



July 21, 1997

Canada's Northwest Territories Government Aurora Fund II

(Registered July 21, 1997, with its head office in Yellowknife, Northwest Territories)

This Offering has been approved by Citizenship and Immigration Canada
as a government-administered venture capital fund.

Confidential Offering Memorandum

No Securities Commission or similar Regulatory Authority has passed on the merits of the securities offered in this Offering Memorandum nor has it reviewed this Offering Memorandum, and any representation to the contrary is an offence.

Neither the Government of Canada nor the Government of the Northwest Territories has passed on the merits of these securities.

There are restrictions on the sale of these securities. These are speculative securities. see "Risk Factors". There is no market through which these securities may be sold. It difficult or even impossible for an investor to sell them.

\$34,750,000 (Canadian) - Maximum Offering

\$3,500,000 (Canadian) - Minimum Offering

Issue of up to 139 2% promissory notes (the "Notes") (\$34,750,000 aggregate principal amount) maturing five years after the Investment Date.

Price Per Note: \$250,000

Minimum Subscription: 1 Note

	Price To Investor	Commission ⁽¹⁾	Net Proceeds to ⁽²⁾ the Aurora Fund II
Per Note	\$250,000	\$15,000	\$235,000
Minimum Offering	\$3,500,000	\$210,000	\$3,290,000
Maximum Offering	\$34,750,000	\$2,085,000	\$32,665,000

(1) A sales commission of up to 6% will be paid for each Note sold.

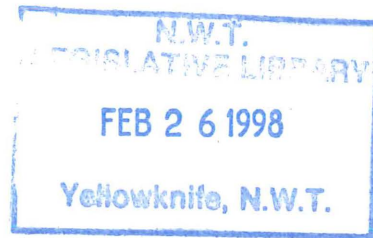
(2) Before deducting the legal, administrative, accounting, marketing and printing costs of this Offering which will not exceed in the aggregate 4.0% of the value of the notes sold.

The Exclusive Distribution Agent is Cornwallis Financial Corporation Ltd. who may be contacted with respect to the Offering at: Attention: Mr. Stephen Lockyer, President, 5475 Spring Garden Road, Suite 303, Halifax, Nova Scotia, Canada B3J 3T2. (Phone: (902) 429-3800; Fax: (902) 423-7855). The Aurora Fund II may be contacted at: Attention: Mr. Lew Voytilla, President, Postal Service 9600, Suite 294, 4905 - 48th Street, Yellowknife, Northwest Territories, Canada, X1A 2R3. (Phone: (403) 873-7211; Fax: (403) 873-5787)

An investor in this Offering has certain statutory and contractual rights of withdrawal, rescission and damages. See section 22 Contractual Rights of Action, Recission and Withdrawal.

Subscriptions will be received subject to rejections and the right is reserved to withdraw the Offering or close the Subscription books at any time without notice.

This Offering expires December 31, 1997.





The Aurora Fund II reserves the right to accept or reject any Subscription and Waiver Agreement and to close the Offering at any time.

10.6 Interest Earned on Minimum Investments in Escrow

Each Investor that has a full Subscription Amount in escrow will receive Escrow Interest on the Issue Date, calculated on the basis of 1% per annum from the date the Escrow Agent receives the full Subscription Amount to the Issue Date.

Notwithstanding the foregoing paragraph, an Investor whose application for a Canadian immigration Visa is rejected by Canadian immigration authorities before the Issue Date shall not be entitled to receive Escrow Interest.

10.7 Return of Minimum Investment if the Visa Application is Rejected by CIC

If an Investor's application for a Canadian immigrant Visa is rejected by Canadian immigration authorities the Investors Minimum Investment will be returned to the Investor within 90 days after the day in which the Investor advises the fund in writing, of the refusal to issue the immigrant visa.

10.8 Minimum Offering Retirement

Minimum Investments will not be transferred from escrow and Note certificates will not be issued until the Minimum Offering is met. If the Minimum Offering is not met on or before the Expiry Date, the Escrow Agent will within 30 days of the Expiry Date on the written direction of the Investor, either: return the Minimum Investment to the Investor plus Escrow Interest calculated from the date the full Minimum Investment is received by the Escrow Agent to the date the Minimum Investment is returned, less any required Canadian withholding tax on income; or transfer the Minimum Investment, plus Escrow Interest owing, less any required Canadian withholding tax, to another approved government fund. This is subject to there being another fund government available at such time. The current program is due to expire on December 31, 1997, and there is no assurance that it will be extended, therefore the option to transfer to another fund may not be available.

The Escrow Agent will notify CIC, the applicable Visa office, Exclusive Distribution Agent and the Aurora Fund II, in writing, if Minimum Investments are returned to Investors as described in sections 10.6 or 10.7.

10.9 Waiver and Consent to Release of Minimum Investment Prior to Receiving a Visa

The Investor's Minimum Investment will remain on deposit with the Escrow Agent until:

- (a) the Minimum Offering has been met;
- (b) all Investors have agreed to the release from escrow of his/her funds before he/she has been issued a Visa as an Immigrant Investor, through signing the Subscription and Waiver Agreement (Schedule "A");

- (c) the certificates that represent the Notes sold to the Investors have been deposited with the Escrow Agent; and
- (d) twenty one (21) days have elapsed since the signing of the last Investor's Subscription and Waiver Agreement to whom the closing pertains.

By agreeing to the waiver provisions in the Subscription and Waiver Agreement, the Investor allows his/her Minimum Investment to be released to the Aurora Fund II after the Minimum Offering has been met, whether or not his/her Visa has been issued.

All Subscription Amounts will be held by the Escrow Agent until the Minimum Offering (\$3,500,000) has been achieved. Once the Minimum Offering has been achieved, Subscription Amounts minus the amount to be retained in the Repayment Account, will be released to the Aurora Fund II.

