corporation are engaged and will continue to be engaged in the search for property or business prospects on their own behalf or on behalf of others. See "Directors and Officers" and "Conflicts of Interest". Given it is in the initial phases of its operations, the Corporation has determined its exposure to year 2000 conversion problems is minimal.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

A total of 255,000 Common Shares have been reserved for issuance for stock options to be issued to directors and officers of the Corporation. See "Directors' and Management Stock Options".

PURCHASER'S STATUTORY RIGHTS

Sections 106, 168 and 175 of the *Securities Act* (Alberta) (the "Act") provide, in effect, that when a security is offered in the course of a distribution:

- a. a purchaser will not be bound by a contract for the purchase of such security if written notice of his intention not to be bound is received by the dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received by the purchaser; and
- b. if a prospectus, together with any amendment to the prospectus, contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution shall be deemed to have relied on such misrepresentation and, subject to the limitations set forth in the Act,
 - i. has a right of action for damages against,
 - A. the issuer or a selling security holder on whose behalf the distribution is made,
 - B. each underwriter required to sign the certificate required by section 91 of the Act,
 - C. every director of the issuer at the time the prospectus or amendment was filed,

- D. every person or corporation whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them, and
 - E. every other person or corporation who signed the prospectus or the amendment,
- but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or one year from the day of the transaction that gave rise to the cause of action,
- ii. where the purchaser purchased the security from a person or corporation referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, corporation or underwriter, in which case he shall have no right of action for damages against such person, corporation or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the Act for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Dick Cook Schulli, Chartered Accountant, 555, 999 - 8th Street S.W. Calgary, Alberta, T2R 1J5.

Olympia Trust Company through its principal office at 2600, 700 - 9th Avenue S.W., in the City of Calgary, Alberta, T2P 3V4, is the transfer agent and registrar for the Common Shares.

EBULLY INC.
(A Junior Capital Pool Corporation)

Financial Statements

For the period from incorporation on August 13, 1999
to December 23, 1999

AUDITORS' REPORT

**To the Directors of EBULLY Inc.
(A Junior Capital Pool Corporation):**

We have audited the balance sheet of EBULLY Inc. (A Junior Capital Pool Corporation) as at December 23, 1999 and the statement of cash flows for the period from incorporation on August 13, 1999 to December 23, 1999. These financial statements are the responsibility of the corporation'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 corporation as at December 23, 1999 and the results of its operations and changes in cash flow for the period then ended in accordance with generally accepted accounting principles.

Calgary, Alberta
December 28, 1999
(Except for Note 5 which is
as of February 24, 2000)

(SIGNED) DICK COOK SCHULLI
CHARTERED ACCOUNTANTS

EBULLY INC.
(A Junior Capital Pool Corporation)

Balance Sheet

As at December 23, 1999

Assets

Cash and short-term deposits	\$ 99,841	
Deferred costs – Note 3	<u>5,159</u>	<u> </u>
	<u>\$ 105,000</u>	<u> </u>

Shareholders' Equity

Share capital – Note 4	<u>\$ 105,000</u>
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Approved by the Board:

Signed “Philip Sceviour”
Philip Sceviour

Signed “Melvin Wong”
Melvin Wong

EBULLY INC.
(A Junior Capital Pool Corporation)

Statement of Cash Flows

For the period from incorporation on August 13, 1999
to December 23, 1999

Cash provided by (used for):

Financing activities

Proceeds on issuance of share capital	\$ 105,000	
Deferred share issue costs incurred	<u>(5,159)</u>	
Increase in cash	99,841	
Cash and short-term deposits, beginning of period	<u>-</u>	<u> </u>
Cash and short-term deposits, end of period	<u>\$ 99,841</u>	<u> </u>

EBULLY INC.
(A Junior Capital Pool Corporation)

Notes to Financial Statements

For the period from incorporation on August 13, 1999
to December 23, 1999

Note 1 - Incorporation and Nature of Business

The corporation was incorporated under the *Business Corporations Act* (Alberta) on August 13, 1999 and is classified as a Junior Capital Pool Corporation as defined by Rule 46-501 of Alberta Securities Commission Rules for Junior Capital Pool Corporations.

