

ABLEAUCTIONS COM INC
Form PRER14A
May 09, 2002

ABLEAUCTIONS.COM, INC.

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

ABLEAUCTIONS.COM, INC.

Name of the Registrant as Specified In Its Charter

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Not applicable

(2) Aggregate number of securities to which transaction applies: Not applicable

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable

(4) Proposed maximum aggregate value of transaction: Not applicable

(5) Total fee paid: Not applicable

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable

Form, Schedule or Registration Statement No.: Not applicable

Filing Party: Not applicable

Date Filed: Not applicable

<Pg#>

<EDGAR Document Name>

<Delivery Date>

<EDGAR Document Number>

ABLEAUCTIONS.COM, INC.

2042 - 112th Street

Tacoma, Washington 98444-1537

May 1, 2002

Dear Stockholders:

You are cordially invited to attend the annual meeting of stockholders of Ableauctions.com, Inc. (the Company) to be held at 1:00 p.m. (PST) on Thursday, June 27, 2002, at The Semiahmoo Inn, 9565 Semiahmoo Parkway, Blaine, Washington, 98230.

In addition to the items set forth in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement, we will report on current activities of the Company and will provide you with an opportunity to discuss matters of interest to you as a stockholder.

We sincerely hope that you will be able to attend our Annual Meeting. However, whether or not you plan to attend, please sign, date, and promptly return the enclosed proxy to ensure that your shares are represented.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in Ableauctions.com, Inc.

Very truly yours,

/s/ Abdul Ladha

ABDUL LADHA

PRESIDENT AND CHIEF EXECUTIVE OFFICER

ABLEAUCTIONS.COM, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 1, 2002

To the Stockholders:

The Annual Meeting of Stockholders of Ableauctions.com, Inc. will be held at 1:00 p.m. (PST) on Thursday, June 27, 2002 at The Semiahmoo Inn, 9565 Semiahmoo Parkway, Blaine, Washington, 98230, for the following purposes:

1.

To elect four directors, each to a one year term;

2.

To ratify the selection of Morgan & Company, Chartered Accountants, as the independent auditor for Ableauctions.com, Inc.;

3.

To approve the 3-for-1 combination of the authorized and issued share capital of the Company and following the stock combination, the increase of the authorized share capital of the Company to One Hundred Million (100,000,000) shares of common stock;

4.

To approve conversion of the Ableauctions Deferred Consideration Notes into shares of common stock of the Company at \$1.43 per share;

5.

To approve the change of the Company's name to Ableauctions, Inc. ; and

6.

To transact any other business that may properly come before the meeting.

Only stockholders of record at the close of business on Monday, April 8, 2002 are entitled to notice of, and to vote at, the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Abdul Ladha

Abdul Ladha

President and CEO

May 1, 2002

IMPORTANT

Whether or not you plan to attend the meeting, please sign, date, and return promptly the enclosed proxy in the enclosed envelope, which requires no postage if mailed in the United States. **Promptly signing, dating, and returning the proxy will save the Company the additional expense of further solicitation.**

ABLEAUCTIONS.COM, INC.

ableauctions.com, inc.

**1963 Lougheed Highway
Coquitlam, British Columbia, Canada
V3K 3T8**

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Ableauctions.com, Inc. (Ableauctions.com or the Company) to be voted at the 2002 Annual Meeting of Stockholders of the Company to be held at 1:00 p.m. (PST) on Thursday, June 27, 2002. Stockholders who sign proxies may revoke them at any time before their exercise by delivering a written revocation to the Secretary of the Company, by submission of a proxy with a later date, or by voting in person at the meeting. These proxy materials, together with the Company's annual report on Form 10-KSB to stockholders, are being mailed to stockholders on or about May 17, 2002.

A copy of the Annual Report on Form 10-KSB of the Company for the fiscal year ended December 31, 2001 (the "2001 Fiscal Year"), including financial statements, is being mailed concurrently herewith (on or about May 17, 2002) to all shareholders of record at the close of business on April 8, 2002. The Annual Report does not constitute a part of the proxy solicitation material for the Annual Meeting.

VOTING SECURITIES

Only shareholders of record at the close of business on April 8, 2002 are entitled to vote at the Annual Meeting. The total number of shares of common stock (the "Common Stock") of the Company issued, outstanding and entitled to be voted on the record date was 25,127,020 shares. Each of such shares of Common Stock is entitled to one vote upon all matters to be acted upon at the Annual Meeting. The holders of a majority of the outstanding votes (i.e., 12,563,511 votes) shall constitute a quorum, which is necessary for the transaction of business at the Annual Meeting.

