

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in the provinces of Alberta and Nova Scotia and with the TSX Venture 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 Alberta Securities Commission and the Nova Scotia Securities Commission.

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

PRELIMINARY PROSPECTUS

Initial Public Offering

May 31, 2005

MWP CAPITAL CORP.
(a capital pool company)

OFFERING: \$450,000 (3,000,000 COMMON SHARES)

Price: \$0.15 per Common Share

MWP Capital Corp. (the “**Corporation**”) hereby qualifies for distribution, through its agent, First Associates Investments Inc. (the “**Agent**”), 3,000,000 common shares in the share capital of the Corporation (the “**Common Shares**”) for aggregate gross proceeds of \$450,000 (the “**Offering**”). The purpose of this Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and, in the case of a Non Arm’s Length Qualifying Transaction, as hereinafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Policy 2.4 of the Exchange (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “*Business of the Corporation*” and “*Use of Proceeds*”.

	Number of 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	3,000,000	\$450,000	\$45,000	\$405,000

Notes:

- (1) A cash commission of 10% of the gross proceeds of the Offering will be paid to the Agent. The Agent will also be paid a corporate finance fee of \$10,000 (plus GST), will be reimbursed by the Corporation for its reasonable expenses and legal fees plus disbursements and will be granted the Agent’s Option referred to below. See “*Plan of Distribution - Agency Agreement and Agent’s Compensation*”.
- (2) Before deducting the costs of this issue estimated at \$45,000 which includes legal and audit fees and other expenses of the Corporation, the Agent’s corporate finance fee and legal fees and the listing fee payable to the Exchange. See “*Use of Proceeds*”.

This Offering is made on a commercially reasonable effort basis by the Agent and is subject to the completion of a minimum subscription of 3,000,000 Common Shares for gross proceeds to the Corporation of \$450,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and 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 and any sub-agents will be granted an option (the “**Agent’s Option**”) to purchase that number of Common Shares equal to 10% of the aggregate number of Common Shares sold pursuant to this Offering, being 300,000 Common Shares, at a price of \$0.15 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent’s Option and underlying Common Shares are qualified for distribution under this prospectus. See “*Plan of Distribution - Agency Agreement and Agent’s Compensation*”.

This prospectus also qualifies for distribution options to be granted to directors and officers of the Corporation (the “**Directors’ and Officers’ Options**”) at the closing (the “**Closing**”) of the Offering. The Directors’ and Officers’ Options entitle the holders to purchase an aggregate of 410,000 Common Shares under the Offering at a price of \$0.15 per Common Share and such options may be exercised for a period of 5 years from the date of grant.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent’s Option and the grant of the Directors’ and Officers’ Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to National Policy 43-201 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 authority grants a discretionary order.

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

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

First Associates Investments Inc., as agent, conditionally offers these Common Shares, on a “commercially reasonable efforts” basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters by Heighington Law Firm, Barristers & Solicitors, Calgary, Alberta, on behalf of the Corporation and by Burstall Winger LLP, Barristers & Solicitors, Calgary, Alberta, on behalf of the Agent. Pursuant to the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, or 60,000 Common Shares (\$9,000). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, or 120,000 Common Shares (\$18,000).

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

**First Associates Investments Inc.
2200, 440 – 2nd Avenue SW
Calgary, Alberta T2P 5E9
Telephone: (403) 260-8400
Facsimile: (403) 269-7870**

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GLOSSARY

“**Affiliate**” means a company that is affiliated with another company as described below:

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

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

A company is “**controlled**” by a Person if:

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

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 dated • between the Corporation and the Agent.

“**Agent**” means First Associates Investments Inc. with an office at 2200, 440 – 2nd Avenue SW, Calgary, Alberta T2P 5E9.

“**Agent’s Option**” means the option to be granted by the Corporation to the Agent and any sub-agents entitling the Agent and any sub-agents to purchase that number of Common Shares equal to 10% of the aggregate number of Common Shares sold pursuant to this Offering, being 300,000 Common Shares, at a price of \$0.15 per Common Share and which may be exercised for a period of 24 months from the day 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 beneficially owns or controls, directly or indirectly, voting

securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;

- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (i) that Person's spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of applicable Exchange rules with respect to that Member firm, Member corporation or holding company.

