

FIRST GOLDWATER RESOURCES INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and May 31, 2003

AUDITORS' REPORT

To the Shareholders,
First Goldwater Resources Inc.

We have audited the consolidated balance sheets of First Goldwater Resources Inc. as at December 31, 2003 and May 31, 2003 and the consolidated statements of loss and deficit and cash flows for the seven months ended December 31, 2003 and the year ended May 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and May 31, 2003 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
April 14, 2004, except for Note 9, which is as of
April 20, 2004

"Amisano Hanson"
Chartered Accountants

FIRST GOLDWATER RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2003 and May 31, 2003

<u>ASSETS</u>	December 31, <u>2003</u>	May 31, <u>2003</u>
<u>Current</u>		
Cash	\$ 4,764	\$ 15,551
Accounts receivable – Note 6	-	24,432
GST receivable	4,200	2,047
Prepaid expenses	-	2,125
	8,964	44,155
Resource property costs – Note 3 and Schedule 1	37,000	70,000
Capital assets – Note 4	1,452	-
	\$ 47,416	\$ 114,155
 <u>LIABILITIES</u>		
<u>Current</u>		
Accounts payable and accrued liabilities – Note 6	\$ 30,130	\$ 22,085
 <u>SHAREHOLDERS' EQUITY</u>		
Share capital – Notes 5 and 9	6,480,886	5,963,017
Units subscribed – Note 5	-	500,000
Deficit	(6,463,600)	(6,370,947)
	17,286	92,070
	\$ 47,416	\$ 114,155
 Nature and Continuance of Operations – Note 1		
Commitments – Notes 3, 5 and 9		
Subsequent Events – Note 9		

APPROVED BY THE DIRECTORS:

“Thomas Pressello”

_____, Director

“John Greenslade”

_____, Director

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
for the seven months ended December 31, 2003 and the year ended May 31, 2003

	Seven months ended December 31, <u>2003</u>	Year ended May 31, <u>2003</u>
Revenues		
Oil and gas income, net	\$ 39,407	\$ 66,988
Expenses		
Accounting and audit fees	12,980	5,168
Amortization of capital assets	162	-
Amortization and depletion of resource property costs	33,000	107,089
Bank charges and interest – Note 6	178	30,891
Consulting fees – Note 6	58,662	15,385
Filing fees	6,236	9,485
Foreign exchange (gain)	3,250	(8,948)
Legal fees	17,769	9,833
Management fees – Note 6	-	3,667
Office and printing – Note 6	5,573	4,674
Rent – Note 6	12,000	1,335
Shareholder information	1,186	2,389
Transfer agent fees	3,434	9,099
Travel and promotion	-	4,400
	<u>154,430</u>	<u>194,467</u>
Loss before other items	(115,023)	(127,479)
Other items		
Loss on sale of marketable securities	-	(387)
Write-off of resource property costs	-	(208,430)
Write-off of accounts payable	10,548	7,489
Write-off of capital assets	-	(9,877)
Recovery (write-off) of loans receivable – Note 6	11,822	(57,796)
	<u>(92,653)</u>	<u>(396,480)</u>
Net loss for the period	(92,653)	(396,480)
Deficit, beginning of the period	(6,370,947)	(5,974,467)
Deficit, end of the period	<u>\$ (6,463,600)</u>	<u>\$ (6,370,947)</u>
Basic and diluted loss per share	<u>\$ (0.03)</u>	<u>\$ (0.34)</u>

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the seven months ended December 31, 2003 and the year ended May 31, 2003

