

*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.*

## PROSPECTUS

Initial Public Offering

November 21, 2003

### **NEW MILLENNIUM CAPITAL CORP.**

(a capital pool company)

**\$800,000 (8,000,000 Common Shares)**

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Price: \$0.10 per Common Share

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NEW MILLENNIUM CAPITAL CORP. (the "Corporation") hereby offers through its agent, Investpro Securities Inc. (the "Agent"), 8,000,000 Common Shares in the capital of the Corporation (the "Common Shares") for sale to the public at a price of \$0.10 per share. The purpose of this offering (the "Offering") is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange (the "TSX-V" or the "Exchange"), and in the case of a Non-Arm's Length Qualifying Transaction must receive Majority of the Minority Approval, both as hereafter defined, in accordance with TSX-V Policy 2.4 (the "CPC Policy"). The Corporation is a Capital Pool Company (a "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, as hereinafter defined, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds".

This Offering is made on a commercially reasonable basis by the Agent and is subject to a minimum subscription of 8,000,000 Common Shares for total gross proceeds to the Corporation of \$800,000. 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 Trustee (as hereinafter defined) pursuant to the terms of the Agency Agreement among the Corporation, the Agent and the Trustee. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, and agreed to by the Agent, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Trustee.

**Pursuant to the Agency Agreement, the Agent will be granted a non-transferable option (the "Agent's Option") to purchase that number of Common shares that is equal to 10% of the total number of Common Shares sold in connection with this Offering at a price of \$0.10 per share expiring 18 months from the date the Corporation's shares are listed on the Exchange. The Agent's Option is qualified under this Prospectus for distribution. In addition, and subject to regulatory approval, the Corporation intends to grant options (the "Incentive Stock Options") to purchase up to 1,000,000 Common Shares under a directors', officers', employees' and consultants' stock option plan, which options are qualified under this Prospectus for distribution. See "Options to Purchase Securities".**

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 Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary Prospectus is issued by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission (collectively, the "Commission") and the time the Common Shares are listed for trading except, subject to prior acceptance of the TSX-V, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable Commission grants a discretionary order.

The TSX Venture Exchange has conditionally approved the listing of these securities. The listing is subject to the Corporation fulfilling all of the requirements of the Exchange, including the distribution of these securities to a minimum number of public security holders.

	Common Shares	Price to Public	Agent's Commission <sup>(1)</sup>	Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering	8,000,000	\$800,000	\$80,000	\$720,000

Notes:

- (1) In addition, the Corporation will pay to the Agent a Corporate Finance Fee of \$10,000, plus GST (which amount is not included in the above totals), will reimburse the Agent's expenses, including legal fees, and will issue the Agent's Option referred to above. See "Plan of Distribution".
- (2) Before deducting the costs of this issue (and certain pre-offering costs), estimated at approximately \$72,000, exclusive of the Agent's fee and commission.

**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.**

There is no market through which the Common Shares offered by this Prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of \$0.01 or 10%. The Corporation was only recently incorporated and does not currently own any material assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and the majority of the minority of the Corporation's shareholders; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. Although the Corporation has commenced the process of identifying potential acquisitions, the Corporation has yet to enter into any negotiations with respect to such potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic. The Corporation has not entered into an Agreement in Principle, as hereafter defined. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction (other than the requirement under the CPC Policy that the Significant Assets, as hereafter defined, must be located in Canada or the United States, unless the Resulting Issuer, as hereafter defined, is an oil and gas issuer or a mining issuer), such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 18 months of the date of listing. The Executive Director of a Commission may issue an interim cease trade order against the Corporation's securities if the Common Shares of the Corporation are suspended from trading on the Exchange and will issue an interim cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation owned by insiders issued prior to this Offering. Investors must rely solely on the expertise of the Corporation's promoters, directors and officers for any possible return on their investment. The Corporation's promoters, directors, officers and control persons, and their associates and affiliates, as a group, beneficially own or control, directly or indirectly, 2,000,000 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 20% of the issued and outstanding Common Shares after giving effect to this Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential

**conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Directors, Officers and Promoters - Conflicts of Interest", "Use of Proceeds" and "Risk Factors".**

Investpro Securities Inc., as agent, conditionally offers these Common Shares, on a "commercially reasonable" 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 Borden Ladner Gervais LLP, 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 the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this Prospectus, or 160,000 (\$16,000) Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates (both as hereafter defined) of that purchaser, is 4% or 320,000 (\$32,000) Common Shares.

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

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## GLOSSARY

The following are definitions of certain terms used throughout this document.

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

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

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

A company is "controlled" by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

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

**"Agency Agreement"** means the agency agreement dated November 19, 2003, among the Corporation, the Agent and the Trustee.

**"Agent"** means Investpro Securities Inc.

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

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

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

**"Associate"** when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
  - (i) that person's spouse or child, or
  - (ii) any relative of the person, or of his or her spouse, who has the same residence as that person; but
- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company.

"CPC" means a corporation:

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

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

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

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

"Corporation" means New Millennium Capital Corp., a corporation incorporated under the laws of the Province of Alberta.

"CPC Policy" means Policy 2.4 of the Exchange.

"Eligible Charitable Organization" means:

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

"Escrow Agreement" means the escrow agreement to be entered into on closing among the Corporation, the Trustee and the founding shareholders of the Corporation.

"Exchange" or "TSX-V" means the TSX Venture Exchange Inc.

"Final Exchange Bulletin" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all post-meeting documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"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 person or company that:

- (a) has outstanding securities;
- (b) is issuing securities; or
- (c) proposes to issue securities.

"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.