"Closing" means the completion of the Offering.

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

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

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

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

"Corporation" means MWP Capital Corp., a corporation incorporated under the *Business Corporations Act (Alberta)*, having its registered office in the City of Calgary, in the Province of Alberta.

"CPC" means a corporation:

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

"CPC Policy" means Policy 2.4 of the Exchange.

"Directors' and Officers' Options" means options to be granted to directors and officers of the Corporation at the Closing which entitle the holders to purchase an aggregate of 410,000 Common Shares at a price of \$0.15 per Common Share and which options may be exercised for a period of 5 years from the date of grant.

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

“Exchange” means the TSX Venture Exchange Inc.

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

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

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

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

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

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

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

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

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

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

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

“Non Arm’s Length 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 are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

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

"Person" means a company or individual.

"Principal" means:

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

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

A company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principal under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

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

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

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

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

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

“**SEDAR**” means System for Electronic Document Analysis and Retrieval.

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

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

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

“**Trustee**” means Computershare Trust Company of Canada, a trust corporation having an office in the City of Calgary, in the Province of Alberta.

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

PROSPECTUS SUMMARY

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

Business of the Corporation: The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. The Corporation has commenced the process of identifying potential acquisitions. To date, the Corporation has not yet identified a company or assets for a potential Qualifying Transaction. Furthermore, the Corporation has not entered into an Agreement in Principle. See “*Business of the Corporation*”.

Offering: 3,000,000 Common Shares are being offered and qualified under this prospectus at a price of \$0.15 per Common Share. In addition, the Corporation will grant to the Agent and any sub-agent an option to purchase that number of Common Shares equal to 10% of the aggregate number of Common Shares sold pursuant to this Offering, up to 300,000 Common Shares, at a price of \$0.15 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent’s Option and underlying common shares are qualified for distribution under this prospectus. This prospectus also qualifies for distribution the Directors’ and Officers’ Options to be granted at the Closing which entitle the holders to purchase an aggregate of 410,000 Common Shares at a price of \$0.15 per Common Share and which options may be exercised for a period of 5 years from the date of grant.

Use of Proceeds: The total net proceeds to the Corporation, accounting for total cash proceeds raised prior to this Offering and total proceeds of this Offering, net of all Offering expenses, will be approximately \$470,000. The Corporation estimates incurring general and administrative costs until the Completion of the Qualifying Transaction of up to \$25,000, which will reduce the total net funds available for pursuing a Qualifying Transaction to approximately \$445,000 under the Offering. The net funds available will provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of \$210,000 or up to 30% of the gross proceeds realized may be used for purposes other than evaluating businesses or assets.

Directors and Management:	Gary F. MacKenzie	President, Chief Executive Officer, and Director
	Aubrey A. Palmeter	Director
	Michael J. Wheatley	Director
	David D. Heighington	Corporate Secretary

See “*Directors, Officers and Promoters*” and “*Promoter*”.

Escrow: All of the currently issued and outstanding Common Shares of the Corporation issued at less than \$0.15 per Common Share (“Discount Seed Shares”) being 1,100,000 Common Shares, will be deposited in escrow pursuant to the terms of the Escrow Agreement as herein after defined and will be released from escrow

in stages over a period of up to three years after the date of the Final Exchange Bulletin.

Risk Factors:

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the 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. The Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will devote only 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 (based on the gross proceeds from this and prior issuances without deduction of selling and related expenses) per Common Share of \$0.01 or 10%. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

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

THE CORPORATION

The Corporation was incorporated on May 3, 2005 by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) under the name “MWP Capital Corp.” The articles were amended on ●, 2005, to remove the restrictions against share transfers and other restrictions applicable to private issuers.

The registered and records office of the Corporation is located at 730, 1015 – 4th Street SW, Calgary, Alberta, T2R 1J4. The head office of the Corporation is located at 730, 1015 – 4th Street SW, Calgary, Alberta T2R 1J4.

