

**AMENDED PRELIMINARY PROSPECTUS IN ALBERTA
PRELIMINARY PROSPECTUS IN BRITISH COLUMBIA
DATED FEBRUARY 2, 2001**

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

This Prospectus constitutes a public offering of 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.

Initial Public Offering

•, 2001

VISTATECH CORPORATION
(a capital pool company)

\$500,000
2,500,000 Common Shares

PRICE: \$0.20 PER COMMON SHARE

VistaTech Corporation ("VistaTech" or the "Corporation") is hereby offering for sale a minimum of 2,500,000 common shares in the capital of the Corporation ("Common Shares") at a price of \$0.20 per Common Share (the "Offering"), for aggregate gross proceeds of \$500,000. The purpose of the Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate selected assets or entire businesses, with a view to completing a Qualifying Transaction (as defined herein under the heading "Business of the Corporation - Criteria for Acquisitions") approved by the Canadian Venture Exchange Inc. (the "Exchange") and the majority of the minority shareholders of the Corporation in accordance with Policy 2.4 of the Exchange's Corporate Finance Manual (the "CPC Policy"). See "Business of the Corporation" and "Use of Proceeds".

The Corporation has entered into an agreement (the "Agency Agreement") with Research Capital Corporation (the "Agent") to act as agent for the Corporation in connection with the sale of the Common Shares under this Prospectus on a best efforts basis. The Agent has also agreed to act as sponsor of the Corporation in connection with the Offering, in accordance with the sponsorship requirements set out in the CPC Policy. Pursuant to the Agency Agreement, the Agent will be granted an option (the "Agent's Option") to acquire up to 250,000 Common Shares in the capital of the Corporation at an exercise price of \$0.20 per share. The Agent's

Option will expire 18 months from the date that the outstanding Common Shares are listed for trading on the Exchange. The Agent's Option will be qualified for distribution under the final Prospectus. See "Plan of Distribution". In addition, options to acquire up to a total of 450,000 Common Shares, at an exercise price of \$0.20 per share, are expected to be granted to the directors and officers of the Corporation. See "Stock Options". The options to be granted to the directors and officers will also be qualified for distribution under the final Prospectus.

	<u>Number of Shares</u>	<u>Price to the Public⁽¹⁾</u>	<u>Agent's Commission⁽²⁾</u>	<u>Proceeds to the Corporation⁽³⁾</u>
Per Common Share	1	\$0.20	\$0.02	\$0.18
Total Offering	2,500,000	\$500,000	\$50,000	\$450,000

Notes:

- (1) The proceeds from subscriptions for Common Shares will be deposited with CIBC Mellon Trust Company (the "Custodian") and held by the Custodian in trust until subscriptions for all of the 2,500,000 Common Shares offered for sale hereunder (\$500,000) are received. If the Offering is not fully subscribed within 90 days of the issuance of a receipt for the filing of the final Prospectus or such later date as is approved by the applicable regulatory authorities and agreed to by the Agent and the Corporation, the Custodian will promptly return the subscription funds to subscribers without interest or deduction. See "Plan of Distribution".
- (2) Upon closing of the Offering, the Corporation will pay a commission of \$50,000 (10% of the gross proceeds of the Offering) to the Agent and will grant to the Agent the Agent's Option referred to above. In addition, the Corporation has agreed to pay a corporate finance fee in the amount of \$8,500 plus GST to the Agent and to reimburse the Agent for all reasonable expenses incurred by the Agent pursuant to the Offering (including the legal fees of the Agent), which expenses are estimated at \$5,000 plus GST. See "Plan of Distribution".
- (3) Before deduction of the expenses of the Offering estimated at \$28,000 plus GST (not including the Agent's expenses or commission).

AN INVESTMENT IN THE COMMON SHARES SHOULD BE REGARDED AS HIGHLY SPECULATIVE due to the proposed nature of the Corporation's business and its present stage of development. The Corporation does not have any assets (other than cash) and has not conducted active business operations. The Corporation's present intention is to pursue an acquisition opportunity in the emerging technologies sector, but the Corporation has not entered into an Agreement in Principle, as that term is defined in the CPC Policy. The Corporation has no history of earnings and has not paid any dividends to the date hereof. It is unlikely that the Corporation will generate earnings or pay dividends in the immediate or foreseeable future. The proposed business of the Corporation involves a high degree of risk and there can be no assurance that the Corporation will identify assets or businesses that warrant acquisition, in whole or in part. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and as such investors should be aware that it may be difficult or may not be possible to enforce against such person or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not be able to finance the acquisition with its existing resources and additional funds may be required to complete the transaction, and the Corporation may not be able to obtain additional financing. If the Corporation issues shares from its treasury to finance an acquisition, control of the Corporation may change and purchasers of Common Shares hereunder may suffer further dilution of their investment. The net proceeds generated from the Offering, after deducting associated costs, will be sufficient to identify and evaluate a limited number of opportunities. The

officers and directors of the Corporation are not expected to devote their full time and attention to the business and affairs of the Corporation. The Corporation may be required to compete with others in its efforts to identify suitable assets or businesses for acquisition. PURCHASERS OF THE COMMON SHARES OFFERED BY THIS PROSPECTUS WILL SUFFER AN IMMEDIATE DILUTION OF \$0.044 OR 22.0% PER COMMON SHARE, CALCULATED ON THE BASIS OF TOTAL GROSS PROCEEDS RAISED BY THE CORPORATION FROM THE OFFERING AND PRIOR SALES OF SECURITIES, WITHOUT DEDUCTION OF SELLING COMMISSIONS AND OTHER EXPENSES OF THE OFFERING. There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the anticipated activities of the Corporation. The directors and officers as a group currently own 62.5% of the issued and outstanding Common Shares and will own 27.8% of the issued and outstanding Common Shares after the Offering. As a result of these factors, the Offering is suitable only to those investors who are willing to rely solely on the management of the Corporation, who are willing to risk the loss of their entire investment and who can afford to lose all of their investment. See "Risk Factors", "Business of the Corporation", "Directors and Officers", "Management", "Use of Proceeds", "Conflicts of Interest" and "Dilution".

The Corporation has received conditional approval for the listing of the Common Shares on the Exchange subject to the Corporation fulfilling all of the requirements of the Exchange, including distribution of the Common Shares to a minimum number of public shareholders.

Other than the initial distribution of the Common Shares, Agent's Option and stock options pursuant to the final Prospectus, no securities of the Corporation may be issued or traded during the period between the date on which a receipt for the preliminary Prospectus is received and the time the outstanding Common Shares are posted for trading on the Exchange, except with the prior written consent of the Exchange and the British Columbia and Alberta Securities Commissions (collectively, the "Commissions").

The Exchange may suspend from trading or delist the Common Shares of the Corporation if it fails to complete a Qualifying Transaction within 18 months of the date that the Common Shares are listed on the Exchange. Delisting of the Common Shares from the Exchange will, and suspension from trading of the Common Shares may, result in a cease trade order being issued against the Corporation by the Commissions. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation issued prior to the Offering. See "Risk Factors".

There is currently no market through which the Common Shares may be sold. The price of the 2,500,000 Common Shares offered for sale hereunder has been determined arbitrarily by the directors of the Corporation. The maximum number of Common Shares that may be purchased by any single shareholder under the Offering is limited to 50,000 shares (two percent (2%) of the total number of shares offered for sale hereunder). The maximum number of Common Shares that may be purchased by any single shareholder under the Offering, together with such shareholder's Associates and Affiliates (as defined in Policy 1.1 of the Exchange's Corporate Finance Manual) is limited to 100,000 shares (four percent (4%) of the total number of shares offered for sale hereunder).

The Offering is not underwritten and is subject to receipt of subscriptions for all of the 2,500,000 Common Shares (\$500,000) offered for sale hereunder. If the Offering is not fully subscribed within 90 days of the date of issuance of a receipt for the final Prospectus or such

other time as may be authorized by the Executive Directors of the Commissions and agreed to by the Agent, all subscription monies will be returned to subscribers without interest or deduction. See "Plan of Distribution".