In accordance with the Company's Articles of Incorporation and By-laws, and applicable law, the election of directors shall be by a plurality of the votes cast, and the ratification of the Board of Directors' selection of auditors shall be by a majority of the votes cast.

PROPOSAL 1:

ELECTION OF DIRECTORS

The Board of Directors will consist of four (4) members. Directors are elected for a one-year term.

The following persons have been nominated to serve as directors of the Company:

1.

Abdul Ladha

2.

Barrett Sleeman

3.

Dr. David Vogt

4.

Michael Boyling

All of the nominees currently serve on the Company's Board of Directors. Each nominee has been nominated to serve as a director for a term of one year or until his successor is elected and qualified.

Unless a stockholder indicates otherwise, each signed proxy will be voted for the election of these nominees.

Management expects that each of the nominees will be available for election, but if any of them is not a candidate at the time the election occurs, it is intended that the proxies will be voted for the election of another nominee to be designated by the Board of Directors to fill any vacancy.

The candidates elected are those receiving the largest number of votes cast by the shares entitled to vote in the election, up to the number of directors to be elected. Shares held by persons who abstain from voting on the election and broker non-votes will not be counted in the election.

Nominees for Election

Abdul Ladha, Age 40

Abdul Ladha has been a director, President, and Chief Executive Officer of the Company since August 24, 1999. In addition, Mr. Ladha is President of all of the Company's wholly owned subsidiaries. Mr. Ladha holds an honors degree in Electrical Engineering and Mathematics from the University of British Columbia (UBC). In 1985, he founded Dexon Enterprises Inc., a subsidiary of Dexon Technologies Corporation, which was a company engaged in the business of (a) the development and provision of web-based business solutions to small to mid-size retail and business-to-business customers, and (b) the marketing and sale of personal computer hardware and network systems to corporate and retail customers, as well as computer training and after-sales upgrade and support services. Mr. Ladha was President, Chief Executive Officer, and a director of Dexon Technologies from December 1994 to July 2001. In 1997, Dexon Technologies acquired Able Auctions (1991) Ltd., which Dexon sold to the Company on August 24, 1999.

Mr. Ladha is the Executive Director of CITA – The Canadian Institute for Technological Advancement, a non-profit organization dedicated to developing Canada's technological entrepreneurs sponsored by the UBC, Simon Fraser University (SFU), the World Trade Centre, Ernst & Young, and some 60 corporations and institutions.

Barrett E.G. Sleeman, P.Eng., Age 61

Barrett Sleeman, a director of the Company since August 24, 1999, is a professional engineer. He has also been a director of Crystal Graphite Corporation, a graphite property development company, since February 1999. From April 1997 to September 2001, he was a director of Dexon Technologies Corporation, a technology company. From May 1988 to May 2000, he was a director and the President of Omicron Technologies Inc., whose focus is the acquisition, research and development, and marketing of leading edge technologies for the aerospace, telecommunications, defense, and consumer electronics industries, as well as Internet-based business concepts. Mr. Sleeman also served as a director of Java Group Inc., currently an oil and gas company, from November 1997 to March 2000. Mr. Sleeman was also President (October 1996 to October 1997) and a director (August 1996 to October 1997) of White Hawk Ventures Inc., and President (August 1995 to April 1997) and a director (March 1995 to January 1998) of International Bravo Resources Inc., both mining exploration companies.

Dr. David Vogt, Age 45

Dr. David Vogt, a director of the Company since April 17, 2000, is a scientist and knowledge engineer. An astronomer by training, he was Director of Observatories at the University of British Columbia in Canada from 1980 to 1992 before becoming Director of Science at Science World, Western Canada's largest public science center. With the development in 1993 of a virtual science center to support educational outreach, Dr. Vogt shifted his focus to explore the creation of knowledge using new media technologies. Dr. Vogt is a founding executive of Brainium.com, an innovative online educational publishing company. Brainium.com pioneers new media learning products for the kindergarten to Grade 12 market. The award winning Science Brainium, located at www.brainium.com, is an online intermediate science resource currently reaching 7,000 schools internationally. Dr. Vogt has been Vice President Business Development of Brainium Technologies Inc. since 1996.

Dr. Vogt combined undergraduate degrees in Physics and Astronomy (UBC 1977) and English Literature (UBC 1978) into an interdisciplinary Ph.D. (SFU 1990) in information science and archaeoastronomy. Dr. Vogt was also founding director of the B.C. Shad Valley Program, Chairman of the CBC's Advisory Committee on Science and Technology, and a founding member of the SchoolNet National Advisory Board.