BUSINESS OF THE CORPORATION

Preliminary Expenses

As at the date hereof, the Corporation has paid a \$10,000 (plus GST) corporate finance fee to the Agent, \$2,140 to the Exchange as part of the Corporation’s listing fee, \$7,500 to the Agent’s legal counsel, and additional accruals of \$6,000 in connection with legal and accounting fees. Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor and legal fees, the fees of the Exchange and the Agent, and the fees of the securities regulatory authorities. See “*Use of Proceeds*”.

Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to pursue a Qualifying Transaction in the resource sector but there is no assurance that this sector will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following the Completion of the Qualifying Transaction.

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

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

Method of Financing

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

Criteria for a Qualifying Transaction

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

Shareholder Approval of the Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation’s Common Shares until the filing

requirements of the Exchange have been satisfied as set forth under “*Trading Halts, Suspensions and Delisting*”. Within 75 days after issuance of such news release, the Corporation is required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm’s Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm’s Length Qualifying Transaction. 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 Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR, or
- (b) mail the information circular and related proxy material to its shareholders in order to obtain 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:

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

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

Minimum Listing Requirements

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

Trading Halts, Suspensions and Delisting

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

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

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

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the Corporation's or its remaining assets in some other manner. See "*Shareholder Approval of the Qualifying Transaction*".

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing as a Tier three company with reduced privileges on the Exchange ("NEX") rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (a) cancel the seed shares purchased by Non Arm's Length Parties to the Corporation at a discount to the IPO price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange; and
- (b) obtain majority shareholder approval for listing on the NEX, exclusive of the votes of Non Arm's Length Parties to the Corporation.

Refusal of Qualifying Transaction

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

- (a) the Resulting Issuer fails to satisfy the applicable Minimum Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
 - (i) a Member firm of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
 - (iii) associates of any such person, collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange;
- (e) 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

Net Proceeds

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be \$450,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus were \$110,000. From the aggregate gross proceeds of \$560,000 will be deducted the expenses and costs of this issue estimated in the aggregate, including legal, accounting, printing, regulatory fees and the Agent's commission, to be approximately \$75,000. The Corporation estimates that \$485,000 will be available to the Corporation from the sales of Common Shares distributed by this prospectus and prior sales of Common Shares.

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

Gross Proceeds to the Corporation	<u>Amount</u>
Gross cash proceeds raised prior to this Offering (seed shares) ⁽¹⁾	\$ 110,000
Expenses and costs relating to raising seed share proceeds ⁽²⁾	\$0
Gross cash proceeds to be raised pursuant to this Offering	\$450,000
Estimated expenses and costs relating to the Offering ⁽³⁾	\$90,000
Estimated funds available on completion of the Offering	\$ 470,000
Funds available for identifying and evaluating assets or business prospects ^{(4) (5)}	\$445,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$25,000
Net Proceeds	\$470,000

Notes:

- (1) See "Prior Sales".
- (2) No issue costs have been allocated towards the issuance of these shares. See the Corporation's balance sheet as at May 3, 2005
- (3) Includes listing fees, Agent's commission and fees, the Corporation's legal fees, audit fees and other expenses.
- (4) In the event the Agent exercises the Agent's Option, or any portion of the Directors' and Officers' Options are exercised, there will be available to the Corporation a maximum of an additional \$106,500 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$485,000 on identifying and evaluating assets or business, 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 be invested only in securities of, or those guaranteed by, the Government of Canada or any Province or Territory of Canada or the Government of the United States of America, in certificates of deposit or interest bearing accounts of Canadian chartered banks, trust companies or credit unions.

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

Permitted Use of Funds

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

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

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agent's fees, costs, and commissions.

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 by the Exchange. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

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

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

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

Private Placements for Cash

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

Prohibited Payments to Non Arm's Length Parties

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

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

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

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases),

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

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

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public of 3,000,000 Common Shares, as provided in this prospectus, at a price of \$0.15 per Common Share for aggregate gross proceeds of \$450,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation has paid the Agent a corporate finance fee of \$10,000 (plus GST) and will pay the Agent's expenses and legal fees, estimated at \$7,500 plus disbursements and taxes.

