

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario and with the TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the British Columbia, Alberta and Ontario securities commissions.

This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PRELIMINARY PROSPECTUS

Initial Public Offering

November 30, 2003

SUNTEC CAPITAL INC. **(a capital pool company)**

\$1,000,000
4,000,000 Common Shares

Price: \$0.25 per Common Share

Suntec Capital Inc. (the "Corporation") hereby offers through its agent, First Associates Investments Inc. (the "Agent"), 4,000,000 common shares in the capital of the Corporation (the "Common Shares") for sale to the public at a price of \$0.25 per share. The purpose of this offering (the "Offering") is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the "Exchange") and, in the case of a Non Arm's Length Qualifying Transaction, as hereinafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Policy 2.4 of the Exchange (the "CPC Policy"). The Corporation is a Capital Pool Company ("CPC"). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

	Common Shares	Price to Public	Agent's Commission⁽¹⁾	Proceeds to Corporation⁽²⁾
Per Common Share	1	\$0.25	\$0.025	\$0.225
Total Offering	4,000,000	\$1,000,000	\$100,000	\$900,000

Notes:

- (1) A commission of 10% of the gross proceeds of the Offering will be paid to the Agent. The Agent will be reimbursed by the Corporation for its expenses, including legal fees, estimated at \$15,000. The Agent and its sub-agents, if any, will also be granted the Agent's Option referred to below. See "Plan of Distribution - Agency Agreement and Agent's Compensation".
- (2) Before deducting the costs of this issue estimated at \$55,000 which includes legal and audit fees and other expenses of the Corporation estimated at \$30,000, Agent's expenses and legal fees estimated at \$15,000 and the estimated listing fee of \$10,000 payable to the Exchange. See "Use of Proceeds".

This Offering is made on a commercially reasonable efforts basis by the Agent and is subject to a minimum subscription of 4,000,000 Common Shares for gross proceeds to the Corporation of \$1,000,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by Valiant Trust Company (the "Trustee") pursuant to the terms of the Agency Agreement among the Corporation, the Agent and the Trustee. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Trustee.

Pursuant to the Agency Agreement, the Agent will be granted a non-transferable option (the "Agent's Option") to purchase 400,000 Common Shares at a price of \$0.25 per share expiring 18 months from the date the Corporation's shares are listed on the Exchange. The Agent's Option is qualified under this prospectus for distribution. In addition, and subject to regulatory approval, the Corporation intends to grant options to purchase 666,666 Common Shares under the Corporation's share option plan. These options are also qualified under this prospectus for distribution. See "Share Options".

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

The Corporation has applied to list its Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".

There is no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of \$0.05 or 20%. The Corporation was only recently incorporated and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction which receives Exchange approval and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval of the Corporation's shareholders; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. The Corporation has commenced the process of identifying potential acquisitions, but to date, the Corporation has not identified any potential acquisitions. The Corporation has yet to enter into any negotiations with respect to such potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic. The Corporation has not entered into an Agreement in Principle, as hereinafter defined. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction (other than the requirement under the CPC Policy that the Significant Assets must be primarily located in Canada or the United States, unless the Resulting Issuer is an oil and gas issuer or a mining issuer), such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 18 months of the date of listing. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation owned by Insiders, as hereinafter defined, issued prior to this Offering. Investors must rely solely on the expertise of the Corporation's Promoters, as hereinafter defined, directors and officers for any possible return on their investment. The Corporation's Promoters, directors, officers and Control Persons, as hereinafter defined, and their Associates, as hereinafter defined, and Affiliates, as hereinafter defined, as a group, beneficially own or control, directly or indirectly, 2,666,666 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 40% of the issued and outstanding Common Shares after giving effect to this Offering. 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. See "Capitalization", "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Conflicts of Interest", and "Risk Factors".

First Associates Investments Inc., as agent, conditionally offers these Common Shares, on a "commercially reasonable efforts" basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by Burnet, Duckworth & Palmer LLP, on behalf of the Corporation and by McLeod & Company LLP, on behalf of the Agent. Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 80,000 (\$20,000) of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 160,000 (\$40,000) of the total number of Common Shares offered under this prospectus. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates for the Common Shares evidencing the Common Shares in definitive form will be available for delivery on the closing date.

