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

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.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS

INITIAL PUBLIC OFFERING MARCH 31, 2004

BIOPOTENTIAL CAPITAL INC.

(A Capital Pool Company)

$1,890,000

OFFERING OF: 5,400,000 Common Shares

PRICE: $0.35 per Common Share

The purpose of this offering (the "**Offering**") is to provide **Biopotential Capital Inc.** (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 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 hereinafter defined, in accordance with Exchange Policy 2.4 (the "**CPC Policy**"). The Corporation is a capital pool company ("**CPC**") as such term is hereinafter defined. 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, as hereinafter defined, 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 "Corporate Structure", "Business of the Corporation" and "Use of Proceeds".

The Corporation will grant an option to Research Capital Corporation (the "**Agent**") to purchase a number of common shares of the Corporation ("**Common Shares**") equal to 10% of the total number of Common Shares sold under the Offering at a price of $0.35 per Common Share, exercisable for a period of 18 months from the date of listing of the Common Shares on the Exchange (the "**Agent's Option**"), which option is qualified under this prospectus. In addition, the Corporation will grant incentive stock options to the directors and officers of the Corporation to purchase, in aggregate, 198,000 Common Shares at a price of $0.35 per Common Share, exercisable for a period of five years from the date of grant (the "**Incentive Stock Options**"), which options are qualified under this prospectus. The Incentive Stock Options must be granted within 90 days of the issuance of a receipt for this prospectus.

	Common Shares	**Price to the Public**	**Agent's Commission**(1)	**Proceeds to the Corporation** (2)
Per Common Share	1	$0.35	$0.035	$0.315
Total Offering (3)	5,400,000	$1,890,000	$189,000	$1,701,000

Notes:

(1) The Agent has agreed to act as agent of the Corporation on a reasonable best efforts basis in connection with the Offering and will receive a commission of $189,000. In addition, the Agent will receive an agency fee of $5,000 plus G.S.T. and will be reimbursed for its legal fees incurred pursuant to the Offering, which shall not exceed $8,000 plus disbursements and G.S.T. The Corporation will also grant to the Agent the Agent's Option, which option is qualified for distribution under this prospectus. See "Plan of Distribution".

(2) Before deducting costs of the Offering estimated at $63,900 (exclusive of the Agent's Commission), including: an agency fee of $10,000 plus G.S.T., legal fees of the Agent which will not exceed $8,000 plus disbursements and G.S.T., legal and auditor's fees of the Corporation estimated at $26,900 plus G.S.T., Exchange listing fee of $7,900 plus G.S.T. and filing fees of approximately $6,000.

(3) 5,400,000 Common Shares are offered hereunder, not including the Agent's Option or Incentive Stock Options. See "Plan of Distribution" and "Incentive Stock Options".

The Offering is made on a reasonable best efforts basis in the provinces of Alberta, British Columbia and Ontario by the Agent and is subject to a minimum subscription of 5,400,000 Common Shares at a price of $0.35 per Common Share (the "**Offering Price**") for total gross proceeds to the Corporation of $1,890,000 (the "**Offering Amount**"). 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 Computershare Trust Company of Canada (the "**Trustee**" or "**Computershare**") pursuant to the terms of an agency agreement dated March •, 2004 between the Corporation and the Agent (the "**Agency Agreement**"). The Offering is subject to the Offering Amount being 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, or such other time as may be authorized by the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission as well as agreed to by the Agent. The funds received from the sale of the Common Shares offered hereunder will be deposited with the Agent pursuant to the terms of the Agency Agreement, and will not be released until the Offering Amount has been deposited. If the Offering Amount in not raised, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

There is currently no market through which these securities may be sold. 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.

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Option and the Incentive Stock Options, 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 applicable securities regulatory authorities and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

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".

The Corporation has not commenced commercial operations and has no assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. **See "Corporate Structure", "Business of the Corporation" and "Use of Proceeds"**.

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. **See "Directors, Officers and Promoters"**.

There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of 4.9% or $0.017 per Common Share before the deduction of selling commissions and related expenses incurred by the Corporation. **See "Dilution".**

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. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. 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 investors. **See "Use of Proceeds".**

The Exchange will generally suspend trading in the 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. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction.

In the event that the 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 or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgements obtained in Canadian courts.

As a result of these factors, the Offering is suitable only to investors who are willing to rely solely on the 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. See "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the Offering, being 108,000 Common Shares ($37,800.00). In addition, the maximum number of Common Shares that may be directly or indirectly purchased by any purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the Offering, being 216,000 Common Shares ($75,600.00).

The Agent hereby offers for sale, on a reasonable best efforts basis as agent on behalf of the Corporation, 5,400,000 Common Shares without nominal or par value at a price of $0.35 per Common Share. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Corporation, and in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval by Macleod Dixon LLP, Calgary, Alberta, on behalf of the Corporation and by Burstall Winger, LLP, Calgary, Alberta, on behalf of the Agent on such legal matters for which approval is specifically sought by the Corporation or the Agent.