Dr. Vogt's professional associations include membership on the Software and Information Industry Association (SIIA) Content Board and sub-committee on Distance Learning, a technology planning committee for Ronald McDonald Houses International, the Education Committee for the Vancouver Foundation, the B.C. government's Information Technology Advisory Board, and the Board for Science World.

Michael Boyling, Age 45

Mr. Boyling is the President of Boyling, Feltham, Rogers & Associates Inc. (BFR), which is an insurance and financial services company based in Vancouver, British Columbia and has offices in Edmonton, Alberta, Calgary, Alberta and Winnipeg, Manitoba. BFR's business focuses on providing insurance and financial services to high net worth individuals and medium sized companies. Michael Boyling has played a major role in the development and growth of this company. Through his three-year tenure as director and President, BFR has grown from annual revenue of CDN\$500,000 to annual revenue in excess of CDN\$5,000,000.

He served with the Canadian Military (Army) from the age of 17 to the age of 38. Since his retirement from military service, he has been self-employed in the financial industry.

Mr. Boyling also owns West Coast Global Equity/Ventures Inc., an international consulting company whose main focus is international financing and investing. He has worked as a consultant and broker with a foreign government and international construction companies arranging equity and debt financing.

Mr. Boyling draws on his experience from his time spent in the insurance and financial services industry with two international insurance companies, where he occupied positions of Regional and International Sales Manager.

The Board of Directors recommends a vote FOR each of the nominees as a director.

BOARD COMMITTEES

Audit Committee

On April 19, 2002, we established a new Audit Committee. The Audit Committee of the Board of Directors reviews our internal accounting procedures and consults with and reviews the services provided by our independent auditors. The Audit Committee consists of directors who are not employees of the Company and other persons selected by the Board who are, in the opinion of the Board of Directors, free from any relationship that would interfere with their exercise of independent judgment as Audit Committee members. Messrs. Barrett Sleeman, Dr. David Vogt and Michael Boyling are members of the Audit Committee and are independent in accordance with Section 121(A) of the listing standards of the American Stock Exchange.

The Audit Committee is responsible for reviewing our financial reporting procedures and internal controls, the scope of annual and any special audit examinations carried out by our auditors, the performance of our auditors, systems and controls established to comply with financial regulatory requirements and our annual financial statements before they are reviewed and approved by our Board of Directors. Such reviews are carried out with the assistance of our auditors and our senior financial management. The Audit Committee adopted, and the Board of Directors approved, an Audit Committee Charter, consistent with SEC policy, outlining its policy and procedures for the exercise of its oversight responsibilities on January 1, 2001. The Audit Committee Charter is attached to this proxy statement as Appendix A.

Report of Audit Committee

April 21, 2002

To the Board of Directors of Ableauctions.com, Inc.:

In accordance with its written charter adopted by the Board of Directors on January 1, 2001, the Audit Committee of the Board (the "Committee") assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company.

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2001.

We have discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed the written disclosures and letter from the independent auditors required by Independence Standard No. 1, Independent Discussions with Audit Committees, as amended, by the Independence

Standards Board, and have discussed with the auditors the auditors' independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001.

Barrett Sleeman

Dr. David Vogt

Michael Boyling

Our Appointment of Morgan & Company, Chartered Accountants as Auditor

On February 12, 2002, Shikaze Ralston Tam Kurozumi, Chartered Accountants (the Former Auditor) resigned as our independent auditor. None of the Former Auditor s reports for the past year ended December 31, 2000 or thereafter contained an adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principle. We engaged Morgan & Company, Chartered Accountants as our independent auditor on February 12, 2002. Our decision to change auditor was approved by our Board of Directors.

During our fiscal year ended December 31, 2000, and through the date of this proxy statement, there were no disagreements with the Former Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of the Former Auditor would have caused it to make reference thereto in its report on the financial statements for such year. Our decision to change auditor was approved by our Board of Directors.