	Seven months ended December 31, <u>2003</u>	Year ended, May 31 <u>2003</u>
Operating Activities		
Net loss for the period	\$ (92,653)	\$ (396,480)
Items not involving cash:		
Amortization of capital assets	162	-
Amortization and depletion of resource property costs	33,000	107,089
Loss on sale of marketable securities	-	387
Write-off of resource property costs	-	208,430
Write-off of accounts payable	(10,548)	(7,489)
Write-off of capital assets	-	9,877
Write-off of loans receivable	-	57,796
	(70,039)	(20,390)
Changes in non-cash working capital accounts		
Accounts and GST receivable	22,279	(4,205)
Prepaid expenses	2,125	(864)
Accounts payable and accrued liabilities	18,593	(122,986)
	(27,042)	(148,445)
Financing Activities		
Decrease in loans payable	-	(36,055)
Decrease in debentures payable	-	(333,250)
Issuance of common shares	17,869	28,750
Units subscribed	-	500,000
	17,869	159,445
Investing Activities		
Proceeds on sale of marketable securities	-	3,613
Acquisition of capital assets	(1,614)	-
Resource property costs	-	(9,719)
Proceeds on sale of interest in resource property	-	3,745
	(1,614)	(2,361)
Increase (decrease) in cash during the period	(10,787)	8,639
Cash, beginning of the period	15,551	6,912
Cash, end of the period	\$ 4,764	\$ 15,551
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ 57,181
Income taxes	\$ -	\$ -

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.

Schedule 1

CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
for the seven months ended December 31, 2003 and the year ended May 31, 2003

	Pioneer Canal 61-9 <u>USA</u>	Pioneer Canal 12-10 <u>USA</u>	Pioneer Canal Pipeline <u>USA</u>	Travis Gas Project <u>USA</u>	Green Ranch Project <u>USA</u>	<u>Total</u>
Balance – May 31, 2002	\$ 177,089	\$ 106,268	\$ 20,598	\$ 55,259	\$ 20,331	\$ 379,545
Deferred Exploration Costs						
Drilling and field costs	-	-	-	-	9,719	9,719
Amortization and depletion	(107,089)	-	-	-	-	(107,089)
Other						
Write-off of resource property costs	-	(102,523)	(20,598)	(55,259)	(30,050)	(208,430)
Proceeds from sale	-	(3,745)	-	-	-	(3,745)
	-	(106,268)	(20,598)	(55,259)	(30,050)	(212,175)
Balance – May 31, 2003	70,000	-	-	-	-	70,000
Amortization and depletion	(33,000)	-	-	-	-	(33,000)
Balance – December 31, 2003	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ 37,000

FIRST GOLDWATER RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003 and May 31, 2003

Note 1 Nature and Continuance of Operations

The Company is in the development stage, was incorporated on July 15, 1985, under the Company Act of British Columbia and its common shares are publicly traded on the TSX Venture Exchange.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2003, the Company has a working capital deficiency of \$21,166 and has accumulated losses of \$6,463,600 since inception. The Company's ability to meet its obligations and maintain its operations is contingent upon successful completion of additional financing arrangements and/or the ability to generate profitable operations in the future.

The company has changed its fiscal year end from May 31 to December 31, effective for the period ended December 31, 2003. Accordingly, the statements of loss and deficit and cash flows are for the seven month period June 1, 2003 to December 31, 2003.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Oil and Gas Properties and Depletion

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are initially capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration activities.

Costs capitalized, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. Petroleum products and reserves are converted to a common unit of measure, using 6 MCF of natural gas to one barrel of oil.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

Proceeds from a sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would alter the rate of depletion by more than 20%. Royalties paid net of any tax credits received are netted with oil and gas sales.

In applying the full cost method, the Company performs a ceiling test on properties which restricts the capitalized costs less accumulated depletion from exceeding an amount equal to the estimated undiscounted value of future net revenues from proved oil and gas reserves, as determined by independent engineers, based on sales prices achievable under existing contracts and posted, average reference prices in effect at the end of the year and current costs, and after deducting estimated future general and administrative expenses, production related expenses, financing costs, future site restoration costs and income taxes.

Note 2 Summary of Significant Accounting Policies – (cont'd)

(b) Fair Market Value of Financial Instruments

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the balance sheet. Gains or losses are included in income of the period. Non-monetary assets, liabilities and other items recorded in income arising from transactions denominated in foreign currencies, are translated at rates of exchange in effect at the date of the transaction.

(d) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

(e) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

(f) Marketable Securities

Marketable securities are valued at the lower of cost and market value.