The Common Shares are offered by Research Capital Corporation, as agent of the Corporation, on a "best efforts" basis, subject to prior sale, if, as and when issued and delivered by the Corporation and accepted in accordance with the conditions referred to under the heading "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP, Calgary, Alberta, and on behalf of the Agent by Ballem MacInnes LLP, Calgary, Alberta. Subscriptions will be received, subject to rejection or allotment in whole or in part in the discretion of the Agent and the Corporation, and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates representing the Common Shares will be available for delivery immediately following closing of the Offering. For further information, contact:

Research Capital Corporation
SunLife Plaza II
Suite 1330, 140 – 4th Avenue S.W.
Calgary, Alberta T2P 3N3

Telephone: (403) 265-7400
Facsimile: (403) 237-5951

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PROSPECTUS SUMMARY

This information in this summary is qualified in its entirety by the more detailed information contained elsewhere in this Prospectus.

Offering 2,500,000 Common Shares, at a price of \$0.20 per Common Share. Pursuant to the Agency Agreement described in this Prospectus under the heading "Plan of Distribution, the Corporation will grant the Agent's Option to the Agent at the closing of the Offering. The Agent's Option will entitle the Agent to acquire up to 250,000 Common Shares at an exercise price of \$0.20 per share. The Agent's Option will expire 18 months from the date that the outstanding Common Shares are listed for trading on the Exchange. The Agent's Option will be qualified for distribution under the final Prospectus. See "Plan of Distribution". In addition, options to acquire an aggregate of 450,000 Common Shares, at an exercise price of \$0.20 per share, are expected to be granted to the directors, officers, employees and key consultants of the Corporation, which options will also be qualified for distribution under the final Prospectus. See "Plan of Distribution" and Stock Options".

The Corporation VistaTech was incorporated under the *Business Corporations Act* (Alberta) on October 4, 2000. Initially, the principal business of the Corporation will be to identify and evaluate specific assets or entire businesses with a view to completing a Qualifying Transaction approved by the Exchange and the majority of the minority shareholders of the Corporation in accordance with the CPC Policy. To the date hereof, the Corporation has not carried on any active business operations. The Corporation's present intention is to pursue an acquisition opportunity in the emerging technologies sector, but the Corporation has not entered into an Agreement in Principle (as defined in the CPC Policy). See "Business of the Corporation".

Use of Proceeds The net proceeds of the Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets and businesses with a view to the acquisition of the same or an interest therein. However, even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not have sufficient resources to fund such transaction and additional funds may be required to complete the acquisition. See "Use of Proceeds", "Business of the Corporation – Method of Financing Acquisitions" and "Risk Factors".

Dilution Purchasers of the Common Shares offered for sale hereunder will suffer an immediate dilution of approximately \$0.044 or 22.0% per Common Share, calculated on the basis of the total gross proceeds raised by the Corporation under the Offering and prior sales of securities, without deduction of selling commissions and other

expenses of the Offering. See "Dilution".

Directors and Management

K. Barry Sparks, President, Chief Executive Officer, Corporate Secretary and a Director
J. Paul Allingham, Chief Financial Officer, Treasurer and a Director
John S. Burns, Director
John George McDonald Brown, Director
E. Christopher Stait-Gardner, Director

See "Directors and Officers" and "Management".

Risk Factors

The Offering should be considered highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated, does not have any assets other than cash, has not conducted any active business operations and has no history of earnings. The Corporation's present intention is to pursue an acquisition opportunity in the emerging technologies sector, but the Corporation has not entered into an Agreement in Principle (as defined in the CPC Policy). The Offering is suitable only to those investors who are willing to rely solely on the management of the Corporation, who are willing to risk a loss of their entire investment and who can afford to lose all of their investment. See "Risk Factors", "Business of the Corporation", "Directors and Officers", "Management", "Use of Proceeds", "Conflicts of Interest" and "Dilution".

Dividend Policy

It is not anticipated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See "Dividend Policy".

Escrowed Securities

All of the Common Shares of the Corporation issued as at the date hereof have been deposited into escrow with CIBC Mellon Trust Company, as escrow agent pursuant to the Escrow Agreement described under the heading "Escrowed Securities". All of the securities of the Corporation issued prior to the Offering at a price per security less than the price at which Common Shares are offered for sale hereunder, all shares of the Corporation beneficially owned, directly or indirectly, at the date of this Prospectus or acquired under this Prospectus or pursuant to the exercise of options prior to completion of a Qualifying Transaction by Related Parties to the Corporation (as defined under the heading "Business of the Corporation - Criteria for Acquisitions"), all shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by any Control Person (as defined under the heading "Escrowed Securities") and all Common Shares of the Corporation issued contemporaneously or in conjunction with a Qualifying Transaction to a Principal of the Resulting Issuer (as defined in Policy 5.4 of the Exchange's Corporate Finance Manual), are also subject to escrow requirements. Escrowed securities are to be released in

accordance with the CPC Policy and are subject to cancellation if a Qualifying Transaction is not completed and in certain other circumstances. See "Escrowed Securities".

THE CORPORATION

VistaTech was incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") on October 4, 2000. By Certificate of Amendment, issued on January 2, 2001, the Articles of the Corporation were amended to remove the private company restrictions previously applicable to the Corporation. As a result of the removal of such restrictions, the Articles no longer impose restrictions on: (i) the transfer of shares of the Corporation; (ii) the number of shareholders of the Corporation; or (iii) the Corporation's ability to make invitations to members of the public to subscribe for shares. The Articles provide that the directors of the Corporation may, between annual meetings of shareholders, appoint additional persons to serve as directors of the Corporation, provided that the number of additional directors so appointed may not exceed one-third of the total number of directors who held office as at the close of business of the preceding annual meeting of shareholders. Meetings of shareholders may be held anywhere in Alberta and in any of the following cities: St. John's, Newfoundland; Charlottetown, Prince Edward Island; Halifax, Nova Scotia; St. John, New Brunswick; Montreal, Quebec; Quebec City, Quebec; Toronto, Ontario; Ottawa, Ontario; Winnipeg, Manitoba; Regina, Saskatchewan; Victoria, British Columbia; Vancouver, British Columbia; New York, New York; Denver, Colorado; Houston, Texas; Phoenix, Arizona; or Scottsdale, Arizona.

The registered and records office of the Corporation is located at Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7. The head office of the Corporation is located at 141 Adelaide Street West, Suite 1105, Toronto, Ontario, M5H 3L5.

BUSINESS OF THE CORPORATION

History and Operations of the Corporation

The Corporation does not own any assets other than cash and has not conducted active business operations. To date the activities of the Corporation have been confined to the conduct of discussions for the purpose of identifying potential acquisitions of commercially viable businesses and assets, but the Corporation has not entered into an Agreement in Principle (as defined in the CPC Policy). The Corporation's present intention is to pursue an acquisition opportunity in the emerging technologies sector. The Corporation has received conditional approval for the listing of the Common Shares on the Exchange subject to the Corporation fulfilling all of the requirements of the Exchange, including distribution of the Common Shares to a minimum number of public shareholders.

Initially, the Corporation proposes to identify businesses and assets that have the potential to generate profits and add shareholder value. If any such businesses or assets are identified, the Corporation will pursue discussions with the owners of the same, with a view to completing a Qualifying Transaction (as described herein under the heading "Business of the Corporation – Criteria for Acquisitions"). Any Qualifying Transaction must be approved by the Exchange and a majority of the minority of the shareholders of the Corporation, in accordance with the CPC Policy. The Corporation proposes to use cash, bank debt, the issuance of shares from treasury, public debt or a combination of those alternatives, to finance the completion of any Qualifying Transaction. An acquisition financed, in whole or in part, through the issuance of shares from treasury could result in a change of control of the Corporation and cause further dilution to shareholders. Until the completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction.

Process of Identification of Acquisitions

The Corporation proposes to identify target businesses and assets through discussions with contacts of the officers and directors of the Corporation and other persons. If a prospective acquisition target is identified, the Corporation will proceed to evaluate the same and negotiate the terms upon which the Corporation may acquire an interest therein. See "Criteria for Acquisitions" under this section.