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

Research Capital Corporation
Suite 1330, 140 – 4th Avenue SW
Calgary AB T2P 3N3
Telephone: (403) 750-1277

TABLE OF CONTENTS

Page

GLOSSARY

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

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

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

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

A Company is "controlled" by a Person if:

(a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the Voting Shares, 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.

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

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

(b) identifies the parties to the Qualifying Transaction;

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

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

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

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

(a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% 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 the Person or of his spouse who has the same residence as that Person;

but

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

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated 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 Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

"**CPC**" means a corporation:

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

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

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

"**CPC Policy**" means Exchange Policy 2.4 *Capital Pool Companies.*

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

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

"**Initial Pubic 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 a Company that is an Insider or subsidiary of the Issuer;

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

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

"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 a Non Arm's Length 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.

"**Non Arm's Length Party**" means 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. In relation to an individual, Non Arm's Length Party means any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person.

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

"**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.

"**Person**" means a Company or individual.

"**Principal**" means

(a) a Person who acted as a Promoter of the Issuer within two years, before the IPO Prospectus or Final Exchange Bulletin;

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

(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;

(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. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

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

"**Prospectus**" means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws.

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

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

"**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer.

"**SEDAR**" means the 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 of the Exchange.

"**Sponsor**" means a Member that meets the criteria specified in Exchange Policy 2.2 *Sponsorship and Sponsorship Requirements*, 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.

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

"**Voting Shares**" means a security of an Issuer that:

(a) is not a debt security, and

(b) carries a voting right ether under all circumstances or under some circumstances that have occurred and are continuing.

PROSPECTUS SUMMARY

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

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 minimum amount of cash. See "Business of the Corporation".

Offering

5,400,000 Common Shares are being offered under this prospectus at a price of $0.35 per Common Share in the provinces of Alberta, British Columbia and Ontario. In addition, the Corporation will grant the Agent's Option to the Agent to purchase a number of Common Shares equal to 10% of the total number of Common Shares sold under the Offering at a price of $0.35 per Common Share, exercisable for a period of 18 months from the date of listing of the Common Shares on the Exchange, which option is qualified under and distributed pursuant to this prospectus. The Incentive Stock Options to be granted to the directors and officers of the Corporation to purchase, in aggregate, 198,000 Common Shares at a price of $0.35 per Common Share, exercisable for a period of five years from the date of grant, are also qualified under and distributed pursuant to this prospectus. See "Use of Proceeds", "Plan of Distribution" and "Incentive Stock Options".

Use Of Proceeds

The net proceeds from the 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", "Criteria for Qualifying Transaction" and "Risk Factors".

Directors and Officers

The directors and officers of the Corporation are as follows: James H. Coleman, James W. Beckerleg and John (Jay) M. Scott. See "Directors, Officers and Promoters".

Escrowed Securities

All of the currently issued and outstanding Common Shares of the Corporation, being 580,000 Common Shares, have been deposited in escrow pursuant to the terms of an Escrow Agreement (as hereinafter defined) and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. 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 has no active business or assets other than cash, has not identified a potential company, asset or business as a proposed Qualifying Transaction, except for Osta BioPharma Inc. ("**Osta**") as more fully described under "Potential Qualifying Transaction" and has not entered into an Agreement in Principle. The Corporation 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 may be 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, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of 4.9% or $0.017 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and investors 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. See "Corporate Structure", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds", "Risk Factors" and "Conflicts of Interest".

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 judgements obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

Potential Qualifying Transaction

The Corporation has identified the purchase of Osta as a potential Qualifying Transaction, but no Agreement in Principle has been reached. See "Potential Qualifying Transaction".

CORPORATE STRUCTURE

The Corporation was incorporated on January 9, 2004 under the *Canada Business Corporations Act*.

The head office and the registered head office of the Corporation are located at 3700, 400 Third Avenue SW, Calgary AB T2P 4H2.

BUSINESS OF THE CORPORATION

Preliminary Expenses

To date, preliminary expenses incurred by the Corporation relating to the Offering total $15,700, which amount represents a $5,350 (inclusive of G.S.T.) agency fee paid to an agent who was previously involved with the Offering, $5,350 (inclusive of G.S.T.) agency fee paid to the Agent and a $5,000 deposit to pay the Agent's legal fees. Upon completion of the Offering, this deposit will be applied towards the payment of the Agent's legal fees. The Corporation has also incurred legal expenses, including expenses in respect of the Offering in the amount of approximately $10,900 and expenses in respect of the prior issuances of Common Shares, general legal services and costs associated with the incorporation and organization of the Corporation in the amount of approximately $4,100. The Corporation has also incurred expenses in respect of accountants' fees in the amount of $2,000.

A portion of the proceeds of the Offering will be used to satisfy the obligations of the Corporation related to the Offering, including the expenses of its legal counsel and auditor and the Agent's legal counsel. 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 will also be subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than entering into discussions for the purpose of identifying potential acquisitions or interests. To date, these discussions have focused on a potential acquisition in the biopharmaceutical industry, however, such discussions have not progressed beyond the preliminary stage. Although the Corporation currently intends to pursue a Qualifying Transaction in the biopharmaceutical industry, there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following 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 "Restrictions on Use of Proceeds" and "Private Placement for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of a potential Qualifying Transaction 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.

