A copy of this Preliminary Prospectus has been filed with the securities regulatory authorities in each of British Columbia and Alberta and with the TSX Venture Exchange Inc. (the "Exchange") but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities. 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 regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not 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
in the Provinces of British Columbia and Alberta

Preliminary Prospectus Dated: January 3, 2003

ARRABBIATA CAPITAL CORP.

(a Capital Pool Company)

Suite 302 – 212 Forbes Avenue, North Vancouver, British Columbia V7M 3E5
Telephone: 604 990-9551 email: arrabbiatacapital@hotmail.com

$400,000

2,000,000 common shares at $0.20 per share

Arrabbiata Capital Corp. (the "Company") hereby offers 2,000,000 common shares (the "Common Shares") to the public at a price of $0.20 per Common Share. The purpose of this offering (the "Offering") is to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the Exchange and must also receive Majority of the Minority Approval (as hereinafter defined) in accordance with Exchange Policy 2.4 ("CPC Policies") unless the CPC Policies are amended to provide that Majority of the Minority Approval is only required for a Qualifying Transaction with a Non-Arm's Length Party (as hereinafter defined), in which case the Company will only seek Majority of the Minority Approval if a proposed Qualifying Transaction is with a Non-Arm's Length Party. The Company is a Capital Pool Company ("CPC"). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policies, until the Completion of the Qualifying Transaction (as hereinafter defined), the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Company" and "Use of Proceeds".

	Price to the Public(1)	Agent's Commission(2)	Proceeds to the Company(3)
Per common share	$0.20	$0.02	$0.18
Total Offering(4)	$400,000	$40,000	$360,000

(1) A total of 2,000,000 common shares are offered hereunder, not including the Agent's Option (as defined herein) or the incentive stock options granted to directors and officers of the Company to purchase up to 300,000 common shares at a price of $0.20 per share. The Agent's Option and incentive stock options are qualified and distributed under this prospectus. See "Plan of Distribution" and "Options to Purchase Securities".

(2) The Agent will receive a total commission of 10% of the gross proceeds of this Offering or $40,000, being $0.02 per Share sold. In addition, the Agent will be granted an option to purchase up to 200,000 common shares which expires 18 months from the date the Company's common shares are listed for trading on the Exchange and which may be exercised at a price of $0.20 per common share ("Agent's Option"). The Company will reimburse the Agent for out-of-pocket expenses incurred in connection with this Offering including legal fees estimated to be $8,000. See "Plan of Distribution". The Company has paid the Agent a corporate finance fee of $7,000 plus G.S.T.

(3) Before deduction of the balance of the costs of this offering, estimated to be $28,000 including listing fees and expenses but excluding the Agent's expenses and corporate finance fee.

(4) The latest date that the distribution is to remain open as may be permitted by securities legislation is the earlier of 90 days after the date of issuance of receipts for the final prospectus by the Executive Director of the British Columbia Securities Commission and the Executive Director of the Alberta Securities Commission and 12 months from the date of issuance of receipts for the preliminary prospectus by the Executive Director of the British Columbia Securities Commission and the Executive Director of the Alberta Securities Commission

The offering is made on a best efforts basis by Yorkton Securities Inc. (the "Agent") and is subject to a minimum subscription of 2,000,000 common shares for total gross proceeds to the Company of $400,000. See "Plan of Distribution". The offering price of the Common Shares was determined by negotiation between the Company and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period all subscription monies will be returned to subscribers without interest or deduction unless the subscribers have otherwise instructed the Agent.

The Company has applied to list its common shares on the TSX Venture Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's option, and the grant of options to directors and officers of the Company, trading in all securities of the Company is prohibited during the period between the date a receipt for this preliminary prospectus is issued by the securities regulatory authorities and the time the Common Shares are listed for trading, except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

Pursuant to CPC Policies, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 40,000 of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 80,000 of the total number of Common Shares offered under this prospectus.

Investment in the Common Shares offered by this Prospectus is highly speculative due to the nature of the Company's business and its present stage of development. The Company does not have business operations or assets other than cash and short-term investments, and has no written or oral agreements for the acquisition of a business or assets at the time of this Offering. The financial risk of the Company's future activities will be borne to a significant degree by purchasers of Shares under the Offering. A purchaser of Shares offered by this prospectus will incur an immediate dilution of $0.0333 or 16.7% if this Offering is completed. Dilution has been computed on the basis of total gross proceeds to be raised hereunder and from sales of common shares before filing the preliminary prospectus, without deduction of expenses incurred by the Company in connection with this Offering. Investors will be relying on management's ability to find and finance business opportunities, and if the CPC Policies are amended to provide that Majority of the Minority Approval is only required for a Qualifyng Transaction with a Non-Arm's Length Party, no specific shareholder approval of a proposed Qualifing Transaction will be sought by the Company unless the proposed Qualifying Transaction is with a Non-Arm's Length Party or is otherwise required under applicable corporate or securities law. If a business prospect is identified by the Company and acquisition or participation is warranted, additional funds may be required to complete the acquisition or participation and there is no guarantee that the Company will be able to obtain such financing. An acquisition financed by the issuance of common shares in the capital of the Company will result in further dilution to investors hereunder and may result in a change of control of the Company. There is currently no established market through which the Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. The Exchange may suspend from trading or delist the common shares of the Company where the Company has failed to complete a Qualifying Transaction within 18 months after the date of listing or where the Company has failed to acquire and develop operating assets acceptable to the Exchange by that date. The British Columbia Securities Commission and the Alberta Securities Commission may issue interim cease trade orders against the Company's securities if the common shares of the Company are suspended from trading on the Exchange, and will issue such interim cease trade orders if the Company is delisted from the Exchange. In the event the common shares of the Company are delisted by the Exchange, all seed shares purchased at less than the Offering price by insiders of the Company will be forfeited and cancelled. 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 in certain other events at the discretion of the Exchange. The Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors"," Dilution", "Business of the Company", "Directors, Officers and Promoters" and "Use of Proceeds".

Upon completion of this Offering, but without giving effect to the Agent's Option, this issue will represent 66.67% of the common shares then outstanding. Upon completion of this Offering, the public will own 2,000,000 common shares representing 66.67% of the common shares then outstanding and promoters, insiders, holders of performance shares and the Agent as a group will own 1,000,000 common shares representing 33.33% of the common shares then outstanding. See "Share Capital – Principal Holders of Securities". The Agent will not acquire any shares of the Company pursuant to this Offering other than shares acquired on exercise of the Agent's Option.