Method of Financing Acquisitions

If the Corporation is successful in its efforts to negotiate the acquisition of assets or a business, the Corporation will undertake the acquisition by using cash, bank debt, the issuance of shares from treasury, public debt or a combination of those alternatives, to finance the completion of the acquisition transaction. If the acquisition is financed, in whole or in part, through the issuance of Common Shares from treasury, a change of control of the Corporation may occur and shareholders could suffer further dilution.

Criteria for Acquisitions

Each potential acquisition will initially be screened by the management of the Corporation, which is expected to assess the business plan of each target business and the material particulars of the target business, including its assets, the line of services or products offered, the extent of competition in the market place, the market potential of the product line or services, the marketing plan, existing and remaining management, production plans, financial plans and cash-flow projections and capital requirements. Similar criteria will be employed in the assessment of other assets. Management of the Corporation has not placed geographical restrictions on the location of any potential acquisition.

On completion of its analysis, management will proceed to negotiate the terms of acquisition of the target assets or business with the owner and will present the proposal to an independent committee of the board of directors of the Corporation (the "Independent Committee") for its consideration and approval. The Independent Committee will be comprised of a minimum of two directors of the Corporation who are not Related Parties to the Qualifying Transaction (as defined below).

The Independent Committee, in considering whether to approve the terms of an acquisition, is expected to consider, among other criteria, the following:

1. (a) the projected rate of return on the proposed investment and the risk of loss;
- (b) the prospects for growth, having regard to existing or potential market share;
- (c) the skill of the management team, either as it exists or as it may be supplemented as a consequence of the acquisition; and
- (d) basic financial considerations, such as the ratio of debt to equity of the target business, the overall cost of the acquisition and the prospects of obtaining the debt or equity financing necessary to complete the acquisition.

Any Qualifying Transaction that the Corporation determines to pursue will be submitted to the shareholders for their approval in accordance with the CPC Policy, which provides that the

Qualifying Transaction must be approved by a majority (i.e. 50% plus one) of the votes cast by the Corporation's minority shareholders at a properly constituted meeting of shareholders. Under the CPC Policy, the minority shareholders are all of the shareholders of the Corporation other than those shareholders who are (i) promoters, officers, directors, other insiders and control persons of the Corporation and associates and affiliates of such persons (collectively, the "Related Parties to the Corporation"); and (ii) the sellers of the Significant Assets (as defined below) to be acquired, the company which owns the Significant Assets to be acquired where the acquisition is to be conducted through the purchase of securities of that company, the promoters, officers, directors, other insiders and control persons of such sellers and company and all other parties to or associated with the Qualifying Transaction and associates and affiliates of all such other parties (collectively, the "Related Parties to the Qualifying Transaction").

For purposes of the CPC Policy, a "Qualifying Transaction" is a transaction where an issuer:

- (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 the common shares of the issuer 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 that are distributed to the shareholders of the issuer and the other company results in the shareholders of the other company acquiring control of the Resulting Issuer (as defined in the CPC Policy); or
- (C) otherwise acquires Significant Assets, other than cash;

but excludes a transaction that consists solely of the issuance for cash by the issuer of common shares or securities convertible, exchangeable or exercisable into common shares, representing more than 25% of its issued and outstanding common shares of the issuer immediately prior to the issuance.

For the purposes of the CPC Policy, "Significant Assets" consist of one or more assets or businesses that, when acquired by an issuer, together with any other concurrent transactions, results in the issuer meeting the minimum listing requirements of the Exchange.

The Exchange in its discretion may refuse approval of a transaction as a Qualifying Transaction where:

- (A) the issuer will fail to satisfy the minimum listing requirements of the Exchange upon completion of the Qualifying Transaction;
- (B) at any time from the time of listing until completion of the Qualifying Transaction, the aggregate number of securities owned, directly or indirectly, by:
 - (i) a member firm of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of the member firm; and

- (iii) associates of any such persons,
 - exceeds 20% of the total number of outstanding listed common shares of the issuer;
- (C) upon completion of the Qualifying Transaction, the issuer will be a finance company or a mutual fund as defined under the *Securities Act* (British Columbia) (the "BCSA") or the *Securities Act* (Alberta) (the "ASA");
- (D) the consideration paid either:
 - (i) for the company or entity which is the subject of; or
 - (ii) to the vendor of assets acquired in connection with or in contemplation of;the Corporation's Qualifying Transaction, is objectionable to the Exchange;
- (E) the same party or parties control the Corporation and the Significant Assets which are the subject of the Qualifying Transaction and the Corporation has less than two independent directors; or
- (F) in the sole discretion of the Exchange, there is any other valid reason to refuse approval.

Prior to the completion of a Qualifying Transaction or the issuance of any securities of the Corporation pursuant to a Qualifying Transaction, the Corporation will be required to comply with the by-laws and policies of the Exchange, the provisions of the BCSA and the ASA and the rules and regulations made pursuant to the BCSA and the ASA (the "Regulations"). Under the CPC Policy, the Corporation will be required to submit for review to the Exchange an information circular (the "Information Circular"), which must comply with applicable corporate and securities laws, contain prospectus level disclosure respecting the Qualifying Transaction and the Resulting Issuer (as defined in the CPC Policy) and be prepared in accordance with Form 3A of the Exchange's Corporate Finance Manual. The Corporation will include in or submit with the Information Circular such engineering or geological report, business plan or valuation as is required by such laws and/or Form 3A. Upon acceptance by the Exchange, the Corporation must then mail the Information Circular and related proxy materials to its shareholders and obtain shareholder approval of the Qualifying Transaction on the basis of the application of the "majority of the minority" test, which requires that the resolution respecting the Qualifying Transaction be passed by at least 50% plus one vote of the votes cast at the applicable meeting by shareholders other than Related Parties to the Corporation and Related Parties to the Qualifying Transaction. The Corporation will also be required to retain a sponsor in connection with the Qualifying Transaction, which will be required to submit to the Exchange a Sponsor Report in accordance with the CPC Policy.

Under the policies of the Exchange, the Corporation will be considered to have completed its Qualifying Transaction on the date of the meeting at which the Qualifying Transaction was approved by shareholders, provided that all post-meeting documentation is subsequently filed with the Exchange and the Exchange issues a Final Exchange Notice (as that term is defined in the CPC Policy) evidencing the Exchange's final acceptance of the Qualifying Transaction and confirming that the Corporation is no longer considered a capital pool company. The CPC Policy will cease to apply to the Corporation after the Corporation completes its Qualifying

Transaction and the Final Exchange Notice is issued by the Exchange, with the exception of sections 11 and 14.10 of the CPC Policy (provisions respecting escrow and general prohibition on reverse take-overs for a period of one year following completion of a Qualifying Transaction) and the Escrow Agreement (as defined under the heading "Escrowed Securities"), which will continue in full force and effect.

USE OF PROCEEDS

The gross proceeds generated from the sale of the Common Shares offered by this Prospectus will be \$500,000. The Corporation has received \$200,000 from the sale of Common Shares prior to the date of this Prospectus. The expenses and costs associated with the Offering (not including the Agent's expenses and commission) are expected to be in the order of \$28,000 plus GST. All such costs and expenses will be paid from the working capital of the Corporation, which will include the proceeds of the Offering.

No remuneration or compensation (including, but not limited to, salaries, consulting fees, management contract fees or directors' fees, loans, advances, bonuses, deposits and similar payments) of any nature whatsoever will be paid, directly or indirectly, by the Corporation to a Related Party to the Corporation or to a Related Party to the Qualifying Transaction, or to any person engaged in investor relations activities, prior to the completion of a Qualifying Transaction, or to any party by or on behalf of the Corporation after the completion of a Qualifying Transaction, if the payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the foregoing, the Corporation may reimburse Related Parties to the Corporation for: (i) reasonable out-of-pocket expenses incurred in connection with the identification and evaluation of target assets or businesses; (ii) reasonable expenses for office supplies, office rent and related utilities; (iii) reasonable expenses for equipment leases (excluding vehicle leases); and (iv) legal services (provided that neither the lawyer providing the legal services or any member of the law firm providing the legal services is a promoter of the Corporation).

