

PRELIMINARY PROSPECTUS DATED JUNE 22, 2004

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

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

PRELIMINARY PROSPECTUS

•, 2004

INITIAL PUBLIC OFFERING

ALPHA ONE CORPORATION (A Capital Pool Company)

\$300,000

2,000,000 Common Shares

Price: \$0.15 per Common Share

The purpose of this offering (the "Offering") is to provide **Alpha One Corporation** (the "Corporation") with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a qualifying transaction (a "Qualifying Transaction"). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange (the "Exchange") and in the case of a Non Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval in accordance with Exchange Policy 2.4 (the "CPC Policy"). The Corporation is a Capital Pool Company ("CPC"). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

	Common Shares	Price to the Public	Agent's Commission ⁽¹⁾	Proceeds to the Corporation ⁽²⁾
Per Common Share	1	\$0.15	\$0.015	\$0.135
Total Offering	2,000,000	\$300,000	\$30,000	\$270,000

Notes:

- (1) The Agent will receive a commission of \$30,000 upon the Offering being completed. In addition, the Agent has been paid a corporate finance fee of \$8,000 and will be reimbursed its reasonable legal expenses estimated at \$5,000. The Corporation will also grant to the Agent an option to purchase up to 200,000 Common Shares of the Corporation at a price of \$0.15 per common share exercisable until the date that is 18 months from the date of listing of the shares of the Corporation on the Exchange (the "Agent's Option"), which option grant is qualified for distribution under this prospectus. See "Plan of Distribution".
- (2) Before deducting expenses of this issue estimated at \$60,000, consisting of the Corporation's legal fees, audit fees, Exchange listing fees and the prospectus filing fees of the securities regulatory authorities.

This offering is made on a “best efforts” basis by First Associates Investments Inc. (the “Agent”), and is subject to a subscription of 2,000,000 Common Shares for total gross proceeds to the Corporation of \$300,000. See “Plan of Distribution”. 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 the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent will be granted a non-transferable option (the "Agent's Option") to purchase up to 200,000 Common Shares at a price of \$0.15 per share expiring 18 months from the date the Corporation's shares are listed on the Exchange. The grant of the Agent's Option is qualified under this prospectus. In addition, and subject to regulatory approval, the Corporation intends to grant options to purchase 440,000 Common Shares under the Corporation's stock option plan. The grant of these options is also qualified under this prospectus. See "Options to Purchase Securities".

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 pursuant to this prospectus, the grant of stock options to the directors and officers of the Corporation and the grant of the Agent's Option, trading in the securities of the Corporation is not permitted between the date of the receipt for the Corporation's preliminary prospectus and the time the securities 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.

Investment in the Common Shares offered by this prospectus is highly speculative due to the proposed 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 was only recently incorporated, owns no business operations or assets other than cash and has not entered into an Agreement in Principle as defined in the CPC Policy. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will identify a property or business prospect which warrants acquisition or participation. Moreover, if a potential asset or business prospect is identified and acquisition or participation is warranted, additional funds may be required to complete the acquisition or participation and the Corporation may not be able to obtain financing. Where the acquisition or participation is financed by the issuance of shares from the

Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution to their investment. As a result of these factors, this offering is suitable only to those investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. The directors and officers of the Corporation will only be devoting a portion of their time to the affairs of the Corporation. Potential conflicts of interest may result from the ordinary course of business of the Corporation and of the directors and officers of the Corporation. The directors and officers currently own 61.1% of the issued and outstanding Common Shares and will own 33.3% of the issued and outstanding Common Shares after the Offering. See "Business of the Corporation", "Management", "Directors and Officers", "Use of Proceeds", "Conflicts of Interest", and "Risk Factors".

The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 18 months of the date of listing, or where the Corporation has failed to acquire and develop operating assets acceptable to the Exchange by that date.

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution once of \$0.0408 or 27.2% percent per Common Share based on gross proceeds of this issue, without deduction of selling commissions and related expenses incurred by the Corporation.

There is currently no market through which these securities may be sold. The price of this Offering has been determined arbitrarily by the directors of the Corporation.

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

The Agent hereby offers for sale, on a best efforts basis, as agent on behalf of the Corporation, 2,000,000 Common Shares at a price of \$0.15 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 the approval of certain legal matters by Boyle & Co. LLP, Solicitors, Toronto, Ontario, on behalf of the Corporation and by Borden Ladner Gervais LLP, Barristers and Solicitors, Calgary, Alberta on behalf of the Agent.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right 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 at the closing of this Offering.

FIRST ASSOCIATES INVESTMENTS INC.

Suite 2200

440 – 2nd Avenue S.W.