The Corporation has also agreed to grant to the Agent and any sub-agents a non-transferable Agent's Option which entitles the Agent or its sub-agents to purchase an aggregate of 300,000 Common Shares at a price of \$0.15 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares of the Corporation are listed on the Exchange. The Agent's Option and underlying securities are qualified under this prospectus for distribution. The Agent intends to sell to the public any Common Shares received by it upon the exercise of the Agent's Option. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its sole discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Commercially Reasonable Efforts Offering and Minimum Distribution

The total Offering is for 3,000,000 Common Shares at a price of \$0.15 per Common Share for total gross proceeds of \$450,000. Under the CPC Policy, no purchaser of Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares in the Offering, or 60,000 Common Shares (\$9,000). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares in the Offering, or 120,000 Common Shares (\$18,000). The funds received from the Offering will be held by the Agent, and will not be released until proceeds of \$450,000 have been deposited. The total subscription must be completed within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by the Agent or 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 Being Distributed

The Corporation also proposes to grant the Directors' and Officers' Options at the closing of the Offering in accordance with the policies of the Exchange, which options are qualified for distribution pursuant to this prospectus. The Directors' and Officers' Options entitle the holders to purchase an aggregate of 410,000 Common Shares at a price of \$0.15 per Common Share and such options may be exercised for a period of 5 years from the date of grant. See "*Plan of Distribution*" and "*Options to Purchase Securities*".

Determination of Price

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

Listing Application

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

Subscriptions by and Restrictions on the Agent

The Agent, nor any of the Agent's directors, officers, employees or contractors or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation issued prior to the date hereof.

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

Restrictions on Trading

Other than the initial public offering of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the grant of the Directors' and Officers' Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to National Policy 43-201 and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 1,100,000 are issued and outstanding as fully paid and non-assessable, 3,000,000 Common Shares are reserved for issuance under this prospectus, 300,000 are reserved for issuance pursuant to the Agent's Option and 410,000 are reserved for issuance pursuant to the Directors' and Officers' Options to be granted at the Closing. See "*Plan of Distribution*".

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

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of May 3, 2005 ⁽¹⁾	Amount of Outstanding as of the date hereof ⁽¹⁾	Amount Outstanding After Giving Effect to the Offering ⁽²⁾⁽³⁾
Common Shares	Unlimited	\$110,000 (1,100,000 Shares)	\$110,000 (1,100,000 Shares)	\$560,000 (4,100,000)
Long Term Debt	Unlimited	Nil	Nil	Nil

Notes:

- (1) As at May 3, 2005 and as the date hereof, the Corporation had not commenced commercial operations.
- (2) The Corporation has reserved a maximum of 300,000 Common Shares at \$0.15 per share pursuant to the Agent's Option. The Corporation has reserved a maximum of 410,000 Common Shares at \$0.15 per share pursuant to the Directors' and Officers' Options to be granted at the Closing. See "*Plan of Distribution*" and "*Options to Purchase Securities*".
- (3) Based on gross proceeds of the Offering of \$450,000 and before deducting the Agent's commission, fees and expenses and the other costs of this Offering, estimated at \$90,000.

OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the “**Option Plan**”) which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, nontransferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to 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 the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “*Escrow Securities*”.

As at the date hereof, the Corporation has reserved 410,000 Common Shares pursuant to the Directors’ and Officers’ Options. The Directors’ and Officers’ Options are expected to be allocated on the following basis, will be granted at the Closing of the Offering (subject to regulatory approval) and will be qualified for distribution pursuant to this prospectus.

Optionee	Number of Common Shares Reserved Under Option under the Offering	Exercise Price	Expiry Date
Gary F. MacKenzie	133,334	\$0.15	5 years from the Date of Grant
Aubrey A. Palmeter	133,333	\$0.15	5 years from the Date of Grant
Michael J. Wheatley	133,333	\$0.15	5 years from the Date of Grant
David D. Heighington	10,000	\$0.15	5 years from the Date of Grant
Total	410,000		

PRIOR SALES

Since the date of incorporation of the Corporation, 1,100,000 Common Shares have been issued as follows. No Common Shares have been issued to any member of the Pro Group.