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

Method of Financing Participation or Acquisitions

The Corporation may use either cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of the foregoing, 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 Qualifying Transaction

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 with a view 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.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such participations or acquisitions other than sound business fundamentals. Such fundamentals include, but are not limited to:

(a) the ratio of risk to reward;

(b) the cost effectiveness of the participation or acquisition;

(c) the length of the payout period; and

(d) the rate of return.

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 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 shall be 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 Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Exchange Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

(a) 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

(b) mail the information circular and related proxy material to its shareholders in order to obtain 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:

(a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;

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

(c) 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 take-over 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 Acknowledgement Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable must also be completed before the trading halt will be lifted by the Exchange.

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

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

(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 CPC 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 CPC within 18 months of the date of listing of the Common Shares on the Exchange. 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. See "Shareholder Approval of a Non Arm's Length Qualifying Transaction" and "Refusal of Qualifying Transaction".

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) member firms of the Exchange;

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

    (iii) associates of any such person,

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

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

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

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

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

Potential Qualifying Transaction

The Corporation has identified and has had initial discussions with Osta BioPharma Inc. ("Osta"), a private Montreal-based biopharmaceutical company incorporated under the federal laws of Canada in 2002 as a potential Target Company for its Qualifying Transaction. Osta is in the business of developing novel diagnostics and therapeutics for osteoporosis and osteoarthritis.

Management of the Corporation has been advised by Osta that it is well advanced in the development of a pre-onset genetic based prognostic test for osteoporosis. Osta is targeting to launch its product in Europe and Asia at the end of 2004 and intends to apply for marketing approval of its prognostic test from the regulatory authorities in the U.S.A. and in Canada; in the U.S.A., from the U.S. Food and Drug Administration, and in Canada, from the Canadian Therapeutic Product Directorate. Osta's prognostic test assesses an individual's risk of developing osteoporosis. Currently, there are no prognostic tests available commercially that can predict the risk of developing osteoporosis prior to the onset of the disease, although other organizations are known to be working on the development of such a test.

Osta's prognostic test is based on research conducted by the company that has demonstrated that alterations in a gene expressing a key protein in bone forming cells is directly related to developing premature and severe osteoporosis. This key protein has been shown by Osta's researchers to be expressed in the bone-forming cells of the skeleton (osteoblasts) and is critical for the proper proliferation, differentiation, function, and survival of these cells, processes that are pivotal for maintaining appropriate bone density and preventing the development of osteoporosis. Osta's research team has established proof of concept by studies in transgenic mice in which one copy of the specific gene has been removed. Pilot human studies have also provided initial proof of principal. In the first pilot human trial conducted at local hospitals in Montreal, Canada, the bone mineral densities of the participants were measured and, in the opinion of Osta's researchers, an excellent correlation was observed between the polymorphism in the participant's specific gene with the bone mineral density. The company has initiated a second larger human clinical trial at a local hospital in Montreal, Canada. Osta has established a research collaboration agreement with Helsinki University, Finland. Management of the Corporation has been advised by Osta that this collaboration agreement is expected to result in significant savings in cost and time in the regulatory development of the prognostic test and is also expected to significantly reduce the time to market. A North American multi-centre, multi-ethnic clinical trial protocol has been prepared and several clinical sites have been identified.

Upon completion of the clinical studies, Osta intends to license the prognostic test to a diagnostic company for marketing with the expectation of receiving royalties. Management of the Corporation has been advised by Osta that it is advancing discussions with diagnostic companies to establish a potential licensing arrangement.

In addition to its diagnostic program, Osta is pursuing the development of anabolic therapeutics for the treatment of osteoporosis and osteoarthritis. Osta's osteoporosis therapeutic technology is focused on modulating the activity of osteoblasts, which build up bone, as opposed to current technologies, which focus on osteoclasts that break down bone. Management of the Corporation has been advised that Osta's osteoarthritis therapeutic program is based on a novel therapeutic that is designed to prevent cartilage degeneration and promote cartilage regeneration.

Management of the Corporation has been advised by Osta that Osta has licensed the osteoporosis diagnostic and osteoporosis therapeutic technologies from McGill University (where Osta's research and development team developed the science) and the patent applications for the osteoporosis therapeutic technology, the osteoporosis diagnostic technology and osteoarthritis therapeutic technology have been filed.

Osta's management and research and development team includes:

- Dr. Ajay Gupta of Montreal, Quebec (Osta's chairman and CEO): Dr. Gupta has more than 13 years of experience in the pharmaceutical industry in corporate management, business development, drug discovery and development and medical device development. Dr. Gupta has a Ph.D. in synthetic organic chemistry from the University of Waterloo, Ontario. He did his post-doctoral research in biotechnology at McGill University and drug discovery at the University of Montreal. Dr. Gupta is on the editorial advisory board of Bio Business magazine.
- Dr. Andrew Karaplis of Montreal, Quebec (Osta's President and Chief Scientific Officer): Dr. Karaplis received his M.D. and Ph.D. from McGill University and post-doctoral training at Harvard medical school and MIT. Dr. Karaplis is currently an Associate Professor of Medicine and an Attending Physician in the Department of Medicine and the Director of the Metabolic Bone Disease Clinic at the Jewish General Hospital in Montreal. At McGill University, he serves as a member of the Division of Experimental Medicine and as an Associate Member of the Department of Human Genetics. Dr. Karaplis has been serving on the scientific advisory board of Eli Lilly & Co. since 2000.
- Dr. David Goltzman of Montreal, Quebec (Osta's Senior Vice-President and the Chairman of Osta's Scientific Advisory Board): Dr. Goltzman is currently the Chairman of Medicine at McGill University and Physician-in-Chief of McGill University Health Center. Dr. Goltzman was the President of the American Society of Bone and Mineral Research in 2000 and is on the scientific advisory board of Eli Lilly & Co. and the medical advisory boards of Merck & Company, Procter & Gamble Co. and Aventis Inc.
- Joel Cohen of Montreal, Quebec (Osta's Chief Financial Officer): Mr. Cohen was an investment banker at Canaccord Capital Corporation from 1999 to 2002, where he specialized in biotechnology financings. Mr. Cohen holds a Bachelor of Commerce degree in Finance from Concordia University and is a Chartered Financial Analyst.

This possible Qualifying Transaction would constitute an Arm's Length Qualifying Transaction. Management of the Corporation will evaluate the possible acquisition of Osta after the closing of the Offering. This possible Qualifying Transaction will be subject to due diligence relating to the technology and the legal affairs of Osta. The purchase price will be determined by negotiations between the parties, and will likely be satisfied through the issuance of Common Shares of the Corporation. The estimated purchase price for the possible Qualifying Transaction is anticipated to range between $6 million to $10 million.

The significant conditions required to close the potential Qualifying Transaction are as follows:

(a) the performance of a satisfactory due diligence review of Osta;

(b) the parties to the proposed Qualifying Transaction must agree on the total consideration to be paid for the acquisition of Osta;

(c) an approval of the acquisition by the board of directors of Osta; and

(d) the submission of documentation respecting the business of Osta acceptable to the Exchange.

This possible Qualifying Transaction will be submitted to the board of directors of the Corporation for approval following the closing of the Offering.

MANAGEMENT AND KEY PERSONNEL

James W. Beckerleg: President and Treasurer

Mr. Beckerleg received a Bachelor of Science degree from McGill University in 1969 and a Masters of Business Administration degree from Concordia University in 1976. He was Chairman of the Board of Directors of Canadian Pioneer Energy Inc., a public oil and gas company, from 1988 until the corporation merged with Cimarron Petroleum Ltd. in 1995. Mr. Beckerleg has been a director and/or officer of a number of public companies listed on The Toronto Stock Exchange, including Cogas Energy Inc., Argyll Energy Corp. and Calvert-Dale Estates Ltd. He is currently on the Board of Directors of Homburg Invest Inc., a company listed on The Toronto Stock Exchange. Mr. Beckerleg resides in Montreal, Quebec.

James H. Coleman: Director

Mr. Coleman is a senior partner of the law firm of Macleod Dixon LLP of Calgary, Alberta, counsel to the Corporation. Mr. Coleman has been with Macleod Dixon since 1974. Mr. Coleman has been a director and/or officer of a number of public companies listed on The Toronto Stock Exchange, including Bitech Petroleum Corporation, Anadime Corporation and Pangea Goldfields Inc. He is currently on the Board of Directors of Arawak Energy Corporation, Homburg Invest Inc., Gold Reserve Inc., RSX Energy Inc., MegaGold Corporation, Great Basin Energies Inc. and Energold Mining Ltd. Mr. Coleman resides in Calgary, Alberta.

John (Jay) M. Scott: Director

Mr. Scott is the Chief Operating Officer of Arawak Energy Corporation. Prior to joining Arawak, he held positions with LUKOIL Overseas Canada Ltd. and Bitech Petroleum Corporation. He has over 25 years of experience in drilling completions, work-overs and production operations in Canadian and Russian northern environments. Mr. Scott is based in Azerbaijan.

USE OF PROCEEDS

Proceeds and Principle Purposes

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

Cash proceeds raised prior to the Offering (1)	$101,500
Expenses and costs incurred by the Corporation prior to the date hereof; including expenses relating to cash proceeds raised prior to the Offering, legal fees and accounting fees of the Corporation (2)	$(6,100)
Cash proceeds to be raised pursuant to the Offering (3)	$1,890,000
Expenses and costs relating to the Offering (including listing fees, filing fees, Agent's Commission, Agent's legal fees and legal and audit fees of the Corporation), which costs will be paid out of proceeds of the Offering	$(252,900)
Estimated funds available (on completion of the Offering)	$1,732,500
Funds available for identifying and evaluating assets or business prospects(4)	$1,694,000
Estimated general and administrative expenses until Completion of the Qualifying Transaction	$(38,500)
Total net proceeds	$1,732,500

Notes:

(1) See "Prior Sales".

(2) See "Preliminary Expenses" and the Corporation's balance sheet as at February 11, 2004.