**"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 Corporation(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

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

**"Offering"** means the offering of 8,000,000 Common Shares in accordance with the terms of this Prospectus.

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

**"Principal"** means:

- (a) a person or company who acted as a promoter of the Issuer within two years before the initial public offering ("IPO") prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder — a person or company 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 or company 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, securities that may be issued to the holder under outstanding convertible securities are to be included in both the holder's securities and the total securities outstanding.

A company, trust, partnership or other entity more than 50% held by one or more principals will be treated as a principal. In calculating this percentage, securities of the entity that may be issued to the principals under outstanding convertible securities are to be included in both the principals' securities of the entity and the total securities of the entity outstanding. Any security 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.

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

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

**"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 of the Exchange.

**"Sponsor"** has the meaning specified in TSX-V Policy 2.2 - Sponsorship and Sponsorship Requirements.

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

**"Trustee"** means Valiant Trust Company of Calgary, Alberta.

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

## 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.*

- 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 material assets other than a minimum amount of cash. See "Business of the Corporation".
- Offering:** A total of 8,000,000 Common Shares are being offered under this Prospectus at a price of \$0.10 per Common Share for gross proceeds of up to \$800,000. This Offering is being made on a commercially reasonable basis by the Agent. In addition, the Corporation will grant an option to the Agent to purchase that number of Common Shares that is equal to 10% (or up to 800,000 Common Shares) of the total number of Common Shares sold in connection with this Offering at a price of \$0.10 per Common Share exercisable for a period of 18 months from the date of listing of the Common Shares on the TSX-V, which option is qualified under this Prospectus. The Corporation also intends to grant options to purchase up to 1,000,000 Common Shares to directors and officers of the Corporation at a price of \$0.10 per Common Share, which options are qualified for distribution under this Prospectus. See "Plan of Distribution" and "Options to Purchase Securities."
- Use of Proceeds:** The net proceeds available to the Corporation after completion of this Offering is estimated to be \$738,000. In addition, the Corporation estimates incurring general and administrative costs until the Completion of the Qualifying Transaction of approximately \$30,000, which will reduce the total net proceeds available for pursuing a Qualifying Transaction to \$708,000. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition, with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds", "Business of the Corporation" and "Risk Factors".
- Directors and Officers:** Robert A. Martin – Chief Executive Officer and a Director  
Lee C.G. Nichols – President and a Director  
William W. Almdal – Chief Financial Officer and a Director  
Gerard (Tim) E. Wood – Secretary and a Director  
Dean Journeaux – Director  
John N. Schindler – Director
- See "Directors, Officers and Promoters".
- Escrowed Securities:** All of the currently issued and outstanding Common Shares, being 2,000,000 Common Shares, will be deposited in escrow pursuant to the terms of an Escrow Agreement, as defined herein, and will be released from escrow in stages over a period of three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

**Risk Factors:**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash and minimal office equipment. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interests to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering an investor will suffer an immediate dilution on investment of 10% or \$0.01 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the CPC will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon the 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", "Business of the Corporation - Potential Qualifying Transaction", "Risk Factors", "Dilution" and "Directors, Officers and Promoters - Conflicts of Interest".

## THE CORPORATION

NEW MILLENNIUM CAPITAL CORP. (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on August 8, 2003.

The head office of the Corporation is located at Suite 140, 2723 – 37<sup>th</sup> Avenue, NE, Calgary, Alberta, T1Y 5V7 and the registered office of the Corporation is located at 1000 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

As at October 31, 2003, the Corporation had not incurred any expenses other than legal expenses in the amount of \$13,909.99. However, certain of the offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the fees of the Exchange and the Commissions and legal and audit expenses. See "Use of Proceeds".

### Proposed Operations Until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the TSX-V, and in the case of a Non-Arm's Length Qualifying Transaction, is 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 mining sector, but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

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

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

### Geographical Restrictions of Operations

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

### Method of Financing

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

### **Criteria for a Qualifying Transaction**

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

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

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

- (i) file the filing statement on SEDAR at least 7 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 to SEDAR; or
- (ii) mail the information circular and related proxy material to its shareholders in order to obtain the Majority Approval of the Qualifying Transaction or other requisite approval, at a meeting of the shareholders.

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

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

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

### **Minimum Listing Requirements**

The Resulting Issuer must satisfy the TSX-V's minimum listing requirements (other than public distribution requirements) for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Policies

of the TSX-V. The Resulting Issuer must meet the tier maintenance public distribution requirements for an issuer in its first year of listing under the applicable Tier.

### **Trading Halts, Suspension and Delisting**

The TSX-V 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 TSX-V have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form (where the Qualifying Transaction is subject to sponsorship). In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the TSX-V and any preliminary background searches that the TSX-V considers necessary or advisable must also be completed before the trading halt will be lifted by the TSX-V.

Even if all filing requirements have been satisfied and preliminary background checks completed, the TSX-V 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 TSX-V that the halt should be reinstated or continued.

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

The TSX-V may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 18 months of the date of listing. If the Common Shares of the Corporation are delisted by the Exchange, then within 90 days from the date of such delisting, the Corporation shall wind up and liquidate its assets pursuant to the *Business Corporations Act* (Alberta) and shall make a pro rata distribution of its remaining assets to its shareholders, unless, within that 90 day period and pursuant to a majority vote of shareholders, exclusive of the vote of Non-Arm's Length Parties to the Corporation, the shareholders determine to deal with the remaining assets in some other manner. See "Business of the Corporation - Filings and Shareholder Approval of Non-Arm's Length Qualifying Transaction".

