

**THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES A COPY OF WHICH HAS BEEN FILED WITH THE BRITISH COLUMBIA SECURITIES COMMISSION AND THE ALBERTA SECURITIES COMMISSION BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSE OF A DISTRIBUTION. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME RECEIPTS ARE OBTAINED FROM THE BRITISH COLUMBIA SECURITIES COMMISSION AND THE ALBERTA SECURITIES COMMISSION FOR THE FINAL PROSPECTUS.**

**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. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States of America, and may not be offered or sold in the United States unless registered under applicable securities laws or unless an exemption from such registration is available.**

**INITIAL PUBLIC OFFERING**

**DATED: June 27, 2000  
EFFECTIVE DATE: ! , 2000**

**PRELIMINARY PROSPECTUS**

***FIRST VENTURE CAPITAL CORPORATION***

**(A Capital Pool Company)  
1500 - 885 West Georgia Street  
Vancouver, B.C. V6C 3E8**

**Telephone: (604) 648-2200  
FAX: (604) 648-2201**

**OFFERING OF 1,300,000 COMMON SHARES AT \$0.20 PER SHARE**

First Venture Capital Corporation (the "Company") hereby offers through its agent, Yorkton Securities Inc. (the "Agent"), 1,300,000 common shares for sale to the public at a price of \$0.20 per Share (the "Offering"). The purpose of this issue is to provide the Company with funds with which to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction (as defined herein) acceptable to the Canadian Venture Exchange (the "Exchange") and the majority of the minority shareholders (as defined herein) of the Company. See USE OF PROCEEDS on page 4 and BUSINESS OF THE COMPANY on page 1.

	<b>Price to Public<sup>(1)</sup></b>	<b>Commission<sup>(2)</sup></b>	<b>Net Proceeds to Company<sup>(3)</sup></b>
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Per Share:	\$0.20	\$0.02	\$0.18
Total Offering: <sup>(4)</sup>	\$260,000	\$26,000	\$234,000

- (1) The price of this Offering has been determined by negotiation between the Company and the Agent.
- (2) A commission equal to 10% of the gross proceeds of the Offering will be paid to the Agent. The Issuer has paid the Agent a non-refundable sponsorship fee of \$7,000 (the "Sponsorship Fee"). The Agent will also be granted a non-transferable option (the "Agent's Option") to acquire up to 130,000 common shares at a price of \$0.20 per share, exercisable for a period ending 18 months from the date of listing of the common shares of the Company on the Exchange. See PLAN OF DISTRIBUTION on page 17.
- (3) Before deduction of the costs of this Offering estimated to be \$25,000, not including the expenses of the Agent or the Sponsorship Fee.
- (4) A total of 1,300,000 common shares are being offered hereunder. In addition, this Prospectus qualifies the distribution of the Agent's Option. See PLAN OF DISTRIBUTION on page 17.

An investment in the Company's securities should be considered highly speculative given the proposed nature of the Company's business and the present stage of its development. The Company does not have business operations or assets other than working capital and has no written or oral agreements for the acquisition of assets or a business at this time. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify assets or businesses which warrant acquisition or participation. Moreover, if a potential asset or business is identified and an acquisition or participation is warranted, additional funds may be required and there is no assurance that the Company will be able to obtain such financing. An acquisition financed by the issuance of common shares of the Company will result in dilution to investors hereunder and may result in a change of control of the Company. For these reasons, an investment herein is suitable only to those investors who are willing to rely solely on the management of the Company and who can afford the entire loss of their investment. See BUSINESS OF THE COMPANY on page 1 and RISK FACTORS on page 10.

**INVESTMENTS IN SMALL BUSINESSES INVOLVE A HIGH DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.** See RISK FACTORS on page 10.

**There is currently no market for the Company's securities.** An application has been made to the Exchange to conditionally list the Company's common shares. Listing is subject to the Company fulfilling the listing requirements of the Exchange. The Exchange may suspend from trading or delist the common shares of the Company if the Company fails to complete a Qualifying Transaction (as defined herein) within 18 months following the date the Company's common shares are listed on the Exchange.

This Offering is subject to a minimum subscription being received by the Company, being the sale of all of the common shares offered hereunder. See PLAN OF DISTRIBUTION on page 17.

This Offering is subject to the capital pool company policy of the Exchange. Therefore, amongst other restrictions, an individual investor may purchase directly or indirectly a maximum of 26,000 common

shares, being 2% of the total Offering, and an individual investor together with that investor's associates and affiliates may purchase directly or indirectly a maximum of 52,000 common shares, being 4% of the total Offering.

Upon completion of the distribution of securities under this Prospectus, the promoters, insiders, holders of escrow shares of the Company and the Agent, as a group, will hold, directly or indirectly, an aggregate of 1,050,001 common shares, and the public will hold, directly or indirectly, an aggregate of 2,300,000 common shares, representing approximately 31% and 69%, respectively, of the then issued and outstanding common shares of the Company, assuming no exercise of the Agent's Option or incentive stock options.

Other than the issuance of the common shares offered hereunder, the issuance of incentive stock options to directors and officers of the Company and the issuance of the Agent's Option, the issuance or trading of securities of the Company is not permitted between the date of the receipts for the Company's preliminary prospectus and the time the Company's common shares commence trading on the Exchange.

We, as agent, conditionally offer the Company's common shares to the public if, as and when issued by the Company and accepted by us in accordance with the conditions contained in the agency agreement referred to under PLAN OF DISTRIBUTION on page 17, subject to approval of certain legal matters on behalf of the Company by Maitland & Company of Vancouver, B.C. and on behalf of the Agent by Anfield Sujir Kennedy & Durno of Vancouver, B.C.

**AGENT:**

**YORKTON SECURITIES INC.**

**10<sup>th</sup> Floor, 1055 Dunsmuir Street  
Vancouver, B.C. V7X 1L4**

**Telephone: (604) 640-0400  
FAX: (604) 640-0300**

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## **SUMMARY OF PROSPECTUS**

*The following is a summary only of the principal features of the Offering. More detailed information is contained in the body of this Prospectus. Capitalized terms used in this summary have the meanings ascribed on the cover page or elsewhere in this Prospectus.*

### ***THE COMPANY***

The Company is a capital pool company established pursuant to Exchange Policy 2.4: Capital Pool Companies (the “CPC Policy”). The principal business of the Company will be to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses in connection with potential Qualifying Transactions. The Company does not have business operations or assets other than working capital, and has no written or oral agreements for the acquisition of an asset or business at this time. See BUSINESS OF THE COMPANY on page 1.

### ***MANAGEMENT***

Howard Louie	Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), President and Director
Geoffrey Lee	Director
Mark Lotz	Director
Dan Louie	Secretary

See DIRECTORS, OFFICERS AND PROMOTERS on page 6 for details respecting the expertise of the Company’s management team.

