

**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: February 2, 2001  
Effective Date: ◆ , 2001**

**PRELIMINARY PROSPECTUS**  
**OMNITECH CAPITAL CORP.**  
(A Capital Pool Company)

675 West Hastings Street  
15<sup>th</sup> Floor  
Vancouver, British Columbia  
V6B 1N2

Tel: (604) 646-0890  
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**Offering of: 1,500,000 Common Shares**  
**Price: \$0.15 per Common Share**

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OMNitech Capital Corp. (the "Company") hereby offers through its agent, Yorkton Securities Inc. (the "Agent"), 1,500,000 common shares for sale to the public at a price of \$0.15 per share (the "Offering"). The purpose of this issue is to provide the Company with funds with which to identify and evaluate commercial businesses or other assets 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 BUSINESS OF THE COMPANY and USE OF PROCEEDS.

|                               | <b>Price to the Public<sup>(1)</sup></b> | <b>Agent's Commission<sup>(2)</sup></b> | <b>Net Proceeds to Company<sup>(3)</sup></b> |
|-------------------------------|--|---|--|
| Per Common Share              | \$0.15                                   | \$0.012                                 | \$0.138                                      |
| Total Offering <sup>(4)</sup> | \$225,000                                | \$18,000                                | \$207,000                                    |

**Notes:**

- (1) The price of the Offering has been determined by negotiation between the Company and the Agent, in accordance with the policies of the Exchange.
- (2) A commission equal to 8% of the gross proceeds of the Offering will be paid to the Agent. The Company has paid the Agent a non-refundable sponsorship fee of \$8,000 plus G.S.T. (the "Sponsorship Fee") and a retainer of \$5,000 for its legal fees and other expenses incurred pursuant to the Offering. The Agent will also be granted a non-transferable option (the "Agent's Option") to acquire 150,000 common shares at a price of \$0.15 per share, exercisable for a period ending 18 months from the date of listing of the common shares on the Exchange. See PLAN OF DISTRIBUTION.
- (3) Before deducting the balance of the costs of the Offering estimated at \$20,000, not including listing and filing fees, the Sponsorship Fee or the expenses or commission of the Agent.

- (4) A total of 1,500,000 common shares are being offered hereunder. In addition, this Prospectus qualifies the distribution of the Agent's Option. See PLAN OF DISTRIBUTION.

**THESE SHARES ARE HIGHLY SPECULATIVE.**

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 seed 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 treasury shares may result in dilution to subscribers hereunder and 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. See BUSINESS OF THE COMPANY and RISK FACTORS.

**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. REFER TO "RISK FACTORS".**

**There is no established 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 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.

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 30,000 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 60,000 common shares, being 4% of the total Offering.

Upon completion of the distribution of securities under this Preliminary Prospectus, the promoters, insiders, and holders of escrow shares of the Company and the Agent, as a group, will hold, directly or indirectly, an aggregate of 2,666,666 common shares, and the public will hold, directly or indirectly, an aggregate of 1,500,000 common shares, representing approximately 64% and 34%, 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, subject to approval of certain legal matters on behalf of the Company by Owen, Bird of Vancouver, B.C. and on behalf of the Agent by Anfield Sujir Kennedy & Durno of Vancouver, B.C.

**AGENT:**  
**YORKTON SECURITIES INC.**  
10th Floor, 1055 Dunsmuir Street  
Vancouver, B.C., V7X 1L4  
Tel: (604) 640-0400  
Fax: (604) 640-0300

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## PROSPECTUS SUMMARY

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

|                         |   |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
|-------------------------|---|----------------|---|------------------|--------------------------------------|-----------------|----------|---------------|----------|---------------------|----------|---------------|----------|----------------|---------------------|
| <b>THE COMPANY</b>      | <p>The Company is a capital pool company pursuant to the 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 seed capital, and has no written or oral agreements for the acquisition of an asset or business at this time. See BUSINESS OF THE COMPANY.</p>   |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| <b>MANAGEMENT:</b>      | <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Barry J. Allen</td> <td style="width: 50%;">Director, President and Chief Executive Officer</td> </tr> <tr> <td>David C. Swetlow</td> <td>Director and Chief Financial Officer</td> </tr> <tr> <td>Louis H. Eisman</td> <td>Director</td> </tr> <tr> <td>Paul L. Geyer</td> <td>Director</td> </tr> <tr> <td>Samuel D.M. Abraham</td> <td>Director</td> </tr> <tr> <td>Eric A. Adams</td> <td>Director</td> </tr> <tr> <td>Anne B. Chopra</td> <td>Corporate Secretary</td> </tr> </table> <p>See DIRECTORS, OFFICERS AND PROMOTERS for details respecting the expertise of the Company's management team.</p>  | Barry J. Allen | Director, President and Chief Executive Officer | David C. Swetlow | Director and Chief Financial Officer | Louis H. Eisman | Director | Paul L. Geyer | Director | Samuel D.M. Abraham | Director | Eric A. Adams | Director | Anne B. Chopra | Corporate Secretary |
| Barry J. Allen          | Director, President and Chief Executive Officer   |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| David C. Swetlow        | Director and Chief Financial Officer  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| Louis H. Eisman         | Director  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| Paul L. Geyer           | Director  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| Samuel D.M. Abraham     | Director  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| Eric A. Adams           | Director  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| Anne B. Chopra          | Corporate Secretary   |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| <b>THE OFFERING:</b>    | <p>The Company is offering to the public, through the Agent, 1,500,000 common shares at \$0.15 per share, for gross proceeds of \$225,000. The Company will pay the Agent a commission of 8% of the gross proceeds of the Offering. The Company has paid the Agent a Sponsorship Fee of \$8,000 plus G.S.T. and has advanced \$5,000 to the Agent to cover its legal fees and other expenses. In addition, the Company will grant the Agent the Agent's Option to purchase 150,000 common shares at a price of \$0.15 per share exercisable for a period of 18 months from the date the common shares of the Company are listed on the Exchange. See PLAN OF DISTRIBUTION.</p>  |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| <b>USE OF PROCEEDS:</b> | <p>Assuming that the Offering is fully subscribed, the estimated net proceeds to be received by the Company from the Offering will be \$207,000 after payment of the Agent's commission. This amount, together with working capital as of December 31, 2000 of \$182,500 will leave the Company with available funds on completion of the Offering of \$389,500 to be used for the purposes listed under USE OF PROCEEDS, BUSINESS OF THE COMPANY – "Method of Financing Acquisitions or Participation", "Acquisitions" and RISK FACTORS.</p>   |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |
| <b>RISK FACTORS:</b>    | <p>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:</p> <ul style="list-style-type: none"> <li>• There is currently no market for the Company's securities.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> </ul> |                |   |                  |                                      |                 |          |               |          |                     |          |               |          |                |                     |