Calgary, Alberta

T2P 5E9

(403) 260-8400

TABLE OF CONTENTS

FACE PAGE	1
PROSPECTUS SUMMARY	7
GLOSSARY	10
THE CORPORATION	17
BUSINESS OF THE CORPORATION.....	17
HISTORY AND OPERATIONS OF THE CORPORATION.....	17
PROPOSED OPERATIONS.....	17
METHOD OF FINANCING QUALIFYING TRANSACTION	18
CRITERIA FOR QUALIFYING TRANSACTION	18
PROCESS OF IDENTIFICATION OF QUALIFYING TRANSACTION	18
REQUIREMENTS TO COMPLETE A QUALIFYING TRANSACTION	18
MINIMUM LISTING REQUIREMENTS.....	19
TRADING HALTS, SUSPENSIONS AND DELISTING	19
REFUSAL OF QUALIFYING TRANSACTION	20
USE OF PROCEEDS	21
PERMITTED USE OF FUNDS	22
RESTRICTIONS ON USE OF FUNDS.....	23
PROHIBITED PAYMENTS TO NON ARM’S LENGTH PARTIES	23
PRIVATE PLACEMENTS FOR CASH	24
PLAN OF DISTRIBUTION	24
AGENCY AGREEMENT.....	24
AGENT’S OPTION	24
BEST EFFORTS AND MINIMUM DISTRIBUTION	25
OTHER SECURITIES TO BE DISTRIBUTED.....	25
DETERMINATION OF PRICE.....	25
LISTING APPLICATION	25
RESTRICTIONS ON THE AGENT	25
RESTRICTIONS ON TRADING.....	26
DESCRIPTION OF SHARE CAPITAL.....	26
COMMON SHARES	26
CAPITALIZATION	26
OPTIONS TO PURCHASE SECURITIES	27
PRIOR SALES.....	28
ESCROWED SHARES	28
ESCROW REQUIREMENTS UPON QUALIFYING TRANSACTION.....	30
PRINCIPAL SHAREHOLDERS	32
DIRECTORS AND OFFICERS	32
MANAGEMENT.....	34
REMUNERATION OF DIRECTORS AND OFFICERS	35
PROMOTERS.....	36
INTEREST OF DIRECTORS, OFFICERS AND OTHERS IN MATERIAL TRANSACTIONS.....	36
CONFLICTS OF INTEREST.....	37
MATERIAL CONTRACTS	37
LEGAL PROCEEDINGS	37

DILUTION	37
RISK FACTORS	38
DIVIDEND POLICY.....	40
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	40
PURCHASER'S STATUTORY RIGHTS	41
FINANCIAL STATEMENT OF ALPHA ONE CORPORATION.....	42
CERTIFICATES	47
CERTIFICATE OF THE CORPORATION.....	47
CERTIFICATE OF THE PROMOTERS	47
CERTIFICATE OF THE AGENT.....	48
AUDITORS' CONSENT	49

PROSPECTUS SUMMARY

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

- Offering:** A total of 2,000,000 Common Shares at a price of \$0.15 per Common Share are offered hereunder. In addition, the Corporation will also grant the Agent an option to purchase 200,000 Common Shares at a price of \$0.15 for a period of 18 months from the date of listing of the Common Shares on the Exchange, which option grant is qualified under this prospectus. The Corporation also intends to grant stock options to directors and officers of the Corporation to purchase an aggregate of 440,000 Common Shares at a price of \$0.15 per share exercisable for a period of five years which option grants are also qualified for distribution under this prospectus. See “Plan of Distribution” and “Options to Purchase Securities”.
- 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.
- Use of Proceeds:** The net proceeds to the Corporation will be \$270,000, prior to expenses of the issue of \$45,000 and reimbursement of the Agent’s expenses of \$11,000. The net proceeds will be used to provide the Corporation a minimum of funds with which to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction, and to a certain extent to pay the expenses incurred pursuant to this offering. 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 30% of the gross proceeds realized may be used for purposes other than evaluating businesses or assets. See “Use of Proceeds”, “Business of the Corporation”, “Method of Financing Qualifying Transaction” and “Risk Factors”.

Officers and Directors: The directors and officers of the Corporation are:

David Lewis	Chief Executive Officer, President and Director
Kim Smith	Secretary, Treasurer, Chief Financial Officer and Director
Ian McDonald	Director
Donald Christie	Director

See “Directors and Officers”

Escrowed Shares

All of the currently issued and outstanding Common Shares of the Corporation, being 2,400,001 Common Shares will be deposited in escrow pursuant to the terms of an Escrow Agreement, as hereafter 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 Shares”.

Dividend Policy:

It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See “Dividend Policy”.

Risk Factors:

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, has not paid any dividends and will not generate earnings until at least after Completion of the Qualifying Transaction. This Offering is suitable only to those investors who are willing to rely on the management of the Corporation and who can afford to lose their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 27.2% or \$0.0408 per Common Share. There can be no assurance that an active and liquid market for the Corporation’s Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business

other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction. See “Business of the Corporation”, “Management”, “Directors and Officers”, “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 judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

GLOSSARY

Unless otherwise indicated or the context otherwise indicates, the following definitions are used in this prospectus:

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

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

A Company is “controlled” by a Person if:

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

A Person 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.

“Agency Agreement” means the agency agreement between the Agent and the Corporation dated April 29, 2004.

“Agent” means First Associates Investments Inc.

“Agent’s Option” means the option to purchase up to 200,000 Common Shares of the Corporation at a price of \$0.15 per share to be granted to the Agent, which may be exercised for a period of eighteen (18) months from the date the Common Shares of the Corporation are listed on the Exchange.

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

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

- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

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

“Associate” when used to indicate a relationship with a Person or Company, means:

- (a) an Issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a Person, a relative of that Person, including:
 - (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.

