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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. 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 authorized to sell such securities.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States of America and, subject to certain exemptions, may not be offered or sold in the United States of America. See "Plan of Distribution".

PRELIMINARY PROSPECTUS

New Issue

November 1, 2004

BOLCAR ÉNERGIE INC.

Minimum Offering: \$1,701,000

Maximum Offering: \$5,001,000

Price per A Unit: \$3,000

Price per B Unit: \$30,000

Price per C Unit: \$30,000

Minimum Subscription: One A Unit (\$3,000), One B Unit (\$30,000) or One C Unit (\$3,000)

This offering (the "**Offering**") consists of a combination of A, B and C units (respectively, the "**A Units**", the "**B Units**" and the "**C Units**"; and collectively, the "**Units**") of Bolcar Énergie Inc. (the "**Corporation**") having a minimum aggregate value of \$1,701,000 (the "**Minimum Offering**") and a maximum aggregate value of \$5,001,000 (the "**Maximum Offering**"). Each A Unit is offered at \$3,000 per Unit and consists of ● flow-through common shares (the "**Flow-Through Shares**") at a price of \$● per share, ● common shares (the "**Common Shares**") at a price of \$● per share and ● Common Share purchase warrants (the "**Warrants**") of the Corporation. Each Warrant entitles its holder to subscribe for one additional Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on December 31, 2005. Each B Unit is offered at \$30,000 per Unit and consists of ● Flow-Through Shares at a price of \$● per share and ● Warrants. Each C Unit is offered at \$30,000 per Unit and consists of ● Common Shares at a price of \$● and ● Warrants.

A maximum of 1,667 A Units, 50 B Units and 50 C Units shall be issuable under the Offering. The aggregate number of Flow-Through Shares that may be issued under the Minimum Offering is limited to ● Flow-Through Shares (\$1,450,000). The aggregate number of Flow-Through Shares that may be issued under the Maximum Offering is limited to ● Flow-Through Shares (\$4,250,000). See "Description of the Securities Distributed" and "Use of Proceeds".

The Common Shares are listed on the TSX Venture Exchange (the "**Exchange**") under the symbol "BOE.P". On October 29, 2004, the closing price of the Common Shares on the Exchange was \$0.25. The Exchange has conditionally approved the listing of the Flow-Through Shares and Common Shares comprising the Units, the Common Shares issuable upon exercise of the Warrants, the Common Shares issuable upon exercise of the Agent's Options, as defined below, and the Common Shares to be issued to Altai Resources Inc. ("**Altai**") and Pétro St-Pierre ("**Pétro St-Pierre**"), as described under "Proposed Qualifying Transaction", all of which are qualified for distribution by this prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

	<u>Price to Public⁽¹⁾</u>	<u>Agent's Commission⁽²⁾</u>	<u>Proceeds to the Corporation⁽³⁾</u>
Per A Unit	\$3,000	\$240	\$2,760
Per B Unit	\$30,000	\$2,400	\$27,600
Per C Unit	\$30,000	\$2,400	\$27,600
Minimum Offering	\$1,701,000	\$136,080	\$1,564,920
Maximum Offering ⁽⁴⁾	\$5,001,000	\$400,080	\$4,600,920

- (1) The prices of the Units were determined by negotiation between the Corporation and Investpro Securities Inc. (the "Agent").
- (2) The Agent is entitled to a cash remuneration equal to 8% of the gross proceeds from the Units subscribed. Moreover, the Agent will receive a number of non-assignable compensation options equal to 10% of the aggregate number of Flow-Through Shares and Common Shares contained in the Units subscribed pursuant to the Offering (the "Agent's Options"). Each Agent's Option entitles the Agent to purchase one Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on June 30, 2006. The Agent's Options and the underlying Common Shares are qualified for distribution by this prospectus. See "Description of Securities Distributed" and "Plan of Distribution".
- (3) After deducting the Agent's Commission, but before deducting expenses of the Offering payable by the Corporation, which are estimated to be \$25,000.
- (4) This prospectus also qualifies the distribution of 14,142,785 Common Shares to Altai and 12,357,215 Common Shares to P tro St-Pierre as partial consideration for the acquisition of several oil and gas permits. See "Proposed Qualifying Transaction".

INCOME TAX DEDUCTIONS

The Corporation will incur Canadian Exploration Expenses ("CEE") of \$● per Flow-Through Share on or before December 31, 2005 and renounce CEE equal to such amount to each subscriber, thereby giving subscribers residing in Qu bec the right to tax deductions of 150% of CEE incurred in the province of Qu bec, at the provincial level, and, to all subscribers, 100% of CEE, at the federal level, for the 2004 tax year. **Subscribers should consult their own professional advisers to assess the income tax, legal and other aspects of an investment in the Units. See "Canadian Federal Income Tax Considerations" and "Qu bec Income Tax Considerations".**

These securities are considered to be highly speculative due to the nature of the Corporation's business, its present stage of development and other risk factors that are inherent in such an investment. An investment in the securities of the Corporation should only be made by persons who can afford to sustain a significant or total loss of their investment. The Corporation is a capital pool company ("CPC") and, following its proposed Qualifying Transaction, expects to be in the business of the acquisition, exploration, development and production of crude oil and natural gas, the success of which cannot be assured. The Corporation has never paid any dividends on its Common Shares. Subscribers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. See "Risk Factors".

Certain legal matters relating to the securities offered under this prospectus will be passed upon by Lavery, de Billy, L.L.P., on behalf of the Corporation, and by Langlois Kronstr m Desjardins, G.P.L.L., on behalf of the Agent.

The Offering is made on a "best efforts" basis by the Agent and is subject to the completion of the Minimum Offering. The proceeds from subscriptions will be deposited with the CIBC Mellon Trust Company, the depository, pending closing of the Minimum Offering. If the Minimum Offering is not met by December 31, 2004, any subscriptions received will be returned to subscribers, without interest or deduction.

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 certificates evidencing the Flow-Through Shares, Common Shares and Warrants in definitive form will be available for delivery within five days of the closing of the Offering. Should a closing occur in respect of the Minimum Offering, one or more additional closings, if necessary, may occur until the earlier of the Maximum Offering being subscribed and December 31, 2004.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Lavery, de Billy, L.L.P., counsel to the Corporation, and Langlois Kronström Desjardins, G.P.L.L., counsel to the Agent, the Flow-Through Shares, Common Shares and Warrants, if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans under the *Income Tax Act* (Canada) (the "**Tax Act**"), and based on a certificate of an officer of the Corporation as to certain factual matters, would not be foreign property for the purpose of Part XI of such Act.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this prospectus should not be unduly relied upon. These forward-looking statements speak only as of the date of this prospectus.

In particular, this prospectus may contain forward-looking statements pertaining to the following:

- oil and natural gas production levels;
- capital expenditure programs;
- the quantity of oil and natural gas reserves;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions;
- exploration and development; and
- treatment under governmental regulatory regimes.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of:

- the risk factors set forth below and elsewhere in this prospectus;
- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility; and
- the other factors discussed under "Risk Factors".

These factors should not be considered exhaustive. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements.

PROSPECTUS SUMMARY

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

Issuer: Bolcar Énergie Inc. (the "**Corporation**")

Business of the Corporation: The Corporation is a Capital Pool Company ("**CPC**") that was incorporated pursuant to the *Canada Business Corporations Act* on June 18, 2003. See "Corporate Structure". The Corporation completed an initial public offering in the Provinces of Québec, Alberta and Ontario, on December 3, 2003 and its Common Shares were listed on the TSX Venture Exchange (the "**Exchange**") on December 9, 2003.

At the present time, the business of the Corporation consists of the identification and evaluation of companies, assets or businesses for the purpose of completing a Qualifying Transaction ("**Qualifying Transaction**"), as defined in Policy 2.4 of the Exchange Corporate Finance Manual (the "**CPC Policy**"). The Corporation has not commenced commercial operations, with the exception of pursuing the proposed Qualifying Transaction that is described in greater detail under "Proposed Qualifying Transaction", and has no assets, other than a minimum amount of cash. See "Business of the Corporation". Following completion of the Qualifying Transaction, the Corporation expects to be involved in the acquisition, exploration, development and production of crude oil and natural gas in the Province of Québec. See "Business of the Corporation", "Proposed Qualifying Transaction" and "Exploration Activities". The Corporation's Common Shares are listed on the Exchange and trade under the symbol "BOE.P". See "Prior Sales of Common Shares and Trading Information".

Proposed Qualifying Transaction:

With a view towards completing a Qualifying Transaction, the management of the Corporation entered into negotiations with Altai Resources Inc. ("**Altai**") and Pétro St-Pierre Inc. ("**Pétro St-Pierre**") for the acquisition of several oil and gas permits. Pursuant to an asset purchase agreement dated April 8, 2004, as amended by an addendum dated August 11, 2004, between Altai, Pétro St-Pierre and the Corporation (the "**Asset Purchase Agreement**"), the Corporation agreed to acquire the Lac St-Pierre Property and the Sorel Property (collectively, the "**Properties**"), consisting of an aggregate of seven oil and gas permits in the Lac St-Pierre area, Québec, covering approximately 123,155 hectares, in consideration for a total amount of \$7,950,000 payable by the issuance at closing of an aggregate of 26,500,000 Common Shares at a deemed price of \$0.30 per Common Share and the payment of an aggregate of \$90,000 to Altai and Pétro St-Pierre in proportion to their respective interests in the permits as at December 31, 2003. Thus, this prospectus qualifies the issuance of a total of 14,142,785 Common Shares to Altai and 12,357,215 Common Shares to Pétro St-Pierre. The \$90,000

payment will be divided as follows: Altai will receive a payment of \$48,032.10, while P tro St-Pierre will receive a payment of \$41,967.90. See "Proposed Qualifying Transaction" and "Use of Proceeds".

Offering:

This offering (the "**Offering**") consists of a combination of A, B and C units (respectively, the "**A Units**", the "**B Units**" and the "**C Units**"; and collectively, the "**Units**") of the Corporation having a minimum aggregate value of \$1,701,000 (the "**Minimum Offering**") and a maximum aggregate value of \$5,001,000 (the "**Maximum Offering**"). Each A Unit is offered at \$3,000 per Unit and consists of ● flow-through common shares (the "**Flow-Through Shares**") at a price of \$● per share, ● common shares (the "**Common Shares**") at a price of \$● per share and ● Common Share purchase warrants (the "**Warrants**") of the Corporation. Each Warrant entitles its holder to subscribe for one additional Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on December 31, 2005. Each B Unit is offered at \$30,000 per Unit and consists of ● Flow Through Shares at a price of \$● per share and ● Warrants. Each C Unit is offered at \$30,000 per Unit and consists of ● Common Shares at a price of \$● and ● Warrants.

A maximum of 1,667 A Units, 50 B Units and 50 C Units shall be issuable under the Offering. The aggregate number of Flow-Through Shares that may be issued under the Minimum Offering is limited to ● Flow-Through Shares (\$1,450,000). The aggregate number of Flow-Through Shares that may be issued under the Maximum Offering is limited to ● Flow Through Shares (\$4,250,000).

In addition, the Corporation will grant to the Agent a number of non-assignable compensation options (the "**Agent's Options**") equal to 10% of the aggregate number of Flow-Through Shares and Common Shares comprised in the Units subscribed pursuant to this Offering. Each Agent's Option entitles the Agent to purchase one Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on June 30, 2006. The Agent's Options and the underlying Common Shares are qualified for distribution under this prospectus.

Furthermore, this prospectus also qualifies the distribution of an aggregate of 26,500,000 Common Shares to Altai and P tro St-Pierre as partial consideration for the purchase of several oil and gas permits by the Corporation.

The Exchange has conditionally approved the listing of the Flow-Through Shares and Common Shares comprising the Units, the Common Shares issuable upon exercise of the Warrants, the Common Shares issuable upon exercise of the Agent's Options and the Common Shares to be issued to Altai and P tro St-Pierre. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange. See "Proposed Qualifying Transaction", "Use of Proceeds", "Description of the Securities Distributed" and "Plan of Distribution".

Price: A Unit: \$3,000
B Unit: \$30,000
C Unit: \$30,000.

Minimum Subscription: The minimum individual subscription is one A Unit (\$3,000), one B Unit (\$30,000) or one C Unit (\$30,000). See "Description of the Securities Distributed" and "Plan of Distribution".

Use of Proceeds: The net proceeds to the Corporation from the Offering, after the payment of the Agent's commission and all costs in respect of the Offering, are estimated to be \$1,457,825, in the case of the Minimum Offering, and \$4,478,850, in the case of the Maximum Offering. The net proceeds of the Offering will be used to complete the proposed Qualifying Transaction, to implement exploration work on the Properties and for working capital. The portion of the net proceeds attributable to the Flow-Through Shares will be used to incur CEE on the exploration and development of the Corporation's oil and natural gas properties on or before December 31, 2005. See "Use of Proceeds", "Canadian Federal Income Tax Considerations" and "Québec Income Tax Considerations".

The Meeting: The Corporation will hold a special meeting of shareholders on Tuesday, November 9, 2004, to request that the shareholders approve, ratify and confirm the acquisition of the Properties in accordance with the Asset Purchase Agreement, as the Qualifying Transaction of the Corporation. See "Proposed Qualifying Transaction".

Management and Directors:

<u>Name</u>	<u>Position Held</u>
Gérard Prévost	President, Chief Executive Officer and Director
Serge Shedleur	Vice President, Finance, and Chief Financial Officer
Michel Blouin	Secretary
Robert Turcotte	Vice President, Operations
Robert A. Boyd	Director
Michael Curtis	Director
Robert Guillemette	Director
Niyazi Kacira	Director
Jean-Guy Lambert	Director

Income Tax Considerations: The Corporation will incur Canadian Exploration Expenses ("CEE") of \$● per Flow-Through Share on or before December 31, 2005 and renounce CEE equal to such amount to each subscriber, thereby giving subscribers resident in Québec the right to tax deductions of 150% of CEE incurred in the Province of Québec, at the provincial level, and, to all subscribers, 100% of CEE, at the federal level, for the 2004 tax year. Subscribers should consult their own professional advisers to assess the

income tax, legal and other aspects of an investment in the Units. See "Canadian Federal Income Tax Considerations" and "Québec Income Tax Considerations".

Risk Factors:

An investment in the Units must be regarded as highly speculative due to the nature of the Corporation's business, its present stage of development and other risk factors that are inherent in such an investment. The Corporation was recently incorporated, has no active business and owns no business operations or assets, other than cash. The Corporation is a CPC that has not yet completed a Qualifying Transaction. See "Business of the Corporation" and "Proposed Qualifying Transaction".