No person is authorized by the Company to provide any information or to make any representations other than those contained in this prospectus in connection with the issue and sale of the securities offered pursuant to this prospectus. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery on the closing date of the Offering.

The Common Shares are offered subject to prior sale, if, as, and when issued and in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of Chris Theodoropoulos, Barrister and Solicitor, Vancouver, B.C. on behalf of the Company and by Anfield, Sujir, Kennedy & Durno, Barristers and Solicitors, Vancouver, B.C. on behalf of the Agent, of such legal matters for which approval has been specifically sought by the Company or the Agent.

YORKTON SECURITIES INC.
1100, 1055 Dunsmuir Street
Vancouver, B.C. V7X 1L4
Telephone: 604 640-0400 Fax: 604 640-0432

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GLOSSARY

"Affiliate" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same person.

A company is "controlled" by a person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that person, and

(b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company.

A person is deemed to beneficially own securities that are beneficially owned by:

(a) a company controlled by that person, or

(b) an Affiliate of that person or an Affiliate of any company controlled by that person.

"Agreement in Principle" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

(a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;

(b) identifies the parties to the Qualifying Transaction;

(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and

(d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm's Length Parties to the CPC or the Non Arm's Length Parties to the Qualifying Transaction.

"Associate" when used to indicate a relationship with a person or company, means

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person or company,

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(d) in the case of a person, who is an individual

(i) that person's spouse or child, or
(ii) any relative of the person or of his spouse who has the same residence as that person;

but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships with respect to that Member firm, Member corporation or holding company.

"CPC" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada,

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policies; and

(c) in regard to which the Final Exchange Bulletin has not yet been issued.

"**CPC Policies**" means the TSX Venture policies regarding CPCs which govern all newly created CPCs on the TSX Venture;

"company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity that is not an individual.

(a) **"Completion of the Qualifying Transaction"** means the date the Final Exchange Bulletin is issued by the Exchange;

"Control Person" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially 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.

"Eligible Charitable Organization" means:

(a) any Charitable Organization[*] or Public Foundation *which is a Registered Charity *, but is not a Private Foundation *, or

(b) a Registered National Arts Service Organization*.

"Exchange or **TSX Venture"** means the TSX Venture Exchange Inc.

"Final Exchange Bulletin" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation, if applicable, and that evidences the final Exchange acceptance of the Qualifying Transaction.

"Insider" if used in relation to an Issuer, means:

(a) a director or senior officer of the Issuer;

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[*] as these terms are defined in the Income Tax Act (Canada), as amended from time to time.

(b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

"IPO" means initial public offering.

"Majority of the Minority Approval" means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than:

(a) Non Arm's Length Parties to the CPC;

(b) Non Arm's Length Parties to the Qualifying Transaction; and

(c) in the case of a Related Party Transaction:

(i) if the CPC holds its own shares, the CPC, and

(ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

"Member" means a person who has executed the form of members agreement prescribed by the Exchange from time to time and who is accepted and becomes a member of the Exchange.

"Non Arm's Length Party" means in relation to a company, a promoter, officer, director, other insider or Control Person of that company) including another company and any Associates or Affiliates of any of such persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, insider or Control Person.

"Non Arm's Length Parties to the Qualifying Transaction" means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm's Length Parties of the Vendor(s), the Non Arm's Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

"person" means a Company or individual.

"Principal" means

(a) a person or company, or their respective Associates or Affiliates, who acted as a promoter of the issuer within two years before the IPO prospectus or Final Exchange Bulletin;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

(d) a **20% holder** – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions;

(d) a **10% holder** – a person or company that

(i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, both the holder's securities and the total securities outstanding securities are included that may be issued to the holder under outstanding convertible securities .

A company more than 50% held by one or more principals will be treated as a principal. (In calculating this percentage, securities of the entity that may be issued to the principals under outstanding convertible securities are included in both the principals' securities of the entity and the total securities of the entity outstanding.)

A principal's spouse and relatives that live at the same address as the principal will also be treated as principals.

"Qualifying Transaction" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"Resulting Issuer" means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

"Significant Assets" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

"Sponsor" has the meaning specified in TSX Venture Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

"Target Company" means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction**.**

"Vendors" means one or all of the beneficial owners, of the Significant Assets (other than a Target Company).

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

COMPANY:	The Company was incorporated in British Columbia on June 23, 2000 as Arrabbiata Capital Corp.
OFFERING:	A total of 2,000,000 Common Shares are being offered under this prospectus at $0.20 per Common Share. In addition, the Company will grant the Agent's Option to the Agent entitling it to purchase up to 200,000 Common Shares at a price of $0.20 per Common Share which will be exerciseable for a period of 18 months from the date of listing of the Common Shares on the Exchange, which option is qualified under this prospectus. The Company also intends to grant options to purchase 300,000 Common Shares to directors and officers of the Company, all of which options are qualified under this prospectus. See "Plan of Distribution" and "Options to Purchase Securities".
PRICE	$0.20 per Common Share
BUSINESS OF THE COMPANY:	The Company is a CPC as defined in the CPC Policies of the Exchange. The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. See "Business of the Company".
DIRECTORS AND MANAGEMENT:	The Directors and Officers of the Company are as follows: Paul R. Storey — Chief Executive Officer, President and Director Shannon M. Ross, B.Comm, CA — Chief Financial Officer, Secretary and Director Bernhard Zinkhofer, LLB, CA — Director Mary Davies — Director Sargent H. Berner, LLM — Director See "Directors, Officers and Promoters".
AGENT:	Yorkton Securities Inc.
USE OF PROCEEDS:	The net proceeds from the Offering will be $360,000. The net proceeds of this Offering, together with working capital on hand of $88,000 as of November 30, 2002, $448,000 in total, will be used to provide the Company with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. Until completion of the Qualifying Transaction and except as otherwise provided in the CPC Policies, a maximum of $150,000 being 30% of the gross proceeds realized from the Offering and all prior sales of securities of the Company may be used for purposes other than evaluating a business or assets. Assuming the Company requires the maximum period of 18 months to identify a Qualifying Transaction, estimated corporate and administrative expenses would be $45,000 leaving the Company with $370,000 (excluding interest thereon) to identify and evaluate potential acquisitions and complete the Qualifying Transaction. The Company may not have sufficient funds to secure such acquisitions once identified and evaluated and additional funds may be required. See "Use of Proceeds" and "Risk Factors".
COMMON SHARES HELD IN ESCROW	All of the currently issued and outstanding Common Shares of the Company, being 1,000,000 Common Shares have been deposited in escrow pursuant to the terms of an Escrow Agreement, as hereinafter defined, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.
RISK FACTORS:	Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The

Company has no active business or assets other than cash, and has no written or oral agreements for the acquisition of a business or asset at this time. The Company does not have a history of earnings nor has it paid any dividends and will not generate earnings or pay dividends until at least after completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Company and can afford to risk the loss of their entire investment.