“Capital Pool Company” or **“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.

“Common Shares” means the common shares of the Corporation.

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

“Corporation” means Alpha One Corporation.

“CPC Policy” means Exchange Policy 2.4.

“Escrow Agreement” means the escrow agreement between the Corporation, subscribers for Escrow Shares and an escrow agent acceptable to the Exchange.

“Escrow Shares” means:

- (a) all Seed Shares issues at a price lower than the price of the Common Shares issued in the Offering;
- (b) all Seed Shares, Common Shares issued in the Offering and any securities acquired from treasury after the IPO but before issuance of the Final Exchange Bulletin (other than shares acquired which are subject to section 11.6 of the CPC Policy and those shares acquired upon exercise of stock options which must be escrowed as provided in section 7.5 of the CPC Policy) which are, directly or indirectly, beneficially owned or controlled by Non Arm’s Length Parties of the Corporation (as determined post IPO); and
- (c) all securities acquired by a Control Person in the secondary market prior to Completion of the Qualifying Transaction.

“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.

“Form 3B” means the Exchange’s Form 3B entitled “Information Required in an Information Circular for a Qualifying Transaction” being the form prescribed by the Exchange and setting out the

information required in the information circular prepared by a CPC and sent to shareholders in connection with obtaining Majority of the Minority Approval for a Non Arm's Length Qualifying Transaction.

“Holding company” means a non-individual entity that holds securities.

“Insider” if used in relation to an Issuer, means:

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

“IPO” means the initial public offering of Common Shares of the Corporation conducted by the Agent pursuant to this prospectus.

“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 Corporation;
- (b) Non Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction (as that term is defined in Exchange Policy 1.1):
 - (i) if the Corporation holds its own shares, the Corporation, 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 Corporation.

“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, 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 Corporation and the Significant Assets which are to be subject of the proposed Qualifying Transaction.

“Offering” means the offering by the Corporation of 2,000,000 Common Shares as described in this prospectus.

“Permitted Reimbursement” means the fair market value amount the Corporation is allowed to reimburse Non Arm’s Length Parties for the Corporation’s reasonable rent, secretarial services and other general administrative expenses.

“Person” means a Company or individual.

“Policy” means a policy of the Exchange.

“Principal” means:

- (a) a person or company who acted as a promoter of the Corporation within two years before the initial public offering (“IPO”) prospectus or Exchange Bulletin confirming final acceptance of a transaction (“Final Exchange Bulletin”);
- (b) a director or senior officer of the Corporation or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Corporation’s outstanding securities immediately before and immediately after the Corporation’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a 10% holder – a person or company that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Corporation’s outstanding securities immediately before and immediately after the Corporation’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 Corporation or any of its material operating subsidiaries.

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

A company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals.

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

"Qualifying Transaction" means a transaction where the Corporation 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 the Corporation that exists upon issuance of the Final Exchange Bulletin.

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

"Seed Shares" means Common Shares issued before the IPO, or by a private Target Company before a Qualifying Transaction.

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

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

"Sponsorship Acknowledgement Form" means the form prepared in accordance with Exchange Form 2G.

"Surplus Securities" means securities issued pursuant to a transaction which are not supported by a valuation method acceptable to the Exchange or for which the value of the asset is less than the deemed value of the securities, or securities which are otherwise determined by the Exchange to be Surplus Securities and required to be placed in escrow under a Surplus Security Escrow.

"Surplus Security Escrow Agreement" means an escrow agreement in Exchange Form 5D to which Surplus Securities will be subject and which will include Schedule B(3) of Exchange Form 5D if the Corporation is listed for trading on Tier 1 or Schedule B(4) of Exchange Form 5D if the Corporation is listed for trading on Tier 2.

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

“Value Securities” means securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the assets, using a valuation method acceptable to the Exchange, or securities which are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement.

“Value Security Escrow Agreement” means an escrow agreement in Exchange Form 5D to which Value Securities will be subject and which will include Schedule B(1) of Exchange Form 5D if the Corporation is listed for trading on Tier 1 or Schedule B(2) of Exchange Form 5D if the Corporation is a listed for trading on Tier 2.

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

THE CORPORATION

The Corporation was incorporated by Articles of Incorporation certified effective pursuant to the provisions of the *Business Corporations Act* (Ontario) on June 18, 2002.

The head office of the Corporation is located at 6 Adelaide Street East, Suite 500, Toronto, Ontario M5C 1H6 and the registered office of the Corporation is located at 56 Temperance Street, 4th Floor, Toronto, Ontario, M5H 3V5.

BUSINESS OF THE CORPORATION

History and Operations of the Corporation

The Corporation has not commenced commercial operations and has no assets, other than a minimum amount of cash. The Corporation has not entered into an Agreement in Principle.

The Corporation has incurred and accrued preliminary expenses in proceeding with the Offering: incorporation costs & legal fees (\$9,000) and audit fees (\$4,000). Certain of the proceeds received from this Offering may be used to satisfy the obligations that the Corporation incurred relating to this Offering, including the expenses of the Corporation's auditors, legal counsel and the Agent's legal counsel.

Since March 31, 2004, the date of the Corporation's most recent balance sheet included in the prospectus the Corporation has not incurred any significant additional expenditure.