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. 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).
- An acquisition financed by the issuance of common shares in the capital of the Company could result in a change of control of the Company and may cause the shareholders' interest in the Company to be further diluted.
- The net tangible book value per common share after completion of the Offering will be \$0.10 representing a dilution of 33% 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 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 and RISK FACTORS.

## **CORPORATE STRUCTURE**

### **Name and Incorporation**

The Company was incorporated by Memorandum and Articles under the *Company Act* (British Columbia) on July 26, 2000. The Company's authorized capital consists of 1,000,000,000 common shares without par value.

The registered and records office of the Company is located at P.O. Box 49130, 2900 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J5. The business office of the Company is located at 675 West Hastings Street, 15<sup>th</sup> Floor, Vancouver, British Columbia, V5B 1N2.

### **Intercorporate Relationships**

The Company does not have any subsidiaries or proposed subsidiaries.

## **BUSINESS OF THE COMPANY**

### **Description and General Development**

The Company is a capital pool company 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 of 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 (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 seed capital, and has no written or oral agreements for the acquisition of an asset or business at this time.

### **Summary and Analysis of Financial Operation**

The Company has no business and has incurred no costs other than as set out under USE OF PROCEEDS.

### **Acquisitions**

The Company proposes to identify potential acquisitions of interests in assets or businesses through discussions with various business associates and contacts of the Company's directors. 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 currently have a specific type of business opportunity that it is likely to pursue. It will, accordingly, review prospective acquisition opportunities within the broadest possible range of businesses or industries. All potential acquisitions or businesses will initially be screened by management of the Company to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors.

If the Company completes a Qualifying Transaction (defined below), the Company that results from such acquisition must satisfy the Exchange's Initial Listing Requirements for its listing category. In the event an acquisition is to be made from a promoter, officer or director of the Company or from a corporation with whom such promoter, director or officer is affiliated or associated, the acquisition will be at fair market value as determined by a current report prepared by an independent qualified third party.

### **Method of Financing Acquisitions or Participation**

The Company proposes 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 the 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 makes issuable securities representing more than 25% of its securities issued and outstanding immediately prior to the issuance, in consideration for the acquisition of significant assets;
- (b) enters into an arrangement, amalgamation, merger or reorganization with another issuer with significant assets, whereby the ratio of securities which are distributed to the shareholders of the capital pool company and the other issuer results in the shareholders of the other issuer acquiring control of the resulting entity; or
- (c) otherwise acquires significant assets (other than cash);

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

For the purposes of the foregoing, the phrase “significant assets” means assets (other than cash) or securities of another issuer which, when acquired by a capital pool company, results in its meeting the minimum listing requirements of the Exchange for an issuer other than a capital pool company.

Any Qualifying Transaction will be subject to approval by the majority of the minority shareholders of the Company, acceptance for filing by the Exchange, and sponsorship by an Exchange member firm.

After the terms of a Qualifying Transaction have been settled 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 “majority of the minority” approval. The Qualifying Transaction must be approved by a vote at a properly constituted meeting of the shareholders of the Company by at least 50% plus one vote of the votes cast by shareholders voting at the meeting, other than parties related to the Qualifying Transaction and parties related to the Company. 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) an associate or affiliate of a person or company referred to in paragraph (a) above; and
- (c) all other parties to or associated with the Qualifying Transaction and their associates and affiliates.

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 in respect 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 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 compliance with Exchange policies.