There is no assurance that the Company will identify a business or asset with a view to acquisition. If a suitable business or asset is identified, management may determine that current market conditions make the terms of the acquisition uneconomic. The Company may find that even if the terms of the acquisition are economically sound, it may not be able to finance the acquisition and additional funds will be required to complete the transaction. The Exchange may refuse to accept a transaction as a Qualifying Transaction.The Company will be in competition with others having greater resources. The net proceeds from the 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. 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 common shares are listed on the Exchange. In the event common shares of the Company are delisted by the Exchange, all seed shares purchased at less than the Offering price by insiders of the Company will be forfeited and cancelled. The Company is relying solely on the past business experience of its Directors and Officers to identify a Qualifying Transaction of merit. The success of the Company is dependent 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. There is currently no public market for the common shares of the Company and there can be no assurance that an active and liquid public market for the Company’s common shares on a stock exchange will develop or be sustained after the Offering and an investor may find it difficult to resell the common shares. 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 such time as they consider is required to effectively manage the Company. Some of the directors and officers of the Company are also engaged and will continue to be engaged in the search for assets or business prospects for themselves or on behalf of others, including other listed companies. Where the acquisition is financed by the issuance of common shares from the Company’s treasury, control of the Company may change and shareholders may suffer further dilution to their investment. The financial risk of the Company’s future activities will be borne to a significant degree by purchasers of common shares under the Offering. Dilution of $0.0333 per common share (16.7%) will be experienced by investors hereunder. Dilution has been computed on the basis of total gross proceeds to be raised hereunder and from sales of common shares before filing the preliminary prospectus, without deduction of expenses incurred by the Company in connection with this Offering.

As a result of these factors, this Offering is suitable only for those investors who are willing to rely solely on the management of the Company and who can afford to lose all of their investment. See “Risk Factors”, “Business of the Company”, “Directors, Officers and Promoters”, “Dilution” and “Use of Proceeds”.

THE COMPANY

The Company was incorporated on June 23, 2000 under the Company Act (British Columbia) by the registration of its Memorandum and Articles. The Company is a CPC as defined in the CPC Policies.

The head office and the registered office of the Company is located at Suite 302 – 212 Forbes Avenue, North Vancouver, British Columbia V7M 3E5, telephone: (604) 990-9551 fax (604) 990-9555.

The Company has no subsidiaries.

BUSINESS OF THE COMPANY

TSX Venture Exchange Policy 2.4 Overview

A CPC is a company formed by individuals acceptable to the Exchange with a history of involvement with listed companies which has completed an IPO of securities as an unallocated or uncommitted pool of investment funds to be used primarily to investigate business opportunities for acquisition by the CPC, which meet Exchange criteria for a Qualifying Transaction acceptable to the Exchange, and which, when acquired, will qualify the CPC for listing as a regular Tier 1 or Tier 2 company on the Exchange. The use of proceeds of a CPC is restricted. See "Use of Proceeds".

Once a Qualifying Transaction has been identified, the CPC must issue a comprehensive news release and seek Exchange approval for the acquisition. Any proposed Qualifying Transaction must be approved by the Exchange and must also receive Majority of the Minority Approval in accordance with the CPC Policies unless the CPC Policies are amended to provide that Majority of the Minority Approval is only required for a Qualifying Transaction with a Non-Arm's Length Party, in which case the Company will only seek Majority of the Minority Approval if a proposed Qualifying Transaction is with a Non-Arm's Length Party..

Interested parties may obtain a copy of the CPC Policies from the Exchange's internet web site (www.tsx.ca).

Preliminary Expenses

The preliminary expenses the Company has incurred to date, together with those it expects to incur prior to closing of the Offering are as follows:

Expenses	$
Legal fees	17,000[1]
Audit expense	6,000[1]
General Administration	5,000[1]
Incorporation and related costs	510[2]
Sponsorship Fee	7,490 [2]
Agent's Expenses	8,000[3]
Agent's Commission plus GST	40,000[1]
Filing Fees	5,000[1]
TOTAL	$89,000

Notes:

1. See "Use of Proceeds".
2. This amount has been paid.
3. The Company has advanced the Agent $4,000 as a retainer against its expenses.

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Proposed Operations until Completion of a Qualifying Transaction

The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. The Company has not conducted commercial operations. The Company has not identified a business sector for a proposed Qualifying Transaction.

Until Completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include raising additional funds in order to finance an acquisition. Except as described under "Private Placements for Cash" and "Restrictions on Use of Proceeds", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Geographical Restrictions

In accordance with the CPC Policies, except where the Resulting Issuer will be an oil and gas issuer or a mining issuer, the Significant Assets must be located in Canada or the United States.

Method of Financing

The Company may use cash/bank financing, a private issuance of equity shares, a public financing of debt or equity or a combination thereof for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in control of the Company and may cause the shareholders' interest in the Company to be further diluted.**

Criteria for a Qualifying Transaction

The Company proposes to identify acquisitions of interest in assets or businesses through discussions with various business associates and contacts of the Company's directors and officers. Approval of acquisitions will be made by the Company's board of directors. The board of directors will evaluate proposed acquisitions based on business fundamentals, economic viability and potential for success using the expertise and experience of the directors and officers. Once a prospective acquisition target has been identified and evaluated, the Company will proceed to negotiate the terms upon which it may acquire an interest in the asset or business. The acquisition of, or participation in, assets or businesses may arise in numerous ways and management of the Company has not placed any restrictions on such acquisitions or participation. The Company has not established pre-determined criteria for such participation or acquisitions. The Company, in considering whether to approve the terms of a Qualifying Transaction, will be guided by, among other criteria, the following:

(i) the prospects for growth, having regard to existing or potential market share;

(ii) the skill of the existing management team, either as it exists or as it may be modified as a consequence of the acquisition; and

(iii) basic financial considerations such as the overall cost of the acquisition and the necessity of obtaining further debt or equity financing required to complete or exploit the acquisition.