### **Refusal of Qualifying Transaction**

The TSX-V, 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 TSX-V;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a member firm of the TSX-V;
  - (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

### Proceeds and Principal Purposes

The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this Prospectus will be \$800,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this Prospectus was \$100,000. From these aggregate gross proceeds will be deducted the expenses and costs of this issue estimated in the aggregate, including legal, accounting, printing, regulatory fees and the Agent's fee and commission to be approximately \$158,000.

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

	<u>Offering</u>
Cash proceeds raised prior to this Offering <sup>(1)</sup>	\$100,000
Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>	<u>\$800,000</u>
<b>Total Proceeds</b>	<b><u>\$900,000</u></b>
Expenses and costs relating to raising the cash proceeds prior to this Offering	\$4,000
Estimated expenses and costs relating to the Offering (including listing fees, Agent's commission, legal fees, audit fees and expenses)	\$158,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$30,000
Estimated costs of identifying and evaluating assets or business prospects <sup>(3)</sup>	<u>\$708,000</u>
<b>Total Expenditures</b>	<b><u>\$900,000</u></b>

Notes:

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Option, and the directors and officers exercise their Incentive Stock Options there will be available to the Corporation an additional \$180,000 which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$708,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

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

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

### **Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Use of Proceeds - Restrictions on Use of Proceeds", "Use of Proceeds - Private Placements for Cash," and "Use of Proceeds - 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, in the case of a Non-Arm's Length Transaction, to obtain shareholder approval for a Non-Arm's Length Qualifying Transaction.

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

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

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

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

### **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) agents fees, costs and commissions;
- (c) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this Prospectus; and
- (d) administrative and general expenses of the Corporation, including:
  - (i) office supplies, office rent and related utilities;
  - (ii) printing costs (including the printing of this Prospectus and share certificates);

- (iii) equipment leases; and
- (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

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

### **Private Placements for Cash**

After the closing of this 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 public announcement of the proposed 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 restrictions pursuant to the CPC Policy, 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 "Use of Proceeds - 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 "Use of Proceeds - Permitted Use of Funds".

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

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

Pursuant to an agency agreement (the "Agency Agreement") dated November 19, 2003, among the Corporation, the Agent and the Trustee, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable basis to the public 8,000,000 Common Shares as provided in this Prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$800,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the

Common Shares. In addition, the Corporation will pay to the Agent a Corporate Finance Fee of \$10,000 plus GST and will pay the Agent's legal fees and expenses estimated at approximately \$6,000 plus disbursements and GST.

The Corporation has also agreed to grant to the Agent a non-transferable option to purchase the number of Common Shares that is equal to 10% of the total number of Common Shares sold in connection with this Offering at a price of \$0.10 per share, which may be exercised for a period of 18 months from the date the Common Shares of the Corporation are listed on the Exchange. The Agent's Option is qualified under this Prospectus. The Agent intends to sell to the public any Common Shares received by it upon the exercise of its option. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

### **Offering and Minimum Distribution**

The total Offering is 8,000,000 Common Shares for total gross proceeds of \$800,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase directly or indirectly more than 2% of the total Common Shares in the Offering or 160,000 (\$16,000) of the total Common Shares offered under this Prospectus. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% or 320,000 (\$32,000) Common Shares of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Trustee and will not be released until a minimum of \$800,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the Prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, and agreed to by the Agent, failing which the Trustee will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Trustee.

### **Other Securities to be Distributed**

The Corporation also proposes to grant Incentive Stock Options to purchase up to 1,000,000 Common Shares to directors and officers, in accordance with the policies of the Exchange, which options are qualified for distribution under this Prospectus. See "Options to Purchase Securities" and "Plan of Distribution."

### **Determination of Price**

The offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent in accordance with the CPC Policy.

### **Application for Listing**

The TSX Venture Exchange has conditionally approved the listing of these securities. The listing is subject to the Corporation fulfilling all of the requirements of the Exchange, including the distribution of these securities to a minimum number of public security holders.

### **Restrictions on the Agent**

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

- (i) are permitted to subscribe for Common Shares of the Corporation prior to this Offering; or

(ii) are permitted to subscribe for Common Shares of the Corporation pursuant to this distribution, and

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

### **Restrictions on Trading**

Other than the initial distribution of the Common Shares pursuant to this Prospectus, the grant of the Agent's Option and the grant of Incentive Stock Options to the directors and officers of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the Commission and the time the Common Shares are listed for trading on the TSX-V, except subject to prior acceptance of the TSX-V, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authority grants a discretionary order.

## **DESCRIPTION OF SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which 2,000,000 Common Shares are issued and outstanding as fully paid and non-assessable, 8,000,000 Common Shares are reserved for issuance under this Prospectus, 1,000,000 Common Shares will be reserved for issuance upon exercise of the Incentive Stock Options by directors and officers (subject to regulatory approval) and 800,000 Common Shares will be reserved for issuance upon exercise of the Agent's Option. The Corporation also has authorized for issuance an unlimited number of Preferred Shares, none of which have been issued. See "Options to Purchase Securities" and "Plan of Distribution".

### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attaching to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Corporation and are entitled to receive the remaining property upon liquidation of the Corporation.

### **Preferred Shares**

The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board of Directors of the Corporation, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. As at the date hereof, there are no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences and priorities over the Common Shares and any other shares of the Corporation ranking junior to such series of Preferred Shares.