Acceptance for filing by the Exchange of a Qualifying Transaction also calls for sponsorship by a member of the Exchange that is registered as an underwriter pursuant to the *Securities Act* (British Columbia). The role of the sponsoring member firm is an integral part of the Qualifying Transaction process. Effectively, the sponsoring firm will review the Qualifying Transaction to determine the suitability of the Company's listing on the Exchange upon the completion of the Qualifying Transaction. 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 Acknowledgement 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-month period following the completion of the Offering, the estimated aggregate administration costs of the Company is expected to be an average of approximately \$2,434 per month, for a total of \$29,200. No significant variation in the monthly expenses is expected. The estimated annual aggregate administration costs may be broken down as follows:

|                                | Monthly        | 12-month period |
|--------------------------------|----------------|-----------------|
| Office Expenses <sup>(1)</sup> | \$650          | \$7,800         |
| Accounting/Auditing Fees       | \$500          | \$6,000         |
| Legal Fees                     | \$834          | \$10,000        |
| Filings and Filings Fees       | \$250          | \$3,000         |
| Transfer agent Fees            | \$100          | \$1,200         |
| Miscellaneous                  | \$100          | \$1,200         |
| <b>Total</b>                   | <b>\$2,434</b> | <b>\$29,200</b> |

<sup>(1)</sup> Includes expenses for supplies, office rent, utilities and a fee in the amount of \$250 payable pursuant to a Consulting Agreement dated December 1, 2000 for administration services. See MATERIAL CONTRACTS.

## USE OF PROCEEDS

Assuming that the Offering is fully subscribed the estimated net proceeds to be received by the Company from the Offering will be \$207,000 after payment of the Agent's commission. This amount, together with working capital as of December 31, 2000 of \$182,500 will leave the Company with available funds on completion of the Offering of \$389,500 to be used for the purposes listed below:

|               |  |                         |
|---------------|--|-------------------------|
| (1)           | for estimated costs to identify and evaluate potential acquisitions:   | \$331,550               |
| (2)           | for estimated general and administrative expenses for the twelve months following the date of this Prospectus <sup>(1)</sup>                                 | \$29,200                |
| (3)           | for estimated costs of this issue including legal and printing costs, but excluding listing and filing fees, Agent's Sponsorship Fee, expenses or commission | \$20,000 <sup>(2)</sup> |
| (4)           | for fees for filing this Prospectus and application for listing on the Exchange  | \$8,750                 |
| <b>Total:</b> |  | <b>\$389,500</b>        |

- (1) For a breakdown of general and administrative expenses, see BUSINESS OF THE COMPANY – “Administration” at page 5.
- (2) As of December 31, 2000, the Company has paid the Agent’s Sponsorship Fee plus G.S.T. of \$8,560, has advanced \$5,000 to the Agent as a retainer against its expenses, has accrued \$5,000 as a liability for audit and accounting fees and has paid a fee in the amount of \$250 pursuant to a Consulting Agreement dated December 1, 2000 for administration services. For details of the Consulting Agreement. See MATERIAL CONTRACTS.

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 this 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.

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 BUSINESS OF THE COMPANY – “Acquisitions” and RISK FACTORS.

## **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 5 years and the number of common 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 5 years</b>  | <b>Common Shares Held</b> | <b>Percentage on Completion of Offering<sup>(2)</sup></b> |
|---|---|---------------------------|---|
| <b>Barry J. Allen<sup>(1)</sup></b><br>North Vancouver, B.C.<br>President, Chief Executive Officer and Director | Director of Adobe Ventures Inc., a CDNX listed resource company, from June 5, 2000 to present; President and Chief Executive Officer for VSM Medtech Ltd., a CDNX listed medical device company, from March 1999 to present; Vice-President Operations of Xillix Technologies Corp., a TSE listed medical device company, from January 1997 to March 1999; Director of Clinical Research, Regulatory Affairs and Customer Service of Xillix Technologies Corp. from September 1994 to January 1997; Director of Marketing for Xillix Technologies Corp. from January 1994 to August 1994.   | 266,667 common shares     | 6.4%  |
| <b>David C. Swetlow</b><br>New Westminister, B.C.<br>Chief Financial Officer and Director                       | Chief Financial Officer of ServiceStars Corp., a private Alberta Corporation developing a service excellence certification program for business and home services companies from August 2000 to present; Senior Director, Finance of QLT Inc., a TSE and NASDAQ listed British Columbia based biopharmaceutical company, from January 2000 to April 2000, Controller of QLT Inc. from June 1997 to December 1999; Director of Finance for Xillix Technologies Corp., a TSE listed medical device company, from February 1995 to June 1997; Controller of Xillix Technologies Corp. from September 1994 to February 1995; Corporate Controller for Trionics Technology Ltd., a CDNX listed revenue and access control solutions company, from July 1993 to September 1994. | 400,000 common shares     | 9.6%  |
| <b>Louis H. Eisman</b><br>Vancouver, B.C.<br>Director and Promoter  | President of Eisman Holdings Ltd., a private British Columbia venture capital company, from March 1991 to present; Chairman of Ayotte Music Inc., a CDNX listed music instrument manufacturing company, from Feb. 1998 to present; Director of VSM Medtech Ltd., a CDNX listed medical device company from Dec. 1998 to present; Director of DataWave Systems Inc., a VSE listed telephone cord communications company, from Jan. 1997 to June 1999; President of Mr. Jax Fashions, a public TSE listed ladies clothing manufacturer, from Jan. 1980 to March 1991.   | 400,000 common shares     | 9.6%  |