**First Associates Investments Inc.
Suite 2200, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9**

TABLE OF CONTENTS

	Page Number
GLOSSARY	1
PROSPECTUS SUMMARY	6
THE CORPORATION	8
BUSINESS OF THE CORPORATION	8
Preliminary Expenditures	8
Proposed Operations until Completion of a Qualifying Transaction	8
Geographical Restrictions of Operations	8
Method of Financing	8
Criteria for a Qualifying Transaction	8
Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction	9
Minimum Listing Requirements	9
Trading Halts, Suspensions and Delisting	9
Refusal of Qualifying Transaction	10
USE OF PROCEEDS	10
Net Proceeds	10
Permitted Use of Funds	11
Restrictions on Use of Proceeds	12
Private Placements for Cash	12
Prohibited Payments to Non Arm's Length Parties	12
PLAN OF DISTRIBUTION	13
Agency Agreement and Agent's Compensation	13
Commercially Reasonable Efforts Offering and Minimum Distribution	13
Other Securities to be Distributed	13
Determination of Price	13
Listing Application	13
Restrictions on the Agent	13
Restrictions on Trading	14
DESCRIPTION OF SHARE CAPITAL	14
Common Shares	14
CAPITALIZATION	14
SHARE OPTIONS	14
PRIOR SALES	15
ESCROWED SECURITIES	15
Escrowed Securities on Qualifying Transaction	17
Escrowed Securities on Private Placement	17
PRINCIPAL SHAREHOLDERS	18
DIRECTORS, OFFICERS AND PROMOTERS	18
Other Reporting Issuer Experience	19
Promoters	20
Corporate Cease Trade Orders or Bankruptcies	20
Penalties or Sanctions	21
Personal Bankruptcies	21
Conflicts of Interest	21
Executive Compensation	21
DILUTION	22
RISK FACTORS	22
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	23
MATERIAL CONTRACTS	23
LEGAL PROCEEDINGS	24
RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT	24
RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS	24
AUDITOR, TRANSFER AGENT AND REGISTRAR	24

AUDITORS' CONSENT	24
OTHER MATERIAL FACTS	24
DIVIDEND POLICY	25
PURCHASERS' STATUTORY RIGHTS	25
BALANCE SHEET	26
AUDITORS' REPORT	27
CERTIFICATE OF THE CORPORATION	31
CERTIFICATE OF THE PROMOTER	31

GLOSSARY

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

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

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

"Agency Agreement" means the agency agreement dated •, 2003 among the Corporation, the Agent and the Trustee.

"Agent" means First Associates Investments Inc.

"Agent's Option" means the non-transferable option to be granted by the Corporation to the Agent entitling the Agent to acquire up to 400,000 Common Shares of the Corporation at an exercise price of \$0.25 per share, expiring 18 months from the date of listing of the Common Shares on the Exchange.

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

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

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

"ASE" means the Alberta Stock Exchange, a predecessor of the Exchange.

"Associate" when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (i) that Person's spouse or child; or
 - (ii) any relative of that Person or of his spouse who has the same residence as that person;

but:

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

"CDNX" means the Canadian Venture Exchange Inc., a predecessor of the Exchange.

"Common Shares" means the common shares in the share capital of the Corporation.

"Company" unless specifically indicated otherwise, means a corporation, unincorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion of the Qualifying Transaction" means the date the Final Exchange Bulletin is issued by the Exchange.

"Control Person" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

"Corporation" means Suntec Capital Inc., a corporation incorporated under the *Business Corporations Act* (Alberta), having an office in the City of Calgary, in the Province of Alberta.

"CPC" means a corporation:

- (a) that has been incorporated or organized to the laws of a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Final Exchange Bulletin has not yet been issued.

"CPC Policy" means Policy 2.4 of the Exchange.

"Eligible Charitable Organization" means:

- (a) any "Charitable Organization" or "Public Foundation" which is a "Registered Charity", but is not a "Private Foundation" (as such terms are defined in the *Income Tax Act* (Canada); or
- (b) a "Registered National Arts Service Organization" (as such term is defined in the *Income Tax Act* (Canada)).

"Escrow Agreement" means the escrow agreement dated •, 2003 among the Corporation, the Trustee and the founding shareholders of the Corporation.

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

"Final Exchange Bulletin" means the Exchange bulletin issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"Initial public offering" or **"IPO"** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

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

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

- (b) a director or senior officer of the company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

"Issuer" means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

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

- (a) Non Arm's Length Parties to the CPC;
- (b) Non Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if the CPC holds its own shares, the CPC; and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

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

"Member" means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

"Members' Agreement" means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

"Minimum Listing Requirements" means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

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

"Non Arm's Length Party" means:

- (a) in relation to a company, a Promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons; and
- (b) in relation to an individual, means any Associate of the individual or any company of which the individual is a Promoter, officer, director, Insider or Control Person.

"Non Arm's Length Qualifying Transaction" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

"Offering" means the offering of Common Shares in accordance with the terms of this prospectus.

"Person" means a company or individual.

"Principal" means:

- (a) a Person, or its Associates or Affiliates, who acted as a Promoter of the Issuer within two years before the IPO prospectus or the Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a 10% holder - a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

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

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

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals.

"Promoter" has the meaning specified in section 1(rr) of the *Securities Act* (Alberta).

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

"Related Party Transaction" has the meaning ascribed to that term under Appendix 5B - Ontario Securities Commission Rule 61-501, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

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

"SEDAR" means System for Electronic Document Analysis and Retrieval.

"Significant Assets" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Minimum Listing Requirements.

"Sponsor" means a Member that meets the criteria specified in the Exchange Policy 2.2 which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange policies.

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

"Trustee" means CIBC Mellon Trust Company, a trust corporation having an office in the City of Calgary, in the Province of Alberta.

"TSX" means the Toronto Stock Exchange.