## CAPITALIZATION

	Authorized	Outstanding as at August 31, 2003 <sup>(1)</sup>	Outstanding as at October 31, 2003 Prior to Giving Effect to this Issue	Outstanding if all Common Shares being offered are sold <sup>(1)(2)</sup>
Common Shares	Unlimited	\$100,000 (2,000,000 shares)	\$100,000 (2,000,000 shares)	\$900,000 (10,000,000 shares)
Preferred Shares	Unlimited	-	-	-

Notes:

- (1) The Corporation will reserve an aggregate of 1,000,000 Common Shares for issuance under a directors', officers', employees' and consultants' stock option plan (subject to regulatory approval). All such options will expire 5 years from the date of grant. See "Options to Purchase Securities". The Corporation will also grant to the Agent an option to purchase that number of Common Shares that is equal to 10% (or 800,000 Common Shares) of the total number of Common Shares sold in connection with this Offering at a price of \$0.10 per share expiring 18 months from the date the Corporation's shares are listed on the Exchange.
- (2) Before deducting the expenses relating to raising the cash proceeds prior to the Offering, and expenses of the offering, estimated to aggregate \$162,000.
- (3) As at October 31, 2003, the Corporation had not commenced operations other than otherwise disclosed under this Prospectus.

## OPTIONS TO PURCHASE SECURITIES

The options to purchase up to 1,000,000 Common Shares are to be granted after closing this Offering to directors and officers, subject to regulatory approval and are qualified for distribution pursuant to this Prospectus.

The Corporation has adopted an incentive stock 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 TSX-V requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance, together with any options issued to Eligible Charitable Organizations, will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance:

- (a) to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares;
- (b) to all eligible consultants will not exceed two percent (2%) of the issued and outstanding Common Shares; and
- (c) to all Eligible Charitable Organizations will not exceed one percent (1%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

Subject to regulatory approval, the Corporation intends to enter into stock option agreements with its directors and officers, once a receipt is issued for the final Prospectus, as follows:

	Number of Common Shares Under Option	Exercise Price Per Common Share	Expiry Date <sup>(1)</sup>
Lee C.G. Nichols	133,809	\$0.10	5 years
Robert A. Martin	352,857	\$0.10	5 years
William Almdal	155,715	\$0.10	5 years
Gerard (Tim) E. Wood	133,809	\$0.10	5 years
H. Dean Journeaux	111,905	\$0.10	5 years
John N. Schindler	111,905	\$0.10	5 years
Total	<u>1,000,000</u>		

Note:

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

### PRIOR SALES

Since the date of incorporation of the Corporation, 2,000,000 Common Shares have been issued as follows:

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
August 8, 2003	2,000,000 <sup>(1)</sup>	\$0.05	\$100,000.00	Cash

Note:

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

### ESCROWED SECURITIES

#### Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the currently issued and outstanding Common Shares of the Corporation, being 2,000,000 Common Shares, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.

All Common Shares that may be acquired by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction (other than Common Shares acquired under the Agent's Option) 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 any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the TSX-V, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

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

<u>Name and Municipality of Residence of Shareholder</u>	<u>Common Shares</u>	<u>Number of Shares held in escrow</u>	<u>Percentage of Shares prior to giving effect to the Offering</u>	<u>Percentage of Shares after giving effect to the Offering</u>
Lee C.G. Nichols Sherwood Park, Alberta	1,320,000	1,320,000	66.0%	13.2%
Robert A. Martin Westmount, Quebec	120,000	120,000	6.0%	1.2%
William Almdal Fort McMurray, Alberta	120,000	120,000	6.0%	1.2%
Gerard (Tim) Wood Toronto, Ontario	120,000	120,000	6.0%	1.2%
Dean Journeaux Rockland, Ontario	200,000	200,000	10.0%	2.0%
John Schindler Calgary, Alberta	120,000	120,000	6.0%	1.2%
	<u>2,000,000</u>	<u>2,000,000</u>	<u>100%</u>	<u>20%</u>

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 TSX-V. Every holding company must sign an undertaking to the TSX-V that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the TSX-V may require an undertaking from any control person of the holding company not to transfer the shares of that company.

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

If the Resulting Issuer meets the TSX-V'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 TSX-V for listing as a Tier 1 issuer and the TSX-V has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the TSX-V.

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

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

### Escrowed Securities on Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are "Value Securities", then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (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 TSX-V, or securities that are otherwise determined by the TSX-V 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, then 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 month anniversaries of the Final Exchange Bulletin.

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

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

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

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is 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 the holdings of the Corporation's directors and officers and those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares <sup>(1)(2)</sup>	Percentage of Common Shares Owned Before the Offering	Percentage of Common Shares Owned After the Offering <sup>(3)</sup>
Lee C.G. Nichols Sherwood Park, Alberta	Of Record and Beneficial	1,320,000	66.0%	13.2%
Robert A. Martin Westmount, Quebec	Of Record and Beneficial	120,000	6.0%	1.2%
William Almdal Fort McMurray, Alberta	Of Record and Beneficial	120,000	6.0%	1.2%
Gerard (Tim) Wood Toronto, Ontario	Of Record and Beneficial	120,000	6.0%	1.2%
Dean Journeaux Rockland, Ontario	Of Record and Beneficial	200,000	10.0%	2.0%
John Schindler Calgary, Alberta	Of Record and Beneficial	120,000	6.0%	1.2%
		<u>2,000,000</u>	<u>100%</u>	<u>20%</u>

Notes:

- (1) Before the exercise of the Agent's Option, and, in addition all directors of the Corporation, will be granted an aggregate of 1,000,000 stock options to purchase Common Shares upon the issue by the Commissions of a receipt for the final Prospectus. See "Options to Purchase Securities".
- (2) These Common Shares are all to be held in escrow. See "Escrowed Securities".
- (3) Assuming that no Common Shares are purchased by these shareholders under this Offering.