Note 2 - Significant Accounting Policies

All costs incurred in identifying business acquisitions and raising equity financing are capitalized until such time as the acquisition or equity financing is completed or abandoned. When an acquisition or equity financing is completed, the associated costs will be capitalized as a part of the purchase price of the acquisition or allocated against the funds raised from the equity financing. If an acquisition or equity financing transaction is abandoned the associated costs will be expensed.

Note 3 - Deferred Costs

Deferred costs consist of costs related to the public offering of securities as disclosed in Note 5. They include incorporation costs of \$859, an initial deposit of \$5,000 with the Agent of the initial public offering and interest income earned on short term deposits of \$700.

EBULLY INC.
(A Junior Capital Pool Corporation)

Notes to Financial Statements

For the period from incorporation on August 13, 1999
to December 23, 1999

Note 4 - Share Capital

Authorized:
Unlimited number of:
Common voting shares

	Number of Shares	Amount
Issued:		
On incorporation and balance December 23, 1999	<u>1,050,000</u>	<u>\$ 105,000</u>

Under the requirements of the Alberta Securities Commission and the Canadian Venture Exchange, 1,050,000 Common shares will be held in escrow and released upon the written consent of the Alberta Securities Commission.

The Corporation has adopted an incentive stock option plan (the "Stock Option Plan") whereby a maximum of 10% of the issued and outstanding common shares of the Corporation are reserved for issuance pursuant to the exercise of stock options to be granted to directors, officers, employees and other key personnel of the Corporation. Further, the aggregate number of shares to be delivered upon exercise of the options granted, thereunder to any one individual shall not exceed 5% of the issued shares of the Corporation. The stock option plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the Canadian Venture Exchange. Stock options granted under the Stock Option Plan may not be for a period longer than five (5) years and the exercise price must be paid in full upon exercise of the option.

EBULLY INC.
(A Junior Capital Pool Corporation)

Notes to Financial Statements

For the period from incorporation on August 13, 1999
to December 23, 1999

Note 5 - Subsequent Event

- (a) The Corporation filed a prospectus with the Alberta Securities Commission to issue 1,500,000 common shares at \$0.20 per share. The Corporation appointed Emerging Equities Inc. as its agent (the "Agent") for the sale of these common shares by way of prospectus to the public. The Agent will receive a commission of \$30,000 if the total offering is raised and will be reimbursed for its internal expenses set at \$10,000 and legal fees estimated at \$2,500. The Corporation will also grant to the Agent an option to purchase 150,000 common shares of the Corporation at the price of \$0.20 per common share. Other expenses of the issue are estimated at \$13,500. An initial deposit of \$5,000 has been made to the Agent in respect of these expenses.
- (b) Under the terms of the Stock Option Plan, the Corporation intends to enter into stock option agreements granting stock options to acquire 255,000 common shares to certain officers and directors at a price of \$0.20 per share upon the issue of a receipt for the prospectus of the Corporation by the Alberta Securities Commission.

Note 6 - 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. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

DATED: FEBRUARY 24, 2000

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 8 of the *Securities Act* (Alberta) and the regulations thereunder.

Signed "Philip Sceviour"
Philip Sceviour, President & Chief Executive Officer
Financial Officer

Signed "Paula Sceviour"
Paula Sceviour, Secretary/Treasurer & Chief

ON BEHALF OF THE BOARD

Signed "Melvin Wong"
Melvin Wong, Director

Signed "Kuldip Baid"
Kuldip Baid, Director

Signed "Fred A. Stewart, Q.C."
Fred A. Stewart, Q.C., Director

CERTIFICATE OF THE PROMOTER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 8 of the *Securities Act* (Alberta) and the regulations thereunder.

Signed "Philip Sceviour"
Philip Sceviour

DATED: FEBRUARY 24, 2000

CERTIFICATE OF 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 8 of the *Securities Act* (Alberta) and the regulations thereunder.

EMERGING EQUITIES INC.

Per: signed "James B. Hartwell"
James B. Hartwell

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Emerging Equities Inc.: James B. Hartwell, Alisdair Leeson and Arthur Johnson.