The Corporation does not have a history of earnings, has not paid any dividends and will not generate earnings or pay dividends until at least after the completion of the proposed Qualifying Transaction. The Offering is suitable only to those investors who are willing to rely entirely on the directors and management of the Corporation and who can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. After completion of the Qualifying Transaction, the Corporation intends to pursue oil and gas exploration and development programs, the success of which cannot be assured. There are additional risks associated with the investment relating to the Corporation's prospects for success, including the availability of subsequent financing, competition in the oil and gas industry, potential liability for damages arising during operations, governmental regulation, availability of oil and natural gas markets, fluctuating commodity prices and changes in income tax laws. In assessing the risks of an investment in the Units, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Corporation. **An investment in the Units is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units. See "Risk Factors".**

Summary Financial Information

The following table sets out certain pro forma financial information regarding the Corporation once the Qualifying Transaction and others adjustments have occurred:

	As at June 30, 2004 ⁽¹⁾
Assets	
Current assets	\$1,883,747
Oil and gas permits	\$3,554,255
Total assets	\$5,500,827
Liabilities	
Current liabilities	\$96,462
Shareholders' equity	\$5,404,365
Total liabilities and shareholders' equity	\$5,500,827

- (1) See the notes to the pro forma balance sheet included in this prospectus for assumptions and adjustments. The pro forma balance sheet may not reflect the financial situation that would have been obtained if the Qualifying Transaction had been effective at the dates indicated or the forecasted financial situation for the coming periods.

TAX DEDUCTIONS AND AFTER-TAX COST ⁽¹⁾⁽²⁾⁽⁴⁾

The following table illustrates for each \$3,000 invested in the A Units the total estimated deductions available to subscribers in 2004, the estimated savings and the resulting estimated after-tax cost, based on the assumption that the subscribers are individuals residing in the Provinces of Québec, British Columbia, Alberta or Ontario respectively and that they are taxed at the combined maximum marginal tax rate, namely 48.215%, 43.70%, 39% or 46.41% in the Provinces of Québec, British Columbia, Alberta or Ontario, respectively, as of the date hereof. The table assumes:

- (1) that all the proceeds from the subscriptions for the Flow-through Shares will be incurred as CEE by no later than December 31, 2005; and
- (2) that the investor meets the conditions prescribed by the Tax Act outlined under the heading "Canadian Federal Income Tax Considerations".

	Net Cost (assumed subscription of \$3,000)				
	Québec (Minimum Offering)	Québec (Maximum Offering)	British Columbia	Alberta	Ontario
Top Marginal Tax Rate (Year 2004) ⁽³⁾	48.215%	48.215%	43.70%	39%	46.41%
Minimum Subscription	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Less Estimated Tax Savings (Year 2004) ⁽⁴⁾	\$1,593.44	\$1,587.50	\$1,114.35	\$994.50	\$1,183.46
Money at Risk ⁽⁵⁾	\$1,406.56	\$1,412.50	\$1,885.65	\$2,005.50	\$1,816.55
% Money at Risk to Total Investment	46.89%	47.08%	62.86%	66.85%	60.55%
Money at Risk per Additional \$2,550 Flow-Through Shares ⁽⁶⁾	\$1,406.56	\$1,412.50	\$1,885.65	\$2,005.50	\$1,816.55

- (1) This table has been prepared on the basis that the flow-through funds of \$2,550 per assumed subscription of \$3,000 paid for each A Unit will be expended on Qualifying Expenditures which will be renounced by the Corporation to the subscribers effective in 2004 pursuant to the Tax Act. Qualifying Expenditures will be incurred such that all of the flow-through funds will be expended on CEE or on CDE which can be renounced to subscribers as CEE.
- (2) The deductions for income tax purposes are based on 100% of CEE being deductible for the year renounced and assuming that CDE incurred by the Corporation and renounced to subscribers qualifies for CEE treatment in the hands of the subscribers and accordingly will be deductible as to 100% for the year renounced.
- (3) Each province has its own tax brackets and individuals should consult with their own tax advisors to determine the level of taxable income at which the top marginal tax rate applies. For purposes of this table, all surtaxes and flat taxes have been included in the tax rates. No consideration has been given to the alternative minimum tax. This was based on current legislation and does not reflect any proposed changes.
- (4) The estimated tax savings are calculated by multiplying the estimated deductions of \$2,550 per assumed subscription of \$3,000 by the maximum tax rate as set forth herein. For Québec residents, the portion attributable to CEE incurred in the Province of Québec has been grossed-up 50% for provincial tax purposes. It is further assumed that the Corporation will renounce its issuance costs in favour of Québec resident subscribers to the extent permitted by law.
- (5) Money at risk is the undiscounted after tax cost of a \$3,000 investment after giving effect to tax deductions to a subscriber who is an individual in the highest marginal tax bracket. The calculations assume the estimated flow-through expenditures are equal to \$2,550 per assumed subscription of \$3,000 and are not discounted as to present worth.

- (6) Money at risk per additional \$2,550 subscription for Flow-Through Shares is the undiscounted after tax cost of an additional \$3,000 investment in Units after giving effect to tax deductions to a subscriber who is an individual in the highest marginal tax bracket. The calculations assume the estimated expenditures are equal to \$2,550 per subscription of \$3,000 and are not discounted as to present worth.

No assurance can be given that the actual allocation of expenditures or the timing thereof will in whole or in part approximate the estimates set forth above, or that the Canada Customs and Revenue Agency will agree with the characterization or the renunciation of the Qualifying Expenditures by the Corporation. See "Canadian Federal Income Tax Considerations" and "Québec Income Tax Considerations".

TAX CONSEQUENCES OF A CAPITAL GAIN AND TAX CREDIT

The following table illustrates the tax consequences resulting from the sale by subscribers in 2005 of ● Common Shares of the Corporation held as capital property on the assumption that each subscriber receives \$● per share on the disposition of shares (the same amount as for the subscription) and that this disposition takes place during the 2005 taxation year. The highest marginal tax rates for 2005 have been assumed for the purposes of the following table to be 48.215%, 43.70%, 39% or 46.41%, respectively, in the Provinces of Québec, British Columbia, Alberta and Ontario. There is no guarantee that these will actually be the highest marginal tax rates for 2005 in these four provinces.

	Québec (Minimum Offering)	Québec (Maximum Offering)	British Columbia	Alberta	Ontario
Market value of Common Shares on resale ⁽¹⁾	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Less after-tax cost	\$1,406.56	\$1,412.50	\$1,885.65	\$2,005.50	\$1,816.55
Benefit before tax on capital gain	\$1,593.44	\$1,587.50	\$1,114.35	\$994.50	\$1,183.46
Less tax on capital gain ⁽²⁾	\$354.64	\$354.64	\$557.18	\$497.25	\$591.73
Benefit after tax on capital gain	\$1,238.80	\$1,232.86	\$557.17	\$497.25	\$591.73
After-tax benefit on investment (%)	41.29%	41.10%	18.57%	16.58%	19.72%

- (1) It is assumed that the market value of the Corporation's Common Shares is the same at the time of their sale and subscription (i.e. \$●) and that the resale will take place after December 31, 2004. In addition, it is assumed that the subscribers do not hold any other Common Shares of the Corporation, other than those subscribed under the Offering.
- (2) The capital gain tax is obtained by multiplying the taxable capital gain of \$1,275 (2,550 X 50%) by the presumed maximum marginal income tax rates of 48.215%, 43.70%, 39% and 46.41%, respectively, in the Provinces of Québec, British Columbia, Alberta or Ontario. It is assumed that the capital gains exemption applicable to mining and oil and gas shares applies to Québec residents on the provincial portion of the gain.

The foregoing table is provided for illustrative purposes and is not an opinion on the tax consequences of an investment in Units of the Corporation. Federal and provincial income tax deductions are subject to change. Subscribers should consult their own tax advisors with regard to the Federal and Québec tax consequences of an investment in the securities offered. See "Federal Income Tax Considerations" and "Québec Income Tax Considerations".

CORPORATE STRUCTURE

Name and Incorporation

The Corporation was incorporated as Bolcar Énergie inc. by Articles of Incorporation issued pursuant to the provisions of the *Canada Business Corporations Act* on June 18, 2003. By Articles of Amendment dated July 7, 2003, the Corporation withdrew from its Articles the provisions that made it a "closed company" as defined in the applicable securities legislation.

The head office of the Corporation is located at 1 Place Ville-Marie, Suite 4000, Montreal, Québec H3B 4M4.

Intercorporate Relationships

The Corporation does not have any subsidiaries.

BUSINESS OF THE CORPORATION

The Corporation is a CPC pursuant to the CPC Policy of the Exchange and its Common Shares are listed on the Exchange. Since its incorporation, the Corporation's sole business has been to investigate business opportunities with a view to completing a Qualifying Transaction. Upon completion of a Qualifying Transaction, the Common Shares of the Corporation will continue to be listed on the Exchange and the Corporation will thereafter be classified as a Tier 2 issuer. See "Proposed Qualifying Transaction" for a description of the proposed Qualifying Transaction, as well as "Exploration Activities" for a description of the assets to be purchased by the Corporation from Altai and Pétro St-Pierre pursuant to the proposed Qualifying Transaction.

PROPOSED QUALIFYING TRANSACTION

The principal business of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction. It is proposed that the Corporation complete a transaction with Altai and Pétro St-Pierre pursuant to the Asset Purchase Agreement signed on April 8, 2004 and amended on August 11, 2004. At a special meeting of shareholders to be held on November 9, 2004, the shareholders of the Corporation will be asked to approve, ratify and confirm the acquisition of the Properties, subject to certain conditions.

Pursuant to the Asset Purchase Agreement, Bolcar will acquire the Properties, consisting of an aggregate of seven oil and gas permits in the Lac St-Pierre area, Québec, covering approximately 123,155 hectares, in consideration for a total amount of \$7,950,000 payable by the issuance at closing of an aggregate of 26,500,000 Common Shares at a deemed price of \$0.30 per share and the payment of an aggregate amount of \$90,000 to Altai and Pétro St-Pierre in proportion to their respective interests in the permits as at December 31, 2003. Thus, a total of 14,142,785 Common Shares will be issued to Altai and a total of 12,357,215 Common Shares will be issued to Pétro St-Pierre. In addition, Altai will receive a payment of \$48,032.10, while Pétro St-Pierre will receive a payment of \$41,967.90.

The Asset Purchase Agreement provides that the completion of the Qualifying Transaction is conditional upon the realization of the following:

- The Corporation shall have obtained additional equity financing for a minimum of \$1,200,000 within six months from the date of the Asset Purchase Agreement;
- The transactions contemplated in the Asset Purchase Agreement shall have been approved by all regulatory authorities having jurisdiction over Altai and the Corporation; and
- The Corporation shall have received approval to be listed on the Exchange as a Tier 2 issuer.

Parties to the Asset Purchase Agreement

Altai Resources Inc.

Altai is a mining exploration company incorporated on November 25, 1955 pursuant to the laws of Ontario under the name Black Cliff Mines Ltd. Its head office is located in Toronto, Ontario. Its Common Shares are listed on the Exchange. Altai is a reporting issuer in the Provinces of Ontario, Québec, Alberta and British Columbia. Niyazi Kacira, President and Chief Executive Officer of Altai is the only member of the board of directors of the Corporation who is a party related to the Qualifying Transaction. To the best knowledge of the directors and management of Altai, no person holds or exercises control or direction over, directly or indirectly, more than 10% of all outstanding voting shares of Altai with the exception of Niyazi Kacira, who holds, directly or indirectly, an aggregate of 4,643,902 common shares of Altai, representing approximately 19.24% of all issued and outstanding common shares of Altai.

Pédro St-Pierre Inc.

Pédro St-Pierre was incorporated on June 10, 1986, pursuant to Part 1A of the *Companies Act* (Québec). Its head office is located in Longueuil, Québec. The Lac St-Pierre property is the only asset held by Pédro St-Pierre. No one holds or exercises control or direction over, directly or indirectly, more than 10% of the issued and outstanding voting shares of Pédro St-Pierre, with the exception of Réjean Paul, President and director of Pédro St-Pierre, who holds, directly or indirectly, 619,389 common shares or 28.5%; Roger Charland who holds 347,560 common shares or 16%; François Boyer, secretary and director of Pédro St-Pierre, who holds 238,197 common shares or 11%; and Guy Shedleur who holds 238,706 common shares or 11% of the issued and outstanding common shares of Pédro St-Pierre.

EXPLORATION ACTIVITIES

Upon completion of the proposed Qualifying Transaction, the Corporation will acquire the Properties, consisting of an aggregate of seven oil and gas permits.

The information set forth below consists primarily of a summary of the reports by Paul Laroche, engineer and geologist, entitled:

- "*Estimation de la juste valeur de la propriété pétrolière et gazière Lac St-Pierre de Altai Resources Inc. et de Pédro St-Pierre au 31 mai 2004*";
- "*Programme d'exploration 2004 sur les permis de pétrole et de gaz – Propriété Lac St-Pierre*"; and
- "*Révision des programmes d'exploration sur les permis de recherche de pétrole et de gaz- Propriété Lac St-Pierre et Propriété Sorel*".

Interest in Properties and Location of Properties

Lac St-Pierre Property

The oil and gas exploration permits which were originally granted in the Lac St-Pierre region have been modified over time. They are now composed of the oil and gas exploration permits bearing the following numbers:

- 2002PG621 24,500 Hectares
- 2002PG622 11,700 Hectares
- 2002PG623 15,000 Hectares
- 2002PG624 11,000 Hectares
- 2002PG625 11,500 Hectares

These permits cover a total of 737 square kilometres comprising Lac St-Pierre, a band south of the lake and the zone above the Sorel Islands (See Figure 1). These permits were issued in March 2002 for an initial period of five years with the possibility of annual renewal, one year at the time, for another five years. There is an annual rent of \$0.10 per hectare and minimum statutory exploration work must be performed each year. This statutory work is equivalent to \$0.50 per hectare in the first year and increases by \$0.50 per hectare every subsequent year, to reach \$2.50 per hectare in the fifth year. For each additional renewal, the annual rent is fixed at \$0.50 per hectare and the statutory work is equivalent to \$2.50 per hectare.