### DIRECTORS, OFFICERS AND PROMOTERS

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

Name and Municipality of Residence	Position Held	Age	Principal Occupation
Lee C.G. Nichols Sherwood Park, Alberta	President and a Director	63	Professional engineer, consulting engineer and majority owner of Terracon Geotechnique Ltd. from 1983 to present;
Robert A. Martin <sup>(1)</sup> Westmount, Quebec	Chief Executive Officer and a Director	64	Chairman and CEO of Craton Gold Ltd. from 1998 to present and Director since 1996; Investment Advisor and mining analyst with Lafferty Harwood & Partners from 1993 to 2001; Mining Consultant from 1992 to present.

Name and Municipality of Residence	Position Held	Age	Principal Occupation
William Almdal Fort McMurray, Alberta	Chief Financial Officer and a Director	64	President of Almdal Consultants Ltd. from 1995 to present.
Gerard (Tim) Wood Toronto, Ontario	Secretary and a Director	65	Retired since 1999; from January to September, 1999, President of Augen Capital Corp.; President and CEO of Gabriel Resources Ltd. from 1996 to 1998.
Dean Journeaux <sup>(1)</sup> Rockland, Ontario	Director	66	Principal and owner of Journeaux International from 2002 to present; Project Director for Utkal Alumina (India) from 1999 until 2001; Project Director for an iron and steel project in Egypt in 1999 for USS Engineers and Consultants Inc.; President and a Director of Met-Chem Canada Inc. from 1996 to 1998.
John Schindler <sup>(1)</sup> Calgary, Alberta	Director	67	Consulting Geologist and President of Schindler Exploration Consultants Ltd. from 1998 to present; Director of Craton Gold Ltd. from 1996 to present and officer from 1996 to 1998.

Note:

(1) Member of the Audit Committee.

Certain of the directors currently have employment outside of the Corporation. Each of the directors of the Corporation has agreed to devote as much of his time to the business and affairs of the Corporation as necessary to complete the Corporation's Qualifying Transaction and to continue to oversee the operations of the Corporation. Until the Qualifying Transaction is completed, Mr. Nichols and Mr. Wood will each devote approximately 10% of their time to the affairs of the Corporation; Mr. Journeaux and Mr. Schindler will each devote approximately 5% of their time to the affairs of the Corporation; Mr. Almdal will devote 15% of his time; and Mr. Martin will devote approximately 60% of his time to these affairs. The directors and officers are engaged and will continue to be engaged in the search for property or business prospects on behalf of themselves and others.

The directors and officers of the Corporation, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly, 2,000,000 Common Shares or 100% of the issued and outstanding Common Shares before the offering. Such holdings will represent approximately 20% of the outstanding Common Shares if the entire Offering is subscribed. In addition to the foregoing, if the directors and officers of the Corporation were to exercise the Incentive Stock Options to purchase 1,000,000 Common Shares proposed to be issued to them under the Corporation's stock option plan, such individuals, as a group, would beneficially own or control, directly or indirectly, 3,000,000 Common Shares, representing approximately 27% of the outstanding Common Shares after giving effect to the Offering and exercise of options.

The following is a brief description of the background of the key management, directors and the promoters of the Corporation:

#### **Lee C.G. Nichols, President and a Director and Promoter**

Mr. Nichols received a Bachelor of Science in Engineering (Engineering Geology Option) from Queen's University of Kingston, Ontario, in 1963, a Master of Science in Geology and Civil Engineering from Syracuse University of Syracuse, New York in 1966 and has over 35 years of experience in the mining industry. He held increasingly responsible positions with the Iron Ore Company of Canada in Schefferville, Quebec from 1963 to

1974. From 1974 to 1977 he was Project Engineer and Geological Engineering Manager for Syncrude Canada Ltd. of Ft. McMurray, Alberta and from 1977 to 1978 he was the Chief Mine Engineer for Luscar Limited of Edmonton, Alberta. In 1978 he founded Nichols Consulting Limited and from 1978 to 1981 he completed geological and geotechnical design studies on numerous oil sand leases in Alberta. Principal among these leases were the Alsands Project, Syncrude Canada Ltd. and Mobil Oil Ltd. From 1983 to present, he has been the President of Terracon Geotechnique Ltd. of Calgary, Alberta, a private consulting company. Recent projects include the design and installation of a perimeter well system to depressurize the overburden at Billiton's Accaribo Bauxite mine in Suriname. He is currently serving as ground control mines inspector for Canada's Northwest Territories and Nunavut.

Mr. Nichols is a registered Professional Engineer and Professional Geologist in the Provinces of Alberta and British Columbia and is a member of the International Association of Hydrogeologists, the Canadian Geotechnical Society, the Canadian Institute of Mining and Metallurgy and the Association of Environmental Assessors of Canada.

Mr. Nichols will devote approximately 10% of his time to the affairs of the Corporation.

**Robert A. Martin, Chief Executive Officer, Director and Promoter**

Mr. Martin received a Bachelor of Arts (Geology) from Acadia University, Wolfville, Nova Scotia, in 1962 and obtained a Certificate of Completion from MIT Sloan School for Senior Executives, Boston, Massachusetts in 1983. He has 40 years experience in business and the mining industry. From 1961 to 1981 he held various geological, engineering, operating and management positions in both North and South America. From 1981 to 1983 he was Managing Assistant to the Chairman of the Iron Ore Company of Canada (Cleveland, Ohio). He held increasingly responsible executive positions with the Iron Ore Company (Sept-Iles, QC) from 1983 to 1986 and was the company's Executive Vice President responsible for all Canadian operations from 1987 to 1989. From 1990 to 1991 he was retained by the Iron Ore Company of Canada as a management consultant. From 1992 to 2001 he was a mining consultant for various corporations such as Tiomin Resources Inc. where he developed a conceptual and order-of-magnitude feasibility study to mine, concentrate and market iron-ore concentrates; Davy Canada where he organized turnkey production activities for international clients; Hillsborough Resources Ltd. where he evaluated a 300 million tonne iron-ore mining property to determine joint-venture feasibility and Melkior Resources Ltd. where he managed the re-evaluation and market study of a West African iron-ore property to determine pre-feasibility criteria. From 1993 to 2001 he was also a Mining Analyst as well as an Investment Advisor with Lafferty, Harwood & Partners Ltd. (Montreal, QC). From 1998 to date he has been Chairman and Chief Executive Officer of Craton Gold Ltd. (Calgary, AB). During this period Craton formed a strategic alliance with Harrods Natural Resources, Inc. (now Gallant Minerals Inc.) to explore for precious metals in Mongolia. He is currently managing Craton's due diligence activities on prospective new properties. In 2002 he formed a network of senior iron-ore executives to develop a world-class iron-ore deposit and concentrator in Labrador including its associated infrastructure and port facilities in Quebec. In 2003 he became a founding Director and Officer of the LabMag Mining Corp.