Proposed Operations

The Corporation proposes initially to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. Once a suitable asset or business is identified and evaluated, the Corporation will negotiate the terms under which such asset or business may be acquired or participated in by itself or jointly with others.

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

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 Qualifying Transaction

The Corporation may use any of cash, bank financing, secured or unsecured debt, the issuance of treasury shares or public financing of debt or equity or a combination of the foregoing for the purpose of financing the Qualifying Transaction. **A Qualifying Transaction financed by the issuance of treasury shares could result in a change of control of the Corporation and shareholders will suffer further dilution to their investment in the Corporation.**

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.

Process of Identification of Qualifying Transaction

The Corporation proposes to identify prospective Qualifying Transactions through discussions with various contacts of the officers and directors of the Corporation. Once a prospective target has been identified and evaluated, the Corporation will proceed to negotiate the terms upon which it may acquire an interest in the asset or business.

Requirements to Complete a Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied. See "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of 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 the 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 the Exchange's 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 these scheduled closing date for the Qualifying Transactions 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 the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval at a meeting of shareholders.

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

- (i) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (ii) confirmation of closing of the Qualifying Transaction; and
- (iii) all post-meeting documentation 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

Following completion of the Qualifying Transaction, the Resulting Issuer must satisfy the Exchange's minimum listing requirements (other than public distribution requirements) for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Policies of the Exchange.

Trading Halts, Suspensions and Delisting

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

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

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent that are required to be resolved in order to complete the Qualifying Transaction, or the nature and number of deficiencies are so significant or numerous, as to make it appear to the Exchange that the halt should be reinstated or continued.

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 18 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within the 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 "Requirements to Complete 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) a member firm of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such member firm;
 - (iii) ~~and~~ associates of any such person,
 collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not

demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange;

- (e) in the case of a Resulting Issuer, other than an oil and gas or mining issuer, the Qualifying Transaction involves the acquisition of Significant Assets, outside of Canada or the United States; or
- (f) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

The gross proceeds to be received by the Corporation from the combination of prior sales of Common Shares and the sale of all of the Common Shares offered by this prospectus will be \$480,001.

The following table indicates the principal uses to which the Corporation proposes to put the funds available to it upon completion of this offering:

Cash proceeds raised prior to this Offering ⁽¹⁾	\$180,001
Expenses and costs relating to raising the prior proceeds	\$12,500
Cash proceeds to be raised pursuant to this Offering ⁽²⁾	\$300,000
Expenses and costs relating to the Offering (including listing fees, Agent's commission, legal fees, audit fees and expenses)	\$77,500
Estimated funds available (on completion of the Offering)	\$390,000
Funds available for identifying and evaluating assets or business prospects ⁽³⁾	\$390,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$40,000

Notes:

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Option, or the directors or officers exercise their options there will be available to the Corporation a maximum of an additional \$96,000 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire amount available on identifying and evaluating assets or businesses, the remaining funds may be used to finance or

partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

Permitted Use of Funds

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

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

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

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

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may 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 Funds

Until completion of the Corporation's Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000 shall be used for purposes other than those with respect to the Qualifying Transaction. See "Permitted Use of Funds". For greater certainty, expenditures which are not included as permitted uses of funds by the CPC Policy include:

- (a) listing and filing fees (including SEDAR fees);
- (b) agents fees, costs and commissions;
- (c) other costs for the issuance of securities, including legal and audit expenses relating to the preparation and filing of this prospectus; and
- (d) administrative and general expenses of the Corporation, including office supplies, office rent and related utilities; printing costs (including the printing of this prospectus and share certificates); equipment leases; and fees for legal advice and audit expenses, other than those described above with respect to the Qualifying Transaction. See "Permitted Use of Funds".

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

Prohibited Payments to Non Arm's Length Parties

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Funds", the Corporation has not made, and until the Completion of a 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) the deposits and similar payments.

Further, no such payments shall be made on or after the Completion of a Qualifying Transaction if such payments relate 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 may also reimburse Non-Arm's Length Party

to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation. See “Permitted Use of Funds”.

The 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.

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 limitations, 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.

PLAN OF DISTRIBUTION

Agency Agreement

Pursuant to an agency agreement (the “Agency Agreement”) dated April 29, 2004 between the Corporation and the Agent, the Corporation has appointed the Agent as its agent to offer for sale on a best efforts basis to the public 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.15 per Common Share, for gross proceeds of \$300,000, subject to the terms and conditions in the Agency Agreement. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation has paid to the Agent a corporate finance fee of \$8,000 plus GST and will pay the Agent’s legal fees and expenses, estimated at \$8,000.

Agent’s Option

The Corporation has also agreed to grant to the Agent a non-transferable option (the “Agent’s Option”) to purchase 200,000 Common Shares at a price of \$0.15 per share, which may be exercised for a period of 18 months from the date the Common Shares of the Corporation are listed on the Exchange. The grant of the Agent’s Option is qualified under this prospectus. The Agent intends to sell to the public any Common Shares received by it upon the exercise of its option. Not more than 50% of the Common Shares received on the exercise of the Agent’s Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its 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.

Best Efforts and Minimum Distribution

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

Other Securities to be Distributed

The Corporation also proposes to grant options to purchase 440,000 Common Shares to directors and officers in accordance with the policies of the Exchange, which grant of options is qualified for distribution under this prospectus.