| Name, Municipality of Residence and Position                           | Principal Occupation for past 5 years  | Common Shares Held    | Percentage on Completion of Offering <sup>(2)</sup> |
|--|--|-----------------------|---|
| <b>Paul L. Geyer<sup>(1)</sup></b><br>Burnaby, B.C.<br>Director        | Professional Engineer; President of Sulzer Mitroflow Corp., an indirect subsidiary of Sulzer Medica, which manufactures the Mitroflow Synergy™ PC aortic pericardial heart valves, a Swiss public company from Oct. 1999 to present; President and CEO of Assistive Listening Device Systems Inc. (ALDS), a private British Columbia company which manufactures infrared assistive listening devices, telephone and loop testers, T-switch training aids, and computerized notetaking systems, from May 1991 to present; Chairman of Performance Medical Devices, a company which offers contract manufacturing services to other medical device companies looking to increase their current production capacity or get their medical devices to market quickly and cost-effectively, a private British Columbia medical device company from August 2000 to present; President and CEO of Mitroflow International Inc. from May 1991 to Oct. 1999; | 400,000 common shares | 9.6%  |
| <b>Samuel D.M. Abraham</b><br>Vancouver, B.C.<br>Director              | Scientific Consultant with Technology Development Inc., the private technology development office of the B.C. Cancer Agency, from December 2000 to present; Senior Scientist of Inflazyme Pharmaceuticals a TSE listed drug discovery/pharmaceutical company from Sept. 1996 to Jan. 1997; Project Leader of Inflazyme Pharmaceuticals, from Jan. 1997 to July 2000; Project Leader and Division Leader of Inflazyme Pharmaceuticals from Jan. 2000 to July 2000; Post Doctoral Fellow at the University of British Columbia from April 1996 to August 1996.   | 400,000 common shares | 9.6%  |
| <b>Eric A. Adams<sup>(1)</sup></b><br>West Vancouver, B.C.<br>Director | Director, Oncology Marketing for QLT Inc., a TSE and NASDAQ listed British Columbia based biopharmaceutical company from March 1998 to present; Director, International Marketing for Advanced Tissue Sciences, a NASDAQ listed biotechnology company based in La Jolla, California from August 1996 to March 1998; Senior Business Development Management, Anti-Infectives for Abbott Laboratories, a diversified international healthcare company (listed on the NYSE: ABT) based near Chicago, USA, July 1992 to August 1996; various positions at Fresenius AG, a European medical device and hospital products company based near Frankfurt, Germany, from August 1998 to July 1992.  | 400,000 common shares | 9.6%  |
| <b>Anne B. Chopra</b><br>Vancouver, B.C.<br>Corporate Secretary        | Associate with the law firm of Owen, Bird, Barristers & Solicitors practicing in the areas of Corporate, Commercial and Securities law from July, 2000 to present; Associate with the law firm of Fraser and Company, Barristers & Solicitors from December 1996 to July 2000; Associate with the law firm of Chopra, Chopra & Chopra, Barristers & Solicitors from July 1993 to November 1996.  | Nil                   | Nil   |

(1) Member of the Company's Audit Committee

(2) Excluding any common shares that may be issued on exercise of the Agent's Option or incentive stock options. See SHARE CAPITAL – "Options and Other Rights to Purchase Shares".

***Barry James Allen, President, Chief Executive Officer and Director***

Mr. Allen, 36, has extensive senior management experience in the medical device and pharmaceutical industries i.e. executive, marketing, clinical research, finance, manufacturing, sales, regulatory affairs and quality assurance. Mr. Allen has a B.A. (Economics) from the Queens University in Kingston, Ontario. In addition, Mr. Allen is a member of the Regulatory Affairs Professional Society and the Technology Industry Association.

***David Charles Swetlow, Chief Financial Officer and Director***

Mr. Swetlow, 35, is a Chartered Accountant who has significant experience with public companies in the biopharmaceutical, medical device technology, and high tech industries in such areas as corporate finance, strategic partner management, operations, strategic planning, materials management, manufacturing, product development, sales and marketing and regulatory affairs. He has served in senior financial roles for NASDAQ/TSE listed QLT Inc. (previously QLT PhotoTherapeutics Inc.), TSE listed Xillix Technologies Corp. and Exchange listed Comptec Industries Ltd. (previously Trionics Technology Ltd.). Mr. Swetlow obtained his CA designation in 1989 while working with Deloitte & Touche, Chartered Accountants in Vancouver and holds a Bachelor of Business Administration Degree (1988) from Simon Fraser University, Burnaby, B.C.

***Louis Harry Eisman, Director***

Mr. Eisman, 57, has served on the board of directors for a number of publicly listed companies for the past 9 years. See OTHER REPORTING COMPANIES. From 1980 to 1991, Mr. Eisman was President of Mr. Jax Fashions, a Toronto Stock Exchange listed company.

***Paul Louis Geyer, Director***

Mr. Geyer, 37, has been a Professional Engineer since 1990, having received his degree from the Association of Professional Engineers of British Columbia. In addition, he has a B.A. Sc. from the University of British Columbia and has completed the Canadian Securities Course offered by the Canadian Securities Institute. He has served on the board of directors of a number of publicly listed companies. See OTHER REPORTING COMPANIES.