Shareholder Approval of a Non-Arm's Length Qualifying Transaction

The board of directors of the Company must apprpove any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(a) Upon the Company reaching an Agreement in Principle, the Company must issue a comprehensive news release, at which time the Exchange generally will halt trading in the

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Company's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Company is required to submit for review to the Exchange an information circular that complies with applicable corporate and securities laws. In addition, the information circular must contain prospectus level disclosure about the Target Company and the Company, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policies and Exchange Form 3B. Upon acceptance by the Exchange, the Company must then mail the information circular and related proxy materials to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction at a meeting of shareholders.

However, if the CPC Policies are amended to provide that Majority of the Minority Approval is only required for a Qualifying Transaction with a Non-Arm's Length Party, the Company will only seek Majority of the Minority Approval if a proposed Qualifying Transaction is with a Non-Arm's Length Party.

Unless waived by the Exchange, the Company will also be required to retain a Sponsor, who must be a member of the Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Company will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

(i) subject to the potential exception noted above for a Qualifying Transaction with a Non-Arm's Length Party, confirmation of Majority of the Minority Approval of the Qualifying Transaction;

(ii) confirmation of closing of the Qualifying Transaction; and

(iii) all required final documentation is filed with the Exchange pursuant to the CPC Policies.

Upon issuance of the Final Exchange Bulletin, the CPC Policies will generally cease to apply, with the exception of the escrow provisions of the CPC Policies and the restrictions in the CPC Policies precluding the Company from completing a reverse takeover for a period of one year from the Completion of the Qualifying Transaction.

Potential Qualifying Transaction

The Company has not identified a potential Qualifying Transaction at the date of this prospectus.

Minimum Listing Requirements

The Resulting Issuer must satisfy the Exchange's minimum listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

Trading Halts, Suspensions and Delisting

The Exchange will generally halt trading in the common shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes submission of a Sponsorship Acknowledgement Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the common shares for public policy reasons including:

(a) the unacceptable nature of the business of the Resulting Issuer; or

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(b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Company fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file final documentation within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the common shares of the Company where the Exchange has not issued a Final Exchange Bulletin to the CPC within 18 months of the date of listing.

Refusal of Qualifying Transaction

The Exchange, in it sole discretion, may not accept a Qualifying Transaction where:

(a) the Resulting Issuer fails to satisfy the applicable minimum listing requirements of the Exchange;

(b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by

(i) a member firm of the Exchange;

(ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such member firm; and

(iii) associates of any such person

collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;

(c) The Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;

(d) The majority of the directors and senior officers of the Resulting issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange;

(e) In the case of a Resulting Issuer, other than an oil and gas or mining issuer, the Qualifying Transaction involves the acquisition of Significant Assets, outside of Canada or the United States; or

(f) Notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

The Company has raised an aggregate of $100,000, of which $7,000 plus GST was paid to the Agent as a corporate finance fee, $4,000 was paid to the Agent as a retainer against its expenses and approximately $510 was expended on incorporation costs. Accordingly, the Company has approximately $88,000 and anticipates receiving gross proceeds from the sale of all the Common Shares offered by this prospectus of $400,000,

The following indicates the principal uses to which the Company proposes to put the total funds available to it upon the completion of the Offering:

Cash proceeds raised prior to this Offering(1)	$100,000
Expenses and costs relating to raising the cash proceeds(2)	$ 510
Cash proceeds to be raised pursuant to this Offering (3)	$400,000
Expenses and costs relating to the Offering (including listing fees, Agent's commission, Agent's corporate finance fee, legal fees, audit fees and expenses) (2)	$ 88,490
Estimated funds available (on completion of the Offering)	$411,000
Funds available for identifying and evaluating assets or business prospects(4)	$366,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction	$ 45,000

Notes:
1. See "Prior Sales"
2. See "Preliminary Expenses"
3. In the event the Agent exercises the Agent's Option and the directors and officers exercise their options there will be available to the Company a maximum of an additional $100,000 which will be added to the working capital of the Company. There is no assurance that any of these options will be exercised.
4. In the event the Company enters into an Agreement in Principle prior to spending the entire $366,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.
5. Administration costs are estimated at approximately $2,500 per month.

Until required for the Company's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of common shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Company may commit.

Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policies as set out below, and as described in "Restrictions on Use of Proceeds", proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate businesses or assets, prepare the required disclosure and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

(a) valuations or appraisals;

(b) business plans;

(c) feasibility studies and technical assessments;

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(d) sponsorship reports;

(e) engineering or geological reports;

(f) financial statements, including audited financial statements; and

(g) fees for legal and accounting services,

relating to the identification and evaluation of assets or businesses and, if required by the CPC Policies, the obtaining of shareholder approval for the Company's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of $100,000 may be advanced as a refundable deposit or secured loan by the Company to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, provided that due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of $25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company or $150,000 will be used for purposes other than those described above. For greater clarity, expenditures which are not included as Permitted Uses of Funds, listed above, include:

(a) listing and filing fees (including SEDAR fees);

(b) agent's fees, costs and commissions;

(c) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and

(d) administrative and general expenses of the Company, including:

(e) office supplies, office rent and related utilities;

(f) printing costs (including the printing of this prospectus and share certificates);

(g) equipment leases; and

(h) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

No proceeds will be used to acquire or lease a vehicle.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Company will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Company where the gross proceeds raised for the issuance of securities both prior and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed $700,000. The only securities issuable pursuant to such a private placement will be common shares. However, where a proposed Qualifying Transaction has been publicly announced, and provided that the funds to raised are to be used in connection with a proposed

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Qualifying Transaction, the Exchange may permit a private placement to be made for gross proceeds of up to an additional $125,000 where:

(a) the proposed Qualifying Transaction is not a transaction with a Non Arm's Length Party;

(b) due diligence in relation to the Qualifying Transaction is well underway;

(c) a Sponsor has been engaged or sponsorship has been waived;

(d) the securities issued pursuant to the private placement are excluded from voting on the Qualifying Transaction and any other matter relating to the Qualifying Transaction; and

(e) adequate disclosure as to the use of proceeds for the private placement is provided to placees.

If the price of the securities proposed to be issued pursuant to the private placement is based on a price estimated prior to the public announcement of the proposed Qualifying Transaction or the common shares of the Company have not yet commenced to trade, then Subject to certain limited exceptions, any common shares issued pursuant to the private placement to Non Arm's Length Parties to the Company and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm's Length Parties

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Company has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Company or a Non Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

(a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finder's fees, loans, advances and bonuses, and

(b) deposits and similar payments.

Further, no such payments will be made on or after the Completion of a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Company may reimburse a Non Arm's Length Party to the Company for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Company or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Company), and the Company may also reimburse a Non Arm's Length Party to the Company for reasonable out-of-pocket expenses incurred in pursuing the business of identifying and evaluating assets or businesses with a view to a potential Qualifying Transaction.