Determination of Price

The Price of this 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 listing requirements of the Exchange.

Restrictions on the Agent

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

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

until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the Agent, or any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing, is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date.

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of options to the directors, officers and technical consultants of the Corporation 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 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 SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date hereof, 2,400,001 Common Shares are issued and outstanding as fully paid and non-assessable.

Common Shares

The holders of the Corporation's Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation, to one vote per share at meetings of shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

CAPITALIZATION

Authorized Capital	Amount Authorized or to be	Amount outstanding as of March 31, 2004 [the date of the most recent balance sheet contained in the Prospectus]	Amount outstanding as of the date hereof	Amount to be outstanding if all Common Shares <small>(1) (2)</small>
Common Shares	\$unlimited (unlimited shares)	\$180,001 (2,400,001 shares)	\$180,001 (2,400,001 shares)	\$480,001 (4,400,001 shares)

Notes:

- (1) *The Corporation has reserved 440,000 Common Shares pursuant to its stock option plan for options to be granted to directors and/or officers of the Corporation at a price of \$0.15 per share. See “Options to Purchase Securities”. The Corporation will grant to the Agent an option to purchase up to 200,000 Common Shares at a price of \$0.15 per share expiring 18 months from the date the Corporation’s shares are listed on the Exchange.*
- (2) *After giving effect to the Offering but prior to deducting the Agent’s commission (\$30,000) and the estimated expenses of the Offering (\$60,000).*

The deficit and contributed surplus of the Corporation as at the date of this prospectus, is \$nil. The Corporation has no long-term debt.

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 27.2% or \$0.0408 per Common Share on the basis of there being 4,400,001 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

OPTIONS TO PURCHASE SECURITIES

The Corporation has a stock option plan providing for the grant of incentive stock options. Pursuant to the stock option plan, 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, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the number of Common Shares outstanding, exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to 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 of Shares”.

The Corporation intends to grant options to purchase 440,000 Common Shares to directors and officers of the Corporation concurrently with the closing of this Offering. The grant of stock options is qualified under this prospectus. The following table sets out particulars of the proposed stock options:

Name of Optionee	Number of Common Shares	Exercise Price Per Share	Term
David Lewis	120,000	\$0.15	5 years
Ian McDonald	120,000	\$0.15	5 years
Donald Christie	120,000	\$0.15	5 years
Kim Smith	80,000	\$0.15	5 years

PRIOR SALES

Since the date of incorporation of the Corporation, 2,400,001 Common Shares have been issued as follows:

Date	Number of Shares	Issue Price Per Share	Aggregate Issue Price	Nature of Consideration Received
June 18, 2002	1	\$1.00	\$1.00	Cash
March 31, 2004	2,400,000	\$0.075	\$180,000	Cash
TOTALS	2,400,001		\$180,001	

ESCROWED SHARES

All of the 2,400,001 Common Shares issued prior to this Offering at a price below \$0.15 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 will be deposited with Equity Transfer Services Inc. under an escrow agreement (the "Escrow Agreement").

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

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by 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	Common Shares	Number of Shares held in escrow	Percentage of Shares prior to giving effect to the Offering	Percentage of Shares after giving effect to the Offering
David Lewis, Toronto, Ontario	1	1	0.00%	0.00%
Savu Holdings Inc. ⁽¹⁾ Toronto, Ontario	400,000	400,000	16.67%	9.09%
Donald Christie Toronto, Ontario	400,000	400,000	16.67%	9.09%
Ian McDonald Toronto, Ontario	400,000	400,000	16.67%	9.09%
Kim Smith Toronto, Ontario	266,667	266,667	11.1%	6.06%
Harkscorp International Group Inc. ⁽²⁾ Toronto, Ontario	200,000	200,000	8.33%	4.55%
John Lewis Toronto, Ontario	100,000	100,000	4.17%	2.27%
Steven Lewis Toronto, Ontario	33,333	33,333	1.39%	0.76%
Kerry Knoll Toronto, Ontario	133,333	133,333	5.56%	3.03%
Derek Price Toronto, Ontario	133,333	133,333	5.56%	3.03%
Stewart Walchli Toronto, Ontario	66,668	66,668	2.78%	1.52%
Siwash Holdings Ltd. ⁽³⁾ Toronto, Ontario	133,333	133,333	5.56%	3.03%
Ninderjit Deol Mississauga, Ontario	133,333	133,333	5.56%	3.03%

Notes:

(1) A corporation controlled by David Lewis in Ontario

(2) A corporation controlled by Harold Kent in Ontario

(3) A corporation controlled by Frederic Leigh in Ontario

Where 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 that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% will be released on the dates 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 Notice that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement each Non Arm’s Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Equity Transfer Services Inc., as escrow agent, to immediately cancel all of those escrowed Common Shares upon the issuance by the Exchange of a Notice delisting the Common Shares of the Corporation.