### ***THE OFFERING***

The Company is offering to the public, through the Agent, 1,300,000 common shares at a price of \$0.20 each for gross proceeds of \$260,000. The Company will pay the Agent a cash commission of \$0.02 per common share sold under the Offering. In addition, the Agent has been paid a Sponsorship Fee of \$7,000, and will be granted an Agent’s Option to purchase up to 130,000 common shares at a price of \$0.20 for 18 months from the date

the common shares of the Company are listed on the Exchange. See PLAN OF DISTRIBUTION on page 17.

### ***USE OF PROCEEDS***

The Company expects to receive net proceeds of \$234,000 upon completion of the Offering which, together with working capital as at May 31, 2000 of \$294,426, will provide the Company with \$528,426 to identify and evaluate potential acquisitions, pay offering costs and provide working capital. The Company may not have sufficient funds to secure an acquisition once identified and additional funds may be required. See USE OF PROCEEDS on page 4, "Acquisitions" on page 1 and RISK FACTORS on page 10.

### ***RISK FACTORS***

There are risk factors associated with the purchase of the Company's common shares. These risk factors include, but are not limited to, the following:

- ! There is currently no market for the Company's securities.
- ! The Company does not have business operations or assets other than working capital, and has no written or oral agreements for the acquisition of a business or asset at this time.
- ! The Company does not have a history of earnings or the provision of return on investment and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.
- ! There is no assurance that the Company will be able to identify any potential acquisition, or if it is able to identify a potential acquisition, that such acquisition will be profitable. If the Company does identify any asset or business which it determines warrants an acquisition, the Company may not be able to finance the acquisition and additional funds may be required to meet such obligations. The Exchange may refuse to accept a transaction as a Qualifying Transaction.
- ! The Exchange may suspend from trading or delist the common shares of the Company if the Company fails to complete a Qualifying Transaction within 18

months following the date the Company's common shares are listed on the Exchange, or if the Company fails to comply with the listing maintenance requirements of the Exchange.

- ! The directors and officers of the Company will not be devoting all of their time to the affairs of the Company.
  
- ! The net tangible book value per Share after completion of the Offering will be \$0.169 representing a dilution of 15.5% assuming no exercise of the Agent's Option or incentive stock options. Dilution has been calculated on the basis of total gross proceeds to be raised hereunder and from sales of common shares before filing of the preliminary prospectus, without deduction of expenses incurred by the Company in connection with the Offering. If the Company issues securities in connection with a Qualifying Transaction, control of the Company may change and investors will suffer additional dilution of their investment.
  
- ! **An investment in the Company's common shares should only be made by persons who are willing to rely solely on the management of the Company and who can afford the total loss of their investment.**

See BUSINESS OF THE COMPANY on page 1 and RISK FACTORS on page 10.

## **CORPORATE STRUCTURE**

### **Name and Incorporation**

The Company was incorporated under the *Company Act* (British Columbia) on October 18, 1999 under the name 594264 B.C. Ltd. On February 14, 2000 the Company changed its name to First Venture Capital Corporation. The head office of the Company is located at 1500 - 885 West Georgia Street, Vancouver, B.C. V6C 3E8. Its registered office is located at 700 - 625 Howe Street, Vancouver, B.C. V6C 2T6.

### **Intercorporate Relationships**

The Company does not have any subsidiaries.

## **BUSINESS OF THE COMPANY**

### **Description and General Development**

The Company is a capital pool company established pursuant to the CPC Policy. The principal business of the Company will be to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of the approval of the majority of the minority shareholders of the Company and acceptance for filing by the Exchange. Until the completion of a Qualifying Transaction (defined below), the Company will not carry on any business other than the identification and evaluation of assets or businesses in connection with potential Qualifying Transactions. The Company does not have business operations or assets other than working capital, and has no written or oral agreements for the acquisition of an asset or business at this time.

### **Acquisitions**

The Company intends to identify potential acquisitions through discussions with various business associates and contacts of the Company's directors and officers. Once a prospective acquisition target has been identified and evaluated, the Company will proceed to negotiate the terms upon which it may acquire an interest in the asset or business.

The Company does not presently intend to pursue a specific type of business opportunity and will, accordingly, review acquisition opportunities within the broadest possible range of businesses. All potential acquisitions will be screened initially by management of the Company to determine their economic viability. Approval of acquisitions will be made by the Company's board of directors which will examine proposed acquisitions having regard to sound business fundamentals.

The Company expects to use cash, bank financing, issuance of treasury shares, private or public financing, or some combination thereof, to finance prospective acquisitions. If treasury shares are issued, such issuance could result in a change of control of the Company and will result in further dilution to investors acquiring common shares pursuant to this Offering.

### **Qualifying Transaction Requirements**

The Exchange may suspend from trading or delist the common shares of the Company where it has failed to complete a Qualifying Transaction within 18 months of its date of listing. Notwithstanding that a transaction may meet the definition of a Qualifying Transaction, the Exchange may not approve a Qualifying Transaction where the Company fails to meet the minimum listing requirements of the Exchange upon completion of the Qualifying Transaction or for any other reason at the sole discretion of the Exchange.

A “Qualifying Transaction”, pursuant to the CPC Policy, is a transaction whereby a capital pool company:

- (a) issues or proposes to issue, in consideration for the acquisition of significant assets, common shares or securities convertible, exchangeable or exercisable into common shares which, if fully converted, exchanged or exercised would represent more than 25% of its common shares issued and outstanding immediately prior to the issuance;
- (b) enters into an arrangement, amalgamation, merger or reorganization with another company with significant assets, whereby the ratio of securities which are distributed to the shareholders of the capital pool company and the other company results in the shareholders of the other company acquiring control of the resulting entity; or
- (c) otherwise acquires significant assets (other than cash),

but excludes a transaction which consists solely of the issuance for cash by the capital pool company of common shares or securities convertible, exchangeable or exercisable into common shares, representing more than 25% of the capital pool company’s common shares issued and outstanding immediately prior to the issuance.

For the purposes of the definition of Qualifying Transaction, the phrase “significant assets” means one or more assets or businesses which, when acquired by a capital pool company, together with any other concurrent transactions, results in the capital pool company meeting the minimum listing requirements of the Exchange for a company other than a capital pool company.

The Qualifying Transaction will be subject to approval by the majority of the minority shareholders of the Company (as defined below), acceptance for filing by the Exchange, and sponsorship by an Exchange member firm.

After the terms of a Qualifying Transaction have been concluded and a comprehensive news release disclosing its terms has been disseminated, or as soon thereafter as circumstances permit, the Company will submit the terms of the Qualifying Transaction to a meeting of its shareholders for approval by a “majority of the minority”. The Qualifying Transaction must be approved by a vote at a properly constituted meeting of the Company’s shareholders by at least 50% plus one vote of the votes cast by shareholders voting at the meeting, with parties related to the Qualifying Transaction and parties related to the Company abstaining from voting. Parties related to the Qualifying Transaction include:

- (a) the vendors of the asset being acquired and the promoters, officers, directors and other insiders of such parties;
- (b) a company, 20% or more of the voting securities of which are beneficially owned, directly or indirectly, by one or more of the persons or companies referred to in paragraph (a) above, or over which one or more of the persons or companies referred to above has control or direction (or a combination of beneficial ownership and control or direction); and
- (c) an associate or affiliate of a person or company referred to in paragraph (a) above.