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Options

Pursuant to an agency agreement (the "Agency Agreement") dated ◆, 2003 among the Company and the Agent, the Company has appointed the Agent as its agent to offer for sale on a best efforts basis to the public 2,000,000 Common Shares as provided in this prospectus, at a price of $0.20 per Common Share, for gross proceeds of $400,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of

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ten (10%) percent of the aggregate gross proceeds from the sale of the Common Shares. The Company has paid to the Agent a corporate finance fee of $7,000 plus GST and will pay the Agent's legal fees and expenses, estimated at $8,000.

The Company has also agreed to grant to the Agent the Agent's Option entitling it to purchase 200,000 common shares at a price of $0.20 per share, which may be exercised for a period of 18 months months from the date the common shares of the Company are listed on the Exchange. The issuance of the Agent's Option is qualified under this prospectus. The Agent intends to sell to the public any common shares received by it upon the exercise of its option. Not more than 50% of the common shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Company and may make co-brokerage arrangements with other investment dealers at no additional cost to the Company. 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 events as stated in the Agency Agreement.

Commercially ReasonableEfforts Offering and Minimum Distribution

The total Offering is of 2,000,000 Common Shares for total gross proceeds of $400,000. Under the CPC Policies, no purchaser of the Common Shares is permitted to purchase more than 2% or 40,000 of the total Common Shares in the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates of Affiliates of that purchaser is 4% or 80,000 of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of $400,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Company also proposes to grant options to purchase 300,000 common shares to directors and officers in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus.

Determination of Price

The distribution price has been determined by negotiation between the board of directors of the Company and the Agent.

Listing Application

The Company has applied to list its common shares on the Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

Conditional Listing Approval

The Exchange has not yet approved the Company's application to list its shares on the Exchange.

Restrictions on the Agent

The Agent has advised the Company that to the best of its knowledge and belief, neither it, nor any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing:

(a) has subscribed for Common Shares of the Company, or

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(b) are permitted to subscribe for Common Shares of the Company pursuant to this distribution; and

until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by such persons, is 20% of the issued and outstanding common shares of the Company exclusive of common shares reserved for issuance at a future date.

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of options to the directors and officers of the Company no securities of the Company will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities regulatory authorities and the time the common shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SECURITIES OFFERED

Common Shares

The holders of the Company's common shares are entitled to dividends as and when declared by the Directors of the Company. They are also entitled to one vote per share on all matters at all meetings of the shareholders of the Company and, upon liquidation, are entitled to receive such assets of the Company as are distributable pro rata to the holders of the common shares. All of the common shares to be outstanding on completion of this Offering will be fully paid and non-assessable. There are no pre-emptive rights or conversion rights attached to the common shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the common shares of the Company.

Modification of Terms

The *Company Act* (British Columbia) provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than 3/4 of the votes cast in person or by proxy by holders of shares of that class.

CAPITALIZATION

Capitalization

	Amount authorized	**Amount outstanding as of the date of the most recent balance sheet contained in the prospectus[1]**	**Amount outstanding as of October 31, 2002**	**Amount to be outstanding if all Common Shares being offered are sold [1][2]**
Common Shares	100,000,000	1,000,000	1,000,000	3,000,000

Notes:

1. As of the date of this prospectus there are 500,000 common shares of the Company reserved for future issuance: 300,000 on exercise of stock options and 200,000 on exercise of the Agent's Option. See "Options to Purchase Securities" and "Plan of Distribution"
2. The gross proceeds from the Offering will be $400,000. The estimated expenses of the Offering are $88,490. See "Use of Proceeds".

3. At October 31, 2002 (balance sheet date) the Company had not commenced commercial operations. See “Business of the Company”.

OPTIONS TO PUCHASE SECURITIES

Options

The Company will be granting the following options to purchase common shares to directors and officers of the Company:

Name of Optionee	Number	Exercise Price	Expiry Date
Paul Storey	60,000	$0.20	5 years after the listing of the common shares on the Exchange
Mary Davies	60,000	$0.20	5 years after the listing of the common shares on the Exchange
Shannon Ross	60,000	$0.20	5 years after the listing of the common shares on the Exchange
Bernhard Zinkhofer	60,000	$0.20	5 years after the listing of the common shares on the Exchange
Sargent H. Berner	60,000	$0.20	5 years after the listing of the common shares on the Exchange

The options to purchase 300,000 Common Shares to be granted to directors and officers are qualified for distribution under this prospectus. See “Plan of Distribution”. Any shares issued on exercise of these stock options will be held in escrow in accordance with CPC Policies. See “Escrowed Shares”.

Stock Option Terms

The Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and technical consultants non-transferable options to purchase common shares exercisable for a period of up to 5 years from the date the Company’s shares commence trading on the Exchange provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the

Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

PRIOR SALES

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

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
June 23, 2000	1	$0.10	$0.10	Cash (subscriber's share)
October 31, 2002	999,999	$0.10	$99,999.90	Cash

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 1,000,000 common shares issued prior to this Offering at a price of $0.10 per common share and all common shares that may be acquired from the Company's treasury by Non Arm's Length Parties of the Company either under the Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with Pacific Corporate Trust Company under an escrow agreement ◆, 2003 (the "Escrow Agreement").

All common shares acquired on exercise of stock options prior to the Completion of the Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all common shares of the Company acquired in the secondary market prior to the Completion of the Qualifying Transaction by any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as at the date hereof, the number of common shares of the Company, which are held in escrow.

Name and Municipality of Residence of Shareholder	Common Shares	Number of Shares held in escrow	Percentage of Shares prior to giving effect to the Offering	Percentage of Shares after giving effect to the Offering
Paul R. Storey North Vancouver, BC	150,000	150,000	15%	5.0%
Shannon M. Ross Burnaby, BC	250,000	250,000	25%	8.3%
Bernhard J. Zinkhofer Richmond, BC	130,000	130,000	13%	4.3%
Mary P. Davies North Vancouver, BC	220,000	220,000	22%	7.3%

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Name and Municipality of Residence of Shareholder	Common Shares	Number of Shares held in escrow	Percentage of Shares prior to giving effect to the Offering	Percentage of Shares after giving effect to the Offering
Sargent H. Berner Vancouver, BC.	250,000	250,000	25%	8.3%

Where the common shares of the Company which are required to be held in escrow are held by a non-individual (a "holding company"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement 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 addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company."