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

A company is **"controlled"** by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

PROSPECTUS SUMMARY

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

- Business of the Corporation:** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimal amount of cash. The Corporation has not identified any potential acquisitions. An acquisition financed by the issuance of treasury shares could result in a change in control of the Corporation and may cause the shareholders' interests in the Corporation to be reduced. See "Business of the Corporation" and "Dilution".
- Offering:** A total of 4,000,000 Common Shares are being offered under this prospectus at a price of \$0.25 per Common Share. In addition, the Corporation will grant an option to the Agent to purchase up to 400,000 Common Shares at a price of \$0.25 per share which will be exercisable for a period of 18 months from the date of listing of the Common Shares on the Exchange, which option is qualified under this prospectus. The Corporation also intends to grant options to purchase an aggregate of 666,666 Common Shares to directors and officers under the Corporation's share option plan, which options are also qualified under this prospectus. See "Share Options".
- Use of Proceeds:** The total net proceeds to the Corporation, accounting for total cash proceeds raised prior to this Offering and total proceeds of this Offering, net of all Offering expenses, will be approximately \$1,178,333. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds", "Business of the Corporation" and "Risk Factors".
- Directors and Management:**
- | | | |
|----------------|---|---|
| Gene Moody | - | President, Chief Executive Officer and Director |
| Steve Smith | - | Chief Financial Officer and Director |
| David Erickson | - | Director |
| John Ferguson | - | Director |
| Bruce Allford | | Corporate Secretary, Director |
- Mr. Gene Moody is the Promoter of the Corporation. See "Directors, Officers and Promoters".
- Escrow:** All of the currently issued and outstanding Common Shares of the Corporation, being 2,666,666 Common Shares, have been deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

Risk Factors:

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention 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. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 20% or \$0.05 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "Business of the Corporation", "Directors, Officers and Promoters", "Capitalization", "Dilution", "Risk Factors" and "Conflicts of Interest".

THE CORPORATION

The Corporation was incorporated on October 30, 2003 as 1074055 Alberta Ltd. under the *Business Corporations Act* (Alberta). On November 3, 2003, the Corporation amended its Articles of Incorporation to change its business name to "Suntec Capital Inc." On November 24, 2003, the Corporation amended its Articles of Incorporation to remove the "private company" restrictions set forth therein.

The head office of the Corporation is located at 3500, 205 – 5th Avenue SW, Calgary, Alberta, T2P 2V7. The registered office of the Corporation is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 2N9.

BUSINESS OF THE CORPORATION

Preliminary Expenditures

Other than a \$5,000 legal fee deposit and a \$10,000 due diligence administration fee paid to the Agent, the Corporation has not incurred any expenses to date. However, certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor, the fees of the Exchange and the securities regulatory authorities and legal expenses. See "Use of Proceeds".

Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. The Corporation currently intends to pursue a Qualifying Transaction in the energy or resource industries but there is no assurance that one of these will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following the Completion of the Qualifying Transaction.

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

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

Geographical Restrictions of Operations

In accordance with the CPC Policy, except where the Resulting Issuer is an oil and gas issuer or a mining issuer, the Qualifying Transaction cannot involve the acquisition of a Significant Asset where the primary asset is located other than in Canada or the United States.

Method of Financing

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

Criteria for a Qualifying Transaction

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the

directors will act honestly and in good faith having regard to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation is required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction or where shareholder approval is otherwise required. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction or where shareholder approval is not otherwise required. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Significant Asset and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

- (1) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR; or
- (2) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

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

- (i) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (ii) confirmation of closing of the Qualifying Transaction; and
- (iii) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

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

Minimum Listing Requirements

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

Trading Halts, Suspensions and Delisting

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

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

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

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

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 18 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner.

Refusal of Qualifying Transaction

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

- (a) the Resulting Issuer fails to satisfy the applicable Minimum Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
- (i) a Member firm of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
 - (iii) associates of any such person;
- collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange;
- (e) except where the Resulting Issuer is an oil and gas issuer or a mining issuer, the Qualifying Transaction involves the acquisition of a Significant Asset where the primary asset is located other than in Canada or the United States; or
- (f) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Net Proceeds

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$1,000,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus was \$333,333. From these aggregate gross proceeds of \$1,333,333 will be deducted the expenses and costs of this issue estimated in the aggregate, including legal, accounting, printing, regulatory fees and the Agent's commission, to be approximately \$155,000.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of this Offering:

Gross cash proceeds raised prior to this Offering (seed shares) ⁽¹⁾	\$333,333
Expenses and costs relating to raising seed share proceeds	nil ⁽²⁾
Gross cash proceeds to be raised pursuant to this Offering	\$1,000,000

Estimated expenses and costs relating to this Offering ⁽³⁾	<u><\$155,000></u>
Estimated funds available on completion of the Offering⁽⁴⁾	<u>\$1,178,333</u>
Funds available for identifying and evaluating assets or business prospects ⁽⁴⁾⁽⁵⁾	<u>\$1,153,333</u>
Estimated general and administrative expenses until Completion of a Qualifying Transaction	<u>\$25,000</u>
Total net proceeds	<u>\$1,178,333</u>

Notes:

- (1) See "Prior Sales".
- (2) No issue costs have been allocated towards the issuance of these shares. See the Corporation's balance sheet as at November 28, 2003.
- (3) Includes listing fees, Agent's commission, legal fees, audit fees and expenses.
- (4) In the event the Agent exercises the Agent's Option, there will be available to the Corporation a maximum of an additional \$100,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$1,178,333 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Restrictions on Use of Proceeds", "Private Placements for Cash", and "Prohibited Payments to Non Arm's Length Parties", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

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

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements; and
- (g) fees for legal and accounting services;

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation and \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Uses of Funds", listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) agent's fees, costs and commissions;
- (c) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (d) administrative and general expenses of the Corporation, including:
 - (i) office supplies, office rent and related utilities;
 - (ii) printing costs (including the printing of this prospectus and share certificates);
 - (iii) equipment leases; and
 - (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

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

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the completion of a Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$2,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm's Length Parties

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

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees, loans, advances and bonuses; and
- (b) deposits and similar payments.

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

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a Promoter of the Corporation or in the case of a law firm, no member of the firm owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

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

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public 4,000,000 Common Shares as provided in this prospectus, at a price of \$0.25 per Common Share, for gross proceeds of \$1,000,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay the Agent's expenses, including legal fees, estimated at \$15,000.

The Corporation has also agreed to grant to the Agent the Agent's Option to purchase 400,000 Common Shares at a price of \$0.25 per share, which may be exercised for a period of 18 months from the date the Common Shares of the Corporation are listed on the Exchange. The Agent's Option is qualified under this prospectus. The Agent intends to sell any Common Shares acquired by it upon exercise of the Agent's Option. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Commercially Reasonable Efforts Offering and Minimum Distribution

The total Offering is 4,000,000 Common Shares at a price of \$0.25 per share for total gross proceeds of \$1,000,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% or 80,000 (\$20,000) of the total number of Common Shares under the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% or 160,000 (\$40,000) of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Trustee, and will not be released until proceeds of \$300,000 have been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Trustee will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Trustee.

Other Securities to be Distributed

The Corporation also proposes to grant options to purchase 666,666 Common Shares to directors and officers in accordance with the policies of the Exchange, which options are qualified under this prospectus.

Determination of Price

The offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent.

Listing Application

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Restrictions on the Agent

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

- (i) has subscribed for Common Shares of the Corporation; or
- (ii) are permitted to subscribe for Common Shares of the Corporation pursuant to this distribution; and

until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the

foregoing, is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date.

Restrictions on Trading

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

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 2,666,666 are issued and outstanding as fully paid and non-assessable. In addition, 4,000,000 Common Shares are reserved for issuance under this prospectus, 666,666 are reserved under the Corporation's share option plan and 400,000 are reserved under the Agent's Option. See "Plan of Distribution".

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding as of November 28, 2003⁽¹⁾</u>	<u>Amount Outstanding as of November 28, 2003</u>	<u>Amount Outstanding After Giving Effect to this Offering⁽²⁾⁽³⁾</u>
Common Shares	unlimited	\$333,333 (2,666,666 shares)	\$333,333 (2,666,666 shares)	\$1,333,333 (6,666,666 shares)
Long Term Debt	N/A	\$nil	\$nil	\$nil

Notes:

- (1) As at November 28, 2003, the Corporation had not commenced operations and had retained earnings of \$nil.
- (2) The Corporation has reserved an aggregate of 666,666 Common Shares at \$0.25 per share pursuant to the Corporation's share option plan and has reserved an aggregate of 400,000 Common Shares at \$0.25 per share pursuant to the Agent's Option. See "Plan of Distribution".
- (3) Before deducting the Agent's commission, fees and expenses and the other costs of this Offering, estimated at \$155,000.

SHARE OPTIONS

The Corporation has adopted an incentive share option plan (the "Option Plan") which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance, together with any options issued to Eligible Charitable Organizations, will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to: (a) any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares; (b) all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares; and (c) all Eligible Charitable Organizations will not exceed one percent (1%) of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to

Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities". These options are also qualified under this prospectus for distribution.

Pursuant to the Option Plan, upon the issue of a receipt for the (final) prospectus, the Board of Directors of the Corporation intends to grant the following options to purchase Common Shares of the Corporation. These options are also qualified under this prospectus.

	Number of Common Shares Under Option	Exercise Price Per Common Share	Expiry Date ⁽¹⁾
Gene Moody	225,002	\$0.25	5 years
Steve Smith	110,416	\$0.25	5 years
David Erickson	110,416	\$0.25	5 years
John Ferguson	110,416	\$0.25	5 years
Bruce Allford	110,416	\$0.25	5 years
Total	666,666		

Note:

- (1) The options will all vest immediately on the date of grant, being the date on which a receipt is issued for the (final) prospectus, and will expire five years from the date of grant.

PRIOR SALES

Since the date of incorporation of the Corporation, 2,666,666 Common Shares have been issued as follows:

Date	Number of Common Shares	Issue Price Per Share	Aggregate Issue Price	Consideration Received
November 28, 2003	2,666,666 ⁽¹⁾	\$0.125	\$333,333	Cash

Note:

- (1) These Common Shares will be held in escrow. See "Escrowed Securities".