(g) Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 5, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company applies the "settlement method" of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Effective for fiscal years beginning on or after January 1, 2002, public companies are required to adopt the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for Canadian Stock-based Compensation. These new requirements require that all stock based payments to non-employees and direct awards of stock to employees be accounted for using a fair value based method of accounting. However, the new standard permits the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees with the addition of pro forma information. The Company has elected to apply the pro forma disclosure provisions of the new standard to awards granted on or after June 1, 2002.

(h) Principles of Consolidation

Effective September 17, 2003, the Company incorporated a wholly-owned Nevada subsidiary, Goldwater Energy, Inc. The consolidated financial statements as at December 31, 2003 and for the seven months then ended include the accounts of the Company and its subsidiary. All significant inter-company transactions and balances have been eliminated on consolidation.

Note 2 Summary of Significant Accounting Policies – (cont'd)

(i) Capital Assets

Capital assets are recorded at cost. Amortization is provided on a declining balance basis over the estimated useful life of the asset at an annual rate of 20%.

Note 3 Resource Property Costs

Oil and Gas Properties

(a) Kern County, USA, Pioneer Canal 61-9 Prospect

During the year ended May 31, 1998, the Company entered into an option agreement whereby the Company earned a 27.93% working interest in the Pioneer Canal 61-9 Prospect, located in Kern County, California.

The Company's working interest is reduced to 18.99% when the cash investment is recovered from the net production proceeds. The Company has the right to participate in further wells drilled on the property.

On February 6, 1999, the oil and gas well commenced production. The working interest is subject to a total royalty burden of 22.5% and an ad valorem tax of 1.5%.

	December 31, <u>2003</u>	May 31, <u>2003</u>
Acquisition costs	\$ 229,442	\$ 229,442
Drilling	131,359	131,359
Engineering	7,440	7,440
Finder's fee	35,659	35,659
Reports and mapping	7,457	7,457
Surface equipment	249,014	249,014
	<u>660,371</u>	<u>660,371</u>
Accumulated depletion	(623,371)	(590,371)
Total	<u>\$ 37,000</u>	<u>\$ 70,000</u>

During the period ended December 31, 2003, the Company's interests were transferred to its wholly-owned US subsidiary, Goldwater Energy, Inc. ("Goldwater") in exchange for shares of Goldwater. The Company granted an option to a private company controlled by a former director of the Company to acquire all of the shares of Goldwater on or after April 1, 2004 in consideration for payment of amounts owing, if any, to another private company controlled by a former director of the Company at the time the option is exercised. As at December 31, 2003, no amounts were owed to the private company.

(b) Kern County, USA, Pioneer Canal 12-10 Prospect

During the year ended May 31, 2000, the Company entered into an option agreement whereby the Company earned a 27.83% working interest in the Pioneer Canal 12-10 Prospect, located in Kern County, California.

The Company's working interest is reduced to 18.87% when the cash investment is recovered from the net production proceeds. The Company has the right to participate in further wells drilled on the property.

On February 3, 2000, the oil and gas well commenced production. The working interest is subject to a total royalty burden of 22.5% and an ad valorem tax of 1.5%.

Note 3 Resource Property Costs – (cont'd)

Oil and Gas Properties – (cont'd)

(b) Kern County, USA, Pioneer Canal 12-10 Prospect – (cont'd)

During the year ended May 31, 2003, the Company sold a 5% working interest in the Pioneer Canal 12-10 Prospect for \$3,745. Property costs of \$102,523 were included in write-off of resource property costs for the year ended May 31, 2003.

	December 31, <u>2003</u>	May 31, <u>2003</u>
Acquisition costs	\$ -	\$ 246,691
Drilling	-	63,588
Reports and mapping	-	5,096
Surface equipment	-	101,397
	<hr/>	<hr/>
	-	416,772
Return of capital investment	-	(55,004)
Accumulated depletion	-	(255,500)
Write-off of resource property costs	-	(102,523)
Proceeds from sale	-	(3,745)
	<hr/>	<hr/>
Total	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

(c) Pioneer Canal Pipeline, Kern County, USA

On May 15, 2001, the Company entered into a joint venture operating agreement whereby the Company earned a 15.158% interest in Pioneer Canal Pipeline (the "Pipeline") located in Kern County, California.