(3) In the event the Agent exercises the Agent's Option, there will be available to the Corporation a maximum of an additional $189,000 which will be added to the working capital of the Corporation. In the event that all Incentive Stock Options are exercised, there will be available to the Corporation a maximum of an additional $69,300, which will be added to the working capital of the Corporation. There is no assurance that all, or part of, the Agent's Option or Incentive Stock Options will be exercised.

(4) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire $1,694,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets, for working capital after Completion of the Qualifying Transaction, or for other purposes.

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 the Offering and any prior sale of Common Shares, after deducting the expenses associated with the 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 Proceeds

The gross proceeds to be received by the Corporation from the combination of prior sales of Common Shares and the sale of Common Shares offered by this prospectus will be $1,991,500. 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:

(i) valuations or appraisals;

(ii) business plans;

(iii) feasibility studies and technical assessments;

(iv) sponsorship reports;

(v) engineering or geological reports;

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

(vii) 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, 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 the 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 under "Permitted Use of Funds" may 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 the 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 permitted by CPC Policy and described under "Options to Purchase Securities" 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, 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

Agent and Agent's Compensation

Pursuant to the Agency Agreement the Corporation has appointed the Agent as its agent to offer for sale on a reasonable best efforts basis to the public 5,400,000 Common Shares, as provided in this prospectus, at a price of $0.35 per Common Share for gross proceeds of $1,890,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay to the Agent an agency fee of $5,000 plus G.S.T. and the Agent's legal fees incurred pursuant to the Offering, which will not exceed $8,000 plus disbursements and G.S.T.

The Corporation has also agreed to grant to the Agent the Agent's Option to purchase a number of Common Shares equal to 10% of the total number of Common Shares sold under the Offering at a price of $0.35 per Common Share, which may be exercised for a period of 18 months from the date the Common Shares are listed on the Exchange. The Agent's Option is qualified under this prospectus. The Agent intends to sell to the public any Common Shares received by it upon the exercise of 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 reasonable best 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.

Offering and Minimum Distribution

The total Offering is 5,400,000 Common Shares for total gross proceeds of $1,890,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, being 108,000 Common Shares ($37,800.00). 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% of the total Common Shares offered under this prospectus, being 216,000 Common Shares ($75,600.00). The funds received from the Offering will be deposited with the Trustee and will not be released until a minimum of $1,890,000 has been deposited. The Offering is subject to the Offering Amount being raised within 90 days of the date that 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, or such other time as may be authorized by the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission as well as agreed to by the Agent. The funds received from the sale of the Common Shares offered hereunder will be deposited with the Agent pursuant to the terms of the Agency Agreement, and will not be released until the Offering Amount has been deposited. If the Offering Amount in not raised, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Corporation also proposes to grant options to purchase 198,000 Common Shares to directors and officers of the Corporation in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus. See "Incentive Stock Options".

Determination of Price

The price of the Common Shares offered pursuant to the Offering 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, including the distribution of the Common Shares to a minimum number of public shareholders.

Restrictions on the Agent

Neither the Agent, nor any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing:

(a) has subscribed for Common Shares of the Corporation prior to the date hereof, or

(b) 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 such parties 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 distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Option and Incentive Stock Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the applicable securities regulatory authorities and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which as of the date hereof 580,000 Common Shares and no preferred shares are issued and outstanding as fully-paid and non-assessable. The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of Common Shares are entitled to share rateably the remaining assets of the Corporation.

In addition, up to 540,000 Common Shares are reserved for issuance upon the exercise of the Agent's Option and 198,000 Common Shares are reserved for issuance upon the exercise of Incentive Stock Options. See "Plan of Distribution" and "Incentive Stock Options".

CAPITALIZATION

Capital	Amount Authorized	Amount outstanding as of February 11, 2004 (1)(2)(4)	Amount outstanding as of February 11, 2004 (1)(2)	Amount to be outstanding after giving effect to Offering (1)(2)(3)
Common Shares	Unlimited	$101,500 (580,000 Common Shares)	$101,500 (580,000 Common Shares)	$1,991,500 (5,980,000 Common Shares)
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

(1) The Corporation has reserved up to 540,000 Common Shares for issuance upon the exercise of the Agent's Option. See "Plan of Distribution".

(2) The Corporation has reserved 198,000 Common Shares for issuance upon exercise of Incentive Stock Options. See "Incentive Stock Options".

(3) The $1,991,500 represents gross proceeds of this and prior issues of Common Shares of the Corporation, prior to deducting the estimated expenses of the Offering, which are estimated to be $252,900. See "Use of Proceeds".

(4) As at the date of the balance sheet, the Corporation had not yet commenced commercial operations.