Date	Number of Common Shares	Issue Price Per Share	Aggregate Issue Price	Consideration Received
May 3, 2005	1,100,000 ⁽¹⁾	\$0.10	\$110,000	Cash

Note:

(1) These Common Shares will be held in escrow. See “*Escrowed Securities*”

ESCROW SECURITIES

1,100,000 Common Shares issued prior to this Offering (which were issued at a price of \$0.10 per Common Share) and all Common Shares that may be acquired from treasury of the Corporation by Non Arm’s Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by the Pro Group prior to this Offering will be deposited with the Trustee under the Escrow Agreement.

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

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

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

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

Name and Municipality of Residence of Shareholder	Number of Common Shares Escrowed	Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering	Percentage of Common Shares of the Corporation After Giving Effect to the Offering ⁽¹⁾
Gary F. MacKenzie Five Island Lake, Nova Scotia	333,334	30%	8.1%
Aubrey A. Palmetter Halifax, Nova Scotia	333,333	30%	8.1%
Michael J. Wheatley Bedford, Nova Scotia	333,333	30%	8.1%
David D. Heighington Calgary, Alberta	100,000	10%	2.4%
Total	1,100,000	100%	26.7%

Notes:

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

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a “holding company”), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities 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 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 bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

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

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

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on NEX, either;
 - (i) cancel all Seed Shares purchased by Non-Arm’s Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the Exchange *Policy 2.4 – Capital Pool Companies*, or

- (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

Escrowed Securities on Qualifying Transaction

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

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

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

Escrowed Securities on Private Placement

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

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

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

PRINCIPAL SHAREHOLDERS

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

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Shares	Percentage of Shares Owned Prior to Giving Effect to the Offering	Percentage of Shares Owned After Giving Effect to the Offering ^{(1) (2)}
Gary F. MacKenzie ⁽³⁾ Five Island Lake, Nova Scotia	Indirect	333,334	30%	8.1%
Aubrey A. Palmeter ⁽³⁾ Halifax, Nova Scotia	Indirect	333,333	30%	8.1%
Michael J. Wheatley ⁽³⁾ Bedford, Nova Scotia	Indirect	333,333	30%	8.1%

Notes:

- (1) Assuming that no Common Shares are purchased by these persons under the Offering.
- (2) On a fully diluted basis, not assuming the exercise of the Agent's Option or the Directors' and Officers' Options.
- (3) Members of the Audit Committee.

DIRECTORS, OFFICERS AND PROMOTERS

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:

Gary F. MacKenzie – Five Island Lake, Nova Scotia – President, Chief Executive Officer, and Director

Mr. Gary F. MacKenzie, B. Comm, C.A., is currently the President of Springwater Inc., a bottler of spring water in Nova Scotia. In addition, he is the majority shareholder of Quality Graphics 1992 Inc., a manufacturer of plates for the printing and plastics industries. Mr. MacKenzie is a director of Atlantic Industrial Minerals Inc. and Jilbey Gold Exploration Ltd, both public companies listed on the Exchange. He is also the Vice President of Glencoe Resources Ltd., a company developing calcium deposits in Cape Breton, Nova Scotia, Canada.

Mr. MacKenzie will devote such time to the business of the Corporation as is required to effectively fulfill his duties as President, Chief Executive Officer and Director of the Corporation. Mr. MacKenzie is 61 years of age.

Aubrey A. Palmeter – Halifax, Nova Scotia – Director

Mr. Aubrey Palmeter is a director and the Chairman of the Board for Rally Energy Corp. a public company listed on the Toronto Stock Exchange. Since March 2002, President and Chief Executive Officer of Intrepid Holdings Ltd., (a private holding company with interest in engineering, construction and property development) and CEO of related companies Eastpoint Engineering Ltd., EPCO Solutions Inc., and Summit Rock Developments Ltd. Prior thereto, Vice-President and General Manager of AMEC E & C Services Limited, an engineering and construction company.