Until the completion of the Qualifying Transaction, at least 70% of the gross proceeds realized from the sale of all securities issued by the Corporation are required to be utilized by the Corporation only in permitted uses, including the payment of expenses incurred for the preparation of valuations or appraisals, business plans, feasibility studies and technical assessments, geological reports and financial statements, including audited financial statements and fees for legal and accounting services, provided that such expenses and fees are incurred in the identification and evaluation of assets or businesses or in respect of the meeting of shareholders called to consider the Qualifying Transaction and the solicitation of proxies for use at such meeting. Subject to prior Exchange acceptance, deposits to an aggregate maximum of \$100,000 (with a maximum of \$25,000 to be non-refundable) may be paid to preserve assets for a proposed arm's length Qualifying Transaction, provided that no deposit or similar payment may be made to a Related Party to the Corporation.

In addition, until completion of the Qualifying Transaction, no more than 30% of the gross proceeds realized from the sale of all securities issued by the Corporation may be used for purposes other than for the permitted uses of proceeds as stated above. Expenditures that do not meet the requirements of the permitted uses of proceeds as stated above include listing and filing fees (including SEDAR fees), agents' fees, costs or commissions, other costs for the issuance of securities (including legal and audit expenses relating to the preparation and filing of

this Prospectus) and administrative and general expenses of the Corporation (including office supplies, office rent and related utilities, printing costs (including the printing of this Prospectus and share certificates), equipment leases and fees for legal advice and audit expenses relating to matters other than as described above). Until completion of the Qualifying Transaction, no proceeds realized from the issue of any securities of the Corporation may be used to acquire or lease a vehicle.

The foregoing restrictions on use of proceeds and prohibitions on payments to Related Parties and persons engaged in investor relations activities continue to apply until Completion of the Qualifying Transaction (as defined in the CPC Policy). As a result of such definition, such restrictions can continue to apply following shareholder approval of the proposed Qualifying Transaction. Management of a CPC and the Resulting Issuer (as defined in Policy 5.4 of the Exchange's Corporate Finance Manual) are at risk of breaching the CPC Policy in respect of expenditures made after shareholder approval is obtained but prior to the issuance of a Final Exchange Notice by the Exchange. If the Qualifying Transaction does not close or if for any other reason the Exchange does not issue a Final Exchange Notice, any expenditures made other than as permitted by the CPC Policy will be considered by the Exchange to be a breach of the CPC Policy.

The following table provides information respecting the anticipated uses of the funds raised by the Corporation from prior sales of securities and the funds to be generated through the sale of Common Shares hereunder:

Proceeds to the Corporation		Amount
1.	From the Offering	\$ 500,000
2.	From prior sales of Common Shares ⁽¹⁾	200,000
	TOTAL	\$ 700,000
Use of Proceeds		
1.	Estimated costs of identifying, evaluating and making potential acquisitions ⁽²⁾	\$ 500,000
2.	Agent's commission and expenses (including legal fees) ⁽³⁾	63,500
3.	Other costs of the Offering (including legal, accounting, listing and filing fees and other expenses associated with the Offering)	28,000
4.	General and administrative expenses until completion of the Qualifying Transaction	108,500
	TOTAL	\$ 700,000

Notes:

- (1) See "Prior Sales".
- (2) In the event that the Corporation identifies an approved Qualifying Transaction prior to spending the entire amount allocated, the Corporation may use the balance of the funds to finance or partially finance the Qualifying Transaction.
- (3) In the event the Agent exercises the Agent's Option, up to an additional \$50,000 will be available to the Corporation, which will be added to the working capital of the Corporation. See "Plan of Distribution".

Until required for the Corporation's purposes, all proceeds will be invested only in securities of, or those guaranteed by, the Government of Canada or any province of Canada or the Government of the United States of America, or in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies, credit unions or the Alberta Treasury Branches. Proceeds will not be utilized for a direct investment in a target business or assets until such time as the Qualifying Transaction is completed.

The net proceeds received by the Corporation from the sale of Common Shares hereunder, after deducting the costs and expenses of the Offering, will be sufficient to identify and evaluate only a limited number of acquisition opportunities. If the Corporation successfully identifies and negotiates an acquisition of assets or a business that will comprise its Qualifying Transaction, the Corporation may not be able to finance the acquisition from existing resources and additional funds may be required. See "Business of the Corporation - Method of Financing Acquisitions" and "Risk Factors".

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement dated •, 2001 among the Corporation, the Agent and the Custodian, the Corporation has appointed the Agent as its agent to offer for sale to the public 2,500,000 Common Shares, as provided in this Prospectus, at a price of \$0.20 per Common Share, subject to the terms and conditions of the Agency Agreement. The Agent has also agreed to act as sponsor of the Corporation in connection with the Offering, in accordance with the sponsorship requirements set out in the CPC Policy. Upon closing of the Offering, the Agent will be paid a commission equal to 10% of the aggregate gross proceeds from the sale of the Common Shares. The Corporation has also agreed to pay a corporate finance fee in the amount of \$8,500 (plus GST) and to reimburse the Agent for all reasonable expenses incurred by the Agent in connection with the Offering (including, without limitation, the legal fees of the Agent, long distance telephone calls, travel and lodging expenses, courier expenses, marketing expenses, accounting costs and other third party expenses), which expenses are estimated to be \$5,000 (plus GST). The Corporation has also agreed to grant to the Agent a non-transferable option that will entitle the Agent to purchase up to 250,000 Common Shares, at an exercise price of \$0.20 per share. The Agent's Option will expire and be of no further force or effect on the date that is 18 months from the date the outstanding Common Shares of the Corporation are listed on the Exchange. The distribution of the Agent's Option will be qualified under the final Prospectus. The Agent intends to sell to the public any Common Shares received by it upon the exercise of the Agent's Option. Not more than 50% of the aggregate number of Common Shares that may be acquired by the Agent on the exercise of the Agent's Option may be sold prior to the completion of a Qualifying Transaction by the Corporation. The remaining 50% may be sold after completion of a Qualifying Transaction. The Agent has agreed to use its best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make selling group arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain stated events.

The Corporation also expects to grant options to acquire an aggregate of 450,000 Common Shares, at an exercise price of \$0.20 per share, to the directors, officers, employees and key consultants of the Corporation, which options are qualified for distribution under the final Prospectus.

All funds received from subscriptions for Common Shares will be held by the Custodian in trust pursuant to the Agency Agreement. If the Offering is not fully subscribed or the Offering has not closed on or prior to the date that is 90 days from the date of issuance of a receipt for the filing of a final Prospectus, or such later date as may be permitted by the Executive Directors of the Commissions and agreed to by the Agent and the Corporation, all subscription funds will be returned to subscribers without interest or deduction.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which 2,000,000 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this Prospectus. Contemporaneously with the closing of the Offering, the Corporation expects to reserve for issuance a further 450,000 Common Shares for issuance on the exercise of options to be granted under a stock option plan (established for the Corporation's directors, officers, employees and key consultants) and a further 250,000 Common Shares for issuance on the exercise of the Agent's Option.

Common Shares

Holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation and to notice of and one vote per share at meetings of the shareholders of the Corporation, except meetings at which only the holders of a particular class of shares other than Common Shares may vote. Upon liquidation or dissolution of the Corporation, holders of Common Shares are entitled to receive such assets as are distributable to the holders of Common Shares, subject to the rights of holders of any series of outstanding preferred shares. All of the Common Shares to be outstanding on completion of the Offering will be fully paid and non-assessable.

CAPITALIZATION

The following table sets forth information respecting the capitalization of the Corporation as at the date of the balance sheet contained herein and as at the date hereof, both before and after giving effect to the Offering.