INCENTIVE STOCK OPTIONS

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 consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance does not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 5 years from the date of grant. After closing of the Offering, 10% of the issued and outstanding Common Shares will be 598,000 Common Shares. The number of Common Shares reserved for issuance to any one individual will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding Common Shares. Options must 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 consulting arrangement was by reason of death, the option may be exercised within a period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

The Corporation intends to enter into stock option agreements granting the Incentive Stock Options upon the issue of a receipt for this prospectus from the applicable securities regulatory authorities, and in any event within 90 days of the issuance of such receipt, according to the following terms:

Name	Number of Common Shares Under Option	Exercise Price per Common Share	Expiry Date
James W. Beckerleg	99,000	$0.35	Five years from date of grant
James H. Coleman	49,500	$0.35	Five years from date of grant
John (Jay) M. Scott	49,500	$0.35	Five years from date of grant
Total	**198,000**		

The Incentive Stock Options to purchase, in aggregate, 198,000 Common Shares to be granted after closing of the Offering to directors and officers of the Corporation are qualified under and distributed pursuant to this prospectus.

PRIOR SALES

Since the date of incorporation of the Corporation, 580,000 Common Shares have been issued as follows:

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
January 9, 2004	580,000	$0.175	$101,500	Cash

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of Qualifying Transaction

All of the 580,000 Common Shares issued prior to the Offering at a price below $0.35 per Common Share and all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction have been deposited with Computershare under an escrow agreement dated March •, 2004 (the "**Escrow Agreement**").

All Common Shares acquired on exercise of stock options prior to Completion of a Qualifying Transaction must 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 any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

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

Name and Municipality of Residence of Shareholder	Number of Common Shares Held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering
James W. Beckerleg Montreal, Quebec	289,000	49.8%	4.8%
James H. Coleman Calgary, Alberta	205,000	35.3%	3.4%
John (Jay) M. Scott Baku, Azerbaijan	86,000	14.8%	1.4%
Total	**580,000**	**100%**	**9.6%**

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

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

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

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed Computershare 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.

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

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

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	Type of Ownership	Number of Shares	Percentage of Shares Owned Before Offering	Percentage of Shares Owned After Offering
James W. Beckerleg Montreal, Quebec	Direct	289,000	49.8%	4.8%
James H. Coleman Calgary, Alberta	Direct	205,000	35.3%	3.4%
John (Jay) M. Scott Baku, Azerbaijan	Direct	86,000	14.8%	1.4%

Note:

(1) After the Offering, the share capital of the Corporation will be comprised of 5,980,000 Common Shares. Pursuant to the Agent's Option, up to 540,000 Common Shares are reserved for issuance. In addition, pursuant to the Incentive Stock Options, up to 198,000 Common Shares are reserved for issuance. After the Offering, the fully-diluted share capital of the Corporation will be 6,718,000 Common Shares, and the principal shareholders' Common Share holdings on a fully-diluted basis will be as follows: Mr. Beckerleg: 4.4%, Mr. Coleman: 3.1% and Mr. Scott: 1.3%. See "Incentive Stock Options".

DIRECTORS, OFFICERS AND PROMOTERS

Name, Age, Position held in Corporation and Municipality of Residence	Present Occupation and Positions Held During the Last Five Years
James W. Beckerleg(1), 57 President, Treasurer and Director Montreal, Quebec	Chief Executive Officer, Belwest Capital Management Corporation since 1989, a private resource investment company
James H. Coleman(1), 53 Director Calgary, Alberta	Senior Partner, Macleod Dixon LLP since 1974, a law firm

Name, Age, Position held in Corporation and Municipality of Residence	Present Occupation and Positions Held During the Last Five Years
John (Jay) M. Scott[1], 51 Director Baku, Azerbaijan	Chief Operating Officer, Arawak Energy Corporation since July, 2002, a public company which invests in and develops oil and gas properties. Prior thereto, General Manager of African Operations, LUKOIL Overseas Canada Ltd. from September, 2001 to July, 2002 and Chief Operating Officer, Bitech Petroleum Corporation, August, 1994 to September, 2001

Note:
(1) Member of the Audit Committee of the Corporation.

Each of the directors currently has employment outside of the Corporation, but has agreed to devote as much of his time to the business and affairs of the Corporation as necessary to complete the Corporation's Qualifying Transaction and to continue to oversee the operations of the Corporation. Until the Qualifying Transaction is completed, it is expected that Mr. Beckerleg will devote between 15% and 20% of his time to the affairs of the Corporation and each of Mr. Coleman and Mr. Scott will devote approximately 5% of his time to such affairs.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard.

Prior to the completion of the Offering, the directors and officers of the Corporation collectively hold 100% of the Common Shares of the Corporation. Following the completion of the Offering, the directors and officers of the Corporation will collectively hold 9.7% of the Common Shares of the Corporation and 8.6% on a fully-diluted basis.