Under the Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange's Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed common shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed common shares will not be released. Under the Escrow Agreement each Non Arm's Length Party to the Company who holds escrowed common shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the escrow agent to immediately cancel all of those escrowed common shares upon the issuance by the Exchange of a bulletin delisting the common shares of the Company.

Escrowed Securities on Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are "Value Securities", then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the "Value Security Escrow Agreement"). "Value Securities" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "Surplus Security Escrow Agreement").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and

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36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a six-year escrow release mechanism with:

(a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and

(b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 month anniversaries of the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three-year escrow release mechanism with:

(a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, and

(b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Company and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

(a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the Policies of the Exchange; or

(b) the private placement is announced concurrently with the Agreement in Principle and

(i) at least 75% of the proceeds from the private placement are not from Principals of the Company or the proposed Resulting Issuer,

(ii) if subscribers, other than Principals of the Company or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and

(iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own 10% or more of the issued and outstanding common shares of the Company as at the date of this prospectus:

Name and Municipality of Residence	Type of Ownership	Number of Shares	Percentage of Shares Owned Before Offering	Percentage Owned After Offering
Paul R. Storey[(1)] North Vancouver, BC	Direct	150,000	15%	5.0%
Shannon M. Ross Burnaby, BC	Direct	250,000	25%	8.3%
Bernhard J. Zinkhofer Richmond, BC	Direct	130,000	13 %	4.3 %

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Name and Municipality of Residence	Type of Ownership	Number of Shares	Percentage of Shares Owned Before Offering	Percentage Owned After Offering
Mary P. Davies[1] North Vancouver, BC	Direct	220,000	22 %	7.3 %
Sargent H. Berner Vancouver, BC	Direct	250,000	25%	8.3%

Notes:
(1) Ms. Davies is the common law spouse of Mr. Storey.
(2) The holdings of the above shareholders on a fully diluted basis are as follows: Paul R. Storey (150,000 shares/ 4.3%), Shannon M. Ross (250,000 shares/7.1%), Bernhard J. Zinkhofer (130,000/ shares/ 3.7%), Mary P. Davies (220,000 shares/6.3%) and Sargent H. Berner (250,000 shares/7.1%).

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation, Security Holding and Involvement with Other Reporting Issuers

The following are the names, ages and municipalities of residence of the directors and officers of the Company, their positions and offices with the Company, their principal occupations during the past five years and the number, class and kind of securities of the Company held by each of them as of the date of this prospectus.

Name, Age and Municipality of Residence	Position Held	Principal Occupation	Number of Securities of the Company Held (% of class)					
			Common shares held before Offering	(% of class)	Common shares held after Offering	(% of class)	Options	(% of class)
Paul Storey, 44 North Vancouver	CEO, President and Director	Businessman, Restaurateur	150,000	15%	150,000	5.0%	60,000	20%
Shannon Ross, 50[2] Burnaby	CFO, Secretary, Director and Promoter	Chartered Accountant	250,000	25%	250,000	8.3%	60,000	20%
Mary Davies, 44[2] North Vancouver	Director and Promoter	Paralegal	220,000	22%	220,000	7.3%	60,000	20%
Bernhard Zinkhofer, 47[2] Richmond	Director	Lawyer	130,000	13%	130,000	4.3%	60,000	20%
Sargent H. Berner, 61 Vancouver	Director	Lawyer	250,000	25%	250,000	8.3%	60,000	20%
TOTAL SECURITIES			1,000,000	100%	1,000,000	33.3%	300,000	100%

Notes:
(1) The Company does not have an executive committee of its directors.
(2) Shannon Ross, Bernhard Zinkhofer and Mary Davies are members of the audit committee.

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In addition to any other requirements of the Exchange, the Exchange expects management of the Company to meet a high management standard. The directors and officers of the Company, on a collective basis possess the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a significant asset.

The following is a brief description of the management and key personnel of the Company:

Paul R. Storey is the President, Chief Executive Officer and a Director of the Company.

Mr. Storey has more than 24 years of management experience in the hospitality and food service industry. Since June 1997 he has been the senior operations manager of Steamworks Brewing Company, a Vancouver brewpub. Prior to joining Steamworks, Mr. Storey was a member of the management team at Sun Peaks Resort, Sun Peaks, British Columbia, from January 1995 to June 1997 where he served as Food and Beverage Manager (1996-1997) and restaurant facility manager (1995-1996).

Mr. Storey will devote approximately 25% of his time to the business of the Company, and he will be primarily responsible for liasing with members of management of potential target companies and evaluating potential Qualifying Transactions.

Shannon M. Ross, BComm, CA is the Chief Financial Officer, Secretary and a Director of the Company.

Ms. Ross is a Chartered Accountant. She is currently the Chief Financial Officer for the Lang Mining Group of companies. She was the Controller of Dia Met Minerals Ltd. from January to July 1999. From March 1996 to January 1999, Ms. Ross was the Controller of several public and non-public companies managed by Hunter Dickinson Inc. Ms. Ross will devote approximately 10% of her time to the business of the Company, and she will be primarily responsible for providing accounting and financial services to the Company and evaluating potential Qualifying Transactions.

Mary P. Davies is a Director of the Company.

Ms. Davies is a securities paralegal employed with the law firm of Lang Michener since 1991.

Ms. Davies will devote approximately 25% of her time to the business of the Company, and she will be primarily responsible for preparation of regulatory filing documents and evaluating potential Qualifying Transactions.

Bernhard Zinkhofer, LLB, CA is a Director of the Company.

Mr. Zinkhofer is currently a partner with the law firm of Lang Michener in Vancouver and practices mainly in the corporate and securities areas.

Mr. Zinkhofer will devote approximately 5% of his time to the business of the Company, and he will be primarily responsible for evaluating potential Qualifying Transactions.

Sargent H. Berner, LLB, LLM, is a Director of the Company.

Mr. Berner is currently a partner with the law firm of DuMoulin Black in Vancouver and practices mainly in the corporate and securities areas.