Parties related to the Company include the promoters, officers, directors and other insiders or control persons of the Company and any of their associates or affiliates.

The Company will provide its shareholders with an information circular containing full, true and plain disclosure of all material facts relating to a proposed Qualifying Transaction. The disclosure in, and the distribution of, the information circular will be made in accordance with the requirements of the Exchange and the applicable form of prospectus prescribed under the *Securities Act* (British Columbia).

The Company will be required to file with the Exchange, among other things, a draft copy of the information circular it proposes to deliver to its shareholders relating to the Qualifying Transaction, copies of material contracts, engineering reports or valuation reports, and audited financial statements, unaudited financial statements and pro forma financial statements relating to the acquisition. As part of the review of the Qualifying Transaction, the Exchange will review the expenses, disclosure, trading history and other transactions undertaken by the Company during its listing to determine the Company’s compliance with Exchange policies.

Acceptance for filing by the Exchange of a Qualifying Transaction also requires sponsorship by a member of the Exchange that is registered as an underwriter pursuant to the *Securities Act* (British Columbia). The Exchange will halt trading in the common shares of the Company upon the Company making a public announcement that it has reached an agreement in principle in respect of a Qualifying Transaction. Trading will remain halted until the sponsoring member firm files a Sponsorship Acknowledgment Form with the Exchange confirming that they are prepared to act as sponsor subject to completion of their due diligence, a personal information form is filed by each person who will be a director, senior officer, promoter or

other insider of the Company following completion of the Qualifying Transaction, a pre-filing conference is held with the Exchange and the Exchange has completed any further preliminary background searches it considers necessary or advisable. Once trading has been reinstated, the Exchange may impose a further trading halt if the Company has not made its filings with the Exchange of applicable materials relating to the Qualifying Transaction within 60 days of the announcement of the agreement in principle.

### **Administration**

Over the 12 months following the completion of this Offering, the Company's estimated aggregate administration costs that are unrelated to the identification and evaluation of asset or business acquisition opportunities are expected to average approximately \$2,300 per month, for a total of \$27,600. No significant variation in the monthly expenses is expected. The estimated administration costs may be broken down as follows:

	<b>Monthly (\$)</b>	<b>12-Month Period (\$)</b>
Office Expenses	1,000	12,000
Audit and Legal Fees	800	9,600
Filing and Transfer Agent Fees	300	3,600
Miscellaneous	200	2,400
<b>Total:</b>	<b>2,300</b>	<b>27,600</b>

### **USE OF PROCEEDS**

#### **Funds Available:**

Net Proceeds from this Offering: . . . . .	\$ 234,000
Working Capital as at May 31, 2000 . . . . .	<sup>(1)</sup> 294,426
<b>Total:</b>	<b>\$528,426</b>

#### **Principal Purposes:**

The Funds Available will be used by the Company as follows:

- (1) for estimated costs to identify and evaluate potential acquisitions: . . . . . \$462,076
- (2) for estimated general and administrative expenses for the twelve

months following the date of this Prospectus: . . . . .	27,600
(3) for estimated costs of this issue including legal, audit and printing costs, but excluding listing fees and Agent's expenses: . . . . .	25,000
(4) for fees for filing this Prospectus and application for listing on the Exchange: . . . . .	8,750
(5) for Agent's expenses (including the costs of the Agent's legal counsel): . . . . .	5,000
<b>Total:</b>	<b>\$528,426</b>

- (1) Prior to the Offering, the Company raised \$305,000 from the sale of common shares, of which \$10,574 has been expended as follows: Sponsorship Fee: \$7,000; rent and general office expenses: \$3,197; regulatory filing fee: \$100, and fee for CUSIP number: \$277.

The CPC Policy requires that, until the completion of the Qualifying Transaction, at least 70% of the aggregate gross proceeds of the Offering and previously raised capital be used by the Company solely to identify and evaluate assets or businesses, for expenses such as business valuations, engineering reports and fees for legal and accounting advice relating to the identification and evaluation of assets or businesses, and the obtaining of shareholder approval for the proposed Qualifying Transaction. Up to an aggregate of \$100,000 may be used on any form of deposit for a Qualifying Transaction (of which no more than \$25,000 may be non-refundable with the balance refundable) provided such deposit is not paid to a party related to the Company. In the event that the Company completes an approved Qualifying Transaction prior to spending the entire amount allocated to the identification and evaluation of assets or businesses, the Company may use the remaining funds to finance or partially finance the acquisition of or participation in such assets or businesses, or for other purposes.

The CPC Policy also provides that, until the completion of the Qualifying Transaction, up to 30% of the gross proceeds of the Offering and previously raised capital may be used for purposes other than identifying and evaluating assets or businesses, provided such expenses are permitted under the CPC Policy. Expenses permitted under the CPC Policy include Exchange listing and regulatory filing fees, Agent's fees and commissions, other costs of the Offering, including legal and audit expenses relating to the preparation and filing of the Prospectus, and administrative and general expenses of the Company.

No remuneration, compensation, advances or finder's fees of any nature whatsoever will be paid, directly or indirectly, by the Company to a party related to the Company prior to completion of a Qualifying Transaction or for any services rendered or obligations incurred prior to completion of or in connection with a Qualifying Transaction, except as permitted by the CPC Policy. See PAYMENTS TO INSIDERS AND PROMOTERS on page 10.

The proceeds of this Offering, after deducting the costs of the issue, will be sufficient only to investigate a limited number of acquisition opportunities. Additional funds may be required to finance an acquisition to which the Company may commit. See “Acquisitions” on page 1 and RISK FACTORS on page 10.

**DIRECTORS, OFFICERS AND PROMOTERS**

The following is a list of the current directors, officers and promoters of the Company, their municipalities of residence, their current positions with the Company, their principal occupations during the past five years and the number of shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised.