Reporting Issuer Experience of the Directors, Officers and Promoters of Corporation

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

Name	Name of Reporting Issuer	Exchange	Position	Period
James W. Beckerleg	Homburg Invest Inc. (& predecessor companies)	TSX	Director	1998 to present
	Bitech Petroleum Corp. (& predecessor companies)	TSX	Director	1992 to 2001
James H. Coleman	Arawak Energy Corporation	TSX Venture	Director	2003 to present
	Homburg Invest Inc.	TSX	Director	2000 to present
	Gold Reserve Inc.	TSX, NASDAQ	Director	1999 to present
	RSX Energy Inc.	TSX Venture	Director	1997 to present
	MegaGold Corporation	Pink Sheets	Director	1996 to present
	Great Basin Energies Inc.	Pink Sheets	Director	1996 to present
	Energold Mining Ltd.	TSX Venture	Director	1994 to present
	McCarthy Corporation plc	TSX Venture	Director	1993 to 2003
	Net Shepherd Inc.	TSX Venture	Director	1996 to 2002
	Bitech Petroleum Corporation	TSX	Director	1999 to 2001

Name	Name of Reporting Issuer	Exchange	Position	Period
	Anadime Corporation	TSX	Director	1992 to 2001
	Pangea Goldfields Inc.	TSX	Director	1995 to 2000
	Niaski Environmental Inc.	TSX Venture	Director	1997 to 1999
John (Jay) M. Scott	Arawak Energy Corporation	TSX Venture	Chief Operating Officer	2003 to present
	Bitech Petroleum Corporation	TSX	Chief Operating Officer	1994 to 2001

Promoters

James W. Beckerleg, President, Treasurer and a director of the Corporation may be considered to be a Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Beckerleg has subscribed for and received Common Shares of the Corporation and will be granted Incentive Stock Options following the completion of the Offering. See "Prior Sales", "Principal Shareholders" and "Incentive Stock Options".

Corporate Cease Trade Orders and Bankruptcies

No director, officer, Insider or Promoter of the Corporation has, within the previous ten year period, been a director, officer, insider or promoter of any other issuer that was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than James H. Coleman, a director of the Corporation, who was a director of Siam Trading (now McCarthy Corporation plc) in 1994 when Siam Trading had failed to file financial statements on a timely basis.

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.

Conflicts of Interest

There may be 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. The directors, officers, Insiders and Promoters may 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 a director, officer, Insider or Promoter will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the Canada Business Corporations Act.

EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to a Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or 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) finders 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**"). 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, the Corporation may pay compensation to its directors and 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

Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of 4.9% or $0.017 per Common Share. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus without deduction of commissions or related expenses incurred by the Corporation.

RISK FACTORS

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.

The Corporation has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Corporation has not entered into an Agreement in Principle as defined in the CPC Policy. Until Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. **See "Business of the Corporation"**.

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. **See "Directors, Officers, and Promoters".**

Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of 4.9% or $0.017 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. **See "Dilution".**

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. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. 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 investors, which dilution may be significant and which may also result in a change of control of the Corporation. Subject to prior Exchange approval, the Corporation may be permitted to loan or advance up to an aggregate of $250,000 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. **See "Business of the Corporation" and "Use of Proceeds".**

Completion of the 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 Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other applicable 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 other entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Corporation 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. 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. The Exchange will generally suspend trading in the 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. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. **See "Business of the Corporation".**

In the event that the management of the Corporation resides out of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgements obtained in Canadian courts.

As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the 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.

Legal Proceedings

The Corporation is not party to any legal proceedings, nor to the best of its knowledge are any legal proceedings threatened or pending.

Relationship between the Corporation and the Agent

The Corporation is not a related party 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

No "professional person" (including the Corporation's auditor or solicitors) holds any beneficial interest, direct or indirect, in any securities or properties of the Corporation, other than James H. Coleman, a director of the Corporation and a partner at Macleod Dixon LLP, legal counsel to the Corporation, who holds 205,000 Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Wasserman, Stotland, Bratt, Grossbaum, Suite 2010, 1155 René Levesque West, Montreal PQ H3B 2J8.

Computershare Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, AB T2P 3S8 is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except:

1. the Escrow Agreement dated March •, 2004 among the Corporation, Computershare and certain shareholders of the Corporation. See "Escrowed Securities";

2. the Agency Agreement dated March •, 2004 among the Corporation and the Agent. See "Plan of Distribution"; and

3. the Registrar and Transfer Agency Agreement dated March •, 2004 between the Corporation and Computershare. See "Auditor, Transfer Agent and Registrar".

Copies of these agreements will be available for inspection at the offices of Macleod Dixon LLP, at any time 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.

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.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if this 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 such purchaser's province. The purchaser of the Common Shares should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal adviser.

CONSENT

Consent of Wasserman, Stotland, Bratt, Grossbaum

We have read the prospectus of Biopotential Capital Inc. (the "Corporation") dated April •, 2004 relating to the issue and sale of Common Shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-named prospectus of our report to the directors of the Corporation on the balance sheet of the Corporation as at February 11, 2004 and the statements of loss and deficit and cash flows for the period then ended. Our report is dated February 11, 2004 (except for note 6 which is as of April •, 2004).

Chartered Accountants
Montreal, Quebec
April •, 2004

Auditors' Report

To the Directors of,
Biopotential Capital Inc.

We have audited the balance sheet of **Biopotential Capital Inc.** as at February 11, 2004 and the statements of loss and deficit and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 11, 2004 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants.

Montreal, Quebec.
February 11, 2004.
(except as to Note 6 which is at April •, 2004).

BIOPOTENTIAL CAPITAL INC.
Balance Sheet
As at February 11, 2004

Assets

Current assets		
Cash	$	85,925
Deferred charges (note 3)		26,600
		112,525

Liabilities

Current liabilities		
Accrued liabilities		19,125

Shareholders' equity

Capital stock (note 4)		101,500
Deficit		(8,100)
		93,400
	$	112,525

See accompanying notes to financial statements.