***Samuel David Maheswaren Abraham, Director***

Dr. Abraham, 41, received his PhD in Genetics from the University of British Columbia. He joined Inflazyme Pharmaceuticals as a senior scientist in 1996, and later became Project Leader for the Transplant program, as well as Division Leader for Cell and Molecular Biology. His major area of expertise is the cellular and molecular biology/signaling associated with inflammatory responses. Dr. Abraham is presently a Scientific Consultant with Technology Development Inc. (BC Cancer Agency).

***Eric A. Adams, Director***

Mr. Adams, 37, has extensive international healthcare experience in pharmaceuticals, biotechnology, medical devices, hospital products, nutritionals and organ transplantation. The scope of these activities includes marketing, business development, sales, merger and acquisitions, new indication assessments and product licensing, with an emphasis in both North America and Europe. Combining his scientific education in Chemistry (BA, University of Southern Indiana, 1986) with a Masters of International Business Studies (MIBS, 1988) degree from the University of South Carolina, Mr. Adams has held positions in Germany, the U.S. and in Canada.

***Anne Bhanu Chopra, Secretary***

Ms. Chopra, 39, has been associated with the law firm of Owen, Bird in Vancouver, British Columbia since July 5, 2000, practicing in the areas of Corporate, Commercial and Securities Law, and prior thereto between December 1996 and August 2000, as an Associate with the law firm of Fraser & Company, practicing in the areas of Corporate, Commercial, Securities Law and Employment/Human Resources Law. Ms. Chopra was admitted to the Degree of Bachelor of Commerce from the University of Alberta in 1983; to the Degree of Masters of Industrial Relations from Queen's University of Alberta. In 1992 she was admitted to the Law Society of Alberta and in 1997 was admitted to the Law Society of British Columbia. Ms. Chopra has completed the Public Company's Directors' Course entitled Going Public and Continuous Disclosure at Simon Fraser University. Between May 1995 and

November 1996, Ms. Chopra acted as Secretary of Southview Capital Corporation (predecessor to Southview Resources Inc.), a junior mineral exploration company, the shares of which were formerly traded on the Exchange. Ms. Chopra is the Assistant Secretary of EPICentrix Technologies, Inc., shares of which are traded on the Exchange.

It is expected that, initially, Mr. Allen, Dr. Abraham and Eric Adams will devote 5-10% of their time to the affairs of the Corporation, Mr. Swetlow and Mr. Eisman will devote 10% of their time to the affairs of the Corporation and Mr. Geyer will devote 20% of his time to the affairs of the Corporation.

### Other Reporting Companies

Within the past 5 years, the following directors and officers of the Company have been directors, officers or promoters of the other reporting companies listed below:

| Director        | Name of Reporting Company                   | Position   | From/To                        |
|-----------------|---|--|--------------------------------|
| Barry J. Allen  | Adobe Ventures Inc.                         | Director   | 06/00 - Present                |
|                 | VSM Medtech Ltd.                            | President and Chief Executive Officer                      | 03/99 – Present                |
|                 | VSM Medtech Ltd.                            | Director   | 04/98 - Present                |
|                 | Xillix Technologies Corporation             | Vice-President Operations<br>Director of Clinical Research | 01/97 – 03/99<br>02/94 – 01/97 |
| Louis H. Eisman | VSM Medtech Ltd.                            | Director   | 12/98 – Present                |
|                 | Ayotte Music Inc.                           | Chairman and Director                                      | 02/98 – Present                |
|                 | DataWave Systems Inc.                       | Director   | 01/97 – 06/99                  |
| Paul L. Geyer   | Sulzer Mitroflow Corp. <sup>(1)</sup>       | President  | 10/99 – Present                |
|                 | Mitroflow International Inc. <sup>(2)</sup> | President, CEO   | 05/91 – 10/99                  |
| Anne B. Chopra  | Southview Capital Corporation               | Secretary  | 05/95 – 11/96                  |
|                 | EPICentrix Technologies, Inc.               | Assistant Secretary  | 12/00 – present                |

<sup>(1)</sup> Sulzer Mitroflow Corp. is an indirect subsidiary of Sulzer Medica, a Swiss public company.

<sup>(2)</sup> Mitroflow International Inc. changed its name to Sulzer Mitroflow Corp.

### 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, 2,266,667 common shares of the Company (excluding shares issuable pursuant to the exercise of incentive stock options and the Agent's Option) representing approximately 54.4% 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 5 years, a director, officer or promoter of any other company 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 company 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 has been subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

## **Penalties or Sanctions**

No director, officer, promoter or member of management of the Company has, within the past 10 years, been the subject of any penalties or sanctions imposed by a court or securities regulatory 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 5 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 proceedings, 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 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.

## **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 and SHARE CAPITAL - "Options and Other Rights to Purchase Shares".

### **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 or will 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. After the completion of its Qualifying Transaction, the Company may pay remuneration to its directors and officers if the Company is able to do so. No cash remuneration is anticipated to be paid to directors in their capacity as directors for 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".

**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 favorable 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.

The success of the Company is dependant upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. See DIRECTOR, OFFICERS AND PROMOTERS.