Mr. Martin is a Geologist and a Fellow of the Canadian Institute of Mining and Metallurgy.

Mr. Martin will devote approximately 60% of his time to the affairs of the Corporation.

**William Almdal, Chief Financial Officer and a Director**

Mr. Almdal received a Bachelor of Science in Civil Engineering from the University of Manitoba in 1963 and has over 40 years of experience in the mining industry. From 1963 to 1989 he held various management positions with corporations such as Iron Ore Company of Canada (Schefferville, Sept Iles, QC and Labrador City, NF), Shell Canada (Calgary, Alberta), Simons-McBean Ltd. (Calgary, Alberta), Petrofina Canada Ltd. (Calgary, Alberta), and Petro-Canada Exploration Inc. (Calgary, Alberta). From 1983 to 1995 he was a senior project manager with Syncrude Canada Ltd. (Fort McMurray, Alberta) and from 1995 to 1997 he was a senior associate with Ziff Energy Group and was also a director of Goldstake Exploration Inc. from 1995 to 1997. From 1995 to present, he has been a director and/or officer of Craton Gold Ltd. as well as founding his own corporation, Almdal Consultants Ltd. He has also been the Executive Director of the Regional Issues Working Group since 1997.

Mr. Almdal has been a member of the Canadian Institute of Mining, Metallurgy and Petroleum, CIM], since 1965. He was National President of the CIM from 1994 to 1995 and a member of the Society of Mining Engineers, SME from 1993 to 2000.

Mr. Almdal will devote approximately 15% of his time to the affairs of the Corporation.

**Gerard (Tim) Wood, Secretary and a Director**

Mr. Wood, received a Bachelor of Science (Honours) in Mining Engineering from the University of Leeds, England in 1961 and has over 40 years of experience in the mining industry. From 1961 to 1969, Mr. Wood held junior and middle management positions operating various mining companies. Also, from 1969 to 1975, he was an Institutional Mining Investment Analyst with C.J. Hodgson Securities and Hector M. Chisolm & Co. Ltd. During this time he performed mining securities research and mineral commodity analysis, portfolio strategy formulation and underwriting and achieved recognition as a top ranking Canadian securities analyst. From 1975 to 1979 Mr. Wood held various positions with the Department of Energy, Mines and Resources. From 1979 to 1989 he acted as the President, Chief Executive Officer and a director of Steep Rock Resources Inc. (a subsidiary of Pleuss-Stauffer AG of Switzerland and formerly of Canadian Pacific Limited), a Canadian industrial minerals manufacturing company which was listed on the Toronto Stock Exchange until 1988 as well as the President and CEO of MAS Minerals Corporation. From 1989 to 1993 he was the President and Chief Executive Officer of Zemex Corporation and its subsidiaries, The Feldspar Corporation and Perangsang Pasifik Sendirian Berhad and also the Chairman of the Board of Pyron Corporation. From 1994 to 1996 he was a Senior Partner and Senior Vice-President of Castle Group, Inc. From 1996 to 1998 he acted as the President and CEO of Gabriel Resources Ltd. (a gold exploration and mining company listed on the Vancouver Stock Exchange) and from January to September, 1999 he was President of Augen Capital Corp. and was responsible for the day-to-day management of an emerging merchant bank engaged in the financing of junior resource companies and resource portfolio management.

Mr. Wood is a registered Professional Engineer in the Province of Ontario and is a member of the Canadian Institute of Mining and Metallurgy.

Mr. Wood will devote approximately 10% of his time to the affairs of the Corporation.

**Dean Journeaux, Director**

Mr. Journeaux received a Bachelor of Engineering (Mining) from McGill University of Montreal, Quebec in 1960 and has over four decades of experience in business and the mining industry. From 1960 to 1974 he held various engineering and management positions with Quebec Cartier Mining Company. From 1976 to 1998 he held increasingly responsible positions and offices with MET-CHEM Canada Inc. of Montreal, Quebec. In 1999 he acted as Project Director for the feasibility stage of an iron ore mine and steel plant in Egypt for USS Engineers and Consultants Inc. From 1999 to 2001 he acted as Project Director for Utkal Alumina International Limited in Orissa, India for a bauxite mine and alumina refinery. From 2001 to present he has acted as Study Manager for the appraisal of an iron ore mine, concentrator, pipeline, pellet plant and port in Labrador in addition to various management consulting assignments with Anderson & Schwab Inc.

Mr. Journeaux is a member of the Quebec Order of Engineers (retired category), the Association of Iron and Steel Engineers and a fellow of the Canadian Institute of Mining and Metallurgy.

Mr. Journeaux will devote approximately 5% of his time to the affairs of the Corporation.