<b>Name, Municipality of Residence and Position</b>	<b>Principal Occupation for Past Five Years</b>	<b>Common Shares Held<sup>(1)</sup></b>	<b>Percentage on Completion of Offering<sup>(2)</sup></b>
<b>LOUIE, Howard J.</b> <sup>(3)</sup> Vancouver, B.C. <b>CEO, CFO, President and Director</b>	President of the Company since October 18, 1999; president of Tech-Ture Investment Corp., a private British Columbia investment company; director and officer of Donner Minerals Ltd. from January 1994 to November 1997 (see “Other Reporting Companies” on page 7 for details).	300,001	9%
<b>LEE, Geoffrey Michael</b> <sup>(3)</sup> Vancouver, B.C. <b>Director</b>	Self-employed consultant through GML Consulting since September 1998; director of operations of KooKooRoo Canada Ltd. of Toronto, Ontario from January 1997 to July 1998; Managing Partner of Earl’s Restaurants Ltd., North Vancouver, B.C. from March 1991 to November 1996.	300,000	9%
<b>LOTZ, Mark Pierre</b> <sup>(3)</sup> West Vancouver, B.C. <b>Director</b>	Chartered Accountant; chief financial officer of Destiny Media Technologies Inc. of Vancouver, B.C. and financial consultant to Tan Range Exploration Corporation of Vancouver, B.C. since June 1999; examiner at the Vancouver Stock Exchange from November 1995 to June 1999; senior auditor at Coopers & Lybrand of Vancouver, B.C. from May 1991 to November 1995.	300,000	9%

Name, Municipality of Residence and Position	Principal Occupation for Past Five Years	Common Shares Held <sup>(1)</sup>	Percentage on Completion of Offering <sup>(2)</sup>
<b>LOUIE, Dan</b> Coquitlam, B.C. <b>Secretary</b>	Employed by Tech-Ture Investments Corp., a private B.C. investment company, since November 1997; and by Donner Minerals Ltd., of Vancouver, B.C. from July 1995 to November 1997.	150,000	4.5%

- (1) These shares are subject to escrow restrictions. See “Escrowed Shares” on page 14.
- (2) Excluding any common shares that may be issued on exercise of the Agent’s Option or incentive stock options. See “Options and Other Rights to Purchase Securities” on page 12.
- (3) Member of the Company’s audit committee.

**Howard Louie** (41) - Mr. Louie has served as a director and/or officer of several public companies over the past 18 years, and has provided management expertise for public companies. At the executive management level, Mr. Louie has been involved in the process of restructuring and advising both private and public companies regarding mergers and acquisition transactions. See “Other Reporting Companies” on page 7.

**Geoffrey Lee** (39) - Mr. Lee has a Masters degree in Business Administration (1990) from the Richard Ivey School of Business at the University of Western Ontario, in London, Ontario. He has a B.A. (Economics) (1984) from the University of British Columbia, in Vancouver, B.C. Mr. Lee is the principal of GML Consulting, which provides management consulting services to companies in the emerging technology industry. In addition to Mr. Lee’s employment for the past five years, as set out in the table above, he was an analyst for New Dynasty Capital Corp., of Vancouver, B.C. from August 1990 to February 1991 and for Continental Securities, of Vancouver, B.C. from September 1986 to August 1988.

**Mark Lotz** (36) - Mr. Lotz has been a Chartered Accountant since 1994 having received his degree in the Institute of Chartered Accountants in Vancouver, B.C. He has a Bachelor in Business Administration (1989) from Simon Fraser University, in Burnaby, B.C. Mr. Lotz is currently the CFO for Destiny Media Technologies Inc., a U.S. public company which produces internet software in Vancouver, B.C.

During Mr. Lotz’ four years as an examiner with the Exchange, he was responsible for brokerage firm regulation, and examined member firms’ operations in detail to resolve financial, reporting and compliance issues. While he was an auditor with Coopers & Lybrand, he focussed on gold, copper and coal mining companies producing in Canada and the United States, and was seconded as controller to mining and manufacturing clients.

Before completing his Chartered Accountant designation, Mr. Lotz worked for Allied Signal Aerospace, where he developed software based production control solutions for the Canadian Department of National

Defence. He also has experience as a banker/manager with The Royal Bank of Canada, and as Senior Manager - Finance & Corporate Administration for Tan Range Exploration Corporation and Derek Resource Corporation.

**Dan Louie** (34) - Mr. Louie has a Bachelor degree in Business Administration (1990) from the University of Regina, in Regina, Saskatchewan. At his current employment with Tech-Ture Investment Corp., which focuses on early stage emerging technology companies, Mr. Louie works in a corporate finance and research capacity. Prior to joining Tech-Ture he was corporate secretary of Donner Minerals Ltd. and managed its investor relations program. From April 1995 to September 1995 Mr. Louie worked in a corporate finance and investor relations capacity with Annova Business Group, of Vancouver, B.C., and as a stockbroker with ScotiaMcLeod Inc., of Vancouver, B.C. from September 1991 to January 1995.

### Other Reporting Companies

Within the past five years, the following directors, officers and promoters of the Company have been directors, officers or promoters of the other reporting companies listed below:

#### *Howard Louie*

Name of Reporting Company	Position	From/To
GoldenGoals.com Ventures Inc. (formerly Contiki Resources Ltd.)	Director	09/92 - Present
Destiny Media Technologies Inc.	Managing Director	01/00 - Present
Donner Minerals Ltd.	President	01/94 - 05/96
	Chief Executive Officer	11/95 - 05/96
	Chairman	05/96 - 11/97
	Director	01/94 - 11/97
Sino Foods Corp.	Director	05/94 - 12/96
Denstone Ventures Ltd. (formerly Denstone Minerals Ltd.)	President	04/97 - 07/97
Capital Alliance Group Inc. (formerly Annova International Holdings Corp.)	Director	02/95 - 11/95

#### *Mark Lotz*

Name of Reporting Company	Position	From/To
Destiny Media Technologies Inc.	Chief Financial Officer	06/99 - Present

**Dan Louie**

Name of Reporting Company	Position	From/To
Donner Minerals Ltd.	Corporate Secretary	05/96 - 11/97
	Corporate Secretary	08/95 - 11/95
	Treasurer	07/97 - 11/97
Annova Business Group	Vice-President Corporate Finance	04/95 - 09/95

**Aggregate Ownership of Securities**

Upon the completion of the Offering, the directors, officers, promoters and other members of management of the Company, as a group, will own, directly or indirectly, 1,050,001 common shares of the Company (excluding shares issuable pursuant to the exercise of incentive stock options and the Agent's Option) representing approximately 31% of the shares then issued and outstanding.

**Corporate Cease Trade Orders or Bankruptcies**

No director, officer or promoter of the Company is, or has been within the past five years, a director, officer or promoter of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

**Penalties or Sanctions**

No director, officer, promoter or other member of management of the Company has, within the past ten years, been the subject of any penalties or sanctions imposed by a court or securities authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

**Individual Bankruptcies**

No director, officer, or promoter of the Company is or has, within the five years prior to the date of this Prospectus, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceeding,

arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Conflicts of Interest**

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors and/or officers of other companies. Some of the directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisitions of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Company Act* (British Columbia). See RISK FACTORS on page 10.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS AND PROMOTERS**

No director, officer or promoter of the Company is or has been indebted to the Company at any time.