<u>Capital</u>	<u>Authorized</u>	<u>Outstanding as at November 30, 2000 (audited)⁽¹⁾</u>	<u>Outstanding as at the Date Hereof, Before Giving Effect to the Offering (unaudited)⁽¹⁾</u>	<u>Outstanding as at the Date Hereof, After Giving Effect to the Offering (unaudited)⁽¹⁾⁽²⁾</u>
Common Shares	unlimited	2,000,000 (\$200,000)	2,000,000 (\$200,000)	4,500,000 (\$700,000)

Notes:

- (1) The Corporation intends to reserve an aggregate of 450,000 Common Shares for issuance upon the exercise of options to be granted under its stock option plan for its directors, officers, employees and key consultants. See "Stock Options". The Corporation will also grant to the Agent a non-transferable option to purchase 250,000 Common Shares at a price of \$0.20 per share expiring 18 months from the date the Corporation's Common Shares are listed on the Exchange. See "Plan of Distribution".
- (2) Before deducting any of the expenses of the Offering, including the Agent's commission, estimated at \$91,500.
- (3) As at the date hereof, the retained earnings (deficit) of the Corporation is nil. The Corporation has no long-term debt.

PRIOR SALES

Since incorporation and prior to the date of this Prospectus, the Corporation has issued 2,000,000 Common Shares as follows:

<u>Date</u>	<u>Number of Shares</u>	<u>Issue Price Per Common Share</u>	<u>Aggregate Issue Price</u>	<u>Consideration Received</u>
October 4, 2000	1	\$0.10	\$0.10	Cash
November 24, 2000	1,999,999	\$0.10	\$199,999.90	Cash

All of the 2,000,000 Common Shares issued at \$0.10 per share will be held in escrow in accordance with the CPC Policy. See "Escrowed Securities".

PRINCIPAL SHAREHOLDERS

The following table sets forth the holdings of the directors and officers of the Corporation and those persons who own of record, or who are known by the Corporation to own beneficially, directly or indirectly, ten (10%) percent or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

<u>Name and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares Owned Before Offering</u>	<u>Percentage of Common Shares Owned After Offering</u>
K. Barry Sparks Toronto, Ontario	Beneficial and of Record	250,000	12.5%	5.6%
J. Paul Allingham Burlington, Ontario	Beneficial and of Record	250,000	12.5%	5.6%
John S. Burns Calgary, Alberta	Beneficial and of Record	250,000	12.5%	5.6%
John George McDonald Brown Wolfville, Nova Scotia	Beneficial and of Record	250,000	12.5%	5.6%
E. Christopher Stait-Gardner Woodbridge, Ontario	Beneficial and of Record	250,000	12.5%	5.6%
Douglas Gorveatt Halifax, Nova Scotia	Beneficial and of Record	250,000	12.5%	5.6%
Harry R. Steele Dartmouth, Nova Scotia	Beneficial and of Record	250,000	12.5%	5.6%
Charles S. Walker West Vancouver, British Columbia	Beneficial and of Record	250,000	12.5%	5.6%

As at the date hereof, the 1,250,000 Common Shares beneficially owned, directly or indirectly, by the directors and officers as a group represent 62.5% of the issued and outstanding shares of the Corporation and will represent approximately 27.8% of the issued and outstanding shares of the Corporation after giving effect to the distribution of 2,500,000 Common Shares pursuant to the Offering. All of the 1,250,000 Common Shares held by the officers and directors as a group are subject to an escrow agreement, as are the 750,000 Common Shares held by the other principal shareholders referred to above. See "Escrowed Securities".

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 and positions held during the last five years (see also "Management"):

Name and Municipality of Residence	Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
K. Barry Sparks Toronto, Ontario	President, Chief Executive Officer, Corporate Secretary and a Director	Chairman, Hawk Capital Corporation and President, Torvan Capital Group Inc. since 1998 and 1996, respectively; President, Targa International Corp. from 1993 to 1995.
J. Paul Allingham ⁽¹⁾ Burlington, Ontario	Chief Financial Officer, Treasurer and a Director	Executive Vice President, dmg world media inc. since December 2000; Chief Financial Officer and Secretary, dmg world media from 1996 to December 2000; Chief Financial Officer, Brunco Inc. and New Brunswick Telephone Company Limited from 1993 to 1996.
John S. Burns ⁽¹⁾ Calgary, Alberta	Director	Partner, Bennett Jones LLP since 1990.
John George McDonald Brown ⁽¹⁾ Wolfville, Nova Scotia	Director	Semi-retired Business Consultant since 1998; owner and President, Command Services Atlantic Limited from 1981 to 1998.
E. Christopher Stait-Gardner Woodbridge, Ontario	Director	Corporate Consultant; President, Giesecke & Devrient Canada Inc. from 1996 to 1999; President, Security Card Systems Inc. from 1989 to 1995.

Note:

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

All of the directors and officers currently have employment outside of the Corporation and will devote such time as is required to the affairs of the Corporation, although it is contemplated that each of the following persons will initially be available to devote the following percentage of his time to the affairs of the Corporation: K. Barry Sparks - 20%; J. Paul Allingham - 10%; John S. Burns - 5%; John George McDonald Brown - 5%; and E. Christopher Stait-Gardner - 5%.

MANAGEMENT

The following is a brief description of key members of management of the Corporation:

K. Barry Sparks

K. Barry Sparks is the President, Chief Executive Officer, Corporate Secretary and a director of the Corporation. Mr. Sparks is also the Chairman of Hawk Capital Corporation and the President of Torvan Capital Group Inc. (corporate advisory services and management), positions he has held from 1998 and 1996 respectively. He is also Vice-Chairman and a director of Nightingale Inc., Chairman and a director of CencoTech Inc. and a director of Dundee Bancorp Inc., Ridgeway Petroleum Corp. and SCS Solars Computing Systems Inc. From 1993 to 1995, Mr. Sparks served as President of Targa International Corp., an international trade and investment company. From 1987 to 1993 he was President of CIC Canadian Investment Capital Limited.

Mr. Sparks graduated from the University of British Columbia with a Commerce Degree in Finance in 1973 and is a Fellow of the Institute of Canadian Bankers.

J. Paul Allingham

J. Paul Allingham is the Chief Financial Officer, Treasurer and a director of the Corporation. Mr. Allingham was appointed Executive Vice President of dmg world media inc. effective December 2000. Previously Mr. Allingham was Chief Financial Officer and Corporate Secretary of dmg world media's Canadian and U.S. operations, a position he held since 1996. dmg world media, which operates trade and consumer exhibitions worldwide, is a wholly-owned subsidiary of the Daily Mail and General Trust, plc of London, England.

From 1993 to 1996, Mr. Allingham was the Chief Financial Officer of Bruncor Inc. and New Brunswick Telephone Company Limited. From 1991 to 1993, he was the Senior Vice President and Chief Financial Officer of enRoute Card International Inc. Prior to this he worked in both the Canadian pulp and paper industry and the automotive industry where he held a number of senior management positions.

Over the years Mr. Allingham has also served a number of associations, including the Greater Saint John Economic Development Commission where he chaired the Communications Committee (1993-1996), the Fundy Regional Development Commission (1993-1996) and the Partnership Board of the Quebec Nordiques NHL Hockey Team (1988–1991).

Mr. Allingham graduated from McMaster University in 1966 with a Bachelor of Engineering and received his Masters in Business Administration from the same institution in 1969.

John S. Burns

John S. Burns is a director of the Corporation. Mr. Burns is also a Partner with the law firm of Bennett Jones LLP, practising in the areas of corporate finance and securities, focusing on mergers and acquisitions, public and private offerings of securities, corporate restructuring and cross-border financings. He has been a partner of Bennett Jones LLP in their Calgary office since 1990.

Mr. Burns was a public governor of The Alberta Stock Exchange and was a member of the Board of Governors of Midland Walwyn Inc. prior to its merger with Merrill Lynch Canada. He is currently a director of Gulfstream Resources Canada Limited (since 1993) and is a trustee of the Superior Propane Income Fund (since 1998), both of which are publicly traded on The Toronto Stock Exchange (the "TSE"). Mr. Burns is also a director of the following Exchange listed companies: Xentel DM Incorporated (since 1998), AdvantEDGE International Inc. (since 1997), World Wide Warranty Inc. (since 1999) and International Structures Inc. (since 1994), which is also publicly listed on The Montreal Exchange. Mr. Burns is also a member of the Board of Governors of the Olympic Trust of Canada, the Calgary Transportation Authority, the Corporate Relations Committee of the Calgary Exhibition and Stampede and is a Province of Alberta appointee to the Dispute Resolution Panel for the Agreement on International Trade.