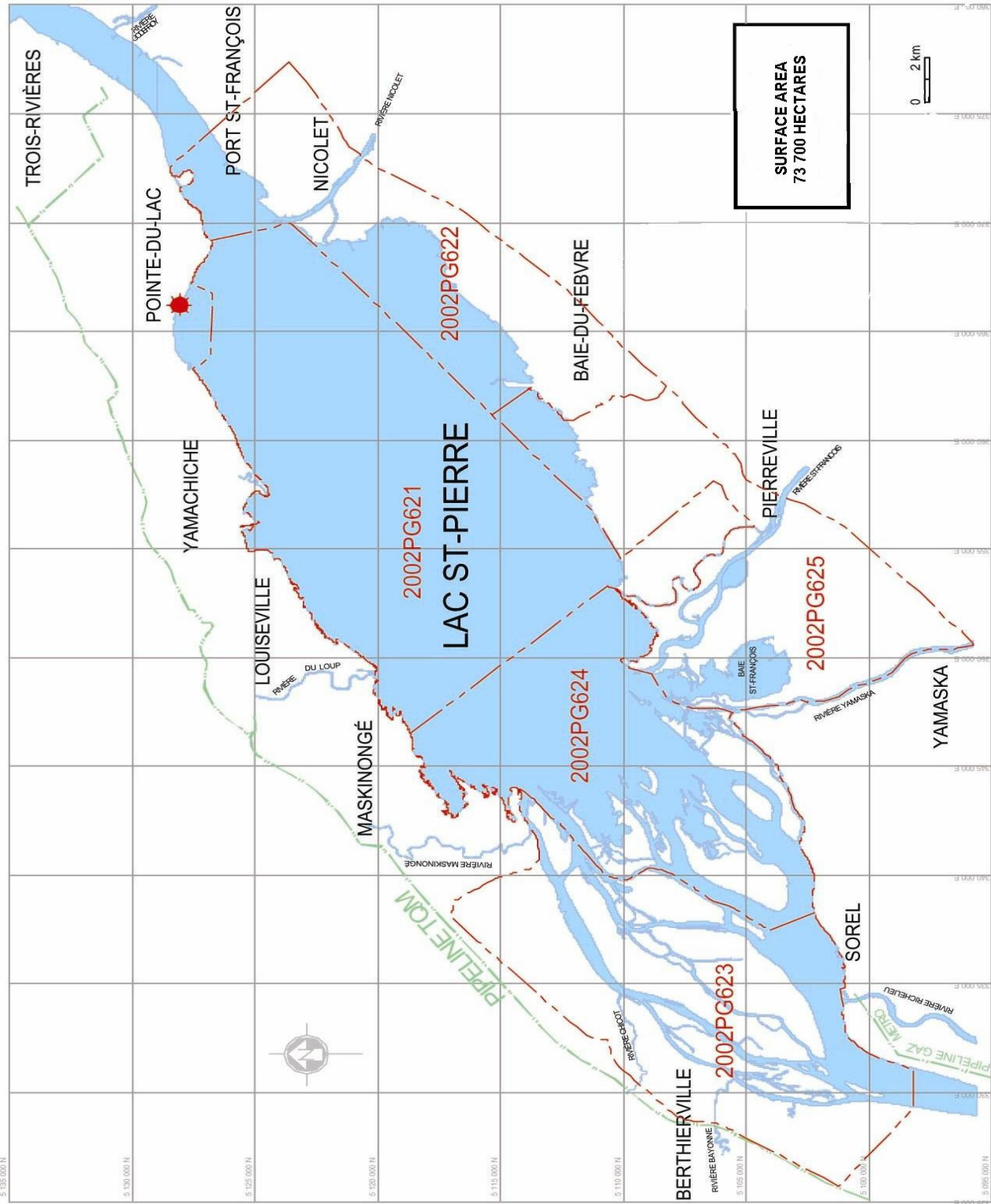


Figure 1 Exploration Permits Location, Lac St-Pierre Property

Sorel Property

The Sorel Property is composed of the following two oil and gas exploration permits delivered by the Province of Québec (the "Sorel Permits"):

Number	Renewal date	Area
2003 PG 751	July 7, 2003	24,662 hectares
2003 PG 752	July 7, 2003	24,793 hectares

The Sorel permits cover a total area of 49,455 hectares (49.5 km²) and are located directly southwest of Lac St-Pierre, midway between Québec City and Montreal. The Sorel Property is set between the St-Lawrence River to the north and to the west and the Yamaska River to the east. The Richelieu River runs across the permits from north to south (See Figures 2 and 3).

The Sorel Permits were issued in July 2003 for an initial period of five years with the possibility of further annual renewal, one year at the time, for another five years.

Current obligations on these land holdings are the annual rent of \$0.10 per hectare and a minimum statutory exploration work that must be met each year. The minimum statutory work required must be equivalent to \$0.50 per hectare the first year and increase by \$0.50 per hectare every subsequent year, to reach \$2.50 per hectare the fifth year. For each additional renewal, the annual rent is fixed at \$0.50 per hectare and the statutory work is equivalent to \$2.50 per hectare.

Figure 2 - Location of the Sorel Property

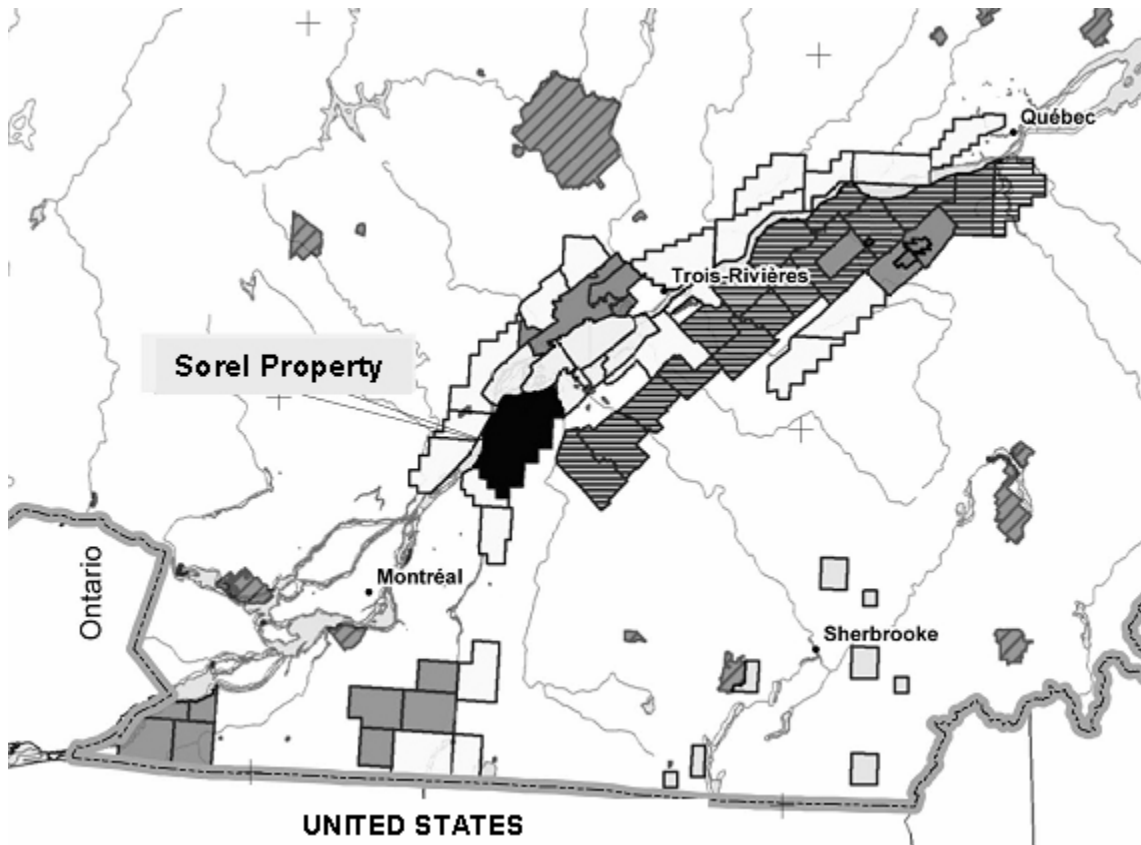
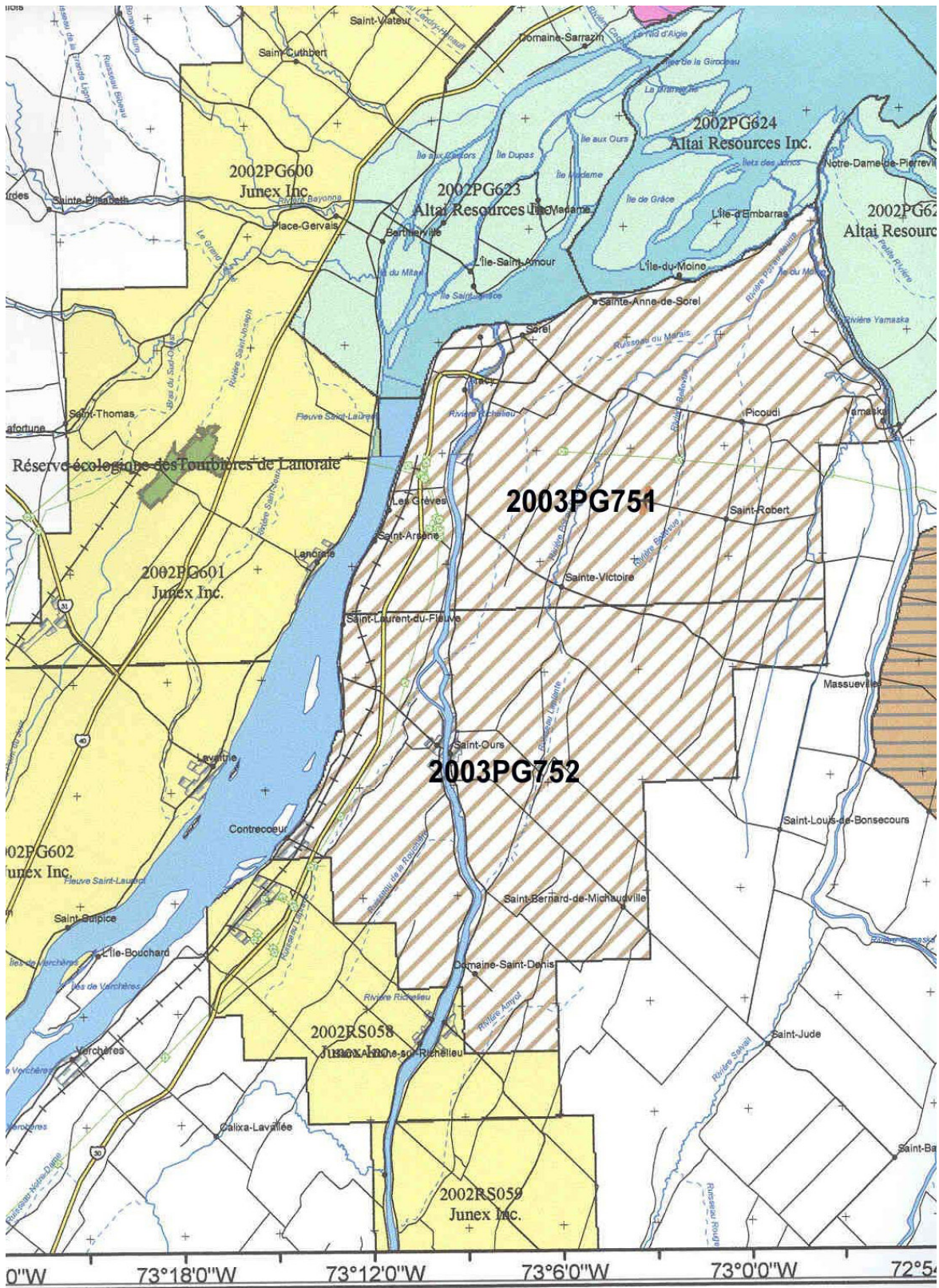


Figure 3 - Exploration Permits Location, Sorel Property



History

Lac St-Pierre Property

The investments made by Altai and P tro St-Pierre on the Lac St-Pierre Property since 1986 have been divided between two main exploration orientations:

- The exploration of shallow potential targets in the Quaternary sediment equivalent to the Pointe-du-Lac gas field, which is located on the north-eastern boundary of the permits.
- The more recent exploration of deep targets in a fracture zone in the Paleozoic shelf.

Until 1996-1997, exploration was concentrated mainly on the Quaternary targets and defined several targets which could be drilled. The total expenditures incurred for the work performed relating to these targets, which are still of interest, are used to determine part of the value of this land.

After 1996, and more specifically since 2002, the exploration of the permits has been mainly based on the deep targets of the Paleozoic area, conducting new seismic reflexion surveys and integrating an older database of seismic data dating back to 1971 to which P tro St-Pierre had access. The interpretation of the new data acquired and the integration of 164 kilometres of formerly relevant lines (74.9 km Texaco and 89.1 km Soquip) using different geological hypotheses were decisive in the development of the current oil and gas potential of the permits for these deep targets.

According to the history of the investments made for exploration of the Lac St-Pierre Property, Altai and P tro St-Pierre have spent, as at May 31, 2004, some \$3,867,185 for oil and gas exploration work and \$97,710 to pay for the rental of the permits.

History of Investments made for Exploration on the Lac St-Pierre Property

(Compilation of information provided by Altai and P tro St-Pierre)

Year	Principal Programs		Value of Work	Rent
1986	Incorporation		\$360,000.00	\$2,500.00
	Seismic program	Q		
1987	Seismic program	Q	\$155,000.00	\$2,500.00
1988	Drilling program	Q	\$690,000.00	\$2,500.00
1989	Seismic program	Q	\$325,000.00	\$2,500.00
1990	Seismic program	Q	\$660,000.00	\$2,500.00
1991	Seismic program	Q	\$325,000.00	\$2,500.00
1992		Q	\$ -	\$2,500.00
1993		Q	\$3,000.00	\$2,500.00
1994	Seismic program	Q	\$60,000.00	\$6,250.00
1995	Regional comprehensive studies	Q	\$20,000.00	\$6,250.00
1996	Seismic program	P	\$105,000.00	\$6,250.00
1997	Seismic program	Q	\$250,920.00	\$7,370.00
1998			\$ -	\$7,370.00
1999			\$ -	\$7,370.00

<u>Year</u>	<u>Principal Programs</u>		<u>Value of Work</u>	<u>Rent</u>
2000	Seismic program	P	\$103,000.00	\$7,370.00
2001	Seismic program	P	\$187,000.00	\$7,370.00
2002	Exploration program/General costs	P	\$62,222.00	\$7,370.00
2003	Exploration program/General costs	P	\$56,628.00	\$7,370.00
2004			\$ -	\$7,370.00
	Sub-total		\$3,362,770.00	\$ -
	Administration 15% ⁽¹⁾		\$504,415.50	\$ -
Total			\$3,867,185.50	\$97,710.00
Notes				
Q	Work on the Quaternary			
P	Work on the Paleozoic			
(1)	Internal expenses of technical and office staff related to exploration of the property			

Sorel Property

The acquisition costs, the annual rent and the statutory exploration work for the Sorel Property are summarized in the table below:

•	Permit fee (July 7, 2003):	\$3,500.00
•	Annual rent \$0.10/hectare/year	
	July 7, 2003 (1 year)	\$4,945.50
	July 7, 2004 (1 year)	<u>\$4,945.50</u>
		\$9,891.00
•	Statutory work \$0.50/hectare	
	July 7, 2003 to July 6, 2004	<u>\$24,725.50</u>
	Total:	\$38,075.25

Proposed Exploration Program

Lac St-Pierre Property

The Quaternary

Further to the seismics done in 1997, it is recommended during the first phase to drill three of the four proposed sites in order to recognize the various stratigraphic facies observed on the seismics and to determine whether or not reservoirs and natural gas are present in the south-west sector of the Lac St-Pierre Property, in the Pierreville area. The proposed depths are a maximum of 80 metres. The cost of these three drillings, one of which could be completed for production, is estimated to be \$285,000. Depending on results, the budgets allocated and the type of drill available, the four proposed targets could be drilled.

In addition, pursuing the same goals in the Quaternary on land to the northwest, in the Sorel Islands area, will require the acquisition of some 100 kilometres of marine seismic profiles between the islands and 30 kilometres of profiles on the islands. The cost of the land and marine seismics on the Sorel Islands is estimated to be \$325,000.