Escrow Requirements Upon Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are Value Securities, then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the “Value Security Escrow Agreement”). 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 beneficially, directly or indirectly, or exercise control or direction over more than 10% of the issued and outstanding Common Shares of the Corporation as at the date of this prospectus:

Name and Municipality of Residence	Type of Ownership	Number of	Percentage Shares Owned Before Giving Effect to this Offering	Percentage of Shares Owned After Giving Effect to this Offering
Savu Holdings Inc. ⁽³⁾ Toronto, Ontario	Indirect	400,000	16.67%	9.09%
Donald Christie Toronto, Ontario	Direct	400,000	16.67%	9.09%
Ian McDonald Toronto, Ontario	Direct	400,000	16.67%	9.09%
Kim Smith Toronto, Ontario	Direct	266,667	11.1%	6.06%

Notes:

- (1) These common shares are all to be held in escrow. See "Escrowed Shares"
- (2) Assuming the shareholders do not acquire any common shares of the Corporation pursuant to the offering.
- (3) A corporation controlled by David Lewis

As at the date hereof, the directors, officers and promoters as a group hold 1,466,668 Common Shares prior to giving effect to this Offering, representing 61.1% of the issued and outstanding Common Shares of the Corporation and will own approximately 33.3% of the issued and outstanding Common Shares of the Corporation, after giving effect to this Offering, assuming the directors and officers do not acquire any Common Shares pursuant to the Offering.

DIRECTORS AND OFFICERS

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

Name and Municipality Of Residence	Office	Present Occupation and Positions held during the Last Five Years
------------------------------------	--------	--

David Lewis ⁽¹⁾ Toronto, Ontario	Chief Executive Officer, President and Director	Mr. Lewis was the President & CEO of Altamira Securities from 1993 to 2000, and Managing Director from 2000 to 2001. Mr. Lewis is currently the President & CEO of Global Renaissance Fund Inc., managing and sourcing private investments on a global basis. Mr. Lewis is also the President of Renvest Capital Corporation since 1994. Renvest manages private investments within Canada.
Donald Christie ⁽¹⁾ Toronto, Ontario	Director	Mr. Christie has over 25 years experience in the investment banking sector. Between 1992 and 1998 he was the V.P. & Director of Syndications of Newcourt Credit Group. He has been an officer & director of Andarex Industries Inc. (TSX-V: AWX) since 1992. Mr. Christie is the founding Partner of Ollerhead Christie & Company, a corporate finance advisory firm.
Ian McDonald ⁽¹⁾ Toronto, Ontario	Director	Mr. McDonald has over 20 years experience in the mining and exploration sector. He has been a director of several public companies for over 15 years. He was the Chairman of Wheaton River Minerals Ltd. (TSX: WRM) between 1990 and 2001 and the former Chairman of North American Metals Corp. (TSX-V: NAM) between 1993 and 2001. Mr. McDonald is currently the Chairman of Glencairn Gold Corporation (TSX: GGG), and also the Chairman of Patent Enforcement and Royalties Ltd. (TSX-V: PAL).
Kim Smith Toronto, Ontario	Chief Financial Officer, Secretary, Treasurer and Director	Ms. Smith has over 15 years experience in the financial services sector. From 1991 to 2000 she was a stock broker with Goepel McDermid.

Notes:

(1) Member of the audit committee of the Corporation.

All of the directors and officers currently have employment outside of the Corporation. It is anticipated that David Lewis and Kim Smith will devote approximately 10 to 15% of their time to the Corporation. Ian McDonald and Donald Christie will devote their time to the Corporation as needed. However, time actually spent may vary according to the needs of the Corporation and the directors and officers of the Corporation will devote the time required to achieve the goals of the Corporation, being the identification and completion of a Qualifying Transaction. Upon completion of a Qualifying Transaction by the Corporation, the amount of time spent on the affairs of the Corporation will depend on the property or business acquired.

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

MANAGEMENT

The following is a brief description of key management of the Corporation:

David Lewis – Chief Executive Officer and Director

Mr. Lewis was the President & CEO of Altamira Securities from 1993 to 2000, and Managing Director from 2000 to 2001. Mr. Lewis is currently the President & CEO of Global Renaissance Fund Inc., managing and sourcing private investments on a global basis. Mr. Lewis is also the President of Renvest Capital Corporation since 1994. Renvest manages private investments within Canada.

Kim Smith – Chief Financial Officer, Secretary, Treasurer and Director

Ms. Smith has over 15 years experience in the financial services sector. From 1991 to 2000 she was a stock broker with Goepel McDermid.

Ian McDonald – Director

Mr. McDonald has over 20 years experience in the mining and exploration sector. He has been a director of several public companies for over 15 years. He was the Chairman of Wheaton River Minerals Ltd. (TSX: WRM) between 1990 and 2001 and the former Chairman of North American Metals Corp. (TSX-V: NAM) between 1993 and 2001. Mr. McDonald is currently the Chairman of Glencairn Gold Corporation (TSX: GGG), and also the Chairman of Patent Enforcement and Royalties Ltd. (TSX-V: PAL).

Donald Christie – Director

Mr. Christie has over 25 years experience in the investment banking sector. Between 1992 and 1998 he was the V.P. & Director of Syndications of Newcourt Credit Group. He has been an officer & director of Andaurex Industries Inc. (TSX-V: AWX) since 1992. Mr. Christie is the founding Partner of Ollerhead Christie & Company, a corporate finance advisory firm.