Mr. Palmeter will devote such time to the business of the Corporation as is required to effectively fulfill his duties as Director of the Corporation. Mr. Palmeter is 48 years of age.

Michael J. Wheatley – Bedford, Nova Scotia – Director

Mr. Wheatley has been a successful Entrepreneur in Atlantic Canada for the past 30 years. In 1976 Mr. Wheatley founded Wacky Wheatley's TV & Stereo Ltd., a chain of electronic stores with locations in the four Atlantic Provinces. Mr. Wheatley also owns several retail and commercial flooring operations as well as a Honda Dealership

in Windsor, Ontario. In 1995 Mr. Wheatley was chosen Entrepreneur of the Year for Atlantic Canada in the retail category. In addition to his success in business Mr. Wheatley has been involved in community organizations, initiating, fund raising campaigns such as “Star Salute” for the IWK Children’s Hospital, “Home in a Day” for the United Way and St Mary’s University. He has been a guest speaker at sales conventions, the Canadian Armed Forces and in various schools.

Mr. Wheatley will devote such time to the business of the Corporation as is required to effectively fulfill his duties as Director of the Corporation. Mr. Wheatley is 58 years of age.

David D. Heighington – Calgary, Alberta – Corporate Secretary

David Heighington, Corporate Secretary of the Corporation, is a lawyer and founder of Heighington Law Firm in Calgary, Alberta. Mr. Heighington received his Bachelor of Arts degree from the University of Victoria in 1993, and an LL.B. (Hons) from the University of Durham, England in 1997. Mr. Heighington specializes in corporate and securities law with a particular focus on publicly traded companies. Mr. Heighington was admitted to the Law Society of Alberta in 2000 and has served as a director and officer for numerous publicly traded companies listed on the Exchange.

Mr. Heighington will devote such time to the business of the Corporation as is required to effectively fulfill his duties as Corporate Secretary of the Corporation. Mr. Heighington is 37 years of age.

Other Corporate Information

Pursuant to the provisions of the *Business Corporations Act*, the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation’s system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation’s auditor. The Audit Committee of the Corporation currently consists of Gary F. MacKenzie, Aubrey A. Palmeter and Michael J. Wheatley. The Chairman of the Audit Committee is Gary F. MacKenzie.

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 officer of the Corporation believe that on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

Prior to this Offering, the directors, officers and promoters of the Corporation beneficially own, directly or indirectly, or have control or direction over, an aggregate of 1,100,000 Common Shares (100%) in the capital of the Corporation. See “*Principal Shareholders*”.

Other Reporting Issuer Experience

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

Name of Director Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
Gary F. MacKenzie	Jilbey Gold Exploration Ltd.	TSXV	Director	2003 – Present
	Atlantic Industrial Minerals	TSXV	Director	1992 – Present
	Merrex Resources		Proposed Director	2005 – Present
Aubrey A. Palmeter	Rally Energy	TSX	Director	2002 – 2005
David D. Heighington	Organic Earth Corp.	TSXV	Officer	1999 – 2001
	Digital Artisans Guild Inc.	TSXV	Director	1999 – 2000
	The Jenex Corporation	TSXV	Director	2001 – 2002
	Long View Resources Corporation	TSXV	Officer	2004 – Present
	Aviator Petroleum Corp.	TSXV	Officer	2005 – Present

Corporate Cease Trade Orders or Bankruptcies

No director, officer, Insider or Promoter or principal shareholder of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

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

Personal Bankruptcies

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Conflicts of Interest

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

Executive Compensation

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly 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) finder's fees;
 - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

Although 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"), there have been no such reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation will also be granted the Directors' and Officers' Options. See "*Plan of Distribution*" and "*Options to Purchase Securities*".