In pursuing our exploration of the goals in the Quaternary, sites with geophysical anomalies that are discovered by this new seismic coverage in the Sorel Islands area could be drilled and completed, if necessary. We therefore intend to draw up a budget for this eventuality. Given the extent of the territory covered, we can expect to conduct one other drilling of less than 100 metres deep for a total budget of \$95,000.

An elaborate in-depth feasibility study of all aspects related to the drilling, production and transport of the gas on land and over the lake should be carried out in order to determine viable solutions to the problems that have been encountered so that they are acceptable to all participants. The pursuit of exploration on Lac St-Pierre will depend to a large extent on the studies which may show economic viability offshore. As this research could be relatively long to complete, it has been suggested that it begin as soon as possible.

Another aspect of the search for structures in the Quaternary, which should be seriously considered, is the use of the reservoirs found for the underground storage of natural gas. There is a great need for gas storage in Québec and the profitability of projects, such as that at Pointe-du-Lac, is relatively high. It would therefore be appropriate to draw up a budget for basic characterization studies for this purpose. In all, geological and engineering studies costing approximately \$190,000 should be conducted in order to complete the above-mentioned projects.

The Paleozoic

The new geological goals in Trenton-Black River, which are now targeted almost everywhere in Eastern North America, are often located in structural depressions with intense faulting and the closing of reservoir traps is normally stratigraphic, which makes representation of the prospects rather difficult. On the Lac St-Pierre Property, we have located a large zone of reactivation of the faults (34 km x 1.5 km), which allowed fluids to enter the Trenton, Black River and Beekmantown limestone, thereby creating better porosity. Reconnaissance drilling of a total depth of approximately 1,300 metres is proposed in order to confirm this possibility and determine whether natural gas is actually present.

This type of prospect is very risky, in light of the large number of unknown parameters. However, given the hope of making important discoveries there, we should consider going ahead with this deep-drilling project.

The cost of the proposed 1,300-metre drilling is \$800,000. Additional hole locations will be determined by the in-depth interpretation of existing seismic lines, following their purchase and reprocessing for an estimated cost of \$80,000. It is also certain that to better define the goals and pursue exploration, new seismic profiles targeting the Paleozoic levels sought should be added to the Corporation's database to increase the coverage density. It is therefore recommended, depending on the drilling results, that the Corporation acquire 60 additional kilometres of seismic profiles at a total cost of \$480,000.

Exploration Priorities

There are two phases to the exploration work for the Quaternary and Paleozoic targets. The first phase consists of essential work and studies used to define the hydrocarbon potential of the goals and the second phase is the logical result of the actions which will occur in the longer term following the results of the first phase. The actions of the exploration program by order of importance are as follows:

PHASE 1

- Purchase, reprocessing and interpretation of seismic data to better locate the Paleozoic targets and determine the drilling sites,
- Acquisition of 22 kilometres of high-resolution reflection seismic to detail the targets in the Paleozoic,

- Deep drilling (1,300 metres) in the Paleozoic to determine the Trenton-Black River and Beekmantown sequence,
- Three shallow drillings (80 metres) in the Quaternary in the Pierreville area,
- Reservoir and feasibility studies of underground storage of natural gas in the Quaternary sediments with seismic survey.

PHASE 2

- Acquisition of 38 kilometres of high-resolution reflection seismic to detail the targets in the Paleozoic,
- Two other shallow drillings (80 metres) in the Quaternary in the Pierreville area,
- Marine and land seismic reconnaissance in the Sorel Islands area,
- A shallow drilling (less than 100 metres) in the Sorel Islands area,
- Engineering studies regarding the possibility of production and transport of the gas over land and over Lac St-Pierre,
- Depending on results, two deep follow-up drillings to test the targets in the Paleozoic.

Costs of Exploration Program

Phase 1		
Work	Details	Total
Paleozoic	Purchase, reprocessing and interpretation of seismic data	\$80,000
Land exploration Pierreville	Acquisition of 22 Km of high-resolution seismic data	\$175,000
Paleozoic	One 1,300-metre drilling	\$800,000
Land exploration South of Lac St-Pierre		
Quaternary	Three 80-metre drillings	\$285,000
Land exploration Pierreville		
Quaternary	Reservoir and engineering studies on the feasibility of the storage with seismic data	\$110,000
Gas storage		
PHASE 1 TOTAL		\$1,450,000

Phase 2

Work	Details	Total
Paleozoic		
Land exploration South of Lac St-Pierre	Acquisition of 38 km of high-resolution seismic data	\$305,000
Paleozoic		
Land exploration South of Lac St-Pierre	Two additional 1,500-metre drillings	\$1,600,000
Quaternary		
Land exploration Pierreville	One 80-metre drilling	\$95,000
Quaternary		
Exploration on land and on the lake Sorel Islands	100 km marine seismic + 30 km on land	\$325,000
Quaternary		
Land exploration Sorel Islands	One drilling (less than 100 metres)	\$95,000
Quaternary		
Gas production on land and lake	Gas production and transport studies	\$80,000
TOTAL PHASE 2		\$2,500,000

Sorel Property

The proposed exploration program discussed in the report entitled "*Évaluation géologique et géophysique des permis de recherche de pétrole et de gaz 2003PG751 et 2003PG752 – Propriété Sorel*" and amended in the addendum report entitled "*Révision des programmes d'exploration sur les permis de recherche de pétrole et de gaz-Propriété Lac St-Pierre et Propriété Sorel*" is as follows :

The first phase of the oil and gas exploration on the Sorel Property will involve obtaining and reprocessing previous existing seismic lines, as well as acquiring new profiles in order to be able to redefine the presumed existence and the exact location of major fracture zones related to the Yamaska fault line. This phase is necessary to allow the demonstration and to demonstrate the relevance of the geologists' research for this type of hydrocarbon accumulations and allow them to define an optimal drilling site to test their hypothesis.

Costs of the proposed programme

A preliminary estimate of total costs related to this first phase of exploration on the Sorel Property is fixed at \$300,000. Details of these costs are presented in the following table:

	Description	Total
1.	Purchase, reprocessing and interpretation of 60 km of old seismic profiles at \$1,000/km	\$60,000
2.	Acquisition, processing and interpretation of 30 km of new seismic profiles at \$8,000/km	\$240,000
TOTAL FOR FIRST EXPLORATION PHASE		\$300,000

USE OF PROCEEDS

The net proceeds to the Corporation from the distribution of the Units after deducting the Agent's Commission and estimated expenses of the Offering, are estimated to be \$1,457,825, if the Minimum Offering is achieved, and \$4,478,850, if the Maximum Offering is achieved. The net proceeds will be used as described below. However, certain circumstances may warrant a revision of the use of proceeds.

Available Funds

Once the Qualifying Transaction is completed, the Corporation intends to use all or part of the available funds (the "**Available Funds**") as follows, taking into account the completion of the Minimum Offering and the Maximum Offering:

Source	Minimum Offering	Maximum Offering
Working capital as at September 30, 2004	\$449,256	\$449,256
Estimated costs up to Completion of the Qualifying Transaction	(\$243,175)	(\$522,150)
Gross proceeds from the Offering	\$1,701,000	\$5,001,000
Total	\$1,907,081	\$4,928,106

Principal Use of the Funds

The Corporation intends to use part of the Available Funds for the following purposes, it being understood that this table assumes the availability of an amount of \$1,907,081 as Available Funds in the case of the Minimum Offering and \$4,928,106, in the case of the Maximum Offering:

Proposed Use	Minimum Offering	Maximum Offering
Exploration program ⁽¹⁾	\$1,450,000	\$4,250,000
Acquisition costs of the Properties	\$90,000	\$90,000
General and administrative expenses		
➤ executive and consultant compensation;	\$60,000	\$60,000
➤ paper and office supplies;	\$4,500	\$4,500
➤ postage;	\$1,000	\$1,000
➤ taxes and permits;	\$12,316	\$12,316
➤ communication;	\$2,500	\$2,500
➤ Exchange fees;	\$5,500	\$5,500
➤ accounting and audit;	\$5,000	\$5,000

Proposed Use	Minimum Offering	Maximum Offering
➤ legal;	\$12,000	\$12,000
➤ transfer agent;	\$6,000	\$6,000
➤ rent;	\$5,000	\$5,000
➤ travel and promotion;	\$2,500	\$2,500
➤ bank charges;	\$840	\$840
Subtotal:	\$117,156	\$117,156
Unallocated working capital to cover acceptable growth	\$249,925	\$470,950
Total	\$1,907,081	\$4,928,106

- (1) In the event that the Minimum Offering is achieved, the corporation intends to pursue Phase I of the exploration program on the Lac St-Pierre Property. See "Exploration Activities".

In the event that funds are received as a result of the subscription for Common Shares pursuant to the exercise of options, such funds will be allocated to the Corporation's working capital. See "Options to Purchase."

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information is derived from, should be read in conjunction with and is qualified in its entirety by reference to the Corporation's pro forma financial statements, including the notes thereto, and the Management's Discussion and Analysis of Financial Condition and Operating Results. See "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Operating Results".

	As at June 30, 2004 ⁽¹⁾
Assets	
Current assets	\$1,883,747
Oil and gas permits	\$3,554,255
Total assets	\$5,500,827
Liabilities	
Current liabilities	\$96,462
Shareholders' equity	\$5,404,365
Total liabilities and shareholders' equity	\$5,500,827

- (1) See the notes to the pro forma balance sheet included in this prospectus for assumptions and adjustments. The pro forma balance sheet may not reflect the financial situation that would have been obtained if the events contemplated herein had been effective at the dates indicated or the forecasted financial situation for the coming periods.

Information from Inception

Total expenses

The total expenses of the Corporation and the amounts deferred with the Qualifying Transaction for each completed financial year and the subsequent period ended June 30, 2004 is summarized in the table below:

<u>Period</u>	<u>Total Expenses</u>	<u>Amounts deferred in connection with the Qualifying Transaction</u>
30/06/04 (182 days)	\$99,307	Nil
31/12/03 (197 days)	\$17,737	Nil

Since its incorporation and as it appears from the unaudited financial statements as at June 30, 2004 contained in this prospectus, the Corporation has spent \$65,000 for professional fees and \$34,307 for other expenses including, monthly fees for the Corporation's transfer agent, valuation costs, investigation costs, agent's fees, disbursements and other expenses of similar nature in view of identifying companies and/or assets that could be acquired under a Qualifying Transaction. In the case of the Minimum Offering, the Corporation expects to spend an additional \$243,175 in order to complete the Qualifying Transaction. The Corporation has raised \$589,928, after deduction of the share issue costs from the subscriptions by its directors and officers and from its initial public offering.

DIVIDEND POLICY

The Corporation has never declared, nor paid, any dividends since its incorporation and does not foresee paying any dividends in the near future since all available funds shall be used to conduct exploration activities. Any future payment of dividends will depend on the financing requirements and financial condition of the Corporation and other factors, which the board of directors, in its sole discretion, may consider appropriate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

The following discussion and analysis should be read in conjunction with the Corporation's consolidated financial statements and the related notes thereto which appear elsewhere in this prospectus. Events discussed elsewhere in this prospectus may not be included in the discussion below.

The Corporation is a CPC that has not undertaken any commercial activities other than those related to the completion of a Qualifying Transaction. The Corporation currently intends to complete a Qualifying Transaction in the petroleum and gas sector, which has been submitted to the Exchange for its approval.

Results:

The financing of \$600,000 from the initial public offering was completed on December 3, 2003. During the period ended December 31, 2003, the Corporation had negligible interest revenue and operating expenses. The net loss for the period was equal to \$17,066 and was generated mainly by putting the operational structure of the Corporation in place. The loss per share is negligible and is not considered significant at this stage of development of the Corporation.

Working Capital:

On December 31, 2003, the working capital of the Corporation was \$572,862. These funds originated from investments made by the founders of the Corporation (\$118,750) and from the financing by way of a public offering.

Subsequent Events:

In January 2004, Raymond James Bernard submitted his resignation as a director of the Corporation.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Units

This Offering consists of a combination of A, B and C Units having a minimum aggregate value of \$1,701,000, being the Minimum Offering, and a maximum aggregate value of \$5,001,000, being the Maximum Offering.

Each A Unit is offered at \$3,000 per Unit and consists of ● Flow-Through Shares at a price of \$● per share, ● Common Shares at a price of \$● per share and ● Warrants. Each Warrant entitles its holder to subscribe for one additional Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on December 31, 2005. Each B Unit is offered at \$30,000 per Unit and consists of ● Flow Through Shares at a price of \$● per share and ● Warrants. Each C Unit is offered at \$30,000 per Unit and consist of ● Common Shares at a price of \$● and ● Warrants.

There shall be a maximum of 1,667 A Units, 50 B Units and 50 C Units issuable under the Offering. The aggregate number of Flow-Through Shares that may be issued under the Minimum Offering is limited to 4,833,333 Flow Through Shares (\$1,450,000). The aggregate number of Flow-Through Shares that may be issued under the Maximum Offering is limited to 14,166,666 Flow Through Shares (\$4,250,000).

The Minimum Subscription is one A Unit (\$3,000), one B Unit (\$30,000) or one C Unit (\$30,000).

Flow-Through Shares

The Corporation will incur Canadian Exploration Expenses ("CEE") of \$● per Flow-Through Share on or before December 31, 2005 and renounce, with an effective date of December 31, 2004, CEE equal to such amount to each subscriber, thereby giving subscribers resident in Québec the right to tax deductions of 150% of CEE incurred in the Province of Québec, at the provincial level, and, to all subscribers, a tax deduction of 100% of CEE, at the federal level, for the 2004 tax year. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units. See "Canadian Federal Income Tax Considerations".

Common Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares without par value, of which 5,613,332 Common Shares are issued and outstanding as at the date hereof. Each Common Share carries one vote. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of shareholders of the Corporation. They are entitled to receive, on a pro rata basis, such dividends as may be declared by the board of directors of the Corporation out of funds

legally available therefore. Upon the liquidation, dissolution or winding-up of the Corporation, they are entitled to receive, on a pro rata basis, all the assets of the Corporation remaining after payment of all of the Corporation's liabilities.

Warrants

The following text is a brief summary of the terms of the Warrants and is given subject to the provisions of the warrant indenture mentioned hereafter.

The Warrants are offered pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") dated ●, 2004, between the Corporation and CIBC Mellon Trust Company ("**CIBC Mellon**") at its principal place of business in Montreal, as agent with respect to the Warrants, to receive Warrants for exercise, exchange or replacement.

The Warrant Indenture provides for the adjustment in the number of Common Shares issuable upon the exercise of the Warrants or the adjustment in the price by which the Common Shares may be acquired upon the exercise of the Warrants, or, as the case may be, both, upon the occurrence of certain events, including any split, consolidation or reclassification of the Common Shares, the payment of a share dividend, the distribution of rights, options or purchase warrants to holders of Common Shares, the amalgamation of the Corporation with another corporation or the sale, assignment, rental or transfer by the Corporation of all or almost all of its assets.

Each Warrant entitles its holder to subscribe for one additional Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on December 31, 2005.

There are no voting rights, privileges or other rights attached to the Warrants.

CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the composition of the Corporation's share capital and debt as at June 30, 2004, date of the pro forma consolidated balance sheet of the Corporation included in this prospectus and taking into consideration the Qualifying Transaction and the completion of the Offering.