During the year ended May 31, 2003, management of the Company abandoned its interest in the Pipeline and wrote-off resource property costs of \$20,598.

(d) Travis Gas Project, Solano County, USA

During the year ended May 31, 2001, the Company acquired, from a company with directors in common, a 1.5% working interests in wells located in Solano County, USA. During the year ended May 31, 2003, the Company abandoned the Pale Rider 3-26 well and wrote-off resource property costs of \$55,259.

(e) Green Ranch Project, Stephens County, USA

On February 4, 2002, the Company entered into an operating agreement whereby it acquired a 5% working interest and 3.9% net revenue interest in the initial Z-1 well, located in Stephens County, Texas. The Company has the right to participate in further wells drilled on the property by paying its proportionate percentage of the Project costs. For the year ended May 31, 2003 net operating costs were \$1,516 on this property.

During the year ended May 31, 2003, management of the Company abandoned its interest in the well and wrote-off resource property costs of \$30,050.

Note 4 Capital Assets

	December 31, 2003			May 31, 2003
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and fixtures	\$ 1,613	\$ 161	\$ 1,452	\$ -

Note 5 Share Capital – Note 9

a) Authorized:

200,000,000 common shares without par value

b) Issued:

	<u>Number</u>	<u>\$</u>
Balance, May 31, 2002	16,258,186	5,934,267
For cash:		
– Pursuant to the exercise of share purchase options – at \$0.11	125,000	13,750
– Pursuant to the exercise of share purchase warrants – at \$0.10	150,000	15,000
Cancellation of escrow shares	(274,807)	-
	16,258,379	5,963,017
Share consolidation 16:1	(15,242,230)	-
Balance, May 31, 2003	1,016,149	5,963,017
For cash:		
– Pursuant to a private placement – at \$0.10	5,000,000	500,000
– Share entitlement correction	5	-
– Pursuant to the exercise of share purchase warrants – at \$0.13	137,450	17,869
Balance, December 31, 2003	6,153,604	6,480,886

Proceeds of \$500,000 related to the private placement completed during the period ended December 31, 2003 were received prior to May 31, 2003 and were disclosed as units subscribed.

c) Commitments:

i) Share Purchase Options

From time to time, the Company grants share purchase options to directors and employees to purchase common shares of the Company at market related prices. Information regarding the Company's outstanding share purchase options is summarized below:

	<u>Number</u>	<u>Weighted Average Price</u>
Balance, May 31, 2002	1,488,950	\$ 0.19
Cancelled or expired	(1,363,950)	0.19
Exercised	(125,000)	0.11
Balance, May 31, 2003	-	\$ -
Granted	260,000	0.22
Balance, December 31, 2003	260,000	\$ 0.22

Note 5 Share Capital – Note 9 – (cont'd)

c) Commitments: – (cont'd)

i) Share Purchase Options – (cont'd)

As at December 31, 2003, share purchase options were outstanding entitling directors and officers to purchase 260,000 common shares at \$0.22 per share until October 1, 2005.

As disclosed in its accounting policies note, the Company does not record compensation expense of \$49,400 on the granting of stock options to employees. Disclosure of pro forma loss and loss per share had the Company elected to follow the fair value method using the Black-Scholes option pricing model is as follows.

	Seven months ended December 31, <u>2003</u>	Year ended May 31, <u>2003</u>
Loss for the period as reported	\$ (92,653)	\$ (396,480)
Pro forma loss for the period	\$ (142,063)	\$ (396,480)
Basic and diluted loss per share	\$ (0.03)	\$ (0.34)
Pro forma basic and diluted loss per share	\$ (0.04)	\$ (0.34)

The following assumptions were used for the Black-Scholes model:

Risk free interest rate	3.14%
Dividend yield	0%
Expected volatility	198.5%
Weighted average expected stock option life	2 years

ii) Share Purchase Warrants

At December 31, 2003, there were 4,862,550 share purchase warrants outstanding. Each warrant entitles the holder thereof the right to purchase one common share for \$0.13 per share until July 11, 2005.

