

## Message to Shareholders

During the first quarter of 2002 the company's information circular was distributed to our shareholders for their review and approval of the share exchange agreement between EquiTech Corporation and Zagros Pharma Limited. Subsequent to the quarter end, the Corporation completed its qualifying acquisition and we are now able to aggressively execute our business plan.

The scientific founder of Zagros Pharma Limited, Dr. Fakhreddin Jamali, has continued the final modifications on the lead compound to make it faster acting in providing pain relief. Dr. Jamali is also continuing to produce additional data to strengthen the company's US and world wide patents. When final modifications are complete on the lead compound the Company plans to manufacture small quantities to begin shelf-life studies and clinical trials.

(signed) "James A. Chivers-Wilson"  
James A Chivers-Wilson, President and CEO

**EquiTech Corporation**  
**Statement of Operations and Retained Earnings (Deficit)**  
**For the three months ended March 31, 2002**

	<u>March 31, 2002</u> (unaudited)	<u>March 31, 2001</u> (unaudited)
<b>Revenue</b>		
<b>Interest Income</b>	\$ 1,212	\$ 6,737
<b>Total Income</b>	<u>1,212</u>	<u>6,737</u>
<b>Expense</b>		
<b>General &amp; Administrative</b>	4,684	1,593
<b>Professional Fees</b>	5,926	
<b>Total Expenses</b>	<u>10,610</u>	<u>1,593</u>
<b>Net Income (loss)</b>	<u>(9,398)</u>	<u>5,144</u>
<b>Retained Earnings (Deficit),     Beginning of Period</b>	<u>(58,363)</u>	<u>131</u>
<b>Retained Earnings (Deficit),     End of Period</b>	<u>\$ (67,761)</u>	<u>\$ 5,275</u>

# EquiTech Corporation

## Balance Sheet

As at

<b>ASSETS</b>	<b><u>March 31, 2002</u></b> (unaudited)	<b><u>December 31, 2001</u></b> (audited)
<b>CURRENT ASSETS</b>		
Cash & Short Term Investments	\$ 426,134	\$ 482,722
Loan to Zagros Pharma Ltd.	50,201	19,621
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<b>TOTAL ASSETS</b>	<b><u>\$ 476,335</u></b>	<b><u>\$ 502,343</u></b>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 5,550	\$ 22,160
 <b>SHAREHOLDER'S EQUITY</b>		
Share Capital	538,546	538,546
Retained Earnings (Deficit)	(67,761)	(58,363)
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	470,785	480,183
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 476,335</u></b>	<b><u>\$ 502,343</u></b>

**EquiTech Corporation**  
**Statement of Cash Flows**  
**For the three months ended March 31, 2002**

	<u>March 31, 2002</u>	<u>March 31, 2001</u>
	(unaudited)	(unaudited)
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
<b>Net income (loss)</b>	\$ (9,398)	5,406
<b>Items which do not involve cash</b>		
<b>Change in non-cash working capital</b>	(16,610)	(25,000)
	<b>(26,008)</b>	<b>(19,856)</b>
<b>Financing Activities:</b>		
<b>Loan to Zagros Pharma Ltd.</b>	(30,580)	0
<b>Issuance of Share Capital</b>	0	20,732
	<b>(56,588)</b>	<b>1,007</b>
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Cash and cash equivalents, beginning of period</b>	482,722	551,667
<b>Cash and cash equivalents, end of period</b>	<u>\$ 426,134</u>	<u>552,674</u>

# EquiTech Corporation

## Notes to Financial Statements

March 31, 2002

### 1. Incorporation

EquiTech Corporation (the "Corporation") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) on June 23, 2000.

The company is a Capital Pool Corporation and its common shares are listed on the Canadian Venture Exchange. The Corporation will be required to complete its qualifying transaction within 18 months from November 27, 2000, the date the Corporation's shares became listed with the Canadian Venture Exchange.

### 2. Share Capital

#### Authorized

Unlimited number voting common shares

#### Issued

4,025,000 common shares issued	\$547,399
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### 3. Major transaction

The Corporation entered into a letter of intent to acquire shares of Zagros Pharma Limited ("Zagros") on March 8, 2001 as its major transaction. Under the terms of the agreement, Zagros shareholders will exchange 100% of their Zagros shares for 1,102,941 shares of EquiTech Corporation.

Upon the issuance of a United States patent, the original Zagros shareholders will also receive \$250,000 in additional EquiTech Corporation shares priced at the weighted average trading price for the 5 trading days prior to the date the patent is issued.

The transaction is conditional on due diligence, regulatory approval and shareholder approval.

### 4. Escrow Agreement

Pursuant to the Escrow Agreement dated November 22, 2000 between the Corporation, Montreal Trust Company of Canada and certain shareholders of

the corporation, 1,400,000 of the issued and outstanding common shares have been deposited in escrow. Upon the corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the Canadian Venture Exchange (the "Exchange") (other than a private placement), these common shares shall be released as follows:

- (i) 10% immediately following the issuance of the bulletin of the Exchange announcing final acceptance of the Qualifying Transaction (the "Initial Release");
- (ii) 15% six months following the Initial Release;
- (iii) 15% twelve months following the Initial Release;
- (iv) 15% eighteen months following the Initial Release;
- (v) 15% twenty four months following the Initial Release;
- (vi) 15% thirty months following the Initial Release;
- (vii) 15% thirty-six months following the Initial Release.