Mr. Burns obtained his law degree from Dalhousie University and is a member of the Law Society of Alberta and the Law Society of Upper Canada.

John George McDonald Brown

John George McDonald Brown is a director of the Corporation. Mr. Brown has also been a semi-retired business consultant since 1998. From 1981 to 1998, he was the owner and President of Command Services Atlantic Limited, based in Bedford, Nova Scotia. He has been a

director of Imperial Life Assurance Company since 1995 and a director of Keltic Inc., a TSE listed company, from 1986 to 1992.

Mr. Brown was accepted into the Institute of Chartered Accountants of Scotland in 1953 and the Institute of Chartered Accountants of Nova Scotia in 1974.

E. Christopher Stait-Gardner

E. Christopher Stait-Gardner is a director of the Corporation. He is also a corporate consultant. Mr. Stait-Gardner was the President of Security Card Systems Inc. ("SCS"), a company controlled by he and his family, from 1989 to 1995. From 1996 to 1999, he was the President of Giesecke & Devrient Canada Inc. ("G&D") following the acquisition by G&D of SCS in 1996. He remains a director of G&D.

Mr. Stait-Gardner was a Senior Vice President of Bank of Montreal from 1983 to 1986 and was the President of NBS Transaction Services Corp. from 1987 to 1989. He has served as Vice Chairman of Interac Association and as President of MasterCard Association of Canada. He was also a member of the Canadian Payments Association Senior Planning Committee, the Canadian Bankers Association Interbank Operations Committee and the Retail Council of Canada Systems Committee. He also previously served as a director of CIRRUS Systems Inc. of Chicago.

Mr. Stait-Gardner is a graduate of Engineering Physics from the University of Toronto and provides consulting services to a small number of technology-based companies and serves on the board of directors of Name Inc., a TSE listed company, and Cencotech Inc., an Exchange listed company.

REMUNERATION OF DIRECTORS AND OFFICERS

No remuneration has been paid by the Corporation to any directors or officers since incorporation. No remuneration, consulting fees, directors' fees, deposits or similar payments will be paid, directly or indirectly, to any directors or officers of the Corporation prior to or in connection with the completion of the Corporation's Qualifying Transaction. However, the Corporation may reimburse Related Parties to the Corporation for certain reasonable expenses incurred in pursuing the business of the Corporation. See "Use of Proceeds".

It is expected that the directors and officers of the Corporation will be granted options to purchase Common Shares, pursuant to the Corporation's stock option plan, contemporaneously with closing of the Offering. See "Stock Options".

STOCK OPTIONS

Pursuant to a resolution of the board of directors of the Corporation passed as of January 3, 2001, the Corporation established an incentive stock option plan (the "Plan") for its directors, officers, employees and key consultants. The Plan is subject to regulatory approval. The purpose of the Plan is to attract, retain and motivate persons of training, experience and leadership to the Corporation and its subsidiaries, including their directors, officers, employees and key consultants, and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation. While the Corporation is a capital pool company, options may be granted only to directors or officers of the Corporation or to a company all of whose securities are owned by a

director or officer of the Corporation. The term of options granted pursuant to the Plan may not exceed five years. The price at which Common Shares may be purchased on the exercise of options granted under the Plan is determined by the board of directors of the Corporation or a committee thereof at the time the option is granted. The option exercise price may not be set at a discount to the prevailing market price of the Common Shares. While the Corporation is a capital pool company, the exercise price of an option granted by the Corporation cannot be less than the price per share under the Offering (\$0.20).

Subject to any parameters established in the Plan, the number of Common Shares that may be acquired under any particular options, the exercise period for such options (not to exceed five years) and the vesting restrictions applicable to the options are determined by the board or committee at the time the options are granted. In the event that no specific determination is made by the board or committee with respect to any of the following matters, each option shall, subject to any other specific provisions of the Plan, be exercisable as to a maximum of one-third of the number of Common Shares covered by such option (on a cumulative basis) following each anniversary of the date upon which the option was granted. The aggregate number of Common Shares that may be reserved for issuance under the Plan, together with any other incentive stock options or other stock purchase or option plans, may not exceed 10% of the issued and outstanding Common Shares. In addition, the aggregate number of shares reserved for issuance upon the exercise of options granted to any one person may not exceed five percent of the total number of issued and outstanding shares.

Under the Plan, Common Shares issued upon the exercise of stock options will not be rolled back into the Plan such that they again become available for issuance upon the exercise of options. Common Shares previously issuable upon the exercise of options that have expired or been cancelled are rolled back into the Plan and remain reserved for issuance upon the exercise of options granted thereunder. Generally, an option shall expire and terminate immediately upon the optionee who holds such option ceasing to be an eligible person provided that, in the case of termination of employment for any reason, and whether or not for cause, such option shall expire and terminate 30 days following notice of termination of employment. If, before the expiry of an option in accordance with the terms thereof, an optionee shall cease to be an eligible person by reason of the optionee's retirement at normal retirement age or as a result of the optionee's permanent disability, then the board or committee, at its discretion, may allow the optionee to exercise the option to the extent that the optionee was entitled to do so at the time of such retirement or permanent disability, at any time up to and including, but not after, a date three months, in the case of retirement, and six months, in the case of permanent disability, following the date of such retirement or permanent disability or on the expiry date of the option, whichever is earlier. If an optionee dies before the expiry of an option in accordance with the terms thereof, the optionee's legal representative(s) may, subject to the terms of the option and the Plan, exercise the option to the extent that the optionee was entitled to do so at the date of the optionee's death at any time up to and including, but not after, a date one year following the date of the optionee's death or on the expiry date of the option, whichever is earlier.

Subject to regulatory approval, options are expected to be granted by the Corporation, contemporaneously with the closing of the Offering, to the directors and officers of the Corporation as follows, with all such options to be exercisable over a period of five years as to a maximum of one-third of the number of Common Shares covered by such option (on a cumulative basis) following each anniversary of the date upon which the option was granted:

Name	Number of Common Shares Under Option	Exercise Price Per Common Share
K. Barry Sparks	180,000	\$0.20
J. Paul Allingham	75,000	\$0.20
John S. Burns	65,000	\$0.20
John George McDonald Brown	65,000	\$0.20
E. Christopher Stait-Gardner	65,000	\$0.20
Total	450,000	

The distribution of the stock options described above will be qualified by the final Prospectus.

Stock Options may not be exercised prior to the completion of the Qualifying Transaction unless the optionee agrees in writing to deposit into escrow the Common Shares acquired upon exercise of such stock options until the issuance of a Final Exchange Notice of the Exchange announcing final acceptance of the Qualifying Transaction. See "Escrowed Securities".

DIVIDEND POLICY

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

DILUTION

Purchasers of the Common Shares offered for sale under this Prospectus will suffer an immediate dilution of 22.0% or \$0.044 per Common Share. Dilution has been calculated on the basis of total gross proceeds to be raised hereunder and from sales of securities prior to filing the preliminary Prospectus, without deduction of commissions or other expenses of the Offering. The following table illustrates this dilution.