## **PAYMENTS TO INSIDERS AND PROMOTERS**

### **Executive Compensation**

No payments have been made, directly or indirectly, by the Company to the directors and officers of the Company or any parties related to them. Until the completion of the Qualifying Transaction, no payments will be made, directly or indirectly, by the Company to the directors and officers of the Company or parties related to them, except as permitted by the CPC Policy. The Company has, however, granted incentive stock options to its directors and officers. See USE OF PROCEEDS on page 4 and “Options and Other Rights to Purchase Shares” on page 12.

### **Employment Contracts, Compensation of Directors and Proposed Compensation**

No cash remuneration, compensation, advances or finder’s fees of any nature whatsoever has been paid, directly or indirectly, to any officer, director or other party related to the Company, nor will any be paid prior to completion of the Company’s Qualifying Transaction or for services rendered or obligations incurred prior to or in connection with the completion of a Qualifying Transaction except as permitted by the CPC Policy. See USE OF PROCEEDS on page 4. After completion of its Qualifying Transaction,

the Company may pay remuneration to its officers if it is able to do so. No cash remuneration is anticipated to be paid to directors in their capacity as directors in the foreseeable future.

### **Related Party Transactions**

The Company has not acquired assets or services from any insider, promoter or member of management or their respective associates or affiliates.

## **RISK FACTORS**

**Investment in the securities offered under this Prospectus must be considered highly speculative.** Specific risk factors to be considered by a prospective investor include, but are not limited to, the following:

***No Established Market*** - There is currently no market for the common shares of the Company, and there is no assurance that an active market will develop or, if developed, that such a market will be sustained.

***No Operating History*** - The Company does not have business operations or assets other than working capital, and has no written or oral agreements for the acquisition of a business or asset at this time. This Offering should be considered highly speculative due to the proposed nature of the Company's business and the fact that the Company was only recently incorporated and has no substantial assets other than cash. The Company has neither a history of earnings nor has it paid dividends. The Company is unlikely to realize earnings or pay dividends in the immediate or foreseeable future.

***No Proposed Business*** - There is no assurance that the Company will be able to identify potential acquisitions or, if it is able to identify potential acquisitions, that such acquisitions will be profitable. As at the date of this Prospectus, the Company has not identified any potential business or assets for acquisition. Moreover, should the Company identify any assets or businesses and determine that an acquisition is warranted, the Company may not be able to finance the acquisition and additional funds may be required to meet such obligations. See "Acquisitions" on page 1.

***Requirement for Additional Financing*** - The net proceeds from this Offering will be sufficient to identify only a limited number of businesses or assets and, if so identified, the Company may not be able to finance the acquisition unless it obtains additional funds. There is no assurance that the Company will be able to secure financing or that such financing will be obtained on terms favourable to the Company. Failure to obtain adequate financing could result in significant delays in identifying, or the inability to identify, a Qualifying Transaction and the Company may become at risk for cease trading or delisting.

***Possible Trading Suspension or Delisting*** - The Exchange may suspend from trading or delist the common shares of the Company if the Company fails to complete a Qualifying Transaction within 18 months following the date its common shares are listed on the Exchange, or if the Company does not have at least \$25,000 in working capital at any time during the listing of its common shares on the Exchange.

The Exchange may refuse to accept a transaction as a Qualifying Transaction if significant concerns arise from its review and where, among other things, the Company fails to meet the minimum listing requirements prescribed by the Exchange upon completion of the Qualifying Transaction, or the consideration proposed to be paid by the Company in connection with the transaction is objectionable to the Exchange.

***Reliance on Management*** - The Company intends to rely solely on its directors and officers to identify, negotiate and complete a Qualifying Transaction.

***Involvement of Directors and Officers in Other Projects*** - The directors and officers of the Company will not be devoting all of their time to the affairs of the Company, but will be devoting as much time as is required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for property or business prospects for themselves or on behalf of others, including other listed companies. Accordingly conflicts of interest may arise from time to time. Any conflicts will be subject to the procedures and remedies under the *Company Act* (British Columbia).

***Dilution*** - The net tangible book value per common share after completion of the Offering will be \$0.169 representing a dilution of 15.5% assuming no exercise of the Agent's Option or incentive stock options. Dilution has been calculated on the basis of total gross proceeds to be raised hereunder and from sales of common shares before filing of the preliminary prospectus, without deduction of expenses incurred by the Company in connection with the Offering. If the Company issues securities in connection with a Qualifying Transaction, control of the Company may change and investors will suffer additional dilution of their investment.

**As a result of these factors, this Offering is only suitable for those investors who are willing to rely on the management of the Company and who can afford to lose their entire investment.**

## **SHARE CAPITAL**

### **Existing and Proposed Share Capital**

The authorized capital of the Company consists of 100,000,000 common shares without par value of which 2,050,001 common shares are presently issued and outstanding. The common shares rank equally within their class as to dividends, voting rights, participation in assets and in all other respects. The issued shares are not subject to call or assessment nor pre-emptive or conversion rights. There are no provisions attached to the Company's common shares for redemption, purchase for cancellation, surrender or sinking or purchase funds.

As at the date of this Prospectus, the Company has no outstanding loans or other debt obligations.

The following table represents the Company's share capital both before and after the issuance of the common shares upon the completion of the Offering:

	Number of Issued Shares	Price per Security (\$)	Total Gross Consideration (\$)
<b>(a) Prior Issuances of Securities</b>	1	1.00	1
	1,050,000	0.10	105,000
	1,000,000	0.20	200,000
<b>(b) Issued as of May 31, 2000</b>	2,050,001	N/A	305,001
<b>(c) Offering</b>	1,300,000	0.20	260,000
<b>(d) To be issued if all securities being offered are sold</b>	3,350,001	N/A	565,001

### Options and Other Rights to Purchase Shares

As at the date of this Prospectus, the Company has granted the following options and other rights to purchase its securities:

#### *Incentive Stock Options*

Incentive stock options to purchase up to 325,000 common shares of the Company have been granted to the Company's directors and officers, pursuant to incentive stock option agreements dated for reference May 17, 2000. All of the stock options are non-transferable and terminate on the earlier of the expiry date or the 30<sup>th</sup> day following the day on which the optionee ceases to be a director or officer of the Company. The options were granted as follows:

Name of Optionee	Options Granted	Exercise Price <sup>(1)</sup>	Expiration Date
Howard Louie	<sup>(2)</sup> 125,000	\$0.20	See Note (4)
Geoffrey Lee	<sup>(3)</sup> 75,000	\$0.20	
Mark Lotz	<sup>(3)</sup> 75,000	\$0.20	
Dan Louie	<sup>(3)</sup> 50,000	\$0.20	

(1) The exercise price was based on the Offering price of the common shares offered hereunder.

- (2) Up to 50,000 of these options shall be fully vested on the effective date of this Prospectus (the “Effective Date”); the remaining 75,000 options shall vest over the 15 months following the Effective Date, on the basis of 5,000 shares per month; any portion of the option not exercised in the month in which it vests shall be available for exercise at any time until the Expiration Date.
- (3) These options shall vest over the 15 months following the Effective Date, on the basis of 1/15th of the total options per month; any portion of the option not exercised in the month in which it vests shall be available for exercise at any time until the Expiration Date.
- (4) Five years after the Effective Date.