### John Schindler, Director

Mr. Schindler received a Bachelor of Science (Hon.II) from McGill University of Montreal, Quebec in 1960, a D.I.C. (Equivalent to M.Sc) in Mineral Exploration in 1961 and a Master of Science in Mining Geology in 1963, both from the Royal School of Mines, Imperial College, University of London and finally, his Ph.D. in Geology from McMaster University of Hamilton, Ontario in 1975. He has over 40 years in exploration and open pit/quarry mining experience including senior management and consulting on four continents. From 1963 to 1983, he held various engineering and management positions with numerous mining and oil and gas companies. From 1993 to 1997 he was a consulting geologist with Continental Lime Ltd. (now Graymont Ltd.) of Calgary. In 1997/98, he was the Vice-President of Exploration for Craton Gold Ltd. where he identified the gold potential target model and the suitability of Mongolia for exploration and assisted in negotiating land acquisition with a Mongolian joint venture partner. From 1998 to present he has been a consulting geologist for several companies such as BBF Resources Inc. (Calgary, Alberta), Terracon Geotechnique Ltd. (Calgary, Alberta), Diamet Minerals Ltd. (Kelowna, BC) and Inland Aggregates Limited (Calgary, Alberta) and also for his personal company.

Mr. Schindler is a registered Professional Geologist in the Province of Alberta and is a member of the Canadian Institute of Mining and Metallurgy.

Mr. Schindler will devote approximately 5% of his time to the affairs of the Corporation.

### Qualification Requirements of the CPC Policy

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

### Other Reporting Issuer Experience

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

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	From	To
Robert A. Martin	Beaufield Consolidated Resources Inc.	TSX-V	Director	November, 2001	Present
William Almdal	Goldstake Explorations Inc.	TSE	Director	1995	1997
Gerard (Tim) Wood	Augen Capital Corp.	TSX-V	President	January, 1999	September, 1999
	Orogrande Resources Inc.	ASE	President and CEO	May, 1999	August, 1999
	Gabriel Resources Ltd.	TSE, VSE	Chief Executive Officer	October, 1996	January, 1998
John Schindler	Lone Star Exploration NL	VSE	Director	August, 1995	December, 1996
	Zemex Corporation	NYSE	Chief Executive Officer	October, 1990	April, 1993
John Schindler	Contwoyto Goldfields Limited	ASE	President and Director	January, 1987	May, 1996

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer or promoter of the Corporation has, within the 10 years preceding the date of this Prospectus, been a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the Corporation access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person, except for John Schindler, a director of the Corporation, who was a director and officer of Contwoyto Goldfields Limited ("CGL") listed on the Alberta Stock Exchange when a cease trade order was issued by the Ontario Securities Commission on March 19, 1991 for failure to file financial statements. The cease trade order was revoked on June 6, 1995.

### **Penalties or Sanctions**

No director, officer or promoter of the Company has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

### **Personal Bankruptcies**

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

### **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Corporation will 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 some or all of the directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

## **EXECUTIVE COMPENSATION**

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

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

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"). There have not been any reimbursements since incorporation of the Corporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The Corporation has reserved up to 1,000,000 Common Shares in the event the entire offering is subscribed for Incentive Stock Options to be issued to its directors and officers. See "Options to Purchase Securities".

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

### DILUTION

Purchases of Common Shares under this Prospectus will suffer an immediate dilution of 10% or \$0.01 per Common Share on the basis of there being 10,000,000 Common Shares of the Corporation issued and outstanding following completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this Prospectus and from sales of securities prior to the filing of this Prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Issue Price	\$0.10
Book value at August 31, 2003	\$100,000
Increase in Book Value attributable to this Offering	\$800,000
Book value after this Offering	\$900,000
Number of Shares issued and outstanding after this Offering	10,000,000
Book Value per Share after this Offering	\$0.09
Per Share Dilution after this Offering	0.01
Percentage of dilution relative to the Offering Price	10%

### RISK FACTORS

**The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares, which list is not exhaustive.**

- 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;
- 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;
- the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;

- assuming completion of the entire Offering, an investor will suffer an immediate dilution to its investment of 10% or \$0.01 per Common Share;
- there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- 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;
- 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;
- upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares 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 will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- the Exchange will generally suspend trading in the Common Shares or delist the Common Shares in the event that the Exchange has not issued a Final Exchange Bulletin within 18 months from the date of listing;
- neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- 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; and
- 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.

**As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment and those investors who**

**are not prepared to do so should not invest in these securities. See "Business of the Corporation", "Directors, Officers and Promoters", "Directors, Officers and Promoters - Conflicts of Interest" and "Use of Proceeds".**

### **LEGAL PROCEEDINGS**

To management's knowledge, there are no existing or contemplated legal proceedings against the Corporation.

### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

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

### **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by Borden Ladner Gervais LLP, Calgary, Alberta, on behalf of the Corporation, and by Burstall Winger LLP, Calgary, Alberta, on behalf of the Agent. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this Prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date hereof, the aforementioned persons and companies beneficially own, directly or indirectly, less than 1% of the securities of the Corporation and its Associates and Affiliates. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Grant Thornton LLP, Chartered Accountants, of Calgary, Alberta.

Valiant Trust Company, through its principal office in Calgary, Alberta at Suite 510, 550 – 6<sup>th</sup> Avenue SW, Calgary, Alberta T2P 0S2, is the transfer agent and registrar for the Common Shares.

### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts, material to subscribers for Common Shares, within the two years prior to the date hereof except:

- (a) the Agency Agreement referred to under "Plan of Distribution"; and
- (b) the "Escrow Agreement" referred to under "Escrowed Securities".

Copies of these agreements will be available for inspection at the registered office of the Corporation, 1000 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2 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. Copies of these agreements are also available for inspection at the office of the Commission at any time during normal business hours and are available on SEDAR.