	Per Common Share
Offering price	\$0.20
Net tangible book value as at the date hereof	\$0.10
Net tangible book value after the distribution	\$0.156
Dilution to subscribers	\$0.044
Percentage of dilution in relation to Offering price	22.0%

ESCROWED SECURITIES

The following table sets out, as at the date of this Prospectus, the number of securities of the Corporation held in escrow:

Designation of Class	Number of Securities Held in Escrow	Percentage of Class Before the Offering	Percentage of Class After the Offering
Common Shares	2,000,000	100%	44.4%

The following table sets out, as at the date of this Prospectus, the number of Common Shares of the Corporation held in escrow by the directors and officers of the Corporation and by those

persons who own of record, or who are known by the Corporation to own beneficially, directly or indirectly, ten (10%) percent or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Relationship to Corporation	Number of Common Shares Held in Escrow	Percentage of Class Before the Offering	Percentage of Class After the Offering
K. Barry Sparks President, Chief Executive Officer, Corporate Secretary and a Director	250,000	12.5%	5.6%
J. Paul Allingham Chief Financial Officer, Treasurer and a Director	250,000	12.5%	5.6%
John S. Burns Director	250,000	12.5%	5.6%
John George McDonald Brown Director	250,000	12.5%	5.6%
E. Christopher Stait-Gardner Director	250,000	12.5%	5.6%
Douglas Gorveatt N/A	250,000	12.5%	5.6%
Harry R. Steele N/A	250,000	12.5%	5.6%
Charles S. Walker N/A	250,000	12.5%	5.6%
Total	2,000,000	100%	44.4%

All of the Common Shares of the Corporation issued as at the date hereof have been deposited into escrow with CIBC Mellon Trust Company, as escrow agent pursuant to an Escrow Agreement dated as of ●, 2001 (the "Escrow Agreement"). All of the securities of the Corporation issued prior to the Offering at a price per security less than the price at which Common Shares are offered for sale hereunder and all shares of the Corporation beneficially owned, directly or indirectly, at the date of this Prospectus or acquired under this Prospectus or pursuant to the exercise of options prior to completion of a Qualifying Transaction by Related Parties to the Corporation, are required to be deposited into escrow and held pursuant to the Escrow Agreement. All shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by any Control Person (as defined below) are also required to be held in escrow. Finally, all Common Shares of the Corporation issued contemporaneously or in conjunction with a Qualifying Transaction to a "Principal" of the "Resulting Issuer" (as defined in Policy 5.4 of the Exchange's Corporate Finance Manual), will be escrowed pursuant to Policy 5.4 of the Exchange's Corporate Finance Manual and any securities issued to any other person in conjunction with or contemporaneous to the Qualifying Transaction may be subject to escrow requirements pursuant to such policy.

If securities of the Corporation required to be held in escrow are held by a non-individual (a "holding company"), the holding company may not carry out any transactions which would result in a change of control of the holding company without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could

reasonably result in a change of control of the holding company. In certain circumstances, the Exchange may ask for an undertaking from any controlling shareholder of the holding company.

The Common Shares deposited into escrow are to be released as follows:

- i. 10% immediately following the issuance of a Final Exchange Notice confirming the Exchange's final acceptance of the Qualifying Transaction (the "Initial Release");
- ii. 15% six months following the Initial Release;
- iii. 15% 12 months following the Initial Release;
- iv. 15% 18 months following the Initial Release;
- v. 15% 24 months following the Initial Release;
- vi. 15% 30 months following the Initial Release; and
- vii. 15% 36 months following the Initial Release.

In the event the Corporation meets the Exchange's Tier 1 minimum listing requirements upon completion of the Qualifying Transaction, the release of the escrowed Common Shares may be accelerated as follows:

- i. 25% immediately following the issuance of a Final Exchange Notice confirming the Exchange's final acceptance of the Qualifying Transaction (the "Tier 1 Initial Release");
- ii. 25% six months following the Tier 1 Initial Release;
- iii. 25% 12 months following the Tier 1 Initial Release; and
- iv. 25% 18 months following the Tier 1 Initial Release.

Any accelerated escrow release would not commence until the Exchange has issued a bulletin that announces the acceptance for listing of the Corporation on Tier 1.

If a Qualifying Transaction is not completed, the escrowed securities will not be released. In addition, in the event the Exchange issues a bulletin delisting the Corporation, any Discounted Seed Shares (as defined in the CPC Policy) held by directors, officers, control persons and other insiders of the Corporation will be cancelled.

For the purposes of the CPC Policy, a "Control Person" is any person or company that holds or is one of a combination of persons or companies that holds (i) a sufficient number of securities of an issuer to affect materially the control of that issuer; or (ii) more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holding of those securities does not materially affect the control of the issuer.

PROMOTERS

Mr. K. Barry Sparks may be considered to be the promoter of the Corporation in that he took the initiative in founding and/or organizing the Corporation. See also "Prior Sales", "Principal Shareholders" and "Stock Options".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to subscribers for Common Shares, except:

1. the Agency Agreement dated •, 2001 between the Corporation, Research Capital Corporation and CIBC Mellon Trust Company. See "Plan of Distribution";
2. the Escrow Agreement dated •, 2001 between the Corporation, CIBC Mellon Trust Company and certain Security Holders of the Corporation. See "Escrowed Securities";
3. the Transfer Agent and Registrarship Agreement dated •, 2001 between the Corporation and CIBC Mellon Trust Company; and
4. the Stock Option Plan dated January 3, 2001. See "Stock Options".

Copies of the foregoing agreements will be available for inspection, for a period of 30 days, at the registered office of the Corporation, 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7 and at the office of the Alberta Securities Commission, 19th Floor, 10025 Jasper Avenue, Edmonton, Alberta or 4th Floor, Alberta Stock Exchange Tower, 300 – 5th Avenue S.W., Calgary, Alberta, during ordinary business hours.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the anticipated activities of the Corporation. Some of the directors are engaged in and will continue to be engaged in searches for corporations, businesses or assets on their own behalf or on behalf of other persons. As a result, those directors and other persons may be in competition with the Corporation in its search for businesses and assets that might be acquired by way of a Qualifying Transaction.

As indicated under the headings "Directors and Officers" and "Management", the directors and officers of the Corporation are officers, directors and/or employees of other corporations or entities that will make varying demands on their time. The directors and officers of the Corporation intend to devote as much of their time and effort to the on-going management of the affairs of the Corporation as is required. See "Directors and Officers".

RISK FACTORS

No Market for Common Shares, Stage of Development, No History of Earnings, No Dividends

There is no market for the Common Shares of the Corporation. An investment in the Common Shares offered for sale hereunder should be considered highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation does not own any assets (other than cash) and has not conducted active business operations. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future.

Business Risks, Control of the Corporation

The Corporation's present intention is to pursue an acquisition opportunity in the emerging technologies sector. The proposed business of the Corporation involves a high degree of risk and there can be no assurance that the Corporation will identify potential businesses or other assets that warrant acquisition, in whole or in part. Even if assets or businesses are identified and the acquisition of the same or an interest therein is determined to be in the best interests of the Corporation, the Corporation may not be able to finance the acquisition with its existing resources and additional funds may be required to complete the acquisition transaction. If the Corporation issues shares from treasury to finance an acquisition, control of the Corporation may change and purchasers of Common Shares hereunder may suffer further dilution of their investment. The net proceeds generated from the Offering, after deducting associated costs, will be sufficient to identify and evaluate only a limited number of opportunities. As a result of these factors, the Offering is suitable only to those investors who are willing to rely solely on the management of the Corporation, who are willing to risk the loss of their entire investment and who can afford to lose all of their investment. In addition, in cases where the Corporation does not acquire control of a corporation or business, it will have to rely on existing management and on the minority shareholder remedies contained in applicable corporate legislation. See "Business of the Corporation", "Management", "Directors and Officers", "Use of Proceeds" and "Conflicts of Interest".

Suspension from Trading and Delisting

The Exchange may suspend from trading or delist the Common Shares of the Corporation if the Corporation fails to complete a Qualifying Transaction within 18 months following the date that the outstanding Common Shares are listed on the Exchange. Delisting of the Common Shares from the Exchange will, and suspension from trading of the Common Shares may, result in a cease trade order being issued by the Commissions in respect of the securities of the Corporation.

Exchange Refusal to Approve Qualifying Transaction

The Exchange in its discretion may refuse approval of a transaction proposed by the Corporation as a Qualifying Transaction where:

- (A) the Corporation will fail to satisfy the minimum listing requirements of the Exchange upon completion of the Qualifying Transaction;
- (B) at any time from the time of listing to completion of the Qualifying Transaction, the aggregate number of securities owned, directly or indirectly, by:
 - (i) a member firm of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of the member firm; and
 - (iii) associates of any such persons,exceeds 20% of the total number of outstanding listed Common Shares;

- (C) upon completion of the Qualifying Transaction, the Corporation will be a finance company or a mutual fund as defined under the BCSA or the ASA; or
- (D) in the sole discretion of the Exchange, there is any other valid reason to refuse approval.