ESCROWED SECURITIES

All of the 2,666,666 Common Shares issued prior to this Offering and all Common Shares that may be acquired from treasury of the Corporation by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with the Trustee under the Escrow Agreement.

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

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

Notwithstanding the foregoing, Common Shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See "Escrowed Securities on Private Placement".

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation which are held in escrow.

Name and Municipality of Residence of Shareholder	Number of Common Shares Escrowed	Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering	Percentage of Common Shares of the Corporation After Giving Effect to the Offering⁽¹⁾
Gene Moody Calgary, Alberta	734,156	27.5%	11.0%
Steve Smith Calgary, Alberta	266,666	10.0%	4.0%
Cathy Erickson Calgary, Alberta	136,000	5.1%	2.0%
John Ferguson Calgary, Alberta	266,666	10.0%	4.0%
Bruce Allford Calgary, Alberta	266,666	10.0%	4.0%
Scott Paterson Toronto, Ontario	160,403	6.0%	2.4%
L.J.S. Investments Ltd. Calgary, Alberta	160,395	6.0%	2.4%
Dan Belczewski Calgary, Alberta	133,737	5.0%	2.0%
Pat Keck Calgary, Alberta	53,333	2.0%	0.8%
Rex Kary Calgary, Alberta	133,737	5.0%	2.0%
Tom Riddell Calgary, Alberta	58,181	2.2%	0.9%
Clarence Stewart Calgary, Alberta	31,515	1.2%	0.5%
The Newtonian Corporation Calgary, Alberta	31,515	1.2%	0.5%
Chris Woodward Calgary, Alberta	31,515	1.2%	0.5%
Agnes Snarr Calgary, Alberta	31,515	1.2%	0.5%
A.B. Cann Financial Holdings Limited Calgary, Alberta	40,000	1.5%	0.6%
Terrace Energy Inc. Calgary, Alberta	130,666	4.9%	2.0%
TOTAL	2,666,666	100.00%	40.0%

Notes:

(1) Assuming no Common Shares are purchased by these persons under the Offering.

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

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

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the offering price under this prospectus has irrevocably authorized and directed the Trustee to immediately cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation for failure to complete a Qualifying Transaction.

Escrowed Securities on Qualifying Transaction

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

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a six-year escrow release mechanism with:

- (a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and
- (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 months after the Final Exchange Bulletin.

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

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin; and
- (b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

Escrowed Securities on Private Placement

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

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the Policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle; and
 - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer;

- (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period; and
- (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Shares	Percentage of Shares Owned Prior to Giving Effect to Offering	Percentage of Shares Owned After Giving Effect to Offering⁽¹⁾⁽²⁾⁽³⁾
Gene Moody Calgary, Alberta	direct	734,156	27.5%	11.0%

Notes:

- (1) Assuming that no Common Shares are purchased by these persons under the Offering.
- (2) On a fully diluted basis, assuming the exercise of all of the Agent's Option and all of the options to be granted to the directors and officers of the Corporation pursuant to the Option Plan, Mr. Moody would own approximately 12.4% of the issued and outstanding Common Shares after giving effect to the Offering.
- (3) In addition, Mr. Gene Moody will be granted options to purchase an aggregate of 225,002 Common Shares. See "Share Options".

DIRECTORS, OFFICERS AND PROMOTERS

The name, municipality of residence and positions held in the Corporation of each of the directors and officers of the Corporation are as follows:

Name and Municipality of Residence	Age	Position Held
Gene Moody Calgary, Alberta	51	President, Chief Executive Officer and a Director
Steve Smith ⁽¹⁾ Calgary, Alberta	48	Chief Financial Officer and a Director
Dave Erickson Calgary, Alberta	53	Director
John Ferguson ⁽¹⁾ Calgary, Alberta	45	Director
Bruce Allford ⁽¹⁾ Calgary, Alberta	39	Corporate Secretary and Director

Notes:

- (1) Member of the Audit Committee
- (2) The Corporation does not have an Executive Committee of the Board of Directors and, at present, does not have a Compensation Committee or a Corporate Governance Committee.
- (3) Upon completion of the Offering, on a fully diluted basis, assuming the exercise of all of the Agents' Option and all of the options to be granted to the directors and officers of the Corporations pursuant to the Option Plan, the directors and officers of the Corporation would own approximately 30.2% of the issued and outstanding Common Shares beneficially owned and controlled after giving effect to the Offering.

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

Mr. Moody will devote his full time and attention to the business and affairs of the Corporation. The remaining directors of the Corporation will devote their time and attention to the affairs of the Corporation as required. Profiles of the Corporation's directors and officers and the particulars of their respective principal occupations during the last five years is set forth below.