Designation of securities	Amount authorized	Amount outstanding taking into consideration the Qualifying Transaction and the Offering (\$) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	
		Minimum	Maximum
Long-term liabilities	N/A	Nil	Nil
Share capital ⁽⁵⁾	Unlimited	\$5,515,508 ● Common Shares)	\$8,536,533 ● Common Shares)

(1) See the pro forma balance sheet of the Corporation contained in this prospectus.

(2) The deficit was \$128,105 as at September 30, 2004.

(3) See "Proposed Qualifying Transaction".

(4) These amounts do not take into consideration the Common Shares reserved for issuance upon exercise of the Warrants.

(5) The number of stock options issued: (i) 280,000, to the directors and officers at a price of \$0.15 and expiring on July 10, 2008 and (ii) 400,000 previously issued to the Agent at a price of \$0.15 and expiring on June 9, 2005, of which 30,000 were exercised on April 28, 2004.

Share Capital on a Fully Diluted Basis

The following table sets out the composition of the share capital of the Corporation on a fully diluted basis after giving effect to the Qualifying Transaction and assuming the occurrence of the Minimum Offering and Maximum Offering, respectively.

	Minimum Offering		Maximum Offering	
	Number of Common Shares	Total Percentage	Number of Common Shares	Total Percentage
Issued by the Corporation prior to the initial public offering	1,583,332 ⁽¹⁾	●%	1,583,332 ⁽¹⁾	●%
Issued from an initial public offering	4,000,000	●%	4,000,000	●%
Issued on exercise of the Agent's Option	30,000	●%	30,000	●%
Qualifying Transaction	26,500,000 ⁽²⁾	●%	26,500,000 ⁽²⁾	●%
Common Shares for future issues:				
(i) Upon the exercise of the options previously granted to the directors	280,000	●%	280,000	●%
(ii) Upon the exercise of the agent's options related to the Corporation's initial public offering	370,000	●%	370,000	●%
(iii) Upon the exercise of the options reserved pursuant to the Stock Option Plan	278,000	●%	●	●%
(iv) As part of the Units pursuant to Completion of the Offering	●	●%	●	●%
(v) Upon the exercise of the agent's option related to the Offering	●	●%	●	●%
Total⁽³⁾	●	100%	●	100%

(1) All these shares are escrowed. See "Escrowed Shares".

(2) See "Proposed Qualifying Transaction".

(3) These amounts do not take into consideration the Common Shares reserved for issuance upon exercise of the Warrants.

OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "**Stock Option Plan**") which provides that the board of directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five (5) years. The number of Common Shares currently reserved for issuance under the Stock Option Plan is 558,000. In addition, the number of Common Shares reserved for issuance to any one person shall 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 2% of the issued and outstanding Common Shares. The board of directors determines the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange. Options must be exercised within 90 days of termination of employment or

cessation of position with the Corporation, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death, the option must be exercised within 12 months after such death, subject to the expiry date of such option. The price per Common Share set by the board of directors shall not be less than the last price at which a full board lot of Common Shares was, on the last business day prior to the date on which such option is granted, traded on the Exchange or such other principal market on which the Common Shares are then traded, less the applicable discount permitted (if any) by such applicable exchange or market. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

The Corporation currently has incentive stock options outstanding entitling its directors and officers to acquire 280,000 Common Shares of the Corporation pursuant to grants made on July 10, 2003. As of the date hereof, the Corporation has the following options outstanding:

<u>Name</u>	<u>Number of Common Shares Reserved Under Option</u>	<u>Exercise Price per Common Share</u>	<u>Expiry Date</u>
Gérard Prévost	70,000	\$0.15	July 10, 2008
Michel Blouin	35,000	\$0.15	July 10, 2008
Robert A. Boyd	35,000	\$0.15	July 10, 2008
Michael Curtis	35,000	\$0.15	July 10, 2008
Robert Guillemette	35,000	\$0.15	July 10, 2008
Niyazi Kacira	35,000	\$0.15	July 10, 2008
Jean-Guy Lambert	35,000	\$0.15	July 10, 2008
Total	<u>280,000</u>		

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 a Final Exchange Bulletin is issued by the Exchange with respect to such Common Shares.

PRIOR SALES OF COMMON SHARES AND TRADING INFORMATION

Since the date of incorporation of the Corporation, the Common Shares have been issued as follows:

<u>Date</u>	<u>Number of Common Shares</u>	<u>Issue Price per Common Share</u>	<u>Aggregate Issue Price</u>	<u>Nature of Consideration Received</u>
June 26, 2003	1,350,000 ⁽¹⁾	\$0.075	\$101,250	Cash
August 13, 2003	133,332 ⁽¹⁾	\$0.075	\$10,000	Cash
September 2, 2003	100,000 ⁽¹⁾	\$0.075	\$7,500	Cash
December 3, 2003	4,000,000	\$0.15	\$600,000	Cash
April 28, 2004	30,000	\$0.15	\$4,500	Cash
Total	5,613,332			

(1) Issued to the directors and officers of the Corporation as seed capital and escrowed pursuant to the Escrow Agreement. See "Escrowed Shares".

Stock Exchange Price

The following table sets forth information relating to the trading of the common shares on the Exchange since the common shares were posted for trading on December 9, 2003.

Period Month of	High (\$)	Low (\$)	Volume
December 2003	0.30	0.22	68,000
January 2004	0.31	0.22	228,000
February 2004	0.38	0.23	243,000
March 2004	0.50	0.35	521,930
April 2004 ⁽¹⁾	0.50	0.40	58,000
May 2004	---	---	Nil
June 2004	---	---	Nil
July 2004	---	---	Nil
August 2004	---	---	Nil
September 2004 ⁽²⁾	0.40	0.17	336,920
October 2004	0.30	0.25	42,000

(1) Trading in the Common Shares was halted on April 13, 2004 after the execution of the Asset Purchase Agreement.

(2) The Common Shares resumed trading on September 3, 2004 after the Corporation issued a comprehensive press release disclosing the material terms of the Qualifying Transaction.

Period Quarter Ended	High (\$)	Low (\$)	Volume
September 30, 2004	0.40	0.17	336,920
June 30, 2004	0.50	0.40	58,000
March 31, 2004	0.50	0.22	992,930

Period Fiscal Year Ended	High (\$)	Low (\$)	Volume
December 31, 2003 (197 days)	0.30	0.22	68,000

ESCROWED SHARES

A total of 1,583,332 Common Shares of the Corporation are currently held in escrow pursuant to the Escrow Agreement dated September 11, 2003 between the Corporation, CIBC Mellon and various shareholders.

After the completion of the Qualifying Transaction, a total of 26,500,000 Common Shares will be held in escrow pursuant to the Surplus Security Escrow Agreement. See "Escrowed Shares – Surplus Security Escrow Agreement".

The holders of escrowed Common Shares are set out in the table below:

Name and city of residence of the securityholder	Prior to giving effect to the Qualifying Transaction		After giving effect to the Qualifying Transaction	
	Number of Common Shares held in escrow	Percentage of total Common Shares escrowed prior to the Qualifying Transaction	Number of Common Shares issued and escrowed taking into account the Qualifying Transaction and not taking into account the Offering	Percentage of total common shares escrowed following Completion of the Qualifying Transaction and not taking into account the Offering
Michel Blouin Westmount, Québec	66,666	1.2%	66,666	0.2%
Robert A. Boyd Brossard, Québec	135,000	2.4%	135,000	0.4%
Michael Curtis St-Eustache, Québec	66,666	1.2%	66,666	0.2%
Robert Guillemette Saint-Jérôme, Québec	270,000	4.8%	270,000	0.8%
Niyazi Kacira Toronto, Ontario	340,000	6.1%	340,000	1.1%
Jean-Guy Lambert Montreal, Québec	100,000	1.8%	100,000	0.3%
Gérard Prévost Montreal, Québec	470,000	8.4%	470,000	1.5%
Robert Turcotte Boucherville, Québec	135,000	2.4%	135,000	0.4%
Altai Resources Inc. ⁽¹⁾ Toronto, Ontario	Nil	Nil	14,142,785	44%
Pédro St-Pierre Inc. ⁽¹⁾ Longueuil, Québec	Nil	Nil	12,357,215	38.5%
Total	1,583,332	27.1%	28,083,332	87.2%

(1) The securities of the parties participating in the Qualifying Transaction will be escrowed under the terms of the Surplus Security Escrow Agreement.

Escrow Agreement

Pursuant to the Escrow Agreement, 10% of the Escrowed Shares (1,583,332 Common Shares) shall be released immediately following the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates that are six months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

The Escrowed Shares are subject to the direction and determination of the Exchange. Specifically, Escrowed Shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the Exchange. In the event an escrow shareholder is placed into bankruptcy, the Escrowed Shares may be transferred within escrow to the trustees in bankruptcy or any person entitled to the Escrowed Shares. In the event of the death of any escrow shareholder, the Escrowed Shares will be released from escrow and the Escrowed Shares will be delivered to the legal representatives of the deceased.

The CPC Policy requires that all securities beneficially owned, directly or indirectly, at the time of the initial prospectus offering, acquired pursuant to the initial prospectus offering or acquired from treasury after the initial public offering but prior to the Completion of a Qualifying Transaction, be held in escrow. In addition, all securities of the Corporation of the class offered under its initial public offering prospectus or issued prior to the prospectus offering at a price per share below the prospectus offering price, and all securities acquired by a Control Person in the secondary market prior to the Completion of a Qualifying Transaction, shall also be held in escrow. The securities held in escrow shall not be released unless a Qualifying Transaction is completed by the Corporation. If a Qualifying Transaction is not completed, the Escrowed Shares will be cancelled in accordance with the CPC Policy.

In the event the Corporation meets the Exchange's Tier 1 minimum listing requirements either at the time of the Final Exchange Bulletin or thereafter, the release of the Escrowed Shares may be retroactively accelerated to be released as follows:

- (a) 25% immediately following the issuance of the Final Exchange Bulletin confirming the Corporation qualifies as a Tier 1 issuer on the Exchange (the "**Tier 1 Initial Release**"); and
- (b) 25% on each of six months, 12 months and 18 months after the Tier 1 Initial Release.

Any accelerated escrow release will not commence until the Corporation has made an 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 Corporation on Tier 1 of the Exchange.

The prior consent of the Exchange must be obtained before a transfer within escrow of Escrowed Shares may be completed. 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 Shares will not be released. Pursuant to the Escrow Agreement, each non-arm's length party to the Corporation who holds Escrowed Shares acquired at a price below the offering price under the initial public offering of the Corporation has irrevocably authorized and directed CIBC Mellon to immediately cancel all of those Escrowed Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares.

Surplus Security Escrow Agreement

The 26,500,000 Common Shares to be issued pursuant to the Qualifying Transaction to Altai and the shareholders of P tro St-Pierre that are principals of the Corporation and to other principals of the Corporation as defined in *Policy 5.4 - Escrow, Vendor Consideration and Resale Restrictions* of the Exchange Corporate Finance Manual ("**Policy 5.4**") will be subject to escrow restrictions pursuant to the terms of the Surplus Security Escrow Agreement to be entered into between the Corporation, CIBC Mellon and those shareholders in the form prescribed by the Exchange before completion of the Qualifying Transaction and subject to the acceptance of the Exchange.

Pursuant to the Policy 5.4, the Escrowed Shares issued pursuant to the Qualifying Transaction that will be held in escrow will be released from escrow in 5% increments every six months over two years, commencing six months following the issuance of the Final Exchange Bulletin and in 10% increments every six months during the four following years, for a total period of six years.

PRINCIPAL SHAREHOLDERS

Once the Qualifying Transaction has been completed, the following persons will be the owners of record or beneficially, directly or indirectly, of more than 10% of the issued and outstanding Common Shares of the Corporation.

Name and municipality of residence	Number of Common Shares	Percentage of Common Shares after Completion of the Qualifying Transaction and taking into account the Offering ⁽¹⁾	
		Minimum	Maximum
Altai Resources Inc. ⁽²⁾ Toronto, Ontario	14,142,785	●%	●%
Pédro St-Pierre Inc. Longueuil, Québec	12,357,215	●%	●%
Total	26,500,000		

(1) These calculations do not take into consideration the Common Shares issuable upon exercise of the Warrants or the Agent's Options. See "Consolidated Capitalization" for the calculation on a fully diluted basis. See also "Escrowed Shares".

(2) Niyazi Kacira, a director of the Corporation, is president and chief executive officer of Altai and holds, directly or indirectly, an aggregate of 4,643,902 common shares of Altai, representing approximately 19.2% of all the issued and outstanding common shares of Altai.

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation and Security Holdings

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

Name, Age, Municipality of Residence and Position	Office	Present Occupation and Position During the Last Five Years	Number of Common Shares and Percentage ⁽¹⁾⁽²⁾
Gérard Prévost ⁽³⁾ , 65 Montreal, Québec President	President and Director (since June 26, 2003)	Gérard Prévost has been the President of the Corporation since its inception. He obtained a Bachelor's Degree in commerce and an M.B.A. from <i>Université Laval</i> . He also holds a diploma in International Relations from the National Defense College. From October 1984 to May 1988, he was Vice President, resources and controls of Hydro-Québec. From May 1988 to October 1988, he was Vice President, corporate operations of Hydro-Québec. From October 1988 to August 1991, he was associate deputy minister, energy for the Government of Québec. From August 1991 to July 1992, he was the Québec Delegate at the National Defence College. From July 1992 to July 1993, he was Vice President, international affairs. From July 1993 to December 1994, he was the President of Nouveler Inc. a corporation which specializes in financing for technology start-up companies. Since 1995, he has been President of Groupe GP Technologie, a corporation specializing in consulting services for start-up companies. Mr. Prévost intends to devote 80% of his time to the affairs of the Corporation.	470,000 (●%)