### ***Agent’s Option***

The Company has agreed to grant the Agent the Agent’s Option entitling the Agent to purchase up to 130,000 common shares of the Company, at any time up to the close of business 18 months from the day the Company’s common shares are listed for trading on the Exchange, at a price of \$0.20 per common share. See PLAN OF DISTRIBUTION on page 17. Up to 50% of the total number of shares issuable pursuant to the exercise of the Agent’s Option may be sold by the Agent prior to the completion by the Company of the Qualifying Transaction.

There are no assurances that the Agent’s Option or the incentive stock options described above will be exercised, in whole or in part.

### **Fully Diluted Share Capital**

	<b>Number of Securities</b>	<b>Percentage of Total</b>
<b>(a) Issued as of the date of this Prospectus:</b>	2,050,001	54%
<b>(b) Offered under this Prospectus:</b>	1,300,000	34%
<b>(c) Securities reserved for future issuance as of the date of this Prospectus<sup>(1)</sup>:</b>	455,000	12%
<b>Total:</b>	<b>3,805,001</b>	<b>100%</b>

- (1) This figure includes 130,000 common shares issuable upon exercise of the Agent’s Option and 325,000 common shares issuable upon the exercise of incentive stock options.

### **Principal Holders of Voting Securities**

To the knowledge of the directors and officers of the Company, the only persons who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued shares of the Company as of the date of this Prospectus are as follows:

Name of Shareholder	Number of Shares	Percentage Held	Percentage Held upon Completion of Offering <sup>(1)</sup>
Howard Louie	300,001	15%	9%
Geoffrey Lee	300,000	15%	9%
Mark Lotz	300,000	15%	9%
Brenda Howard	225,000	11%	7%

(1) Excluding any common shares that may be issued on exercise of the Agent's Option or incentive stock options.

### Escrowed Shares

Pursuant to the CPC Policy, all common shares of the Company beneficially owned, directly or indirectly, by parties related to the Company and acquired prior to or pursuant to the Offering or acquired by private placement or otherwise acquired from treasury prior to the Company completing a Qualifying Transaction are required to be held in escrow. Any common shares of the Company acquired by a "Control Person" of the Company, including any common shares acquired by a Control Person of the Company in the secondary market prior to completion of the Qualifying transaction, will also be held in escrow. A "Control Person" as defined in Exchange Listings Policy 1.1 means a person that holds, or is one of a combination of persons that hold, a sufficient number of any of the securities of an issuer so as to materially affect the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer. Any common shares of the Company issued prior to this Offering at a price less than the Offering price hereunder must also be held in escrow.

Release of the shares from escrow is subject to completion of a Qualifying Transaction. Escrowed shares (except those acquired pursuant to the exercise of an incentive stock option), will be released from escrow as follows:

- (a) 10% of the shares following issuance by the Exchange of a final notice (the "Final Notice") accepting a Qualifying transaction for filing (the "Initial Release");
- (b) 15% of the shares six months following the Initial Release;
- (c) 15% of the shares 12 months following the Initial Release;
- (d) 15% of the shares 18 months following the Initial Release;
- (e) 15% of the shares 24 months following the Initial Release;
- (f) 15% of the shares 30 months following the Initial Release; and
- (g) 15% of the shares 36 months following the Initial Release.

Any shares acquired pursuant to the exercise of incentive stock options will be released from escrow upon issuance of the Final Notice.

Subject to certain limited exceptions, all securities which will be held by “Principals” following completion of a Qualifying Transaction are also required to be held in escrow pursuant to Exchange Listings Policy 5.4 (“Policy 5.4”). This would include securities issued to the sellers of any significant assets or the target issuer in connection with a Qualifying Transaction. Policy 5.4 defines “Principal” to include any person who, upon completion of the Qualifying Transaction, will be:

- (a) a promoter of the issuer;
- (b) a director or senior officer of the issuer or of a material operating subsidiary of the issuer;
- (c) a person that beneficially owns or exercises control or direction over, in aggregate, more than 20% of the voting shares of the issuer;
- (d) a person that beneficially owns or exercises control or direction over, in aggregate, more than 10% of the voting shares of the issuer and has selected or has the right to select one or more directors or senior officers of the issuer, or one or more directors or senior officers of the issuer is also a director, officer or employee of, or beneficially owns or exercises control or direction over, in aggregate, more than 10% of the outstanding voting shares of that person;
- (e) a company, 20% or more of the voting shares of which are, in aggregate, beneficially owned by, or over which control or direction is exercised by, any of the persons referred to in (a) to (d) above; or
- (f) an associate of a person referred to in (a) to (e) above.

Any securities issued to any other person in conjunction with or contemporaneous to the Qualifying Transaction may also be subject to escrow requirements pursuant to Policy 5.4.

In the event a Qualifying Transaction is not completed, the escrowed shares will not be released from escrow and:

- (a) any escrowed shares issued to insiders of the Company at less than the Offering price hereunder (“Discount Seed Shares”) will be cancelled if the Exchange subsequently issues a notice delisting the Company from trading on the Exchange; and
- (b) any other escrowed shares will be cancelled effective 10 years after delisting of the Company.

As at the date of this prospectus the following Discount Seed Shares of the Company are held in escrow:

Name of Beneficial Owner	Number of Common Shares in Escrow	Percentage of Class Prior to Offering	Percentage of Class After Giving Effect to Offering
Howard Louie	300,001	15%	9%
Geoffrey Lee	300,000	15%	9%
Mark Lotz	300,000	15%	9%
Dan Louie	150,000	7.5%	4.5%
<b>Total:</b>	<b>1,050,001</b>	<b>52.5%</b>	<b>31.5%</b>

### **Escrow Agreements**

The Company and the above-named beneficial owners of common shares of the Company have entered into a discount seed share escrow agreement with Pacific Corporate Trust Company made effective April 28, 2000 (the “Escrow Agreement”). The Escrow Agreement provides that the shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange (if the Company is listed on the Exchange) or the Executive Director of the British Columbia Securities Commission (if the Company is not listed on the Exchange). The Escrow Agreement provides that if the holder of the escrowed shares becomes bankrupt, the shares will be transferred within escrow to the trustee in bankruptcy or to such other person as is legally entitled to the shares. The Escrow Agreement further provides that upon the death of the holder of the escrowed shares, the shares will be released from escrow and certificates for the shares will be delivered to the legal representative of the deceased shareholder.

### **DIVIDEND RECORD AND POLICY**

The Company has not paid any dividends since its incorporation. The Company has no plans to pay dividends in the immediate future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company’s financial position at the relevant time.