Management

The directors and officers of the Corporation will not be devoting their full time and efforts to the business and affairs of the Corporation, but are expected to devote such time as may be required to effectively manage the Corporation. Some of the directors are engaged and will continue to be engaged in searches for corporations, businesses or assets on their own behalf or on behalf of other persons. As a result, those directors and other organizations may be in competition with the Corporation in its search for businesses and assets that might constitute a Qualifying Transaction. See "Directors and Officers", "Business of the Corporation" and "Conflicts of Interest".

Dilution

Purchasers of the Common Shares offered for sale under this Prospectus will suffer an immediate dilution of 22.0% or \$0.044 per Common Share. See "Dilution".

PURCHASER'S STATUTORY RIGHTS

British Columbia

The BCSA 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. The Act further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the prescribed time limits. The purchaser should refer to sections 83, 131, 135 and 140 of the Act for the particulars of these rights or consult with a legal advisor.

Alberta

Sections 106, 168 and 175 of the ASA provide, in effect, that when a security is offered in the course of a distribution:

1. a purchaser will not be bound by a contract for the purchase of the 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 the security is received by the purchaser; and
2. 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 ASA,
 - (a) has a right of action for damages against:

- (i) the issuer or a selling security holder on whose behalf the distribution is made,
- (ii) each underwriter required to sign the certificate required by section 91 of the ASA,
- (iii) every director of the issuer at the time the prospectus or amendment was filed,
- (iv) every person or corporation whose consent has been filed pursuant to a requirement of the Regulations but only with respect to reports, opinions or statements made by them, and
- (v) 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 after the date of the transaction that gave rise to the cause of action, or

- (b) 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, company or underwriter, in which case he shall have no right of action for damages against such person, company 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.

General

Reference is made to the BCSA and the ASA 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.

AUDITORS, TRANSFER AGENT AND REGISTRAR

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

CIBC Mellon Trust Company, through its principal office at 600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, is the transfer agent and registrar for the Common Shares of the Corporation.

VISTATECH CORPORATION
(A Capital Pool Company)

FINANCIAL STATEMENTS

For the period from incorporation on October 4, 2000
to November 30, 2000

AUDITORS' REPORT

To the Directors of VistaTech Corporation (A Capital Pool Company):

We have audited the balance sheet of VistaTech Corporation (A Capital Pool Company) as at November 30, 2000 and the statements of loss and deficit and cash flows for the period from incorporation on October 4, 2000 to November 30, 2000. 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 Canadian 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 November 30, 2000 and its cash flows for the period from incorporation on October 4, 2000 to November 30, 2000 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
December 14, 2000
(Except for Note 8 which is
as of •)

CHARTERED ACCOUNTANTS

**VISTATECH CORPORATION
(A Capital Pool Company)**

BALANCE SHEET

As at November 30, 2000

Assets

Cash – Note 4	\$ 185,555
Deferred costs – Note 5	<u>14,445</u>
	<u>\$ 200,000</u>

Liabilities

Current	
Accounts payable	\$ <u>6,422</u>

Shareholders' Equity

	200,000
Share capital – Note 6	
	<u>(6,422)</u>
Deficit	
	<u>193,578</u>
	<u>\$ 200,000</u>

Approved by the Board:

(signed)
K. Barry Sparks, Director

(signed)
J. Paul Allingham, Director

See accompanying notes

VISTATECH CORPORATION
(A Capital Pool Company)

STATEMENT OF LOSS AND DEFICIT

For the period from incorporation on October 4, 2000
to November 30, 2000

General and administration expenses	<u>\$ 6,422</u>
Net loss for period, representing deficit, end of period	<u>\$ 6,422</u>

See accompanying notes

VISTATECH CORPORATION
(A Capital Pool Company)

STATEMENT OF CASH FLOWS

For the period from incorporation on October 4, 2000
to November 30, 2000

Cash provided by (used for):

Operating activities

Net loss for period	\$ (6,422)
Change in non-cash working capital item	
Accounts payable	<u>6,422</u>
	<u>-</u>

Financing activities

Proceeds on issuance of share capital	\$ 200,000
Deferred share issue costs incurred	<u>(14,445)</u>
	<u>185,555</u>

Net increase in cash for the period and cash, end of period \$ 185,555

See accompanying notes

VISTATECH CORPORATION
(A Capital Pool Company)

NOTES TO FINANCIAL STATEMENTS

For the period from incorporation on October 4, 2000
to November 30, 2000

Note 1 - Incorporation and Nature of Business

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on October 4, 2000 and is classified as A Capital Pool Company as defined in Policy 2.4 of the Canadian Venture Exchange and adopted by the Alberta Securities Commission pursuant to Blanket Order 45-502 (AB).

The Corporation is required to complete its Qualifying Transaction within 18 months of listing on the Canadian Venture Exchange.

The Corporation proposes to identify and evaluate corporations, assets or businesses with a view to their potential acquisition or the acquisition of an interest therein.

Note 2 - Significant Accounting Policy

All costs incurred in identifying business acquisitions and raising equity financing are capitalized as deferred costs 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 - Financial Instruments

The Corporation's financial instruments consist of cash and deferred costs. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

VISTATECH CORPORATION
(A Capital Pool Company)

NOTES TO FINANCIAL STATEMENTS

For the period from incorporation on October 4, 2000

to November 30, 2000

Note 4 - Cash

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Canadian Venture Exchange.

Note 5 - Deferred Costs

Deferred costs consist of costs related to the public offering of securities as disclosed in Note 7. They represent payment of \$9,095 for the sponsorship fee to the Agent and \$5,350 for legal fees relating to the public offering.

Note 6 - Share Capital

Authorized:
Unlimited number of:
Common shares

	Number of Shares	Amount
Issued:		
On incorporation and balance November 30, 2000	<u>2,000,000</u>	<u>\$ 200,000</u>

Under the requirements of the British Columbia and Alberta Securities Commissions and the Canadian Venture Exchange, 2,000,000 Common shares will be held in escrow and released upon the written consent of the British Columbia and Alberta Securities Commissions as to 10% thereof on the completion of the Corporation's Qualifying Transaction and as to 15% thereof on each of the 6, 12, 18, 24, 30 and 36 months following the initial release.

The Corporation has reserved 450,000 common shares at a price of \$0.20 per share for stock options to be granted to its directors and officers after the issuance of a receipt by the British Columbia and Alberta Securities Commissions for this prospectus. The stock options will expire five years from the date of granting.

**VISTATECH CORPORATION
(A Capital Pool Company)**

NOTES TO FINANCIAL STATEMENTS

For the period from incorporation on October 4, 2000
to November 30, 2000

Note 7 - Related Party Transaction

During the period, the Corporation incurred \$1,552 in rent and office administration costs from Torvan Capital Group Inc., a company 50% owned by a director and officer of the Corporation. The costs incurred were at fair market value and are included in accounts payable at November 30, 2000.

Note 8 - Subsequent Event

Pursuant to an Agency Agreement dated •, 2001, the Corporation has committed to file a prospectus offering 2,500,000 common shares at \$0.20 per share to the public. The cost of the issue is estimated to be a total of \$91,500 which includes a 10% commission payable to the Agent. The Agent has agreed to use its best efforts to secure subscriptions for these shares.

Pursuant to the Agency Agreement and subject to the closing of this offering, a single, non-transferable option to purchase 250,000 common shares of the Corporation at \$0.20 per common share will be granted to the Agent. The option will expire 18 months from the date the shares are posted for trading on the Canadian Venture Exchange.

Dated: February 2, 2001

CERTIFICATE OF THE CORPORATION

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

(signed)
K. Barry Sparks
Chief Executive Officer

(signed)
J. Paul Allingham
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed)
John George McDonald Brown
Director

(signed)
E. Christopher Stait-Gardner
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 the *Securities Act* (British Columbia), Part 8 of the *Securities Act* (Alberta) and the regulations thereunder.

(signed)
K. Barry Sparks

Dated: February 2, 2001

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the *Securities Act* (British Columbia), Part 8 of the *Securities Act* (Alberta) and the regulations thereunder.

RESEARCH CAPITAL CORPORATION

Per: (signed)
Peter Bacsalmasi