### **OTHER MATERIAL FACTS**

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

### **DIVIDEND POLICY**

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

### **PROMOTERS**

Lee Nichols and Robert Martin may be considered to be the promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. See also "Prior Sales", "Principal Shareholders" and "Options to Purchase Securities".

### **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in several provinces in Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, 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.

## Auditors' Report

To the Directors of  
New Millennium Capital Corp.

We have audited the balance sheet of **New Millennium Capital Corp.** as at August 31, 2003. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at August 31, 2003 in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Calgary, Alberta  
September 8, 2003, except for  
Note 4 which is as of November 21, 2003

Chartered Accountants

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**New Millennium Capital Corp.****Balance Sheet**August 31, 2003

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**Assets**

## Current

Cash and cash equivalents \$ 100,000

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**Liabilities**

## Current

Payables \$ 6,473

**Shareholders' Equity**Capital stock (Note 3) 93,527\$ 100,000

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On behalf of the Board

**Signed "Lee C.G. Nichols"** \_\_\_\_\_ Director      **(Signed) "William Almdal"** \_\_\_\_\_ DirectorSee accompanying notes to the financial statement.

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# **New Millennium Capital Corp.**

## **Notes to the Financial Statement**

August 31, 2003

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### **1. Incorporation and basis of presentation**

New Millennium Capital Corp. (the "Corporation") was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003. The Corporation is classified as a capital pool company as defined pursuant to TSX Venture Exchange Policy 2.4. The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

The Corporation has not commenced operations and as a result no statements of earnings, retained earnings or cash flows are presented in this financial statement.

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### **2. Summary of significant accounting policies**

#### **a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

#### **b) Income taxes**

The Corporation follows the liability method of tax allocation. Future income taxes are calculated based on temporary differences between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the temporary differences are expected to reverse.

#### **c) Earnings per share**

Basic per share amounts are calculated using the weighted number of shares outstanding for the period. The treasury method is used to determine the dilutive effect of stock options and other dilutive instruments.

#### **d) Stock based compensation**

The Corporation has adopted a stock option plan whereby options to acquire common shares of the Corporation may be granted to the directors, officers and employees. No compensation expense is recognized for this plan when stock options are issued. Any consideration paid on the exercise of stock options is credited to share capital.

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## New Millennium Capital Corp.

### Notes to the Financial Statement

August 31, 2003

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#### 2. Summary of significant accounting policies (Continued)

##### e) Financial instruments

The Corporation has estimated the fair value of its financial instruments, being cash and cash equivalents to equal carrying values.

##### f) Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts disclosed in the notes to the financial statement. Actual results could differ from and affect the results reported in this financial statement.

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#### 3. Capital stock

##### a) Authorized:

The authorized capital stock of the Corporation consists of the following:

- i) An unlimited number of Common shares without nominal or par value.
- ii) An unlimited number of preferred shares, without nominal or par value, issuable in series. The directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

##### b) Issued and fully paid:

	<u>Number of Shares</u>	<u>Amount</u>
Common shares		
Balance, beginning of period	-	\$ -
Issued for cash	2,000,000	100,000
Less share issue costs	<u>                    </u>	<u>(6,473)</u>
Balance, end of period	<u>2,000,000</u>	<u>\$ 93,527</u>

Upon incorporation, the Corporation issued 2,000,000 common shares at a price of \$0.05 per share for proceeds of \$100,000.

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**New Millennium Capital Corp.**  
**Notes to the Financial Statements**August 31, 2003

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**3. Capital stock** (Continued)**c) Stock options**

The Corporation has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Corporation with shares to be reserved for issuance as options not to exceed 10% of the issued and outstanding Common shares. The Corporation intends to grant an aggregate of 1,000,000 options to purchase common shares, exercisable at a price of \$0.10 per share for a period of five years from the date of grant, expected to be the date on which a receipt is issued for the final Prospectus as outlined in Note 4. Stock option plan and the granting of options are subject to regulatory approval.

Pursuant to an escrow agreement, 2,000,000 common shares will be held in escrow and released as to 10% following issuance of the final exchange notice and 15% on each six-month anniversary following the initial release until all common shares have been released.

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**4. Subsequent event**

Pursuant to a prospectus dated November 21, 2003 the Corporation intends to offer a total of up to 8,000,000 common shares at a price of \$0.10 per share, for proceeds of \$650,000 after Agent's commission of 10% of gross proceeds, finance fee and expenses, and other costs of the issue.

Under the terms of an Agency Agreement, the agent will be granted non-transferable options to purchase up to 800,000 common shares at \$0.10 per share, exercisable for eighteen months from the date the common shares are listed on the TSX Venture Exchange.

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## CERTIFICATES

Dated: November 21, 2003

### CERTIFICATE OF THE CORPORATION

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

### NEW MILLENNIUM CAPITAL CORP.

(signed) "*Robert A. Martin*"  
ROBERT A. MARTIN  
Chief Executive Officer

(signed) "*William Almdal*"  
WILLIAM ALMDAL  
Chief Financial Officer

### ON BEHALF OF THE BOARD

(signed) "*John Schindler*"  
JOHN SCHINDLER  
Director

(signed) "*Gerard Wood*"  
GERARD WOOD  
Director

### CERTIFICATE OF THE PROMOTERS

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

(signed) "*Lee C.G. Nichols*"  
LEE C.G. NICHOLS

(signed) "*Robert A. Martin*"  
ROBERT A. MARTIN

**CERTIFICATE OF THE AGENT**

Dated: November 21, 2003

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

**INVESTPRO SECURITIES INC.**

By: (signed) "*Robert Laflamme*"  
Robert Laflamme,  
Chairman