Note 6 Related Party Transactions – Note 3 (d)

- (a) The Company incurred the following transactions with current or former directors or officers of the Company or with companies with current or former directors or officers in common:

	Seven months ended December 31, <u>2003</u>	Year ended May 31, <u>2003</u>
Consulting fees	\$ 58,662	\$ 16,210
Interest	-	9,098
Management fees	-	3,667
Office and printing	3,000	6,000
Rent	12,000	-
	<u>\$ 73,662</u>	<u>\$ 34,975</u>

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Note 6 Related Party Transactions – Note 3 (d) – (cont'd)

- b) The Company had the following amounts due from (to) directors and a former director of the Company or companies with directors or former directors in common:

	December 31, <u>2003</u>	May 31, <u>2003</u>
Accounts receivable	\$ -	\$ 8,580
Accounts payable and accrued liabilities	\$ -	\$ (1,216)

During the year ended May 31, 2003, loans totalling \$57,795 due from former directors or companies with former directors in common were written-off.

Note 7 Segmented Information

Geographic Information

Revenues from operations were derived from oil and gas sales in the United States.

The Company's non-current assets in geographic locations are as follows:

	December 31, <u>2003</u>	May 31, <u>2003</u>
Canada	\$ 1,452	\$ -
United States	37,000	70,000
	<u>\$ 38,452</u>	<u>\$ 70,000</u>

Note 8 Future Income Taxes

Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Significant components of the Company's future tax assets and liabilities, after applying enacted corporation income tax rates, are as follows:

	December 31, <u>2003</u>	May 31, <u>2003</u>
Future income tax assets:		
Net tax non-capital losses carried forward	\$ 639,200	\$ 618,206
Capital loss carried forward	34,580	34,580
Resource deductions	1,333,672	1,333,672
Valuation allowance for future income tax assets	(2,007,452)	(1,986,458)
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

Management considers it more-likely-than-not that the amounts will not be utilized and accordingly a full valuation allowance has been applied.

Note 8 Future Income Taxes – (cont'd)

The Company has accumulated capital losses totalling \$174,647, Foreign and Canadian Exploration and Development Expenses of \$3,376,859 and non-capital losses totalling \$1,614,143 available to reduce taxable income of future years. The non-capital losses expire as follows:

2004	\$	92,806
2005		146,609
2006		279,963
2007		435,599
2008		372,787
2009		212,973
2010		73,406
	\$	<u>1,614,143</u>

Note 9 Subsequent Events

Pursuant to a letter agreement dated December 2, 2003 and amended February 12, 2004 and March 8, 2004, the Company purchased 100% of the issued and outstanding shares of Mintec International Corporation ("Mintec") from its shareholders, in consideration for the issuance of 40,000,000 common shares of the Company. The share exchange results in a change of control of the Company. This transaction will be accounted for as a purchase transaction, on a reverse take-over basis ("RTO").

Mintec is a privately held company in the business of mineral exploration and development. Mintec is the beneficial shareholder of all the issued and outstanding shares of Mineral Metalurgica del Boleo S.A.de C.V. ("MMB"), a Mexican company that holds a 100% registered and beneficial interest in the Boleo copper-cobalt-zinc mineral deposit (the "Boleo Property"). The Company will focus on the ongoing development of the Boleo property.

In connection with the acquisition, the Company completed a private placement of 10,666,667 units at \$0.75 per unit. Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder thereof the right to acquire one common share, exercisable for a period of five years at \$1.15 per share. A commission of \$480,000 cash and 533,333 Agents warrants plus sponsorship fees of \$48,000 were paid. Each Agent's Warrant entitles the Agent to acquire an additional common share at \$0.75 each up to October 19, 2005.

Also in connection with the acquisition, the Company completed a public offering of 2,666,667 units at \$0.75 per unit. Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder thereof the right to acquire one common share, exercisable for a period of five years at \$1.15 per share. A commission of \$84,473 cash, 87,370 units (at same terms as the public offering) and 133,333 Agent's Warrants plus fees of \$10,000 were paid. Each Agent's Warrant entitles the Agent to acquire an additional common share at \$0.75 per share to October 19, 2005.