Name, Age, Municipality of Residence and Position	Office	Present Occupation and Position During the Last Five Years	Number of Common Shares and Percentage ⁽¹⁾⁽²⁾
Robert A. Boyd, 86 Brossard, Québec Director	Director (since June 26, 2003)	Robert A. Boyd holds an Engineering Degree from the École Polytechnique of the University of Montreal. From December 1944 to December 1981, he occupied various positions within Hydro-Québec, namely as Controller of the Operators, Engineer-Superintendent, General Manager, Distribution and Sales, and finally President and General Manager from August 1977 to December 1981, when he retired. Mr. Boyd intends to devote 5% of his time to the affairs of the Corporation.	135,000 (●%)
Michael Curtis, 50 St-Eustache, Québec Director	Director (since August 13, 2003)	Michael Curtis studied in commerce at Concordia University. He has been, since January 1993, the President of Cardwell Capital Corporation Inc., a company which specializes in the financing of private and public companies in North America. Mr. Curtis intends to devote 5% of his time to the affairs of the Corporation.	66,666 (●%)
Robert Guillemette ⁽³⁾ , 51 Saint-Jérôme, Québec Director	Director (since June 26, 2003)	Robert Guillemette holds an Engineering Degree from the École Polytechnique of the University of Montreal. He was, from January 1998 to June 2000, the President and General Manager of Électro-Composites Inc., a company operating in the energy sector. He has been, since June 2000, President and General Manager of ECI Composites Inc., a corporation operating in the energy, ballistic and telecommunications areas. Mr. Guillemette intends to devote 5% of his time to the affairs of the Corporation.	270,000 (●%)
Niyazi Kacira, 60 Toronto, Ontario Director	Director (since June 26, 2003)	Niyazi Kacira holds a Bachelor's Degree in geological engineering, as well as a Licence in Geology from the University of Geneva, an MBA from the University of Toronto and a doctorate in Geology from the University of Western Ontario. He has been, since September 1987, President and Chief Executive Officer of Altai Resources Inc., a mining exploration company listed on the Exchange. Mr. Kacira intends to devote 5% of his time to the affairs of the Corporation.	340,000 (●%)
Jean-Guy Lambert ⁽³⁾ , 63 Montreal, Québec Director	Director (since September 2, 2003)	Jean-Guy Lambert , MBA, is President and Chief Executive Officer of Dacha Capital Inc. From 1993 to 1996, he was President and Chief Executive Officer of Intermont Inc. From 1991 to 1993, he acted as financial advisor to Hydro-Québec and from 1968 to 1991 he acted as portfolio manager and Vice-President, pension funds investments, for a number of large financial institutions. He serves on the Boards of several public and private companies. Mr. Lambert intends to devote 5% of his time to the affairs of the Corporation.	100,000 (●%)

Name, Age, Municipality of Residence and Position	Office	Present Occupation and Position During the Last Five Years	Number of Common Shares and Percentage⁽¹⁾⁽²⁾
Michel Blouin, 63 Westmount, Québec Secretary	Secretary (since June 26, 2003)	Michel Blouin is a partner with the law firm Lavery, de Billy, L.L.P. Mr. Blouin intends to devote 5% of his time to the affairs of the Corporation in the form of services rendered through Lavery, de Billy, L.L.P.	66,666 (●%)
Serge Shedleur, 52 Boucherville, Québec Vice President Finance	Vice President Finance (since September 29, 2004)	Serge Shedleur holds a Bachelor's degree in business administration from the <i>École des Hautes Études Commerciales</i> . He has been a certified general accountant since May 1980 providing financial services to small and medium sized companies. Mr. Shedleur intends to devote 10% of his time to the affairs of the Corporation.	Nil
Robert Turcotte, 48 Boucherville, Québec Vice President - Operations	Vice President Operations (since September 29, 2004)	Robert Turcotte holds a Technical Degree in applied geology from the Rouyn-Noranda College. From 1980 to 1995 he was President of Val d'Or Géophysique Ltée and from 1996 to 2001 President and Chief Executive Officer of Val d'Or Sagax Inc. Both corporations specialized in consulting and contracting in applied geophysics for mining exploration and exploitation. Since 2001 he has been working in business development for Géophysique GPR International inc. and as general manager for Pétro St-Pierre. Mr. Turcotte intends to devote 80% of his time to the affairs of the Corporation.	135,000 (●%)

- (1) After completion of the Qualifying Transaction and taking into account the Minimum Offering.
- (2) The directors and officers, as a group, will hold or exercise control or direction over, directly or indirectly, ●% of the Common Shares after completion of the Qualifying Transaction and taking into account the Minimum Offering.
- (3) Member of the Audit Committee

Positions with Reporting Issuers

The following table sets out the directors, officers and promoters of the Corporation that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Gérard Prévost	Golden Gram Resources Inc.	Montreal Exchange	Director	06/99	06/01
Niyazi Kacira	Altai Resources Inc.	TSX Venture	President, Chief Executive Officer and Director	02/87	Today
Michel Blouin	Campbell Resources Inc.	Toronto Stock Exchange	Director	12/00	Today
	Corner Bay Silver Inc.	Toronto Stock Exchange	Director	12/01	02/03
	Jaguar Nickel Inc.	Toronto Stock Exchange	Director	04/04	Today
	Jilbey Gold Exploration Ltd.	TSX Venture	Director and Secretary	03/98	Today
	Slam Exploration Ltd.	TSX Venture	Director	12/99	07/04
	Melkior Resources Inc.	TSX Venture	Director	05/96	11/02

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Name of Exchange or Market</u>	<u>Position</u>	<u>From</u>	<u>To</u>
	Eastgate Minerals Ltd.	TSX Venture	Director and Assistant Secretary	06/97	Today
	Menora Resources Inc.	TSX Venture	Secretary	06/00	Today
	Stingray Resources Inc.	TSX Venture	Director and Secretary	07/03	Today
	Sikaman Gold Resources Ltd.	TSX Venture	Director	02/99	11/00
	South-Malartic Exploration Inc.	TSX Venture	Director	12/95 04/02	04/99 05/02
			Secretary-Treasurer	12/95	04/98
			Secretary	04/98	04/00
Michael Curtis	MD Multimedia Inc.	TSX Venture	Director	04/03	08/03
	VVC Exploration Corp.	TSX Venture	Director	03/03	08/03
	Next Millenium Commercial Corp.	Canadian Venture Exchange	Director	12/92	Today
	Lixor inc.	Montreal Exchange	Director	08/89	Today
			President	08/89	12/92
			Vice-President	12/92	Today
	Aurtec inc.	Montreal Exchange	Vice-President and Director	03/91	Today
	Granisko Resources Inc.	Montreal Exchange	President, Vice-President and Director	09/90	10/94
Jean-Guy Lambert	Dacha Capital Inc.	TSX Venture	President and Director	09/96	Today
	Explogas Inc. ⁽¹⁾	TSX Venture	President and Director	04/96	01/00
	MD Multimedia Inc.	TSX Venture	Director	01/00	03/03
	Enerplus Resources Inc.	Toronto Stock Exchange	Director	10/87	03/00
	QR Canada Capital Inc.	TSX Venture	President and Director	04/96	08/00
	Pacific Tiger Energy Inc.	TSX Venture	Director	07/97	03/00
	United Therapeutics Corporation	Nasdaq	Director	09/97	05/99
	Cie-Nergy Ply-Foil Canada Inc.	TSX Venture	Director	1995	1998
	Inlet Device International Inc.	CDNX	Director	1996	1998
	Protection Device International Inc.	CDNX	Director	1995	1998

(1) Became MD Multimedia in January 2000.

Corporate Cease Trade Orders or Bankruptcies

In the 10 years prior to the date of this prospectus, the directors, senior officers, executive officers and principal shareholders of the Corporation have not been personally, and have not been a director, officer, principal shareholder or promoter of any company that has been, the subject of any cease trade order or similar order and have not been declared bankrupt or made a voluntary assignment or proposal with respect to bankruptcy or insolvency, or been subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets, with the exception of Michael Curtis.

Michael Curtis is the Vice President and a director of Lixor Inc., whose securities were subject to a cease trade and suspension order and which was subsequently de-listed from the Montreal Exchange in 1995 for

failure to conform with all of the requirements of that stock exchange. He is also the President and a director of Aurtec Inc., whose securities were subject to a cease trade and suspension order and which was subsequently de-listed from the Montreal Exchange in 1995 for failure to conform with all of the requirements of that stock exchange. He is also the director of Next Millenium Commercial Corp. whose securities were subject to a cease trade and suspension order on the Exchange in May 2001 for failure to conform to all of the listing maintenance requirements of the Exchange. The common shares of Next Millenium Commercial Corp. are currently listed and posted for trading on NEX. Next Millenium Commercial Corp. is presently taking the appropriate measures to ensure the re-listing of its common shares on the Exchange.

Penalties or Sanctions

No director, officer, Insider, promoter or principal shareholder of the Corporation 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.

Conflicts of Interest

To the knowledge of management of the Corporation, there are no existing material conflicts of interest between the Corporation and a director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. In the event that such conflict of interest arises at a meeting of the Corporation's board of directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms. See "Interest of Management and Others in Material Transactions".

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of management of the Corporation, no director or officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is or has been, within the 10 years preceding the date of this prospectus, a director or officer of any other issuer which, 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 statutory exemptions 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

To the knowledge of management of the Corporation, no director or officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, has:

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

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

Personal Bankruptcies

To the knowledge of management of the Corporation, no director or officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years preceding the date of this prospectus, 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 the assets of the director or officer.

Conflicts of Interest

To the knowledge of management of the Corporation, there are no existing material conflicts of interest between the Corporation or any subsidiary of the Corporation and a director or officer of the Corporation or any subsidiary of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. In the event that such conflict of interest arises at a meeting of the Corporation's board of directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

The information as to ownership of securities of the Corporation, corporate cease trade orders or bankruptcies, penalties or sanctions, personal bankruptcies or insolvencies and existing or potential conflicts of interest has been provided by each insider of the Corporation individually in respect of himself or herself.

EXECUTIVE COMPENSATION

The projected salaries for the 12-month period after giving effect to the Qualifying Transaction are, respectively, \$36,000 for Gérard Prévost and \$7,500 for Serge Shedleur. In addition, Gérard Prévost and Serge Shedleur will be entitled to the reimbursement of out-of-pocket expenses.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or senior officers of the Corporation, or any associates or affiliates of any of them, is or has been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated ●, 2004 (the "**Agency Agreement**") between the Corporation and Investpro Securities Inc. (the "**Agent**"), the Agent conditionally offers the Units for sale on a best efforts basis, subject to prior sale, if, as and when issued and delivered by the Corporation, in accordance with the conditions contained in the Agency Agreement.

The Company shall pay the Agent in cash a fee equal to 8% of gross proceeds of the placement, or \$240 per A Unit subscribed, \$2,400 per B Unit subscribed and \$2,400 per C Unit subscribed. As additional remuneration, the Company agreed to issue to the Agent a number of non-assignable compensation options equal to 10% of the aggregate number of Flow-Through Shares and Common Shares contained in the Units subscribed pursuant to the Offering (the "**Agent's Options**"). Each Agent's Option entitles the Agent to subscribe for one Common Share at a price of \$● at any time until 5:00 p.m. (Montreal time) on June 30, 2006. This prospectus also qualifies the distribution of the Agent's Options and the underlying Common Shares.

The Agent may form a selling group comprised of one or more investment dealers and may fix the remuneration of such members of the offering group. The Agent has agreed to use its commercially reasonable efforts to sell the Units but is not obliged to purchase any such securities. 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 the financial markets or upon the occurrence of certain events.

Subscriptions will be received subject to rejection or allotment in whole or in part and subject to the right to close the subscription books at any time without notice. Pursuant to a depository agreement dated ●, 2004 (the "**Depository Agreement**"), proceeds from the subscriptions will be deposited with CIBC Mellon, as depository, who will hold such proceeds on behalf of subscribers until the Minimum Offering has been subscribed.

It is expected that the initial closing will take place upon the subscription of the Minimum Offering, but in any event no later than December 31, 2004. Additional closings may occur following such date until the earlier of the date the Maximum Offering is achieved and December 31, 2004. Certificates representing the Flow-Through Shares, Common Shares and Warrants comprising the Units will be available for delivery within five days of each closing. If the Minimum Offering is not reached by December 31, 2004, the distribution will be terminated and the funds subscribed will be promptly returned to the subscribers, without interest or deduction.

The offering prices are \$3,000 per A Unit, \$30,000 per B Unit and \$30,000 per C Unit. The prices of the Units were established by negotiation between the Corporation and the Agent.

The Exchange has conditionally approved the listing of the Flow-Through Shares and Common Shares comprising the Units, the Common Shares issuable upon exercise of the Warrants, the Common Shares issuable upon exercise of the Agent's Options and the Common Shares to be issued to Altai and P  tro St-Pierre, as described under "Proposed Qualifying Transaction", all of which are qualified for distribution by this prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

RISK FACTORS

The securities offered hereby should be considered highly speculative due to the nature of the Corporation's business and the present stage of its development. The Corporation has a limited history of business operations. A prospective investor should consider carefully the risk factors set out below. In addition, prospective investors should carefully review and consider all other information contained in this prospectus before making an investment decision. An investment in securities of the Corporation should only be made by persons who can afford a significant or total loss of their investment.

Exploration, Development and Production Risks

An investment in the Units is speculative due to the Corporation's present stage of development and the nature of the Qualifying Transaction, as well as the expected nature, following the completion of the Qualifying Transaction, of the Corporation's involvement in the exploration, development and production of oil and natural gas.

Oil and gas operations involve many risks, which even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on the Corporation's ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

In addition, drilling hazards or environmental damage may greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be entirely eliminated and may be expected to adversely affect revenue and cash flow levels to varying degrees.

Furthermore, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Insurance

The Corporation's involvement in the exploration for and development of oil and gas properties may result in the Corporation becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards.

In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Corporation. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of the Corporation's oil and gas reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's future net production revenue, causing a reduction in its oil and gas acquisition and development activities.

In addition, bank borrowings available to the Corporation are in part determined by the borrowing base of the Corporation. A sustained material decline in prices from historical average prices could limit or reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation, and could require that a portion of any existing bank debt of the Corporation be repaid.

In addition to establishing markets for its oil and natural gas, the Corporation must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation will be affected by numerous factors beyond its control. The Corporation will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by the Corporation. The ability of the Corporation to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Corporation will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Corporation has limited direct experience in the marketing of oil and natural gas.

Substantial Capital Requirements; Liquidity

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and, if warranted, the production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations

could have a material adverse effect on the Corporation's financial condition, results of operations or prospects. Furthermore, the terms of any future equity financing may be dilutive to shareholders.

Competition

The Corporation actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than the Corporation. The Corporation's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. The Corporation's competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial resources and personnel available to them than the Corporation. Certain of the Corporation's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect the Corporation's ability to sell or supply oil or gas to these customers in the future. The Corporation's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Reliance on Key Employees

The success of the Corporation will be largely dependent upon the performance of its management and key employees. The Corporation does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation.

Corporate Matters

To date, the Corporation has not paid any dividends on its outstanding Common Shares. Certain of the directors and officers of the Corporation may also be directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the *Canada Business Corporations Act*. See "Interest of Management and Others in Material Transactions".

Licenses and Permits

The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Availability of Drilling Equipment and Access Restrictions

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited

equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Tax Treatment of Flow-Through Shares

The tax treatment applicable with respect to oil and gas activities and flow-through shares constitutes a major factor when considering an investment in the Units. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares will not be altered, and moreover there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of the Flow-Through Shares and the activities contemplated by the Corporation's exploration and development programs. See "Canadian Federal Income Tax Considerations". The Flow-Through Shares are designed for investors whose income is subject to high marginal tax rates. The right to deduct CEE accrues to the initial purchaser of Flow-Through Shares and is not transferable. No guarantee can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practices of the tax authorities will not be modified. Consequently, the tax considerations for subscribers holding or selling Flow-Through Shares may be fundamentally altered. See "Canadian Federal Income Tax Considerations". There is no guarantee that an amount equal to the total proceeds from the sale of Flow-Through Shares will be expended on or prior to December 31, 2005 as Qualifying Expenditures and result in the availability of the deductions described under "Canadian Federal Income Tax Considerations". If the Corporation does not expend an amount equal to the proceeds from the sale of the Flow-Through Shares so as to incur Qualifying Expenditures prior to December 31, 2005, the Corporation shall restate the amount of expenses that it has renounced in favour of the investors and the investors will be reassessed and will forfeit the tax benefits from which they would have benefited.