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

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	From	To
David Lewis	Chalk Media Corp.	TSX Venture Exchange	Director	2003	Present
Donald Christie	Andaurex Industries Inc.	TSX Venture Exchange	Secretary & Director	1992	Present

Ian McDonald	Glencairn Gold Corporation	TSX	Chairman & Director	2002	Present
	Glencairn Gold Corporation	TSX	V.P., Secretary-Treasurer & Director	1998	2002
	Glencairn Gold Corporation	TSX	Co-Chairman	2002	2002
	Wheaton River Minerals Ltd.	TSX	Chairman & CEO	1990	2001
	Wheaton River Minerals Ltd.	TSX	Director	1990	Present
	North American Metals Corp.	TSX Venture Exchange	Chairman & CEO	1993	2001
	North American Metals Corp.	TSX Venture Exchange	Director	1993	March 2004
	Ciclo / Patent Enforcement And Royalties Ltd.	TSX Venture Exchange	Director	1997	Present
	Patent Enforcement And Royalties Ltd.	TSX Venture Exchange	Chairman	2001	Present
	Intrepid Minerals Corp.	TSX Venture Exchange	Director	2003	Present
Kit Resources Ltd.	TSX	Chairman, CEO & Director	1999	2001	

REMUNERATION OF DIRECTORS AND OFFICERS

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly 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"), which reimbursements, since incorporation, have totaled the aggregate sum of \$Nil. 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. See "Options to Purchase Securities".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall 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.

PROMOTERS

David Lewis, Ian McDonald, Kim Smith and Donald Christie may be considered to be the promoters of the Corporation in that they took initiative in founding and organizing the Corporation. Each of the promoters have subscribed for and received Common Shares and will be granted stock options to purchase Common Shares. See "Prior Sales", "Principal Shareholders" and "Options to Purchase Securities".

INTEREST OF DIRECTORS, OFFICERS AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, officers, and any shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares of the Corporation or any known associates or affiliates of such persons, in any transaction since incorporation of the Corporation, or in any proposed transaction which has materially affected or would materially affect the Corporation. See "Business of the Corporation"

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers are engaged and will continue to be engaged, directly or indirectly, 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 some of the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Ontario).

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. An Agency Agreement dated April 29, 2004, between the Corporation and the Agent. See "Plan of Distribution".
2. An Escrow Agreement dated April 20, 2004, among the Corporation, Equity Transfer Services Inc., as escrow agent, and David Lewis, Savu Holdings Inc., Ian McDonald, Donald Christie, Kim Smith, Harkscorp International Group, John Lewis, Steven Lewis, Kerry Knoll, Derek Price, Siwash Holdings Ltd. Harold Tabone, Stewart Walchli and Ninderjit Deol. See "Escrowed Shares".
3. A Transfer Agent, Registrar and Dividend Disbursing Agent Agreement between the Corporation and Equity Transfer Services Inc. dated April 13, 2004. See "Auditors, Transfer Agent and Registrar".

Copies of the above agreements, as well as the stock option plan of the Corporation, will be available for inspection at the offices of the Corporation's counsel, Boyle & Co. LLP, 347 Bay Street, Suite 603, Toronto, Ontario 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, as well as of the offices of the Ontario Securities Commission.

LEGAL PROCEEDINGS

To the knowledge of the directors of the Corporation there are no legal proceedings or legal proceedings known to be contemplated that are material to the Corporation or to which any of its property is or may be subject.

DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 27.2% or \$0.0408 per Common Share on the basis of there being 4,400,001 Common Shares of the

Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

RISK FACTORS

There is currently no market for the Common Shares of the Corporation. This offering should be considered highly speculative due to the proposed nature of the Corporation's business. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Corporation does not own any assets, other than cash, does not own any properties or businesses and has not yet entered into an Agreement in Principle (as defined under the Policy). Investors acquiring Common Shares offered by this prospectus will suffer an immediate dilution of 27.2% or \$0.0408 per Common Share based on gross proceeds of this and prior issues by the Corporation, without deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares.

The proposed business of the Corporation involves a high degree of risk and there is no assurance that potential acquisitions or participations will be identified. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction. Moreover, if potential acquisitions or participations are identified, the Corporation may determine that the current market, pricing conditions or terms of participation may make the acquisition or participation uneconomical. The Corporation may find that even if the terms of the acquisition or participation are economical, additional funds may be required to complete the acquisition or participation, and the Corporation may not be able to obtain financing. Where an acquisition or participation is financed by the issuance of shares from the treasury, control of the Corporation may change and shareholders may suffer further dilution to their investment, which dilution may be significant. Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover any loan or advance.

Until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. 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.

Completion of a Qualifying Transaction is subject of a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in

accordance with applicable corporate or other law, a shareholder who votes against a proposed Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed in 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 may suspend from trading or delist the Common Shares of the Corporation where the Corporation has failed to complete a Qualifying Transaction within 18 months of the date of listing, in the event the Exchange has not issued a Final Exchange Bulletin by that date or where the Corporation has failed to acquire and develop operating assets acceptable to the Exchange by that date. The Exchange may not approve a Qualifying Transaction where the Corporation fails to meet the minimum listing requirements of the Exchange upon completion of the acquisition.

Neither the Exchange nor any securities regulatory authority passes upon the merits of a proposed Qualifying Transaction.