Approved on Behalf of the Board:

(Signed) *James W. Beckerleg*
James W. Beckerleg
Director

(Signed) *James H. Coleman*
James H. Coleman
Director

BIOPOTENTIAL CAPITAL INC.
Statement of Loss and Deficit
For the Period From Incorporation to February 11, 2004

Revenue	$	-
Expenses		
Professional fees		8,100
Net loss and deficit	$	(8,100)
Net loss per share	$	-
Weighted average number of common shares outstanding for the period		-

See accompanying notes to financial statements.

BIOPOTENTIAL CAPITAL INC.
Statement of Cash Flows
For the Period From Incorporation to February 11, 2004

Cash flows used in operating activities		
Net loss	$	(8,100)
Increase in deferred charges		(26,600)
Increase in accrued liabilities		19,125
		(15,575)
Cash flows from financing activities		
Issuance of common shares		101,500
Net increase in cash and cash equivalents		85,925
Cash and cash equivalents – beginning of period		-
Cash and cash equivalents – end of period	$	85,925

See accompanying notes to financial statements.

BIOPOTENTIAL CAPITAL INC.
Notes to Financial Statements
Period Ended February 11, 2004

1. Statutes of incorporation and nature of business

Biopotential Capital Inc. (the "Company"), incorporated under the Canada Business Corporations Act on January 9, 2004, is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange").

The principle business of the Company will be the identification and evaluation of assets or businesses for acquisition with a view to completing a Qualifying Transaction, as defined by the Exchange.

2. Summary of significant accounting policies

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

Basic loss per share

Basic loss per share is calculated based on the weighted average number of shares outstanding during the period. Fully diluted net loss per share information has not been provided as the Company has no dilutive instruments outstanding.

Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

3. Deferred charges

Deferred charges are incurred for the public offering. They will be charged against capital stock upon the issuance of the shares or written off if the share offering is not completed.

BIOPOTENTIAL CAPITAL INC.
Notes to Financial Statements
Period Ended February 11, 2004

4. Capital stock

Authorized Unlimited number of common shares and an unlimited number of preferred shares without nominal or par value.

Issued:

580,000	Common shares	$	101,500
	Less share issue costs		-
		$	101,500

Pursuant to the terms of an Escrow Agreement, the issued and outstanding common shares will be held in escrow and released as at 10% thereof on the issuance of the Final Exchange Bulletin (the "initial release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

The Company has adopted an incentive stock option plan in accordance with the Exchange requirements, which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant.

In addition, the number of common shares reserved for issuance to any individual director or officer shall not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares, which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

Options must be exercised within 90 days of termination of employment or cessation of position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death, the option must be exercised within 12 months after such death, subject to the expiry date of such option.

BIOPOTENTIAL CAPITAL INC.
Notes to Financial Statements
Period Ended February 11, 2004

5. Financial instruments

Fair value

The carrying amounts for cash and accrued liabilities on the balance sheet approximate their fair value because of the limited term of these instruments.

6. Subsequent events

Pursuant to a prospectus to be filed with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario and an Agency Agreement (the "Agency Agreement") dated March •, 2004, between the Company and Research Capital Corporation (the "Agent"), the Company is offering a minimum of 5,400,000 common shares at $0.35 per common share to the public. The agent's commission is estimated to be a total of $189,000 if the minimum offering is subscribed. In addition, the Agent will receive an agency fee of $5,000 and will be reimbursed for its legal fees incurred pursuant to the offering, which shall not exceed $8,000 plus disbursements and G.S.T. The total minimum subscription must be raised within 90 days of the date of the receipt for the final prospectus relating to the offering, otherwise all funds collected under subscriptions will be returned and the offering cancelled.

Pursuant to the Agency Agreement and subject to the closing of this offering, the Company will grant an option to the Agent to purchase a number of common shares equal to 10% of the total number of common shares sold under the offering, at a price of $0.35 per common share, representing 540,000 common shares if the minimum offering is subscribed. This option will expire 18 months from the date of listing of the common shares on the Exchange.

The Company will grant incentive stock options to the directors and officers of the Company, in aggregate, 198,000 common shares at a price of $0.35 per common share, exercisable for a period of five years from the date of grant (the "Incentive Stock Options"). The Incentive Stock Options must be granted within 90 days of the issuance of a receipt for the prospectus.

CERTIFICATE OF CORPORATION

Dated: March 31, 2004.

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

(Signed) *James W. Beckerleg*
James W. Beckerleg
President and Treasurer

ON BEHALF OF THE BOARD

(Signed) *James H. Coleman* James H. Coleman Director	(Signed) *John M. Scott* John M. Scott Director

CERTIFICATE OF THE PROMOTERS

Dated: March 31, 2004.

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

(Signed) *James W. Beckerleg*
James W. Beckerleg

CERTIFICATE OF AGENT

Dated: March 31, 2004.

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

RESEARCH CAPITAL CORPORATION

(Signed) *John MacPhail*
John MacPhail