Principal Business Corporation Status

As a CPC, the Corporation does not currently qualify as a Principal Business Corporation. This status is required in order to renounce amounts with respect to flow-through shares. Following the acquisition of the Properties, the Corporation believes its status will change and it will henceforth qualify as a Principal Business Corporation, although no assurance can be given to that effect.

PROMOTER

G rard Pr vost may be considered as a promoter of the Corporation, as he took the initiative of founding and organizing it. If the Qualifying Transaction is completed, he will hold 1% of the issued and outstanding Common Shares, or 470,000 Common Shares. See "Directors, Officers and Promoters".

LEGAL PROCEEDINGS

There are no legal proceedings material to the Corporation to which the Corporation is a party or to which any of the properties to be acquired under the Qualifying Transaction is subject and no such proceedings are known by the Corporation to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, no director or senior officer of the Corporation, or associate or affiliate of any of them has had any material interest, direct or indirect, in any transaction in the three years preceding the date of this prospectus, or in any proposed transaction, that has materially affected or will materially affect the Corporation.

In the event of change of control of the Corporation, there is no special arrangement for compensation with respect to termination of executive officers. The Corporation has instituted no pension or retirement benefit plans and none is proposed at this time.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Schwartz Levitsky Feldman LLP, Chartered Accountants, 1980 Sherbrooke Street West, Montreal, Québec H3H 1E6.

CIBC Mellon, through its principal offices at 2001 University Street, 16th Floor, Montreal, Québec H3A 2A6, is the transfer agent and registrar of the Corporation.

MATERIAL CONTRACTS

The only contracts which the Corporation has entered into during the past two years, which are presently material, other than contracts entered into in the ordinary course of business, are the following:

1. the Agency Agreement. See "Plan of Distribution";
2. the Depository Agreement. See "Plan of Distribution";
3. the Warrant Indenture. See "Description of the Securities Distributed";
4. The Escrow Agreement dated as of September 11, 2003 among the Corporation, CIBC Mellon and certain shareholders of the Corporation. See "Escrowed Shares";
5. The Asset Purchase Agreement dated as of April 8, 2004 as amended by an addendum dated August 11, 2004, between the Corporation, Altai and Pétro St-Pierre. See "Proposed Qualifying Transaction"; and
6. The Surplus Security Escrow Agreement regarding the principal Insiders in the framework of the Qualifying Transaction to be entered into between the Corporation, CIBC Mellon and the shareholders in question. See "Escrowed Shares".

Copies of these agreements will be available for inspection at the offices of the Corporation's counsel, Lavery, de Billy, L.L.P., 1 Place Ville Marie, 40th Floor, Montreal, Québec, at any time during ordinary business hours during the period of distribution of securities offered by this prospectus.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters relating to the securities offered by this prospectus will be passed upon on behalf of the Corporation by Lavery, de Billy, L.L.P., and on behalf of the Agent by Langlois, Kronström, Desjardins, G.P.L.L. The partners and associates of each of Lavery, de Billy, L.L.P., and Langlois, Kronström, Desjardins, G.P.L.L., beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

Certain studies regarding the Properties have been conducted by Paul Laroche, engineer and geologist. Mr. Laroche beneficially owns, directly or indirectly, less than one percent of the outstanding Common Shares.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Lavery, de Billy, L.L.P., counsel to the Corporation, and Langlois Kronström Desjardins, G.P.L.L., counsel to the Agent, the following is a summary of the principal Canadian federal income tax considerations generally applicable to subscribers who purchases Common Shares or Flow-Through Shares (the "**Offered Shares**") comprised in the Units pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with the Corporation and holds the Offered Shares as capital property. The Offered Shares will generally constitute capital property to a holder thereof unless the holder holds the Offered Shares in the course of carrying on a business of buying and selling securities or acquires the Offered Shares in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and Counsel's understanding of the current published administrative practices of the Canada Revenue Agency (the "**CRA**"). Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or administrative practice, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign jurisdiction. No assurance can be given that the Proposed Amendments will be enacted as proposed (or at all) or that legislative, judicial or administrative changes will not alter the statements made herein.

This summary does not apply to a subscriber (i) that is a "principal-business corporation" within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; (iii) that is a "financial institution" as defined in subsection 142.2(1) of the Tax Act; or (iv) an interest in which constitutes a "tax shelter investment" within the meaning of the Tax Act.

This summary assumes that the Corporation will make all necessary tax filings in respect of the issuance of the Flow-Through Shares and the renunciation of CEE in the manner and within the time required by the Tax Act and the Regulations, and that the Corporation will incur sufficient CEE to enable it to renounce to subscribers all of the CEE covenanted to be renounced by the Corporation pursuant to the Subscription Agreement effective on the dates set out therein. This summary assumes that the Corporation will be a "principal-business corporation" at all material times and that the Flow-Through Shares, when issued, will not be "prescribed shares", all within the meaning of the Tax Act.

The federal income tax consequences to a particular subscriber of an investment in Offered Shares will vary according to a number of factors including the legal status of the subscriber as an individual, a trust, a

corporation or a partnership, the province or provinces in which the subscriber resides, carries on business or has a permanent establishment, and, in the case of an investment in Flow-Through Shares, the amount that would be the subscriber's taxable income but for the investment in the Flow-Through Shares and the manner in which the proceeds from the issuance of the Flow-Through Shares are expended.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular subscriber. Accordingly, each potential subscriber should obtain independent advice regarding the income tax consequences of investing in the Offered Shares with reference to the subscriber's own particular circumstances.

Canadian Exploration Expense

The proceeds from the issue of the Flow-Through Shares may, in certain circumstances, be renounced by the Corporation to subscribers as CEE to the extent permitted by and in accordance with the Tax Act. Such CEE which is properly renounced to a subscriber will be deemed to be CEE incurred by the subscriber on the effective date of the renunciation. Certain CEE incurred pursuant to a flow-through share agreement and within 12 months after the end of the calendar year in which the flow-through shares are issued (the "**preceding calendar year**") can be treated as if incurred in the preceding calendar year, provided that the subscription price for the relevant flow-through shares has been paid for in money during the preceding calendar year, the subscriber deals at arm's length with the Corporation throughout that 12-month period and the renunciation has been duly made within 90 days after the end of such preceding calendar year. For example, certain CEE incurred by the Corporation between January 1, 2005 and December 31, 2005 and renounced by the Corporation to subscribers by March 31, 2005 with an effective date of December 31, 2004 will, to the extent that the Corporation meets certain qualifications and restrictions, be deemed to be CEE incurred by the subscribers on December 31, 2004. Any expenses not incurred by December 31, 2005 will result in an adjustment of the amount previously renounced, which may result in an income tax reassessment of the subscriber. CEE is only available to the initial subscriber and the right to deduct CEE is not transferable with the sale of the Flow-Through Shares. **The acquisition of the Common Shares offered hereunder will not entitle the subscriber to any deductions.**

Generally speaking, the Corporation will be entitled to renounce CEE incurred by it on or after the date that subscriptions for the Flow-Through Shares are accepted, less (i) any previous renunciations with respect to such expenses, (ii) any portion of those expenses which are prescribed under the Regulations as being "Canadian exploration and development overhead expenses", (iii) certain seismic expenses, and (iv) any assistance that the Corporation has received, is entitled to receive, or may reasonably be expected to receive at any time which is reasonably related to those expenses.

The Corporation may not renounce to subscribers an amount in excess of the amount paid by the subscribers for the Flow-Through Shares. Further, the Corporation will not be entitled to renounce CEE to the extent that such renunciation, if effective, would cause the Corporation's own cumulative CEE ("**CCEE**") account to be a negative amount. The Tax Act also restricts the amount of CEE which the Corporation can renounce to the extent that, but for the renunciation, the Corporation would be entitled to claim a deduction in respect of the CEE so renounced in computing its income for purposes of the Tax Act. Revenue Canada's published administrative position is that this restriction would not apply merely because the Corporation has insufficient income to otherwise claim the CEE deduction.

A subscriber for Flow-Through Shares to whom the Corporation renounces CEE will have such CEE added to the subscriber's CCEE account. A subscriber may deduct in computing his income from all sources for a taxation year an amount not exceeding 100% of the balance of his CCEE account at the end of that taxation year. Deductions claimed by a subscriber reduce the account. To the extent that a subscriber does not deduct the full balance of his CCEE account at the end of the taxation year, the

remaining balance will be carried forward and the subscriber will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with the provisions of the Tax Act, except as restricted on the acquisition of control and on certain amalgamations and liquidations of a corporate subscriber. If at the end of a taxation year the reductions in calculating a subscriber's CCEE account exceed the additions thereto, the excess must be included in computing the subscriber's income for that year and the account will thereupon have a nil balance. The disposition of Flow-Through Shares will not reduce the balance in a subscriber's CCEE account.

If a subscriber purchases Flow-Through Shares directly through an RRSP or other registered plan, the tax benefits of the CEE will not be available for deduction against such subscriber's income.

Disposition of Offered Shares

A disposition or deemed disposition of an Offered Share (other than to the Corporation) will result in the holder thereof realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the holder's adjusted cost base of such Offered Share and reasonable costs of the disposition. **The initial cost to a subscriber of the Flow-Through Shares is deemed to be nil.**

The cost of any Offered Shares acquired pursuant to this offering must be averaged with the adjusted cost base of all other Common Shares held by the holder for the purpose of calculating capital gains or capital losses on subsequent dispositions of the Offered Shares. One-half of any such capital gain (a taxable capital gain) must be included in computing the income of the holder in the year of disposition, and one-half of any such capital loss (an allowable capital loss) generally must be deducted against taxable capital gains realized by the holder in the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition generally may be deducted by the holder against net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to the detailed provisions of the Tax Act.

Allocation of Unit Price

Subscribers will be required to allocate the price paid for each Unit subscribed for hereunder on a reasonable basis between the Common Shares and the Warrants in order to determine the respective cost of each for tax purposes. The administrative policy of the CRA is that the allocation made by the issuer and that made by a subscriber must be the same. The Corporation has allocated a value of \$● to the Common Shares and \$● to the Warrants. However, this allocation will not be binding on subscribers or on the CRA.

Exercise or Expiry of Warrants

No gain or loss will be realized by a subscriber by the exercise of a Warrant. When a Warrant is exercised, the subscriber's cost of the Common Share acquired thereby would be the aggregate of the subscriber's adjusted cost base of the Warrant and the exercise price paid for the Common Share. The cost of any Common Shares acquired on the exercise of Warrants must be averaged with the adjusted cost base of the other Common Shares held by the subscriber as capital property for purposes of calculating the adjusted cost base of such Common Shares.

On the expiry of an unexercised Warrant, the subscriber will generally realize a capital loss equal to the adjusted cost base to the subscriber of the Warrant.

Cumulative Net Investment Loss

One-half of the amounts of the CEE and Eligible CDE renounced to a subscriber will be added to the subscriber's cumulative net investment loss ("CNIL") account, within the meaning of the Tax Act.

A subscriber's CNIL account may impact a subscriber's ability to access the \$500,000 lifetime capital gain exemption available on the disposition of certain qualified small business corporation shares and qualified farm property.

Minimum Tax

Pursuant to the alternative minimum tax rules in the Tax Act, the tax otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than the minimum amount computed by reference to the individual's "adjusted taxable income" for the year. For these purposes the minimum amount generally means the "aggregate percentage" (currently 16%) of adjusted taxable income in excess of \$40,000. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts otherwise not taxable are included in income. These disallowed items include deductions for CEE to the extent the deductions exceed the individual's resource income before deduction of those amounts, and deductions for carrying charges which relate to an investment in flow-through shares to the extent that such deductions exceed the individual's resource income after deductions for resource expenses, including CEE. Also included in adjusted taxable income are 80% of capital gains.

Whether and to what extent a particular holder will be subject to minimum tax will depend upon the amount of the holder's income, the sources from which it is derived and the nature and amount of any deductions that are claimed. Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the minimum amount for any of the following seven taxation years.

QUÉBEC INCOME TAX CONSIDERATIONS

Québec subscribers are entitled to certain enhanced benefits which may be briefly summarized as follows:

CEE incurred in Québec and renounced in favour of a Québec subscriber will entitle the said subscriber to an additional and supplementary deduction totalling 50% of the CEE incurred for Québec tax purposes over and above the 100% of the CEE otherwise deductible.

The *Québec Taxation Act* provides a mechanism to exempt the capital gains realized (or a portion of these) upon the disposition of flow-through shares which entitled their subscriber to the additional or supplementary deduction referred to above. This exemption is granted by means of the formation of a special account which includes one-half of the CEE incurred in Québec and gives rise to the additional or supplementary deductions which the Corporation renounced in favour of the subscriber. When the Flow-Through Shares are disposed, the tax ranges may reduce the related capital gain by an amount equal to the lesser of one-half of this capital gain and the balance of the account. Any amount of the account used in this way will reduce the balance of the account while any new CEE incurred in Québec and giving rise to the additional or supplementary deductions will increase it.

A Québec subscriber may also deduct in computing his taxable income an amount not exceeding this account relating to certain insurance costs.

A corporation may renounce certain issuance costs relating to a flow-through issue with respect to CEE carried on in Québec in favour of the subscribers. The issuance costs which may be renounced are those actually incurred up to a maximum of 15% of the gross proceeds of the issue.

A Québec subscriber should specifically consult a tax professional with respect to the Québec tax incentives of the present issue.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase the securities within two business days after receipt, or deemed receipt, of this prospectus and any amendments. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some provinces, damages where the prospectus and any amendments contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

**BOLCAR ÉNERGIE INC.
FINANCIAL STATEMENTS**

DECEMBER 31, 2003

AUDITORS' REPORT

To the Directors of
Bolcar Énergie Inc.

We have audited the balance sheet of Bolcar Énergie Inc. as at December 31, 2003 and the statement of operations and deficit and cash flows for the initial 197 day period then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003, the results of its operations and its cash flows for the initial 197 day period then ended in accordance with Canadian generally accepted accounting principles.

Montreal, Québec
April 14, 2004

(s) Schwartz Levitsky Feldman LLP
Chartered Accountants

BOLCAR ÉNERGIE INC.**Balance Sheet**

As at December 31, 2003

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Assets

Current

Cash	\$ 575,060
Accounts receivable	<u>10,248</u>
	<u>\$ 585,308</u>

Liabilities

Current

Accounts payable	<u>\$ 12,446</u>
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Shareholders' equity

Capital stock (note 3)	589,928
Deficit	<u>(17,066)</u>
	<u>572,862</u>
	<u>\$ 585,308</u>

Approved on behalf of the board:

(s) Gérard Prévost _____ Director

(s) Michael Curtis _____ Director

BOLCAR ÉNERGIE INC.

Statement of Operations and Deficit

For the Initial 197 Day Period Ended December 31, 2003

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Revenue

Interest	<u>\$ 671</u>
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Expenses

Operations	<u>17,737</u>
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Net loss and deficit, end of period	<u>\$ (17,066)</u>
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BOLCAR ÉNERGIE INC.