The directors and officers of the Corporation will not be devoting all their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in the search for property or business prospects on their own behalf or on behalf of others. See “Directors and Officers” and “Conflicts of Interest”.

It may be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts located outside Canada. It may not be possible to enforce against such persons or the Corporation, judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

As a result of these factors, this offering is only suitable to those investors who are willing to rely 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”, “Management”, “Directors and Officers”, “Conflicts of Interest” and “Use of Proceeds”.

DIVIDEND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Smith, Nixon & Co. LLP, Chartered Accountants, Suite 1900, 390 Bay Street, Toronto, Ontario M5H 2Y2.

Equity Transfer Services Inc., through its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in the provinces of Ontario, Alberta and British Columbia provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**FINANCIAL STATEMENT OF
ALPHA ONE CORPORATION
AS AT MARCH 31, 2004**

AUDITORS' REPORT
To the Directors of
Alpha One Corporation

We have audited the balance sheet of Alpha One Corporation as at March 31, 2004. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Company as at March 31, 2004 in accordance with Canadian generally accepted accounting principles.

TORONTO, April 5, 2004
(Except for Note 4 which is dated as of •, 2004)

CHARTERED ACCOUNTANTS

ALPHA ONE CORPORATION
BALANCE SHEET AS AT MARCH 31, 2004

ASSETS

CURRENT ASSETS

Cash	\$	155,628
Prepaid issue costs		<u>44,775</u>
		<u>\$ 200,403</u>

LIABILITIES

CURRENT LIABILITY

Accounts payable and accrued liabilities	\$	20,402
--	----	--------

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3)		<u>180,001</u>
		<u>\$ 200,403</u>

SIGNED ON BEHALF OF THE BOARD

<i>"David Lewis"</i>)	
.....)	
David Lewis)) DIRECTORS
)	
<i>"Donald Christie"</i>)	
.....)	
Donald Christie)	

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

ALPHA ONE CORPORATION
NOTES TO THE FINANCIAL STATEMENT
AS AT MARCH 31, 2004

1. INTRODUCTION

Alpha One Corporation (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on June 18, 2002 and is classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange Inc. ("TSX-V"). The Company proposes to identify and evaluate companies, businesses or assets for acquisition, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

The Company has not commenced operations at the balance sheet date. Accordingly, statements of operations and cash flows have not been presented for the period from incorporation on June 18, 2002 to March 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Estimates

The preparation of financial statements under Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Financial Instruments

The carrying value of cash, prepaid issue costs and accounts payable and accrued liabilities approximates fair value due to the short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

3. CAPITAL STOCK

(a) Authorized -

An unlimited number of voting common shares without par value.

(b) Issued and fully paid -

2,400,001 common shares	\$ <u>180,001</u>
-------------------------	-------------------

Upon incorporation the Company issued one common share in exchange for \$1 cash. During the year ended March 31, 2004, the Company issued 2,400,000 additional shares in exchange for cash of \$0.075 per share.

3. CAPITAL STOCK (continued)

Pursuant to an escrow agreement dated April 20, 2004, 2,400,001 common shares will be held in escrow and released as to 10% following issuance of TSX Venture Exchange Inc. announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% on each six month anniversary following the Initial Release until all common shares have been released.

(c) Stock Option Plan

The Company has a stock option plan which permits the granting of incentive stock options by the Board of Directors, from time to time and in its discretion, to directors, officers and technical consultants to the Company. The number of common shares reserved for issuance under this plan cannot exceed 10% of the number of common shares outstanding. Options granted under this plan are exercisable for a period of up to five years from the date of their grant. As at March 31, 2004, no options have been granted under this plan.

4. SUBSEQUENT EVENTS

Pursuant to an Agency Agreement dated April 29, 2004 between the Company and First Associates Investments Inc., the Company has agreed to file a prospectus to offer 2,000,000 common shares at \$0.15 per share to the public.

As part of this offering, the Company also intends to grant to the Agent an option to purchase 200,000 common shares at a price of \$0.15 for a period of 18 months from the date of listing of the shares on the TSX-V and options to purchase 440,000 common shares to directors and officers of the Company at a price of \$0.15 per share exercisable for a period of five years pursuant to the Company's stock option plan.

CERTIFICATES

Dated: June 22, 2004.

CERTIFICATE OF THE CORPORATION

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.

“David Lewis”
Chief Executive Officer and President

“Kim Smith”
Chief Financial Officer

ON BEHALF OF THE BOARD

“Ian McDonald”
Ian McDonald, Director

“Donald Christie”
Donald Christie, Director

CERTIFICATE OF THE PROMOTERS

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.

“David Lewis”
David Lewis

“Kim Smith”
Kim Smith

“Ian McDonald”
Ian McDonald

“Donald Christie”
Donald Christie

AUDITORS' CONSENT

We have read the preliminary prospectus of Alpha One Corporation (the "Corporation") dated ●, 2004 relating to the offering of 2,000,000 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 of by reference in the above-mentioned preliminary prospectus of our report to the directors of the Corporation on the balance sheet of the Corporation as at March 31, 2004. Our report is dated ●, 2004.

Toronto, Ontario
●, 2004

SMITH, NIXON & CO LLP