During the fiscal year ended December 31, 2000, and through the date of this proxy statement, the Former Auditor did not advise us with respect to any of the matters described below:

(a)

lack of internal controls necessary for us to develop reliable financial statements;

(b)

any information that has come to the attention of our auditor that has led it to no longer be able to rely on management's representations or that has made it unwilling to be associated with the financial statements prepared by management; or

(c)

any need to expand significantly the scope of our auditor's audit or information that has come to our auditor's attention during the financial year prior to and preceding the change in our independent auditor that, if further investigated, would:

(i)

materially impact the fairness or reliability of the previously issued audit report or the financial statements issued or covering that period; or

(ii)

cause our auditor to become unwilling to rely on management's representations or that has made it unwilling to be associated with our financial statements, or due to the replacement of the Former Auditor or any other reason, our auditor did not so expand the scope of the audit or conduct such further investigation; or

(d)

any information that has come to the Former Auditor's attention that has led it to conclude that such information materially impacts the fairness or reliability of the audit reports or the financial statements issued covering the two financial years prior to and preceding the change in our independent auditor (including information that, unless resolved, to the satisfaction of such auditor, would prevent it from rendering an unqualified audit report on those financial statements) and due to the replacement of the Former Auditor or any other reason, any issue has not been resolved to such auditor's satisfaction prior to the Former Auditor's replacement.

Audit Fees

The following table sets forth fees billed or expected to be billed to the Company by Morgan & Company and the Former Auditor for: 1) services rendered for the audit of the Company's annual financial statements for fiscal year 2001 and review of quarterly financial statements, 2) services rendered during fiscal year 2001 for provision of any financial information systems design and implementation, and 3) all other fees for services rendered during fiscal year 2001. The Audit Committee has considered whether the provision of services for non-audit services is compatible with Morgan & Company's independence.

Audit Fees

Approx. \$32,000 (Morgan & Company)

\$22,597 (Shikaze Ralston Tam Kurozumi)

Financial Information Systems Design

and Implementation Fees

Nil

All Other Fees (review of Forms 10-QSB)

\$7,748 (Shikaze Ralston Tam Kurozumi)

Board and Committee Meetings

During 2001, the Board of directors held one telephonic meeting. Each director attended 100% percent of all Board meetings and meetings of Committees on which they served. During 2001, the Board of directors passed nine sets of resolutions by written consent in lieu of holding meetings. All directors, during their respective terms, voted on the consent resolutions in lieu of Board meetings and meetings of committees on which they served. The Audit Committee held one meeting in 2001.

Compensation of the Board of Directors

The Company's directors did not receive any compensation in their capacity as directors during the last fiscal year.

Each director is eligible to participate in the Company's 1999 Incentive Stock Option Plan. See Executive Compensation below for a description of the Plan.

Executive Officers and Key Employees of the Company

In addition to the directors who also serve as executive officers, the following persons currently serve as executive officers and key employees of the Company and its material subsidiaries:

Ron Miller, C.A., C.B.V. Vice-President and Chief Financial Officer

Mr. Miller joined Ableauctions.com on August 1, 2000 and assumed the role of Vice President of Operations and CFO. He is a Chartered Business Valuator and Chartered Accountant. He was a supervisor of the Business Valuation Group at Coopers & Lybrand from 1988 to 1991, a partner at Shikaze Ralston, Chartered Accountants from 1993 to 1998, a partner at Miller Teasley, a business valuator and mergers & acquisitions advisor, and most recently, the Chief Financial Officer of Compec Industries, a large multi-national public plastics company.

<Pg#>

<EDGAR Document Name>

<Delivery Date>

<EDGAR Document Number>

ABLEAUCTIONS.COM, INC.

Jeremy Dodd Secretary-Treasurer and Chief Operating Officer

Jeremy Dodd was appointed the Company's Secretary and Treasurer on September 15, 1999. He began his career with Able Auctions Liquidators Limited in 1986. Five years later, he bought Able Auctions Liquidators Limited and formed Able Auctions (1991) Ltd., where he served as President from November 1993 to April 1998 and Secretary and a director from July 1991 to April 1998. In March 1998, he sold Able Auctions (1991) Ltd. to Dexton Technologies Corporation and has directed Able Auctions (1991)'s operations and its transition to becoming an Internet broadcaster of auctions. Mr. Dodd was appointed Vice President of Operations of Able Auctions (1991) Ltd. on August 24, 1999. Mr. Dodd is an auctioneer and bailiff by trade and has conducted over 1,000 live auctions from

Montreal to San Francisco.

Randy Ehli Vice-President

Randy Ehli is a third generation auctioneer with over 24 years of experience in conducting auto auctions, personal property and major consignment auctions. He graduated from the Reish World Wide College of Auctioneering in 1980, the Auction Marketing Institute in 1993, and AMI's appraisal program in 1997. Mr. Ehli was President of Ehli's Commercial/Industrial Auctions in Tacoma, Washington until May 2000, when he sold all of the shares of Ehli's Auctions to Ableauctions.com (Washington) and was appointed its Vice-President, Northwest Auctions. He was appointed Vice-President of Ableauctions.com (Washington) on March 12, 2001.