Mr. Berner will devote approximately 5% of his time to the business of the Company, and he will be primarily responsible for evaluating potential Qualifying Transactions.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers and promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

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Name of Director, Officer or Promoter	**Name of Reporting Company**	**Name of Exchange or Market**	**Position**	**Term**
Bernhard Zinkhofer	Foran Mining Corporation	TSX Venture	Secretary Director	08/94 to 01/00 08/94 to 01/00
	Strategic Technologies Inc.	TSX Venture	Director and Secretary	04/93 to present
	W.M. Helijet Airways Ltd.	TSX Venture	Director	12/93 to present
	Tag Oil Ltd. (formerly Durum Cons. Energy Corp.)	OTC BB	President Director	09/99 to present 04/97 to present
	Trans Orient Petroleum Ltd.	OTC BB	Director	04/97 to present
	Caliente Capital Corp.	TSX Venture	Director	10/99 to present
Shannon Ross	Quartz Mountain Resources Ltd.	TSX Venture	Director Vice-President, Corporate Affairs Secretary	01/97 to present 01/90 to present 01/95 to present
	Valerie Gold Resources Ltd.	TSX Venture	CFO and Secretary	01/00 to present
	Sultan Minerals Inc.	TSX Venture	CFO and Secretary	01/00 to present
	Cream Minerals Ltd.	OTC BB TSX Venture	CFO and Secretary	01/00 to present
	Emgold Mining Corporation	TSX Venture	CFO and Secretary	01/00 to present
	Northern Orion Explorations Ltd.	TSX TSXTSX Venture	Chief Financial Officer Secretary	06/01 to present
	Dia Met Minerals Ltd.		Secretary	03/99 to 07/99
	Caliente Capital Corp.		Secretary and Director	10/99 to present
Paul R. Storey	Caliente Capital Corp.	TSX Venture	President, Chief Executive Officer and Director	10/99 to present
Mary P. Davies	Caliente Capital Corp.	TSX Venture	Director	10/99 to present
Sargent H. Berner	Aurizon Mines Ltd.	TSX	Director	06/88 to present
	Cream Minerals Ltd.			

Emgold Mining Corporation	TSX Venture Exchange OTCBB	Director	09/95 to present
Northern Orion Explorations Ltd.	TSX Venture	Director	06/91 to present
	TSX	Secretary	05/01 to present
Sultan Minerals Ltd.			
		Director	06/96 to present
Titan Logix Corp. (formerly Pacific Resources Ltd.)	TSX Venture		
	TSX Venture	Director	08/97 to present
Valerie Gold Resources Ltd.			
Quest Investment Corporation (formerly Stockscape.com Technologies Inc.)	TSX Venture	Director	01/96 to present
	TSX Venture OTC BB	Director	10/90 to 06/02

Corporate Cease Trade Orders

No director, officer, insider, or promoter of the Company nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within the 10 years before the date of this prospectus has been, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer, insider or promoter of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director, officer, insider or promoter of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons has, within the 10 years before the date of the prospectus, as applicable, become bankrupt, 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 their assets

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Conflict of Interest

There are potential conflicts of interest to which all of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. Four of the directors, officers, insiders and promoters serve together as directors and officers of Caliente Capital Corp., a CPC listed on the Exchange**.** They also are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where all of the directors, officers, insiders and promoters will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under *Company Act* (British Columbia).

EXECUTIVE COMPENSATION

Remuneration

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly to indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Company or any Resulting Issuer by any means, including:

(a) remuneration, which includes but is not limited to:

(i) salaries;

(ii) consulting fees;

(iii) management contract fees or directors' fees;

(iv) finders fees;

(v) loans, advances, bonuses; and (b) deposits and similar payments.

However, the Company will reimburse Non Arm's Length Parties for the Company's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"). At the date of this prospectus the Company's directors have agreed to reimburse a director of the Company for rent and office expenses in the amount of $250 per month commencing on the date the Company's shares commence trading on the Exchange. Since incorporation, the Company has not paid any amounts to Non Arm's Length Parties. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Company may also be granted stock options.

Following Completion of the Qualifying Transaction, it is anticipated that the Company may pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Company or by any party on behalf of the Company, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

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DILUTION

Dilution

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 16.7% or $0.0333 per Common Share on the basis of there being 3,000,000 common shares of the Company issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Company.

RISK FACTORS

The following risk factors are considered material to the Company:

(a) the Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;

(b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Company's business and its present stage of development;

(c) **investors will be relying on management's ability to find and finance business opportunities, and if the CPC Policies are amended to provide that Majority of the Minority Approval is only required for a proposed Qualifying Transaction with a Non-Arm's Length Party, no specific shareholder approval of a proposed Qualifing Transaction will be sought by the Company unless the proposed transaction is with a Non Arms Length Party or is otherwise required under applicable corporate or securities laws.**

(d) the directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Directors, Officers and Promoters";

(e) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 16.7% or $0.0333 per Common Share;

(f) there can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell its common shares;

(g) until Completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

(h) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;

(i) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;

(j) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, except as otherwise disclosed in this prospectus, , Majority of the Minority Approval. See "Business of the Company";

(k) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Qualifying Transaction for which

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Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares;

(l) upon public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;

(m) trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required;

(n) the Exchange will generally suspend trading in the Company's common shares or delist the Company in the event that the Exchange has not issued a Final Exchange Bulletin within 18 months from the date of listing;

(o) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;

(p) in the event that management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;

(q) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company; and

(r) subject to prior Exchange acceptance, the Company may be permitted to loan or advance up to an aggregate of $125,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover that loan.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

LEGAL PROCEEDINGS

There are no actual or pending legal proceedings to which the Company is a party.

INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT

No director, officer or promoter or other member of management of the Company, or any Associate or Affiliate of any such person, is or has been indebted to the Company.

PROMOTERS

Mary P. Davies and Shannon M. Ross may be considered to be promoters of the Company in that they took the initiative in founding and organizing the Company. Ms. Davies owns or controls 220,000 (22%) (7.3% on closing of the Offering) common shares and she has been granted an option to acquire 60,000 common shares at a price of

$0.20 per share, and Ms. Ross owns or controls 250,000 (25%) (8.3% on closing of the Offering) common shares and she has been granted an option to acquire 60,000 common shares at a price of $0.20 per share.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is not a related issuer or connected issuer, as defined in National Instrument 33-105, of the Agent, nor are any securities being offered from the holdings of a selling shareholder who is a related issuer or connected issuer to the Agent.

RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS

No professional person, including a responsible solicitor or any partner of a responsible solicitor's firm has any beneficial interest, direct or indirect, in any securities or property of the Company.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The Company's auditor is Morgan and Company, Chartered Accountants, PO Box 10007, Suite 1488 – 700 West Georgia Street, Vancouver, B.C. V7Y 1A1.

Transfer Agent and Registrar

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

MATERIAL CONTRACTS

The Company has not entered into any material contracts since its incorporation except as follows:

1. Agency Agreement dated ◆, 2003 with Yorkton Securities Inc.. See "Plan of Distribution".

2. Incentive Stock Option Agreements dated ◆, 2003 between the Company and each of Paul Storey, Shannon Ross, Mary Davies, Bernhard Zinkhofer and Sargent Berner. See "Options to Purchase Securities".