**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 \$0.10 representing a dilution of 33% 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 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 1,000,000,000 common shares without par value. As at the date hereof there are 2,666,666 common shares 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 common shares are not subject to call or assessment nor pre-emptive or conversion rights. There are no provisions attached to such 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 issuable upon completion of the Offering:

|  | Number of Issued Common Shares | Price Per Common Share (\$) | Total Gross Consideration (\$) |
|--|--------------------------------|-----------------------------|--------------------------------|
| Prior sales of common shares                 | 2,666,666                      | \$0.075                     | \$200,000.00                   |
| Offering                                     | 1,500,000                      | \$0.15                      | \$225,000.00                   |
| To be issued upon completion of the Offering | 4,166,666                      | N/A                         | \$425,000.00                   |

### ***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

Pursuant to stock option agreements dated for reference November 27, 2000 and December 11, 2000, the Company has issued incentive stock options to each of the directors and officers of the Company to purchase up to 426,000 common shares of the Company at an exercise price of \$0.15 per share, exercisable for a period of five years commencing upon the listing of the common shares on the Exchange.

| <b>Name of Optionee</b> | <b>Date of Grant</b> | <b>Common Shares Under Options Granted</b> | <b>Market Value of Options on the Date of Grant <sup>(1)</sup></b> |
|-------------------------|----------------------|--|--|
| David C. Swetlow        | November 27, 2000    | 50,000                                     | Nil  |
| Barry J. Allen          | November 27, 2000    | 156,000                                    | Nil  |
| Paul L. Geyer           | November 27, 2000    | 50,000                                     | Nil  |
| Louis H. Eisman         | November 27, 2000    | 50,000                                     | Nil  |
| Anne B. Chopra          | November 27, 2000    | 20,000                                     | Nil  |
| Samuel D.M. Abraham     | November 27, 2000    | 50,000                                     | Nil  |
| Eric A. Adams           | December 11, 2000    | 50,000                                     | Nil  |

<sup>(1)</sup> The market value of the incentive stock options as of the date of the grant and as of the most recent month end is nil.

There are no assurances that the options, warrants or other rights described above will be exercised in whole or in part.

The options will be non-transferable and if not exercised, will expire on the earlier of five years from the date of listing of the Company's common shares on the Exchange and one year following the date the optionee ceases to be a director or hold an office of the Company by reason of death, or 90 days after ceasing to be a director or officer for any reason other than death. All shares acquired on exercise of directors' and officers' options before the completion of the Qualifying Transaction shall be subject to escrow until the issuance of the final Exchange notice in respect of a Qualifying Transaction.

#### **Fully Diluted Share Capital**

|  | <b>Number of Securities</b> | <b>Percentage of Total</b> |
|--|-----------------------------|----------------------------|
| Issued as of the date of this Prospectus   | 2,666,666                   | 56.23%                     |
| Total Offering   | 1,500,000                   | 31.62%                     |
| Securities reserved for future issuance as of the date of this Prospectus <sup>(1)</sup> | 576,000                     | 12.15%                     |
| <b>Total</b>   | <b>4,742,666</b>            | <b>100%</b>                |

<sup>(1)</sup> This figure includes 150,000 common shares issuable upon exercise of the Agent's Option and 426,000 common shares issuable upon the exercise of incentive stock options. See "Options and Other Rights to Purchase Shares".

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

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

| <b>Name and Municipality of Residence</b> | <b>Number of Shares<sup>(1)</sup></b> | <b>Percentage of Shares Prior to Offering</b> | <b>Percentage of Shares Held Upon Completion of Offering<sup>(2)</sup></b> |
|---|---------------------------------------|---|--|
| Barry J. Allen<br>North Vancouver, B.C.   | 266,667                               | 10.00%  | 6.40%  |
| David C. Swetlow<br>New Westminster, B.C. | 400,000                               | 15.00%  | 9.60%  |
| Paul L. Geyer,<br>Burnaby, B.C.           | 400,000                               | 15.00%  | 9.60%  |
| Louis H. Eisman,<br>Vancouver, B.C.       | 400,000                               | 15.00%  | 9.60%  |
| Samuel D.M. Abraham<br>Vancouver, B.C.    | 400,000                               | 15.00%  | 9.60%  |
| Eric A. Adams<br>West Vancouver, B.C.     | 400,000                               | 15.00%  | 9.60%  |
| Avtar S. Dhillon<br>Vancouver, B.C.       | 326,666                               | 12.25%  | 7.84%  |

<sup>(1)</sup> These securities are subject to escrow trading restrictions pursuant to the policies of the Exchange. See “Escrowed Shares”.

<sup>(2)</sup> 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 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 the Exchange 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. The Exchange 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 the Exchange 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:

| <b>Name of Beneficial Owner</b> | <b>Number of Common Shares in Escrow</b> | <b>Percentage of Class Prior to the Offering</b> | <b>Percentage of Class after giving effect to the Offering</b> |
|---------------------------------|--|--|--|
| Barry J. Allen                  | 266,667                                  | 10.00%   | 6.40%  |
| David C. Swetlow                | 400,000                                  | 15.00%   | 9.60%  |
| Paul L. Geyer                   | 400,000                                  | 15.00%   | 9.60%  |
| Louis H. Eisman                 | 400,000                                  | 15.00%   | 9.60%  |
| Samuel D.M. Abraham             | 400,000                                  | 15.00%   | 9.60%  |
| Avtar S. Dhillon                | 326,666                                  | 12.25%   | 7.84%  |
| Eric A. Adams                   | 400,000                                  | 15.00%   | 9.60%  |
| Punit S. Dhaliwal               | 73,333                                   | 2.75%  | 1.76%  |

## **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 December 11, 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. 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 up to 1,500,000 common shares at a price of \$0.15 per share. The Offering will be made in accordance with 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 the 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 common shares are not sold within the prescribed offering period, then all subscription proceeds held by the Agent will be returned to subscribers 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 a 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, an individual subscriber may purchase directly or indirectly a maximum of 30,000 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 60,000 common shares, being 4% of the total number of common shares.