***Gene Moody, President and Chief Executive Officer
Calgary, Alberta***

Mr. Moody, President, Chief Executive Officer and a director of the Corporation, is a long time member of the Calgary oil and gas community, Mr. Moody studied engineering at the University of Calgary (1973-1975) and is currently one of approximately 10 liaisons between the oil and gas industry and the University of Calgary Engineering Faculty through the Engineering Associates program. Mr. Moody is currently the President of Western Symbiotics Limited, a private company involved in the drilling services technology business and has held such position since June 2000. Since his first summer job working for Big Indian Drilling in 1971, Mr. Moody has acquired extensive industry knowledge and has, since 1976, specialized in the drilling fluid business. Mr. Moody has held progressively more senior positions with Mudco Services Limited, International Drilling Fluids and Hartford Environmental Services Limited. Mr. Moody was the founder of Underbalanced Drilling Systems Ltd. ("Underbalanced") a company which commercialized drilling services technology invented and patented by Mr. Moody. Mr. Moody was the Chief Executive Officer of Underbalanced from January 1993 to August 1999. Underbalanced Drilling Systems Ltd. was acquired by Precision Drilling Corporation in 1999.

***Steve Smith – Chief Financial Officer and Director
Calgary, Alberta***

Mr. Smith, Chief Financial Officer and a director of the Corporation, is a Chartered Accountant in Alberta and Ontario. Mr. Smith was with Peat Marwick until 1983, when he left to become the Controller of Canadian Pioneer Energy Ltd., a public oil and gas company with operations in Canada and the U.S. In 1986 he joined Poco Petroleum Ltd. holding various positions, ultimately becoming an officer of the company as Treasurer and Controller. From 1989 to July, 1995, Mr. Smith [PIF] worked independently as a financial consultant and served for a period as President and Director of Pan East Petroleum Corp. From July, 1995 to September, 1999, Mr. Smith was employed by Nesbitt Burns Inc. as an energy analyst. Mr. Smith was a director and Chief Financial Officer of Underbalanced from November, 1996 to October, 1999. He is currently an energy analyst with Orion Securities Inc., and has held such position since September, 1999.

***Dave Erickson – Director
Calgary, Alberta***

Mr. Erickson, a director of the Corporation, is a professional geologist who graduated from the University of Calgary with a BSc in 1972, and has been working in the oil and gas industry since that time. From December, 1988 to April, 1998, Mr. Erickson was employed with Petromet Resources Limited where he held the position of Senior Vice-President. Presently, Mr. Erickson is the Senior Vice-President and a director of Raven Energy Ltd., and has held such offices since May, 1999.

***John Ferguson C.A. – Director
Calgary, Alberta***

Mr. Ferguson, a director of the Corporation, has been the Vice President, Finance, Chief Financial Officer and Corporate Secretary of Rider Resources Inc. since February 19, 2003. Prior thereto, Mr. Ferguson was the Vice President, Finance, Chief Financial Officer and a director of Meota Resources Ltd. from January 2000 to October, 2002. He also served as the Vice President and Chief Financial Officer of Poco Petroleum Ltd. from October 1992 to November, 1999.

***Bruce Allford – Director
Calgary, Alberta***

Mr. Allford, the Corporate Secretary and a director of the Corporation, is a partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP. Mr. Allford was called to the Alberta Bar in 1991 and has been practicing law in the areas of corporate securities and natural resources law since that time. Mr. Allford is a director or corporate secretary of several public and private companies in the oil and gas exploration, production and services businesses.

Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoter(s) of the Corporation that are, or have been within the last five years, directors, officers or Promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Exchange	Position	Term
Gene Moody	Underbalanced Drilling Systems Ltd.	ASE/CDNX	President	January, 1993 to August, 1999
Dave Erickson	Petromet Resources Limited	TSX and Nasdaq National Market	Senior Vice-President	1988 to 1999
	Underbalanced Drilling Systems Ltd.	ASE/CDNX	Director	1995 to July, 1999
	Raven Energy Ltd.	TSXV	Officer and Director	August, 1998 to present
	Esker Resources Ltd.	TSXV	Director	February, 1997 to December, 2001
	Kensington Energy Ltd.	TSX	Director	April, 2002 to present
John Ferguson	Rider Resources Inc.	TSX	Vice-President, Finance, Chief Financial Officer and Corporate Secretary	February, 2003 to Present
	Meota Resources Ltd.	TSX	Vice-President, Finance, Chief Financial Officer and a Director	January, 2000 to October, 2002
	Poco Petroleum Ltd.	TSX	Vice-President and Chief Financial Officer	October, 1992 to November, 1999
			Treasurer	October 1988 to November, 1992
	Underbalanced Drilling Systems Ltd.	ASE/CDNX	Director	November, 1993 to July, 1999
	Merit Energy Ltd.	TSX	Director	November, 1996 to April, 2000
Steve Smith	Underbalanced Drilling Systems Ltd.	ASE/CDNX	Director and Chief Financial Officer	November, 1996 to July, 1999
Bruce Allford	Tribute Minerals Inc.	TSXV	Corporate Secretary	December 2001 to April 2003
	Nevada Bob's Golf Inc.	TSX	Corporate Secretary	1996 to April, 2000
	Underbalanced Drilling Systems Ltd.	ASE/CDNX	Corporate Secretary	1997 to July, 1999
	Merit Energy Ltd.	TSX	Corporate Secretary	November, 1996 to December, 1999
	Indo Pacific Resources Ltd.	ASE/CDNX	Director	1997 to present