11. Potential Conflicts of Interest

11.1 Prior Offering by a Related Corporation

All Directors of the Aurora Fund II are also Directors of Aurora Fund 1996. As well, the NWT Investments Advisor, the Exclusive Distribution Agent, the Canadian Investments Manager, Auditors and Legal Counsel are the same for both the Aurora Fund 1996 and Aurora Fund II.

Financial statements for the operations of the Aurora Fund (1996) to March 31, 1997, are attached for information purposes.

11.2 Other Interests

Jonathan Taylor is a Director of Aurora Fund II (refer to 4.1), and in addition is: an officer and Director of Pacific & Western Trust Corporation that is the Escrow and Custodial Agent for Aurora Fund II; and, is an officer of Arctic Financial, an NWT company that has been awarded a contract to manage the Aurora Fund II Canadian Investments (refer to 5.3).

Situations may arise where the interests of the Department, other government departments or agencies or particular investment projects may conflict with those of the Aurora Fund II. For example, Government agencies provide loans, loan guarantees, investment and advisory services to many businesses in the Northwest Territories, including businesses in which the Aurora Fund II may invest or consider investing. The participation of such government departments or agencies may give rise to situations which could adversely or beneficially affect the investments of the Aurora Fund II.

The NWT Investments Advisor may be providing financial or management advice to an NWT business recommended for the Aurora Fund II investment. Such activity will be disclosed to the Board. In no event will the NWT Investments Advisor own or have an interest in any business that the NWT

Investments Advisor recommends for an Aurora Fund II investment.

11.3 Canadian Law

Canadian law requires that directors and officers of the Aurora Fund II must disclose any interest in a contract or transaction involving the Aurora Fund II and consequently abstain from the vote to accept such a contract or transaction.

11.4 Non-arm's Length Transactions

Non-arm's length transactions may take place where the Aurora Fund II co-invests with a government department or agency. As well, the Aurora Fund II may make investments in entities in which the Aurora Fund 1996 makes investments. Other non-arm's length transactions, not contemplated in this Offering, but which may arise in the normal course of doing business, will be dealt with without the prior consent of the Investor.

Prior to any non-arm's length transfer of property, an independent appraisal of property will be prepared by an accredited appraiser, submitted to CIC and the Aurora Fund II and will be made available for review by Investors.

There are no direct or indirect interests in any non arms length transactions contemplated, in progress or completed, held by a person who is related (within the meaning of subsections 251(2) and (3) of the *Income Tax Act*) to an officer of the Fund, and there are no existing or potential conflicts of interest resulting from the relationship of the Fund to a sales or marketing agent an advisor (including a lawyer, an accountant, an investment advisor) or any person who is related within the meaning of subsections 251(2) and (3) of the *Income Tax Act* to any of the said persons or to an officer of, or persons related to, the Fund.

11.5 Legal Proceedings

Neither the Aurora Fund II nor the Aurora Fund II legal counsel knows of any legal proceedings against the Aurora Fund II, legal counsel, Auditors, or Investment Managers.

12. Material Contracts

A summary of contracts can be found in sections 5.1 to 5.3. The following is a list of all of the signed contracts and agreements considered material to this Offering, copies of which are attached as schedules:

- (a) Subscription and Waiver Agreement
- (b) Acknowledgement and Undertaking By Immigrant Investor
- (c) NWT Investments Advisor Agreement
- (d) Escrow and Custodial Agent Agreement
- (e) Approval Letter by Citizenship and Immigration Canada
- (f) Exclusive Distribution Agent Agreement

(g) Undertaking of the Aurora Fund II

Investors may review all signed contracts of the Aurora Fund II at the offices of Legal Counsel (Gullberg, Wiest and MacPherson, 4908 - 49th Street, Yellowknife, NT, Canada) or through the office of the Exclusive Distribution Agent, at 5475 Spring Garden Road, Suite 303, Halifax, Nova Scotia, Canada, upon 48 hours notice, during normal business hours. Additional material contracts may be entered into during the normal course of raising investment capital and making investments pursuant to this Offering Memorandum.

13. Auditors

Avery, Cooper & Co. is the largest Certified General Accountant (CGA) firm in Canada's Northwest Territories and has offered public accounting and auditing services throughout the Northwest Territories since 1968. The firm is a partnership of four CGAs and has a support team of fourteen staff and managers.

The firm must adhere to the code of Ethics and Public Practice Peer Review requirements adopted by the Certified General Accountant Associations of both the NWT and Canada.

Gerald F. Avery, FCGA, is the Managing Partner and contact for the firm. The firm's offices are located at 4918 - 50th Street, Yellowknife, Northwest Territories, Canada, X1A 2P2, Phone: (403) 873-3441, Facsimile: (403) 873-2353. The current partnership was registered February 8, 1985 under the *Partnership Act* (Northwest Territories) at Yellowknife, Northwest Territories, Canada.

Avery, Cooper & Co. will conduct annual audits of the financial statements of the Aurora Fund II in accordance with generally accepted auditing standards and will render an opinion as to the fairness of the financial statements based on generally accepted accounting principles (GAAP) applicable to not-for-profit organizations. Avery, Cooper & Co. is also the auditor for Aurora Fund 1996.

The NWT Investments Advisor will prepare unaudited annual and semi annual internal financial statements in accordance with generally accepted accounting principles.

14. Legal Counsel

Certain legal matters relating to this Offering will be passed upon by Gullberg, Wiest and MacPherson at 4908 - 49th Street, Yellowknife, NT, Canada, X1A 2N6, legal counsel for the Aurora Fund II. Gullberg, Wiest and MacPherson are also the legal counsel for Aurora Fund 1996.