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 the Offering. The directors, officers and other insiders of the Company may purchase common shares from the Offering, provided however, that any common shares so purchased will be subject to the same escrow restrictions described under SHARE CAPITAL – "Escrowed Shares".

### **Appointment of Agent**

By an agreement dated January 9, 2001, between the Company and the Agent (the "Agency Agreement"), 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 \$0.012 per share sold pursuant to the Offering, payable in cash. The Company has paid the Agent a sponsorship fee of \$8,000 plus G.S.T., and has agreed to pay the Agent's applicable legal fees and other expenses upon completion of the Offering. The price of the common shares 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 150,000 common shares of the Company. See “Agent’s Option” described below.

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 common 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 150,000 common shares of the Company, at a price of \$0.15 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 Agent may only sell the balance once the Company has completed the Qualifying Transaction. This Prospectus qualifies the distribution of the Agent’s Option to the Agent.

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 1,500,000 common shares. This Prospectus also qualifies the issuance of the Agent’s Option to the Agent. See PLAN OF DISTRIBUTION.

The authorized capital of the Company consists of 1,000,000,000 common shares without par value. As at the date hereof there are 2,666,666 common shares 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 common shares are not subject to call or assessment nor pre-emptive or conversion rights. There are no provisions attached to such shares for redemption, 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 \$8,000 plus G.S.T. 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 BUSINESS OF THE COMPANY – “Qualifying Transaction Requirements”.

## **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 THE 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 a “related issuer” of the Agent as that term is defined in the policies of the Alberta Securities Commission.

## **RELATIONSHIP BETWEEN 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 section 106(2) of the *Securities Rules* (British Columbia), a responsible solicitor or any partner of a responsible solicitor’s firm.

## **LEGAL PROCEEDINGS**

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

## **AUDITOR**

The auditor of the Company is Deloitte & Touche LLP, Chartered Accountants, of 2100 – 1055 Dunsmuir Street, Vancouver, British Columbia.

## **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the common shares of the Company is Pacific Corporate Trust Company of 10<sup>th</sup> Floor – 625 Howe Street, Vancouver, BC, 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:

1. Agency Agreement dated for reference January 9, 2001 between the Company and the Agent. See “Plan Of Distribution”.
2. Incentive Stock Option Agreements dated November 27, 2000 and December 11, 2000. See “Options and Other Rights to Purchase Shares”.
3. Escrow Agreement dated December 11, 2000 between the Company, Pacific Corporate Trust Company and David Swetlow, Barry Allen, Paul Geyer, Louis Eisman, Samuel Abraham, Avtar Dhillon, Punit Dhaliwal and Eric Adams.
4. Registrar and Transfer Agent Agreement between the Company and Pacific Corporate Trust Company dated November 30, 2000.
5. Consulting Agreement dated December 1, 2000 between the Company and Punit Dhaliwal. Pursuant to this agreement, Mr. Dhaliwal has agreed to provide administrative services to the Company for the Period December 1, 2000 to November 30, 2001 in consideration for \$250 per month. The Consulting Agreement may be terminated by the Company for cause or on 30 days notice to Mr. Dhaliwal.

Copies of the foregoing contracts may be inspected at the registered office of the Company at Owen, Bird, Barristers & Solicitors, at 29<sup>th</sup> Floor, Bentall III, 595 Burrard Street, Vancouver, BC, V7X 1J5, 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 other material facts related to the securities proposed to be offered and not disclosed elsewhere in this Prospectus.

### **PURCHASER'S 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 of residence for the particulars of these rights, or consult with a legal advisor.**

*Auditors' Report and Financial Statements of*

**OMNITECH CAPITAL CORP.**

*October 31, 2000*

## **Auditors' Report**

To the Directors of  
OMNItech Capital Corp.

We have audited the balance sheet of OMNItech Capital Corp. as at October 31, 2000 and the statements of loss and deficit and cash flows for the period from date of incorporation, July 26, 2000 to October 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 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, the financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2000 and the results of its operations and its cash flows for the period from date of incorporation, July 26, 2000 to October 31, 2000 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Vancouver, British Columbia  
November 30, 2000  
(except for Note 5 for which  
the date is February •, 2001)

# OMNITECH CAPITAL CORP.

## Balance Sheet

October 31, 2000

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### ASSETS

|                           |            |
|---------------------------|------------|
| Cash and cash equivalents | \$ 170,694 |
|---------------------------|------------|

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### LIABILITIES

|                  |          |
|------------------|----------|
| Accounts payable | \$ 5,000 |
|------------------|----------|

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### SHAREHOLDERS' EQUITY

Common stock (Note 3)

Authorized

1,000,000,000 shares without par value

Issued and fully paid

2,266,666 shares

\$ 170,000

|         |         |
|---------|---------|
| Deficit | (4,306) |
|---------|---------|

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165,694

\$ 170,694

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### ON BEHALF OF THE BOARD

... "Barry Allen" ..... Director

... "David Swetlow" ..... Director

See accompanying notes to the financial statements.