Promoters

Mr. Moody may be considered to be the Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Moody beneficially owns, directly or indirectly, or exercises control and direction over, 734,156 Common Shares or 27.5% of the issued and outstanding Common Shares before the Offering. After giving effect to this Offering, his holdings will represent approximately 11% of the outstanding Common Shares. See "Prior Sales" and "Principal Shareholders". Other than options to be granted to Mr. Moody pursuant to the Corporation's Option Plan, nothing of value, including money, property, contracts, options or rights of any kind has been received or is presently contemplated to be received by Mr. Moody directly or indirectly from the Corporation. See "Share Options". In addition, except as set forth elsewhere in this prospectus, no assets, services or other consideration has been received or is presently contemplated to be received by the Corporation from Mr. Moody. See "Directors, Officers and Promoters".

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has within the last 10 years, been a director, officer, Insider or Promoter of any reporting issuer that, while such person was acting in that capacity,

was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person, except as follows:

- (a) Mr. Allford was (and remains) a director and the Corporate Secretary of Indo Pacific Resources Ltd. (a non-operating, internationally based mining exploration company) at the time this company became the subject of a cease trade order issued (in July, 2000) by the Alberta and British Columbia Securities Commissions by reason of that company's failure to file financial statements, which cease trade orders remain in effect. Indo Pacific Resources Ltd. was delisted from the CDNX in July, 2000;
- (b) Mr. Ferguson was a director of Merit Energy Ltd. at the time this company sought and received creditor protection under the *Companies Creditors Arrangement Act* (Canada) ("CCAA"), subsequent to which the company was the subject of receivership proceedings. Mr. Ferguson resigned as a director of Merit Energy Ltd. prior to such receivership proceedings; and
- (c) Mr. Allford was the Corporate Secretary of Merit Energy Ltd. and Nevada Bob's Golf Inc. Both of these companies sought and received creditor protection under the CCAA, subsequent to which both companies were the subject of receivership proceedings. Mr. Allford resigned as Corporate Secretary of both companies prior to creditor protection being sought.

Penalties or Sanctions

No director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient 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 their assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Corporation may be subject in connection with the operations of the Corporation. All of the directors, officers, Insiders and Promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where the directors, officers, Insiders and Promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

Executive Compensation

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

- (a) remuneration, which includes but is not limited to:
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors' fees;
 - (iv) finder's fees;

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

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"). However, there have been no reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

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

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

DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution in relation to the offering price of 20% or \$0.05 per Common Share on the basis of there being 6,666,666 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to the filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Gross proceeds of prior share issues	\$ 333,333
Gross proceeds of this Offering	\$1,000,000
Total gross proceeds after this Offering	<u>\$1,333,333</u>
Offering price per share	\$0.25
Gross proceeds per share after this Offering	<u>\$0.20</u>
Dilution per share to subscriber	<u>\$0.05</u>
Percentage of dilution in relation to offering price	<u>20%</u>

RISK FACTORS

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The following are risk factors associated with the Corporation:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 20% or \$0.05 per Common Share;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 18 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and
- (q) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

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

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Certain directors and officers of the Corporation have acquired Common Shares of the Corporation. In addition, each of the directors and officers of the Corporation will be granted options to purchase Common Shares pursuant to the Corporation's Option Plan. See "Principal Shareholders" and "Share Options".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares hereunder within the two years prior to the date hereof, other than the following:

1. Agency Agreement dated as of •, 2003 among the Corporation, the Agent and the Trustee. See "Plan of Distribution".

2. Escrow Agreement dated as of ●, 2003 among the Corporation, the Trustee and those shareholders that executed such agreement. See "Escrow Securities".

Copies of these agreements will be available for inspection at the registered office of the Corporation located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

LEGAL PROCEEDINGS

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Corporation is not a related or connected party (as such terms are defined in National Instrument 33-105 Underwriting Conflicts) to the Agent.

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Burnet, Duckworth & Palmer LLP, on behalf of the Corporation, and by McLeod & Company LLP on behalf of the Agent. No Person whose profession or business gives authority to a statement made by such Person and who is named in this prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date hereof, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Corporation or its Associates and Affiliates. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a Promoter of the Corporation or of an Associate or Affiliate of the Corporation, except for R. Bruce Allford, Corporate Secretary and Director of the Corporation, who is a Partner of Burnet, Duckworth & Palmer LLP, which law firm renders legal services to the Corporation and is remunerated for the same (subject to the restrictions set forth in the CPC Policy).

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Deloitte & Touche LLP, Chartered Accountants.

Valiant Trust Company, at its Calgary office located at 510, 550 – 6th Avenue S.W., Calgary, Alberta, T2P 0S2, is the transfer agent and registrar for the Corporation's Common Shares.

AUDITORS' CONSENT

We have read the prospectus of Suntec Capital Inc. (the "Corporation") dated ●, 2003 relating to the sale and issue of common shares (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the Prospectus of our report to the Board of Directors of the Corporation on the balance sheet of the Corporation as at November 28, 2003. Our report is dated November 28, 2003, except for Note 4 which is as of ●, 2003.