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

DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of \$0.01 or 9% on the basis of there being 4,100,000 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to the filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation, and is set forth below:

Item	Total Offering
Gross proceeds of prior share issues	\$110,000
Gross proceeds of this Offering	\$450,000
Total gross proceeds after this Offering	\$560,000
Offering price per share	\$0.15
Proceeds per share after this Offering	\$0.14
Dilution per share to subscriber	\$0.01
Percentage of dilution in relation to offering price	9%

RISK FACTORS

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

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) the directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Conflicts of Interests";
- (c) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 9% or \$0.01 per Common Share calculated as set forth under "Dilution" above;
- (d) the Corporation is relying solely on its past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Corporation is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Corporation. In such event, the Corporation will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;

- (i) completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;
- (q) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan; and
- (r) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development.

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

LEGAL PROCEEDINGS

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

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

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

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Heighington Law Firm, Calgary, Alberta, on behalf of the Corporation, and by Burstall Winger LLP Barristers & Solicitors, Calgary, Alberta, on behalf of the Agent. As of the date hereof, neither Heighington Law Firm nor Burstall Winger LLP has any beneficial interest in the securities of the Corporation. However, partners, associates or employees of such firms may subscribe for common shares pursuant to this Offering and David D. Heighington, Corporate Secretary of the Corporation, is also legal counsel to the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Dick Cook Schulli, Chartered Accountants, Calgary, Alberta. Computershare Trust Company of Canada, at its office located in Calgary, Alberta, is the transfer agent and registrar for the Corporation's Common Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired Common Shares. See "*Principal Shareholders*".

MATERIAL CONTRACTS

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

1. Transfer Agency and Registrarship Agreement dated as of • between the Corporation and the Trustee.
2. Agency Agreement dated as of • between the Corporation and the Agent. See "*Plan of Distribution*".
3. Escrow Agreement dated as of • among the Corporation, the Trustee and those shareholders that executed such agreement. See "*Escrow Securities*".

Copies of these agreements will be available for inspection at the registered office of the Corporation located at the offices of Heighington Law Firm, solicitors of the Corporation, located at Calgary, Alberta, during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

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

DIVIDEND POLICY

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

PROMOTER

Gary F. MacKenzie is considered to be the Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. See also "*Prior Sales*" and "*Principal Shareholders*".

PURCHASERS' STATUTORY RIGHTS

Securities legislation of the Provinces of Alberta and Nova Scotia provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with

remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

ELIGIBILITY FOR INVESTMENT

In the opinion of Dick Cook Schulli, auditors for the Corporation, the Common Shares, if, as and when listed on a prescribed stock exchange (which includes the Exchange), will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan or a deferred profit sharing plan under the *Income Tax Act* (Canada) (the "ITA") and the regulations made under the ITA and, based upon information provided by the Corporation, on the Closing date, the Common Shares will not

constitute "foreign property" for the purposes of the ITA for persons subject to tax under Part XI of the ITA, however, if the Qualifying Transaction involves the acquisition of securities or assets that are outside of Canada or that are otherwise "foreign property", the Common Shares may subsequently become "foreign property".

MWP CAPITAL CORP. (A CAPITAL POOL COMPANY)

Financial Statements

For the period from incorporation on May 3, 2005 to May 13, 2005

AUDITORS' REPORT

To the Directors of MWP Capital Corp. (A Capital Pool Company)

We have audited the balance sheet of MWP Capital Corp. (A Capital Pool Company) as at May 13, 2005 and the statement of cash flows for the period from incorporation on May 3, 2005 to May 13, 2005. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at May 13, 2005 and the results of its cash flows for the period from incorporation on May 3, 2005 to May 13, 2005 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta

May 17, 2005, except as to Note 5 which is as of _____,
2005.

CHARTERED ACCOUNTANTS

Balance Sheet
As at May 13, 2005

Assets	
Current	
Cash and cash equivalents (<i>Note 3</i>)	\$ 110,000
Liabilities	
Share capital (<i>Note 4</i>)	\$ 110,000
	\$ 110,000

Approved by the Board of Directors

(Signed) "Gary MacKenzie"

(Signed) "Michael Wheatley"

Statement of Cash Flows

For the period from incorporation on May 3, 2005 to May 13, 2005

Financing activity	
Issue of common shares	\$ 110,000
Increase in cash	110,000
Cash - beginning of period	-
Cash - end of period	\$ 110,000

MWP CAPITAL CORP. (A CAPITAL POOL COMPANY)**Notes to Financial Statements****For the period from incorporation on May 3, 2005 to May 13, 2005****1. Nature of Operations**

MWP Capital Corp. (the "Corporation") was incorporated under the provisions of the Alberta Business Corporations Act as a private company on May 3, 2005.