Mr. Ehli was formerly the president of the Washington Auctioneer's Association; Sales and Marketing Executives of Tacoma; P.R.I.D.E., which runs one of the largest charity auctions in Tacoma, Washington; Clear Lake Homeowners Association, which had 1500 members; and Tanglewilde Park Association. In addition, Mr. Ehli developed one of the first auction software packages (Auctionware) in 1982, and Ehli's Auctions was one of the first auction companies to begin using the Internet to advertise auctions.

Dan Bouchard Vice-President, U.S. Operations

Since the early 1980s, Dan Bouchard co-founded or was employed by companies that were predecessors of Able Auctions (1991) Ltd. In 1991, Mr. Bouchard co-founded Able Auctions (1991) Ltd. with Jeremy Dodd, Ableauctions.com's Secretary and Chief Operating Officer. Mr. Bouchard was President of Able Auctions (1991) from May 1991 to November 1993. Since 1993, Mr. Bouchard has been President of Trident Management (1993) Ltd., which is a management company specializing in shopping centre leases and which manages 14 Trident Keymart locations in major shopping centers in western Canada. In 1996, Mr. Bouchard founded Trident Vending Corp., which supplies Canada Post Corporation with stamp vending machines, and Bouchard Management Inc., which is a management company that provides retail and general business consulting services to various companies such as Able Auctions (1991) and Canada Post Corporation.

Brett Johnston Vice-President, California Operations

Brett Johnston has been an independent business owner for 20 years. In July 2000, the Company acquired Johnston's Surplus Office Supplies Ltd., a company located in Vancouver, British Columbia of which Brett Johnston was a major shareholder, director and officer. Management of the Company asked Mr. Johnston to relocate to California to start up operations there. As the former owner or partner in 20 diverse businesses, Mr. Johnston has developed a wide range of business skills and experience. Mr. Johnston has twice been nominated for the prestigious Entrepreneur of the Year Award in recognition of his abilities with business start-ups. Mr. Johnston's university education is in Forest Engineering and Economics.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information, as of April 8, 2002, regarding the beneficial ownership of the Company's common stock by any person known to the Company to be the beneficial owner of more than 5% of the outstanding common stock, by directors and certain executive officers, and by all directors and executive officers of the Company as a group.

Name and Address	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Class⁽¹⁾
The Ladha (1999) Family Trust, +5% shareholder ⁽²⁾ Vallis Building, P.O. Box H.M. 247 Hamilton, HM AX, Bermuda	5,793,275	23.06%
Eurosil Limited, + 5% shareholder 2001 Central Plaza 18 Harbour Road Wanchai, Hong Kong	2,033,000	8.09%
Spyglass Financial Ltd., +5% shareholder P.O. Box CB 13004 Nassau, Bahamas	1,843,444	7.34%
Abdul Ladha, Director and Executive Officer 7797 Jensen Place Burnaby, B.C., Canada, V5A 2A7	500,000 ⁽³⁾	1.95%
Barrett Sleeman, Director P.O. Box 18111 2225 West 41 st Avenue Vancouver, B.C., Canada, V6M 4L3	40,000 ⁽⁴⁾	*
Dr. David Vogt, Director 3771 West 15 th Avenue Vancouver, B.C., Canada, V6R 2Z7	Nil	-
Michael Boyling 95 5900 Ferry Road	Nil	-

Ladner, B.C.

V4K 5C3

Ron Miller, Executive Officer	Nil	-
-------------------------------	-----	---

3260 Springhill Place

Richmond, B.C., Canada, V7E 1X2

Jeremy Dodd, Executive Officer	133,000 ⁽⁵⁾	*
--------------------------------	------------------------	---

11824 189 B Street

Pitt Meadows, B.C., Canada, V3Y 2L2

Randy Ehli, Executive Officer	50,000	*
-------------------------------	--------	---

1127 2nd Avenue Court Southwest

Puyallup, Washington 98371

Brett Johnston, Executive Officer	39,200	*
-----------------------------------	--------	---

248 Booth Bay Avenue

Foster City, California 94404

All current directors and executive officers as a group	672,200 ⁽⁶⁾	2.95%
---	------------------------	-------

(9 persons)

Represents less than 1%.