### **PLAN OF DISTRIBUTION**

#### **The Offering**

The Company, through the Agent, hereby offers to the public in British Columbia and Alberta through the facilities of the Exchange 1,300,000 common shares at a price of \$0.20 each. The Offering will be made

in accordance with the rules and policies of the Exchange and will close on a day (the “Closing Date”) determined by the Agent and the Company, with the consent of the Exchange, within a period of 90 days from the date final receipts for this Prospectus are issued by the British Columbia Securities Commission and the Alberta Securities Commission (the “Effective Date”).

Until all of the common shares offered hereunder are sold, all subscription monies will be deposited with and held by the Agent. If all of the offered common shares are not sold within the prescribed period, then all subscription proceeds held by the Agent will be returned to investors in full without deduction or interest.

In accordance with the rules and policies of the Exchange, retail clients of the Agent will have preference, to the extent there is demand, for 100% of the Offering. The Agent may allocate the Offering among its clients as it may determine in its sole discretion. If client demand is less than 100% of the Offering, the difference between the total Offering and client demand may be allocated to the Agent and other members of the Exchange, and their partners, directors, officers, registered representatives and employees. Notwithstanding the foregoing, pursuant to the CPC Policy an individual subscriber may purchase directly or indirectly a maximum of 26,000 common shares, being 2% of the total number of common shares offered hereunder, and an individual subscriber, together with that subscriber’s associates and affiliates may purchase directly or indirectly a maximum of 52,000 common shares, being 4% of the total number of common shares offered hereunder.

Other than as disclosed in this Prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder, or any other person or company in connection with this Offering. The directors, officers and other insiders of the Company may purchase common shares from this Offering, provided however, that any common shares so purchased will be subject to the escrow restrictions described under “Escrowed Shares” on page 14.

### **Appointment of Agent**

By an agreement (the “Agency Agreement”) dated for reference June 5, 2000, the Company appointed the Agent as its agent for the Offering. Under the terms of the Agency Agreement, the Company has agreed to pay to the Agent a commission of \$0.02 per common share sold pursuant to the Offering, payable in cash, upon completion of the Offering. The price of the common shares offered hereunder and the commission payable to the Agent was established through negotiation between the Company and the Agent.

The Agent has been granted a non-transferable option to purchase up to 130,000 common shares of the Company. See “Agent’s Option” on page 18.

The Agent has been granted a right of first refusal to act as the agent or underwriter of the Company in connection with any future equity financing of the Company for which the Company elects to use an agent,

commencing on the Closing Date and expiring 12 months after the Company has completed a Qualifying Transaction.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed dealers, brokers and investment dealers, who may or may not be offered part of the commissions or Agent's Option to be received by the Agent pursuant to the Agency Agreement.

The obligations of the Agent under the Agency Agreement may be terminated at any time before the Company's common shares commence trading on the Exchange at the Agent's discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time on the occurrence of certain stated events.

As at the date of this Prospectus, the Agent owns no shares of the Company.

### **Agent's Option**

Pursuant to the Agency Agreement, the Company has granted the Agent a non-transferable option to purchase up to 130,000 common shares of the Company, at a price of \$0.20 per common share, for a period of 18 months from the day the Company's common shares are listed for trading on the Exchange. In accordance with the policies of the Exchange, up to 50% of the shares issuable to the Agent upon the exercise of the Agent's Option may be sold by the Agent prior to the completion of the Qualifying Transaction. The balance may only be sold by the Agent once the Company has completed the Qualifying Transaction. The distribution of the Agent's Option to the Agent is qualified by this Prospectus.

The Agent's Option will contain, among other things, anti-dilution provisions and provisions for the appropriate adjustment in the class, number and price of the common shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Company, the payment of stock dividends or the amalgamation of the Company.

## **DESCRIPTION OF SECURITIES OFFERED**

This Prospectus qualifies the distribution of 1,300,000 common shares. This Prospectus also qualifies the issuance of the Agent's Option to the Agent. See PLAN OF DISTRIBUTION on page 17.

The authorized capital of the Company consists of 100,000,000 common shares without nominal or par value. All of the shares of the Company are of the same class and, once issued, will rank equally as to dividends, voting powers and participation in assets. None of the issued shares of the Company are subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or

purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the *Company Act* (British Columbia).

### **SPONSORSHIP AND FISCAL AGENCY AGREEMENTS**

As part of its services under the Agency Agreement, the Agent will act as sponsor for the listing of the Company's common shares on the Exchange. The Company has paid the Agent a sponsorship fee of \$7,000. The Agent will not have any ongoing sponsorship obligations. The Company has not entered into any other sponsorship or fiscal agency agreements and has no plans to enter into any such agreements in the near future. The Company, however, will be required to obtain sponsorship by an Exchange member firm at the time the Company enters into a Qualifying Transaction. See "Qualifying Transaction Requirements" on page 2.

### **INVESTOR RELATIONS AGREEMENTS**

The Company has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Company or its securities, or to engage in activities for the purposes of stabilizing the market, either now or in the future.

### **RELATIONSHIP BETWEEN COMPANY AND THE AGENT**

The Company is not a related party or connected party of the Agent, as those terms are defined in the *Securities Rules* (British Columbia) or the policies of the Alberta Securities Commission.

### **RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS**

There is no beneficial interest, direct or indirect, in any securities or property of the Company, or of an associate or affiliate of the Company, held by a professional person as referred to in s.106(2) of the *Securities Rules* (British Columbia).

### **LEGAL PROCEEDINGS**

There are no outstanding or contemplated legal proceedings that are material to the Company's business and affairs of which the Company is aware.

### **AUDITOR**

The Company's auditors are Dyke & Howard, Chartered Accountants, of 500 - 1441 Creekside Drive, Vancouver, B.C., V6J 4S7.

### **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the common shares of the Company is Pacific Corporate Trust Company of 830 - 625 Howe Street, Vancouver, B.C. V6C 3B8.

### **MATERIAL CONTRACTS**

The following are the material contracts entered into by the Company that are outstanding as at the date of this Prospectus:

- (a) Agency Agreement dated for reference June 5, 2000. See PLAN OF DISTRIBUTION on page 17 for details;
- (b) Incentive Stock Option Agreements dated May 17, 2000 See "Options and other Rights to Purchase Shares" on page 12 for details; and
- (c) Escrow Agreement dated April 28, 2000. See "Escrowed Shares" on page 14 for details.

### **Inspection of Contracts**

Copies of the foregoing contracts may be inspected at the registered office of the Company at Maitland & Company, Barristers and Solicitors, 700 - 625 Howe Street, Vancouver, B.C. during normal business hours while distribution of the common shares offered hereunder is in progress, and for a period of 30 days thereafter.

### **OTHER MATERIAL FACTS**

There are no material facts relating to the securities proposed to be offered which are not disclosed in this Prospectus.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain 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 a prospectus and any amendment thereto. In several provinces, securities legislation further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment thereto 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 the province.