The Corporation is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein as a result of the closing of a purchase transaction, the exercising of an option or any related transaction. The purpose of such an acquisition will be to satisfy the related conditions of a qualifying transaction under the TSX Venture Exchange rules.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of assets or businesses, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The Corporation has not commenced operations at the balance sheet date. Accordingly, a statement of earnings and retained earnings has not been prepared.

2. Significant Accounting PoliciesUse of estimates

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

Cash and cash equivalents

Cash and cash equivalents consist of balances with lawyer's trust accounts with original maturities of three months or less at the acquisition date.

Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents. Unless otherwise noted, it is management's opinion that the Corporation is not exposed significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

MWP CAPITAL CORP. (A CAPITAL POOL COMPANY)

Notes to Financial Statements

For the period from incorporation on May 3, 2005 to May 13, 2005

3. Cash and Cash Equivalents

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a qualifying transaction by the Corporation as defined under the policies of the Exchange.

4. Share Capital

Authorized:

Unlimited	number of common shares
Unlimited	number of preferred shares, issuable in series

Issued:

1,100,000	Common shares	\$	110,000
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The Corporation issued 1,100,000 common shares at a price of \$0.10 per share for total proceeds of \$110,000 received in cash.

Under the requirements of the Exchange, 1,100,000 common shares will be held in escrow and released in stages over a period of three years from the date of acceptance by the Exchange of the Corporation's Qualifying Transaction (as defined in Policy 2.4 of the Exchange).

The Corporation has adopted the stock option program of the Exchange for its directors and officers and has reserved 410,000 common shares at a price of \$0.15 per share for stock options to be granted to its directors and officers after issuance of a receipt by the Alberta Securities Commission for the final prospectus. The options will expire on the earlier of five years from the date of grant and one year following the date the optionee ceases to be a director or hold an office of the Corporation by reason other than death, or 90 days after ceasing to be a director or officer for any reason other than death. The stock option plan and grant of options hereunder are subject to regulatory approval.

5. Subsequent Events

Pursuant to a prospectus filed with the Alberta Securities commission dated __, 2005 and Agency Agreement dated __, 2005 ("The Agency Agreement"), the Corporation is offering 3,000,000 shares at \$0.15 per share to the public. The costs of the issue, including the agent's commission and expenses, the listing fee and other related expenses to the offering are estimated to be \$90,000. The agent for the offering has agreed to use commercially reasonable efforts to secure subscriptions for these shares. The total subscription must be raised within 90 days of the date of the receipt for the final prospectus relating to the offering, otherwise all funds collected under the subscription will be returned and the offering cancelled.

Pursuant to the Agency Agreement and subject to the closing of this offering, a single non-transferable option to purchase a number of common shares of the Corporation equal to 10% of the aggregate common shares sold

under the offering at \$0.15 per common share will be granted to the agent. The option will expire in 24 months from the date the shares are posted for listing on the TSX Venture Exchange.

CERTIFICATE OF THE CORPORATION

Dated: May 31, 2005

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) and the *Securities Act* (Nova Scotia), and the regulations thereunder.

(Signed) "Gary F. MacKenzie"

President and Chief Executive Officer

(Signed) "Gary F. MacKenzie"

Chief Financial Officer

ON BEHALF OF THE BOARD

(Signed) "Aubrey A. Palmeter"

Director

(Signed) "Michael J. Wheatley"

Director

CERTIFICATE OF THE PROMOTER

This prospectus 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) and the *Securities Act* (Nova Scotia) and regulations thereunder.

(Signed) "Gary F. MacKenzie"

CERTIFICATE OF THE AGENT

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

Dated: May 31, 2005

FIRST ASSOCIATES INVESTMENTS INC.

Per: (Signed) "Craig Leggatt"
Craig Leggatt