# OMNITECH CAPITAL CORP.

## Statement of Loss and Deficit

Period from date of incorporation, July 26, 2000 to October 31, 2000

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|                              |    |         |
|------------------------------|----|---------|
| INTEREST INCOME              | \$ | 694     |
| <hr/>                        |    |         |
| EXPENSES                     |    |         |
| Professional fees            |    | 5,000   |
| <hr/>                        |    |         |
| NET LOSS                     |    | (4,306) |
| DEFICIT, BEGINNING OF PERIOD |    | -       |
| <hr/>                        |    |         |
| DEFICIT, END OF PERIOD       | \$ | (4,306) |
| <hr/>                        |    |         |

See accompanying notes to the financial statements.

# OMNITECH CAPITAL CORP.

## Statement of Cash Flows

Period from date of incorporation, July 26, 2000 to October 31, 2000

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### OPERATING ACTIVITIES

|   |    |         |
|---|----|---------|
| Net loss                                      | \$ | (4,306) |
| Changes in non-cash operating working capital |    |         |
| Increase in accrued expenses                  |    | 5,000   |
|   |    | <hr/>   |
|   |    | 694     |

### FINANCING ACTIVITY

|                                  |    |         |
|----------------------------------|----|---------|
| Issue of share capital           |    | 170,000 |
|                                  |    | <hr/>   |
| <b>NET INCREASE IN CASH</b>      |    | 170,694 |
| <b>CASH, BEGINNING OF PERIOD</b> |    | -       |
|                                  |    | <hr/>   |
| <b>CASH, END OF PERIOD</b>       | \$ | 170,694 |

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See accompanying notes to the financial statements.

# OMNITECH CAPITAL CORP.

## Notes to Financial Statements

Period ended October 31, 2000

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### 1. INCORPORATION AND NATURE OF BUSINESS

The Company was incorporated under the Company Act (British Columbia) on July 26, 2000 and is classified as a Capital Pool Company as defined in the Canadian Venture Exchange (the "Exchange") Policy 2.4. The Company is required to complete its Qualifying Transaction (as defined) within 18 months of listing on the Exchange.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policy:

#### *Cash and cash equivalents*

Cash and cash equivalents include cash and term deposits with a term to maturity of not more than 90 days.

### 3. SHARE CAPITAL

#### (a) *Authorized capital*

1,000,000,000 common shares with no par value

#### (b) *Summary of common shares issued*

|                                  | <u>Number<br/>of shares</u> | <u>Amount</u>     |
|----------------------------------|-----------------------------|-------------------|
| Balance, beginning of period     | -                           | \$ -              |
| Initial issue of shares for cash | 2,266,666                   | 170,000           |
|                                  | <u>2,266,666</u>            | <u>\$ 170,000</u> |

The initial 2,266,666 shares issued are held in escrow and are to be released as to 10% on approval of a Qualifying Transaction by the Exchange and an additional 15% every six months thereafter for three years.

### 4. INCOME TAXES

The Company has an estimated tax loss carry forward in the amount of \$4,306 at October 31, 2000 which can be used to reduce future income taxes otherwise payable. The tax benefit associated with this tax loss carry forward, in the amount of \$1,938, has been offset by a valuation allowance of a corresponding amount and, as a result, no future income tax asset has been recorded in these financial statements.

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# **OMNITECH CAPITAL CORP.**

## **Notes to Financial Statements**

**Period ended October 31, 2000**

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### **5. SUBSEQUENT EVENTS**

On February •, 2001 the Company filed a prospectus with the British Columbia and Alberta Securities Commissions for the issue of 1,500,000 common shares for gross proceeds of \$225,000.

On December 11, 2000, the Company issued 400,000 common shares at a price of \$0.075 per share for cash consideration of \$30,000 to an individual who was also appointed as an additional director of the Company. These shares are held in escrow on the same basis as described in Note 3(b).

Subsequent to October 31, 2000, the Company granted incentive stock options to officers and directors to purchase up to 426,000 common shares at an exercise price of \$0.15 per share, exercisable for a period of five years commencing upon the listing of the common shares on the Canadian Venture Exchange.

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**CERTIFICATE OF THE COMPANY**

**OMNITECH CAPITAL CORP.**

Dated: \_\_\_\_\_ February 2, \_\_\_\_\_, 2001

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.

*"Barry J. Allen"*

\_\_\_\_\_  
Barry J. Allen, Chief Executive Officer

*"David C. Swetlow"*

\_\_\_\_\_  
David C. Swetlow, Chief Financial Officer

**ON BEHALF OF THE BOARD**

*"Paul Geyer"*

\_\_\_\_\_  
Paul Geyer, Director

*"Louis Eisman"*

\_\_\_\_\_  
Louis Eisman, Director

**PROMOTER**

*"Louis Eisman"*

\_\_\_\_\_  
Louis Eisman, Promoter

**CERTIFICATE OF THE AGENT**

Dated: February 2, 2001

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.**

*“John McCoach”*

Per: \_\_\_\_\_