Calgary, Alberta
●, 2003

Chartered Accountants

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

DIVIDEND POLICY

To date, the Corporation has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, financial condition of the Corporation and other factors which the board of directors of the Corporation may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

PURCHASERS' STATUTORY RIGHTS

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

SUNTEC CAPITAL INC.
BALANCE SHEET

AUDITORS' REPORT

To the Board of Directors of
Suntec Capital Inc.:

We have audited the balance sheet of **Suntec Capital Inc.** as at November 28, 2003. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at November 28, 2003 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
November 28, 2003, except for Note 4 which is as of
•, 2003

Chartered Accountants

SUNTEC CAPITAL INC.

Balance Sheet

November 28, 2003

	\$
ASSETS	
CURRENT	
Cash	333,333
Deferred financing costs	15,000
	<u>348,333</u>
LIABILITY	
CURRENT	
Shareholder's advance (Note 3)	15,000
SHAREHOLDERS' EQUITY	
Share capital (Note 2)	333,333
	<u>348,333</u>

APPROVED BY THE BOARD

(Signed) "*Gene Moody*"

Gene Moody - Director

(Signed) "*Bruce Allford*"

Bruce Allford Director

The accompanying notes are an integral part of this financial statement.

SUNTEC CAPITAL INC.

Notes to the Balance Sheet

November 28, 2003

1. INCORPORATION AND NATURE OF OPERATIONS

Suntec Capital Inc. (the "Corporation") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) on October 30, 2003. The articles of the Corporation were amended by a Certificate of Amendment dated November 24, 2003 to delete the private company provisions and the restrictions on the resale of common shares.

The Corporation is involved in securing equity financing, with which it intends to identify and evaluate opportunities for the acquisition of an interest in assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of shareholder and regulatory approval.

The Corporation has been incorporated recently and does not have a history of earnings. The Corporation has not identified any assets or businesses for acquisition, or participation in, and it has not entered into agreements with any parties respecting the same. There is no assurance the Corporation will identify and complete a Qualifying Transaction (as defined and required by the TSX Venture Exchange Inc.), within the time prescribed in the equity financing prospectus. Moreover, even if a potential acquisition or participation is identified, it may not meet the requirements as a "Qualifying Transaction". The net proceeds from the equity financing, if any, will only be sufficient to identify and evaluate a very limited number of assets and businesses, and additional funds may be required to finance any acquisition or participation to which the Corporation may ultimately commit. Any subsequent acquisition or participation completed by the Corporation may not prove successful.

2. SHARE CAPITAL

Authorized:

Unlimited number of common voting shares without nominal or par value

Issued:

2,666,666 common shares for cash

\$333,333

These common shares has been placed in escrow and released in accordance with the policies of the TSX Venture Exchange Inc. ("TSX").

The Corporation has adopted the incentive stock option program of the TSX (the "Stock Option Program") for the benefit of directors, officers, employees and other key personnel of the Corporation whereby a maximum of 10% of the issued and outstanding common shares of the Corporation are reserved for issuance pursuant to the exercise of stock options to be granted to directors, officers, employees and other key personnel of the Corporation. The Stock Option Program provides that the terms of the options and option price shall be fixed by the Directors subject to the price restrictions and other requirements imposed by the TSX. The exercise price of stock options granted under the Stock Option Program must be paid in full upon exercise of the option. The option period cannot extend beyond five years.

Notes to the Balance Sheet**November 28, 2003**

3. RELATED PARTY TRANSACTION

Advance from shareholder of \$15,000 is unsecured, non-interest bearing and payable on demand. This advance relates to a legal fee deposit of \$5,000 and a \$10,000 due diligence administration fee paid to First Associates Investments Inc.

4. EVENTS SUBSEQUENT TO NOVEMBER 28, 2003

Pursuant to an Agency Agreement between the Corporation and First Associates Investments Inc. ("FAII") dated •, 2003, the Corporation agreed to issue 4,000,000 common shares at a price of \$0.25 per share on a best efforts basis and the Corporation appointed FAII as its agent. FAII will also be granted an option to purchase 400,000 common shares at a price of \$0.25 per share on successful completion of the sale and issuance of the 4,000,000 common shares. The option will expire eighteen months from the date the common shares are listed for trading on the TSX Venture Exchange Inc.

CERTIFICATE OF THE CORPORATION

Date: November 30, 2003

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).

(Signed) "Gene Moody"

Gene Moody
President and Chief Executive Officer

(Signed) "Steve Smith"

Steve Smith
Chief Financial Officer

ON BEHALF OF THE BOARD

(Signed) "John Ferguson"

John Ferguson
Director

(Signed) "David Erickson"

David Erickson
Director

CERTIFICATE OF THE PROMOTER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario).

(Signed) "Gene Moody"

Gene Moody

CERTIFICATE OF THE AGENT

Dated: November 30, 2003

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario).

FIRST ASSOCIATES INVESTMENTS INC.

Per: (Signed) "S.S. (Ali) Rawji"
S.S. (Ali) Rawji
Vice President, Corporate Finance