**The purchaser should refer to the applicable provisions of the Securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.**

**First Venture  
Capital Corporation**  
FINANCIAL STATEMENTS  
March 31, 2000

# DYKE & HOWARD

CHARTERED ACCOUNTANTS

L.R. Bisaro Ltd.  
T.C. Harma' Ltd.  
M.E. Louie Ltd.

D.W. Louie Ltd.  
M.O. Nakarishi Ltd.  
R.B. Macfarlane Ltd.

## AUDITORS' REPORT

To the Board of Directors of  
First Venture Capital Corporation

We have audited the balance sheet of First Venture Capital Corporation as at March 31, 2000 and the statements of loss and deficit and cash flow for the period from incorporation on October 18, 1999 to March 31, 2000. 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 statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations and its cash flow for the period from incorporation on October 18, 1999 to March 31, 2000 in accordance with generally accepted accounting principles.

Vancouver, B.C.  
April 20, 2000,  
Except as to Note 5 which is as of May 31, 2000

**Chartered Accountants**

# First Venture Capital Corporation

## BALANCE SHEET

March 31, 2000

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### ASSETS

#### CURRENT ASSETS

Cash	\$	38,534	
Term deposits		250,000	
Prepaid expenses		<u>9,000</u>	
			\$ 297,534

DEFERRED SHARE ISSUE COSTS (Note 3)			<u>7,000</u>
			\$ <u>304,534</u>

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$		<u>699</u>
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### SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 4)			305,000
RETAINED EARNINGS (DEFICIT)			<u>(1,165)</u>
			<u>303,835</u>
	\$		<u>304,534</u>

Approved by the Board \_\_\_\_\_ "Howard J. Louie" Director \_\_\_\_\_ "Mark P. Lotz" Director

# First Venture Capital Corporation

## STATEMENT OF LOSS AND DEFICIT

For the period from incorporation on October 18, 1999 to March 31, 2000

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### EXPENSES

Office and miscellaneous

\$ 1,165

NET INCOME (LOSS) FOR THE PERIOD, being

RETAINED EARNINGS (DEFICIT) at end of period

\$ (1,165)

# First Venture Capital Corporation

## STATEMENT OF CASH FLOW

For the period from incorporation on October 18, 1999 to March 31, 2000

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### CASH FLOW FROM OPERATING ACTIVITIES

Net income (loss) for the year	\$	(1,165)	
Adjustment to reconcile net cash provided by operating activities			
Increase in prepaid expenses		(9,000)	
Increase in accounts payable and accrued liabilities		<u>699</u>	
			\$ (9,466)

### CASH FLOW FROM INVESTING ACTIVITIES

Investment in term deposits			(250,000)
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### CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issuance of share capital		305,000	
Share issue costs incurred		<u>(7,000)</u>	
			<u>298,000</u>

### INCREASE IN CASH DURING THE PERIOD, being

CASH at end of period			\$ <u>38,534</u>
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# First Venture Capital Corporation

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

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### 4. OPERATIONS

The Company was incorporated under the corporate laws of British Columbia on October 18, 1999 as 594264 B.C. Ltd. On February 14, 2000 the Company changed its name to First Venture Capital Corporation.

The Company intends to list its common shares on the Canadian Ventures Exchange as a Capital Pool Company. Once listed, the Company proposes to identify and evaluate potential business acquisitions and to negotiate acquisition or participation agreements subject to regulatory and shareholder approval.

### 5. ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### Deferred share issue costs

Costs incurred relating to the Company's planned initial public offering have been recorded as deferred share issue costs. On completion of the offering these costs will be offset against share capital.

#### Stock-based compensation

The Company has granted options to purchase common shares as described in Note 4. No compensation expense is recognized when common shares or options to purchase common shares are granted. Any consideration received on the exercise of these options is credited to share capital.

#### Financial instruments

The Company's financial instruments consist of cash, term deposits and accounts payable and accrued liabilities. The fair value of the Company's financial instruments approximate their carrying amounts due to their short terms to maturity.

#### 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. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to the efforts of customers, suppliers, or other third parties, have been fully resolved.

### 6. DEFERRED SHARE ISSUE COSTS

Agent's sponsorship fee	\$	<u>7,000</u>
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### 7. SHARE CAPITAL

Authorized

100,000,000 common shares without par value

Issued

2,050,001 common shares	\$	<u>305,000</u>
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# First Venture Capital Corporation

## NOTES TO THE FINANCIAL STATEMENTS

**March 31, 2000**

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### 4. **SHARE CAPITAL** – continued

During the period the Company issued 2,050,001 common shares from treasury for proceeds of \$ 305,000. The proceeds of \$ 305,000 were received in cash.

On March 28, 2000 the Company entered into an agreement relating to a public offering of 1,300,000 common shares at \$ 0.20 per share. Pursuant to the terms of the agency agreement, the agent will receive a commission of 10% of the gross proceeds of the public offering and will be granted an option to purchase up to 130,000 common shares of the Company at \$ 0.20 per share for a period of eighteen months from the date of listing.

The agent has agreed to act as the Company's sponsor for listing on the Canadian Venture Exchange. In connection with this agreement, the Company has paid the agent a non-refundable sponsorship fee of \$ 7,000 (see Note 3).

The Company has agreed to file a prospectus with the regulatory authorities relating to the above public offering of common shares and issuance of agent's options.

Under the requirements of the Canadian Venture Exchange, the 1,050,001 common shares issued to officers and directors of the Company will be held in escrow and may not be released from escrow and traded without the written consent of the regulatory authorities.

### 5. **SUBSEQUENT EVENTS**

Subsequent to March 31, 2000 the Company granted options to purchase 325,000 common shares at \$ 0.20 per share to officers and directors of the Company. The options become exercisable on the effective date of the prospectus referred to in Note 4. Of the 325,000 options granted, 50,000 may be exercised at any time while the remaining 275,000 options vest at a rate of 1/15<sup>th</sup> (18,333 shares) per month. The options expire five years from the effective date of the prospectus referred to above.

**CERTIFICATE OF THE COMPANY**

Dated: June 27, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 9 of the *Securities Act* (British Columbia) and the Rules thereunder, and by Part 8 of the *Securities Act* (Alberta) and the regulations under it.

“Howard J. Louie”

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HOWARD J. LOUIE  
Chief Executive Officer and  
Chief Financial Officer

**On Behalf of the Board**

“Geoffrey M. Lee”

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GEOFFREY M. LEE

“Mark P. Lotz”

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MARK P. LOTZ

**Promoter**

“Howard J. Louie”

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HOWARD J. LOUIE

**CERTIFICATE OF THE AGENT**

Dated: June 27, 2000

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 9 of the *Securities Act* (British Columbia) and the Rules thereunder, and by Part 8 of the *Securities Act* (Alberta) and the regulations under it.

YORKTON SECURITIES INC.

Per: "John McCoach"

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John McCoach  
Vice-President Corporate Finance (BC)