Statement of Cash Flows

For the 197 Day Period Ended December 31, 2003

Page 4

Operating activities

Net loss	\$ (17,066)
Change in non-cash operating items	
Accounts receivable	(10,248)
Accounts payable	<u>12,446</u>
	<u>(14,868)</u>

Financing activities

Issuance of capital stock	<u>589,928</u>
Increase in cash and cash, end of period	<u>\$ 575,060</u>

BOLCAR ÉNERGIE INC.**Notes to financial statements****DECEMBER 31, 2003**

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1. Statutes of incorporation and nature of activities

The Corporation was incorporated under the Canada Business Corporations Act on June 18, 2003. The Corporation is a capital pool company, and as at balance sheet date the Corporation has not yet commenced its operations.

2. Summary of significant accounting policies**Accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the earnings period in which they become known.

Loss per share

Loss per share is not disclosed since the amount is not significant at this stage of development for the Corporation.

3. Capital stock**Authorized**

The authorized capital stock consists of an unlimited number of common shares without par value

Issued

	Number of shares	Amount
	<u> </u>	<u> </u>
Balance, beginning of period		\$ -
Private placement	1,583,332	118,750
Public offering	<u>4,000,000</u>	<u>471,178</u>
Balance, end of period	<u>5,583,332</u>	<u>\$ 589,928</u>

BOLCAR ÉNERGIE INC.

Notes to financial statements

DECEMBER 31, 2003

Page 6

3. Capital stock (Continued)

Issued (continued)

Prior to the initial public offering the Corporation issued 1,583,332 common shares at a price of \$0.075 for net proceeds of \$118,750.

On December 3, 2003, the Corporation completed a public offering of 4,000,000 common shares at a price of \$0.15 for net proceeds of \$471,178.

The Corporation has also granted to Investpro Securities Inc., an option to purchase 10% of the total number of common shares issued under the prospectus (400,000 common shares) at a price of \$0.15 per share until June 9, 2005.

4. Financial instruments

The fair value of accounts receivable and accounts payable approximately correspond to their book value given their short-term maturity.

BOLCAR ÉNERGIE INC.
INTERIM FINANCIAL STATEMENTS
JUNE 30, 2004
(Unaudited)

**The Interim Financial Statements for the period ended June 30, 2004, have not been reviewed by
the auditors of Bolcar Énergie inc.**

BOLCAR ÉNERGIE INC.**Interim Balance Sheet****As at June 30, 2004**

(Unaudited)

Page 1

	2004 (Unaudited)	December 31 2003 (Audited)
Assets		
<i>Current</i>		
Cash and term deposits	\$ 575,828	\$ 575,060
Accounts receivable	3,919	10,248
	<u>\$ 579,747</u>	<u>\$ 585,308</u>
Liabilities		
<i>Current</i>		
Accounts payable	\$ 96,462	\$ 12,446
Shareholders' equity		
Capital stock (note 3)	594,428	589,928
<i>Deficit</i>	<u>(111,143)</u>	<u>(17,066)</u>
	<u>483,285</u>	<u>572,862</u>
	<u>\$ 579,747</u>	<u>\$ 585,308</u>

BOLCAR ÉNERGIE INC.**Interim Statement of Operations and Deficit****For the Six Month Period Ended June 30, 2004, 197 days ended December 31, 2003**

(Unaudited)

Page 2

	2004 (Unaudited)	December 31 2003 (Audited)
Revenue		
Interest	\$ 5,230	\$ 671
Expenses		
Operations	99,307	17,737
Net loss	(94,077)	(17,066)
Deficit, beginning of period	17,066	-
Deficit, end of period	\$ (111,143)	\$ (17,066)

BOLCAR ÉNERGIE INC.**Interim Statement of Cash Flows****For the Six Month Period Ended June 30, 2004, 197 days ended December 31, 2003**

(Unaudited)

Page 3

	2004 (Unaudited)	December 31 2003 (Audited)
	<u> </u>	<u> </u>
Operating activities		
Net loss	\$ (94,077)	\$ (17,066)
Change in non-cash operating items		
Accounts receivable	6,329	(10,248)
Accounts payable	84,016	12,446
	<u>(3,732)</u>	<u>(14,868)</u>
 <i>Financing activities</i>		
Issuance of capital stock	4,500	589,928
Increase in cash and cash equivalents	768	575,060
Cash and cash equivalents, beginning of period	<u>575,060</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 575,828</u>	<u>\$ 575,060</u>

BOLCAR ÉNERGIE INC.**Notes to interim financial statements****June 30, 2004**

(Unaudited)

Page 4

1. Statutes of incorporation and nature of activities

The Corporation was incorporated under the Canada Business Corporations Act on June 18, 2003. The Corporation is a capital pool company, and as at balance sheet date the Corporation has not yet commenced its operations.

2. Summary of significant accounting policies**Accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the earnings period in which they become known.

Loss per share

Loss per share is not disclosed since the amount is not significant at this stage of development for the Corporation.

3. Capital stock**Authorized**

The authorized capital stock consists of an unlimited number of common shares without par value

Issued

	2004		2003	
	(Unaudited)		(Audited)	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	5,583,332	\$ 589,928	-	\$ -
Private placement	30,000	4,500	1,583,332	118,250
Public offering	-	-	4,000,000	471,178
Balance, end of period	<u>5,613,332</u>	<u>594,428</u>	<u>5,583,332</u>	<u>\$ 589,428</u>

BOLCAR ÉNERGIE INC.

Notes to interim financial statements

June 30, 2004

(Unaudited)

Page 5

3. Capital stock (Continued)

Issued (continued)

- a) Prior to the initial public offering the Corporation issued 1,583,332 common shares at a price of \$0.075 for net proceeds of \$118,750.
- b) On December 3, 2003, the Corporation completed a public offering of 4,000,000 common shares at a price of \$0.15 for net proceeds of \$471,178.
- c) The Corporation has also granted to Investpro Securities Inc. ("Investpro"), an option to purchase 10% of the total number of common shares issued under the prospectus (400,000 common shares) at a price of \$0.15 per share until June 9, 2005. On April 28, 2004 Investpro acquired 30,000 common shares under the option granted December 3, 2003 for net proceeds of \$4,500.

4. Subsequent events

- a) The Corporation entered into an asset purchase agreement dated April 8, 2004 as amended by an addendum dated August 11, 2004 to acquire oil and gas permits covering about 123,155 hectares (304,400 acres) for a consideration of \$8,040,000 which will be paid by a cash consideration of \$90,000 and issuance of 26,500,000 common shares at a deemed price of \$0.30 per share.
- b) Investpro has agreed to act as agent in connection with a prospectus offering of a minimum of \$1,701,000 and a maximum of \$5,001,000 (the "Offering"). In consideration of the services to be provided by Investpro under the Offering, Investpro will be entitled to receive cash commission equal to 8% of the gross proceeds raised under the Offering and an option to purchase a number of common shares equal to 10% of the aggregate number of flow-through shares and common shares sold under the Offering.

The total minimum subscription must be raised by December 31, 2004, otherwise all funds collected under the subscription will be released and the offering cancelled. The cost of the issue is estimated to be a total of \$85,000 not including the agent's commission.

BOLCAR ÉNERGIE INC.

Notes to interim financial statements

June 30, 2004

(Unaudited)

Page 6

5. Financial instruments

The fair value of accounts receivable and accounts payable approximately correspond to their book value given their short-term maturity.

6. Comparative figures

The interim financial statements have not been reviewed by the auditors of the Corporation.

COMPILATION REPORT

To the Directors of
Bolcar Énergie Inc.

We have read the accompanying unaudited pro forma balance sheet as at June 30, 2004 and have performed the following procedures:

1. Compare the amounts in the column captioned June 30, 2004 to the unaudited balance sheet of Bolcar Énergie Inc. (the "Corporation") and found them to be in agreement.
2. Made enquiries of certain officials of the Corporation who have responsibility for financial and accounting matters about:
 - a) the basis for determination of the pro forma adjustments; and
 - b) whether the pro forma balance sheet complies as to form in all material respects with TSX Venture Exchange requirements;

The officials:

- a) described to us the basis for determination of the pro forma adjustments; and
 - b) stated that the pro forma balance sheet complies as to form in all material respects with TSX Venture Exchange requirements;
3. Read the notes to the pro forma balance sheet, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
 4. Recalculated the application of the pro forma adjustments to the aggregate of the amount in the column captioned Bolcar Énergie Inc. as at June 30, 2004 and found the amounts in the column captioned "Pro forma balance sheet" to be arithmetically correct.

A pro forma balance sheet is based on management's assumptions and adjustments, which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma balance sheet and we therefore make no representations about the sufficiency of the procedures for the purpose of the reader of such balance sheet.

Montreal, Québec
September 20, 2004

(s) Schwartz Levitsky Feldman LLP
Chartered Accountants

BOLCAR ÉNERGIE INC.
PRO FORMA BALANCE SHEET

JUNE 30, 2004

(Unaudited)

BOLCAR ÉNERGIE INC.**Pro Forma Balance Sheet****As at June 30, 2004**

(Unaudited)

Page 1

	<u>June 30, 2004</u>	<u>Pro forma adjustments</u>	<u>Pro forma Balance Sheet</u>
Assets			
<i>Current</i>			
Cash and term deposits	\$ 575,828	\$ 1,366,825	\$ 1,879,828
Accounts receivable	3,919	-	3,919
	<u>579,747</u>	<u>1,366,825</u>	<u>1,883,747</u>
<i>Oil and gas permits</i>	<u>-</u>	<u>3,554,255</u>	<u>3,554,255</u>
	<u>\$ 579,747</u>	<u>\$ 4,921,080</u>	<u>\$ 5,500,827</u>
Liabilities			
<i>Current</i>			
Accounts payable	\$ 96,462	\$ -	\$ 96,462
Shareholders' equity			
Capital stock (note 3)	594,428	4,921,080	5,515,508
<i>Deficit</i>	<u>(111,143)</u>	<u>-</u>	<u>(111,143)</u>
	<u>483,285</u>	<u>4,921,080</u>	<u>5,404,365</u>
	<u>\$ 579,747</u>	<u>\$ 4,921,080</u>	<u>\$ 5,500,827</u>

BOLCAR ÉNERGIE INC.

Pro Forma Balance Sheet

As at June 30, 2004

(Unaudited)

Page 2

1. Basis of presentation

Management has prepared the accompanying unaudited pro forma balance sheet (the "Balance Sheet") of Bolcar Énergie Inc. ("Bolcar" or the "Corporation") in accordance with Canadian generally accepted accounting principles. The Balance Sheet has been prepared from information derived from the unaudited balance sheet of Bolcar as at June 30, 2004 together with other information available to the Corporation.

Management believes the Balance Sheet includes all adjustments necessary for fair presentation of the proposed common share issuances and the reorganization of the Corporation as described below.

The Balance Sheet should be read in conjunction with the unaudited balance sheet of Bolcar referred to above, and the related Bolcar information and proxy circular dated October 8, 2004 (the "Circular"). This Balance Sheet is not necessarily indicative of the financial position, which would have resulted if the transaction has actually occurred on June 30, 2004.

The substance of Bolcar's common share issuance and the proposed reorganization is a transaction which results in the assets represented by the oil and gas properties (the "Assets") becoming the sole capital assets of a listed public entity through acquisition of control of Bolcar by the former owners of the Assets and Bolcar's recapitalization. Accordingly, the Assets have been recorded in the Balance Sheet at the transferors' historical cost. While the Balance Sheet and share capital are of Bolcar as a legal entity, the assets, liabilities and dollar amounts attributed to share capital are those of the former Assets owners.

2. Assumptions and pro forma adjustments

The Balance Sheet gives effect to the following transactions as if they had taken effect as at June 30, 2004.

- a) The Corporation entered into an asset purchase agreement dated April 8, 2004 as amended by an addendum dated August 11, 2004 to acquire oil and gas permits covering about 123,155 hectares (304,400 acres) for a consideration of \$8,040,000 which will be paid by a cash consideration of \$90,000 plus an issuance of 26,500,000 common shares. The common shares issued have been assigned a value of \$ 3,357,080 being the carrying value of the assets in the financial statements of the former owners less transaction costs:

Carrying value of oil and gas permits	\$3,554,255
Less cash payment	<u>(90,000)</u>
	3,464,255
transaction costs applied against capital stock	<u>(107,175)</u>
Assigned value to common shares	<u>\$3,357,080</u>

- b) As a condition of the previously described acquisition the Corporation intends to complete an offering in the Provinces of Alberta, Québec and Ontario. The Corporation assumes that \$1,700,000 will be obtained by the issue of 1,667 units at a price of \$3,000 per unit. Each unit shall consist of ● flow-through shares at a price of \$● per share and ● common shares at a price of \$● per share.
- c) The projected cost to finalize the proposed transactions is estimated at \$107,175 and have been applied against cash and capital stock.
- d) The commission fee of the minimum offering is estimated at \$136,000 and has been applied against cash and capital stock.
- e) An independent valuator at \$8,040,000 has established the fair value of the oil and gas permits. The actual value based on cost incurred to date is \$4,369,815 and the carrying value of the permits is \$3,554,255.

In accordance with generally accepted accounting principles the carrying value of the acquisition must be recorded at its historical cost.

3. Capital stock

The transactions included in the Corporation's capital stock result from the transactions described previously.

	2004 (Unaudited)	
	Number of shares	Amount
Balance, beginning of period	5,613,332	\$ 594,428
Acquisition oil & gas permits	26,500,000	3,357,080
Public offering	5,666,667	1,564,000
Balance, end of period	<u>37,779,999</u>	<u>\$ 5,515,508</u>

CERTIFICATE OF THE CORPORATION

Dated: November 1, 2004

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario), and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

(s) Gérard Prévost

Gérard Prévost
President and Chief Executive Officer

(s) Serge Shedleur

Serge Shedleur
Vice-President, Finance

On behalf of the Board of Directors

(s) Robert Guillemette

Robert Guillemette,
Director

(s) Jean-Guy Lambert

Jean-Guy Lambert,
Director

CERTIFICATE OF THE PROMOTER

Dated: November 1, 2004

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario) and by the respective regulations made thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

(s) Gérard Prévost

Gérard Prévost

CERTIFICATE OF THE AGENT

Dated: November 1, 2004

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario), and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

INVESTPRO SECURITIES INC.

By: (s) Robert Laflamme
Robert Laflamme

AUDITORS' CONSENT

Dated: ●, 2004

We have read the prospectus (the "**Prospectus**") of Bolcar Énergie inc. (the "**Corporation**") dated ●, 2004. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the Prospectus of our report to the directors of the Corporation on the balance sheet as at December 31, 2003 and the statements of operations and deficit, of cash flows for the year ended December 31, 2003. Our report is dated April 14, 2004.

We also consent to the use in the Prospectus of our compilation report to the directors of the Corporation on the pro forma balance sheet as at June 30, 2004. Our compilation report is dated September 20, 2004.

SCHWARTZ LEVITSKY FELDMAN LLP

By: _____
Chartered Accountants