(1)

Based on an aggregate of 25,127,020 shares outstanding as of April 8, 2002. Where a named person holds options or warrants to purchase shares of common stock of the Company, the number of shares that may be issued under those options or warrants are added to the figure 25,127,020 to calculate the percentage held by that person.

(2)

Abdul Ladha, President of the Company, is a beneficiary of the Ladha (1999) Family Trust. Hamilton Trust Company Limited is the trustee of the Ladha (1999) Family Trust, and disclaims beneficial ownership of the 5,793,275 shares held by the Ladha (1999) Family Trust.

(3)

Consists of options exercisable to acquire 500,000 shares of common stock within 60 days of April 8, 2002.

(4)

Consists of options exercisable to acquire 40,000 shares of common stock within 60 days of April 8, 2002.

(5)

Consists of options exercisable to acquire 133,000 shares of common stock within 60 days of April 8, 2002.

(6)

Includes (a) 50,000 shares of common stock owned of record by Randy Ehli directly; (b) 39,200 shares of common stock of record by Brett Johnston directly; and (c) options exercisable to acquire an aggregate 673,000 shares of common stock within 60 days of April 8, 2002.

To our knowledge, none of the Company's directors, officers or affiliates, or any 5% or greater shareholder of the Company, or any associate or any such directors, officers or affiliates, is a party that is adverse to the Company in any material legal proceeding.

Section 16(a) Beneficial Ownership Reporting Compliance

Federal securities laws require the Company's directors and executive officers and persons who own more than 10% of the Company's common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of any securities of the Company.

Based solely on its review of the copies of such reports received by the Company, and on written representations by the Company's officers and directors regarding their compliance with the applicable reporting requirements, the Company believes that, with respect to its fiscal year ended December 31, 2001, all of the Company's directors and officers and all of the persons known to the Company to own more than ten percent (10%) of the Company's common stock, either failed to file, on a timely basis, or have yet to file the required beneficial ownership reports with the Securities and Exchange Commission.

The initial ownership reports on Form 3 for Abdul Ladha, Barrett Sleeman, Dr. David Vogt, Ron Miller, Jeremy Dodd, Randy Ehli, Brett Johnston, Douglas McLeod, N.H. Vellani, Dexton Technologies Corporation, and The Ladha (1999) Family Trust were not filed on a timely basis with the SEC. In addition, an initial ownership report on Form 3 for Charles Taylor has not been filed to date with the SEC. Douglas McLeod engaged in eight transactions and has not filed any Form 4 or Form 5 with the SEC in respect of these transactions.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below shows, for the last three fiscal years, compensation paid or accrued to the Company's Chief Executive Officer and the four most highly paid executive officers serving at fiscal year end whose total compensation exceeded \$100,000. These officers are referred to as the Named Executive Officers.

Name and Principal Position	Fiscal Year Ended ⁽¹⁾	Annual Compensation			Long Term Compensation			All Other Compensation ⁽²⁾
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation (US\$)	Awards	Payouts	Restricted Shares or Securities under Option/SAR Granted (#)	
					Restricted Shares or Securities under Option/SAR Granted (#)	LTIP Payouts (US\$)		
ABDUL LADHA ⁽³⁾ President and CEO	2001	Nil	Nil	154,949	Nil	Nil	Nil	Nil
	2000	Nil	Nil	154,949	Nil	Nil	Nil	Nil
	1999	Nil	Nil	51,650	500,000	Nil	Nil	Nil
DOUGLAS McLEOD ⁽⁴⁾ President	1999	Nil	Nil	Nil	Nil	Nil	Nil	Nil
JAMES BAILEY ⁽⁵⁾ President	1999	Nil	Nil	Nil	Nil	Nil	Nil	Nil
JEREMY DODD ⁽⁶⁾ Secretary-Treasurer and Chief Operating Officer	2001	96,843	Nil	Nil	Nil	Nil	Nil	11,622
	2000	100,000	Nil	Nil	Nil	Nil	Nil	Nil
	1999	55,000	66,666	Nil	200,000	Nil	Nil	Nil
RANDY EHLI ⁽⁷⁾ Vice-President of Subsidiary	2001	110,004	Nil	Nil	Nil	Nil	Nil	12,000
	2000	90,000	Nil	Nil	80,000	Nil	Nil	Nil

**BRETT
JOHNSTON⁽⁸⁾**

2001	124,992	Nil	Nil	Nil	Nil	Nil
2000	62,500	Nil	Nil	100,000	Nil	Nil

Vice-President,
California
Operations and
Secretary of
Subsidiary