3. Escrow Agreement dated ◆, 2003 among the Company, Pacific Corporate Trust Company and Paul Storey, Shannon Ross, Mary Davies, Bernhard Zinkhofer, and Sargent Berner. See "Escrowed Securities".

The above contracts may be inspected at the registered office of the Company's solicitor at Suite 800 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days after completion of the distribution.

OTHER MATERIAL FACTS

There are no other material facts relating to the securities proposed to be offered which have not been disclosed elsewhere in this prospectus.

PURCHASER' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not

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delivered to the purchaser, provided that the remedies for rescission or damages must be exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province of residence for the particulars of these rights or consult with a legal adviser.

FINANCIAL STATEMENTS

Audited financial statements for the Company for the period from inception to October 31, 2002 are attached to this prospectus.

ARRABBIATA CAPITAL CORP.

FINANCIAL STATEMENTS

OCTOBER 31, 2002 AND 2001

AUDITORS' REPORT

To the Directors
Arrabbiata Capital Corp.

We have audited the balance sheets of Arrabbiata Capital Corp. as at October 31, 2002, 2001 and 2000, and the statements of cash flows for the years ended October 31, 2002 and October 31, 2001, and for the period from incorporation, June 23, 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 audits.

We conducted our audits 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 Company as at October 31, 2002, 2001 and 2000, and cash flows for the years ended October 31, 2002 and October 31, 2001, and for the period from incorporation, June 23, 2000, to October 31, 2000, in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a consistent basis.

Vancouver, B.C.

November 12, 2002, except for Note 4
which is as of , 2002

Chartered Accountants

ARRABBIATA CAPITAL CORP.

BALANCE SHEETS

	OCTOBER 31		
	2002	2001	2000
ASSETS			
Current			
Cash	**$ 88,500**	$ -	$ -
GST recoverable	**490**	490	490
	88,990	490	490
Deferred Share Issue Costs	**11,420**	11,310	11,310
	$ 100,410	$ 11,800	$ 11,800
LIABILITIES			
Advances Payable	**$ 410**	$ 11,800	$ 11,800
SHAREHOLDERS' EQUITY			
Share Capital			
Authorized:			
100,000,000 common shares of no par value			
Issued and fully paid:			
1,000,000 common shares (2001 and 2000 – 1 common share)	**100,000**	-	-
Deficit	**-**	-	-
	100,000	-	-
	$ 100,410	$ 11,800	$ 11,800

See the accompanying notes to the financial statements

STATEMENTS OF CASH FLOWS

	YEARS ENDED OCTOBER 31 2002	2001	PERIOD FROM INCORPORATION JUNE 23 2000 TO OCTOBER 31 2000
Cash Flows From Operating Activities			
Changes in non-cash working capital items:			
GST recoverable	**$ -**	$ -	$ (490)
Cash Flows From Financing Activities			
Advances (repaid)	**(11,390)**	-	11,800
Issue of shares	**100,000**	-	-
Deferred share issue costs	**(110)**	-	(11,310)
	88,500	-	490
Increase In Cash	**88,500**	-	-
Cash, Beginning Of Year	**-**	-	-
Cash, End Of Year	**$ 88,500**	$ -	$ -

See the accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2002 AND 2001

1. NATURE OF OPERATIONS

The Company was incorporated under the Company Act (British Columbia) on June 23, 2000. The Company is a capital pool company. Under the rules of the TSX Venture Exchange (the "TSX Venture") and as of October 31, 2002, the Company had no business or assets, other than cash and deferred expenses, nor had it entered into any agreements to acquire any interest in any business or assets. As a capital pool company, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to participation therein.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

b) Deferred Share Issue Costs

The Company defers all costs incurred in connection with the issue of share capital to be offset against the consideration received as a result of the issue of shares from the treasury.

c) Financial Instruments

The Company's financial instruments consist of cash and GST recoverable.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

d) Stock Based Compensation

Employee and director stock options granted by the Company are not recognized in the accounts until exercised, and then are recorded only as a credit to share capital to the extent of the exercise price. No remuneration expense is recorded by the Company on the excess, if any, of the trading price of the stock over the exercise price.

3. SHARE CAPITAL

a) Authorized

100,000,000 common shares without par value

b) Issued

	2002	2001
Balance, October 31, 2000 and 2001	**$ 1**	$ -
Issued for cash at $0.10 per share	**999,999**	100,000
Balance, October 31, 2002	**$ 1,000,000**	$ 100,000

c) Escrow Shares

At October 31, 2002, all of the Company's issued shares are held in escrow and will be released upon regulatory approval.

d) Share Options

At October 31, 2002, subject to shareholder and regulatory approval, the Company granted options to directors to purchase a total of 300,000 common shares at $0.20 per share. The options will be exercisable for a period up to five years following the date of obtaining a listing on the TSX Venture Exchange.

4. SUBSEQUENT EVENTS

Pursuant to an agency agreement dated , the Company intends to offer to the public on a best efforts basis, 2,000,000 common shares at $0.20 per share (the "Public Offering"). The cost of the issue, including the agent's commission, is estimated to be approximately $67,000. In connection with this offering, the agent will be granted an option to purchase up to 200,000 common shares of the Company at a price of $0.20 per share for a period of eighteen months from the date the Company's common shares are listed for trading on the TSX Venture Exchange.

The Company has also filed a preliminary prospectus dated November , 2002, with the British Columbia and Alberta Securities Commissions and the TSX Venture with respect to the Public Offering.

CERTIFICATE OF THE COMPANY

Dated: January 3, 2003

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) the *Securities Act* (Alberta) and their respective regulations.

"PAUL R. STOREY"	"SHANNON M.ROSS"
Paul R. Storey	Shannon M. Ross
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD

"MARY P. DAVIES"	"BERNHARD J. ZINKHOFER"
Mary P. Davies	Bernhard J. Zinkhofer
Director	Director

CERTIFICATE OF THE PROMOTERS

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), the *Securities Act* (Alberta) and their respective regulations.

"MARY P. DAVIES"	"SHANNON M. ROSS"
Mary P. Davies	Shannon M. Ross

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CERTIFICATE OF THE AGENT

Dated: January 3, 2003

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 the *Securities Act* (British Columbia), the *Securities Act* (Alberta) and their respective regulations.

YORKTON SECURITIES INC.

Per: "ALI RAWJI"
Ali Rawji