

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **2002-01-30**
SEC Accession No. **0001075793-02-000030**

([HTML Version](#) on secdatabase.com)

FILER

MEGAPRO TOOLS INC

CIK: **1107206**

Type: **S-8** | Act: **33** | File No.: **333-81710** | Film No.: **02522474**

SIC: **3420** Cutlery, handtools & general hardware

Mailing Address

5-5492 PRODUCTION BLVD
V3S BP5
SURREY BC CANADA

Business Address

5-5492 PRODUCTION BLVD
V3S BP5
SURREY BC CANADA

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MEGAPRO TOOLS INC.

(Exact Name of Registrant as Specified in Its Chapter)

NEVADA	91-2037081
-----	-----
(State of Incorporation)	(I.R.S. Employer Identification No.)

Suite 5, 5492 Production Boulevard
Surrey, British Columbia V3S 8P5
Telephone: 604-533-1777

(Address and Telephone Number of Principal Executive Offices)

NOT APPLICABLE

(Full Title of the Plan)

Megapro Tools Inc., Attention: Mr. Neil Morgan, President
Suite 5, 5492 Production Boulevard
Surrey, British Columbia V3S 8P5
Telephone: 604-533-1777

(Name, Address and Telephone Number of Agent for Service)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered (1)	Amount to be Registered (2)	Proposed Maximum Aggregate Offering Price (3)	Amount of Registration Fee
---	--------------------------------------	--	----------------------------------

Common Stock	321,000	\$1.40		
\$0.001 par value	Shares	Per Share	\$449,400	\$41.34

(1) This registration statement covers the common stock issuable pursuant to a consultant agreement between the registrant and a consultant (the "Consultant Agreement").

(2) This registration statement shall also cover an indeterminable number of additional shares of common stock which may become issuable under the Consultant Agreement by reason of any stock dividend, stock split, re-capitalization or any other similar transaction effected without the receipt of consideration which results in an increase in the number of the registrant's outstanding shares of common stock.

(3) The Proposed Maximum Offering Price Per Share is calculated in accordance with Rule 457(h) of the Securities Act of 1933, as amended, based upon the deemed fair market value of \$1.40 per common share of the common stock of the Registrant to be issued pursuant to the Consultant Agreement. The Proposed Aggregate Maximum Aggregate Offering Price is based on the Proposed Maximum Offering Price Per Share times the total number of shares of Common Stock to be registered. These amounts are calculated solely for the purpose of calculating the registration fee pursuant to Rule 457(h) (1) under Securities Act of 1933, as amended.

Copies to:
Michael A. Cane
Cane & Company
2300 W. Sahara Ave., Suite 500
Las Vegas, Nevada 89102
(702) 312-6255

PART I

INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

Item 1. Plan Information.*

Item 2. Registrant Information and Employee Plan Annual Information.*

* Information required by Part I to be contained in Section 10(a) prospectus is omitted from the Registration Statement in accordance with Rule 428 under the Securities Act of 1933, and Note to Part I of Form S-8.

PART II

Item 3. Incorporation of Documents by Reference.

The following documents filed by Megapro Tools Inc. (the "Company"), with the Securities and Exchange Commission are incorporated by reference into this Registration Statement:

(1) The Company's Form SB-2, as amended, filed with the Securities and Exchange Commission originally on July 3, 2000 and as amended through April 23, 2001;

(2) The Company's Quarterly Reports on Form 10-QSB filed with the Securities and Exchange Commission on May 15, 2001, August 13, 2001 (as amended on August 16, 2001) and November 14, 2001;

(3) All other reports filed by the Company pursuant to Sections 13(a) or 15(d) of the Exchange Act subsequent to the filing of the Company's Form 8-A registration statement on November 22, 2000;

(4) The description of the Company's Common Stock which is contained in the Company's Form SB-2 Registration Statement, filed with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities Act of 1933 originally on July 3, 2000 and as amended through April 23, 2001.

All reports and other documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which de-registers all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part of this Registration Statement from the date of the filing of such reports and documents.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

The securities to be offered are registered under Section 12 of the Exchange Act of 1934.

Item 5. Interests of Named Experts and Counsel.

No expert or counsel named in this prospectus as having prepared or certified any part of it or as having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the Company or any of its parents or subsidiaries. Nor was any such person connected with the Company or any of its parents or subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

Cane & Company, LLC, independent legal counsel to the Company, has provided an opinion regarding the due authorization and valid issuance of the shares of Common Stock.

Item 6. Indemnification of Directors and Officers.

The officers and directors of the Company are indemnified as provided by the Nevada Revised Statutes (the "NRS") and the Bylaws of the Company.

Unless specifically limited by a corporation's articles of incorporation, the NRS automatically provides directors with immunity from monetary liabilities. The Company's Articles of Incorporation do not contain any such limiting language. Excepted from that immunity are:

(a) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director has a material conflict of interest

;

(b) a violation of criminal law unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful;

(c) a transaction from which the director derived an improper personal profit; and

(d) willful misconduct

.

The Articles of Incorporation provide that the Company will indemnify its officers, directors, legal representative, and persons serving at the request of the Company as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise to the fullest extent legally permissible under the laws of the State of Nevada against all expenses, liability and loss (including attorney's fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by that person as a result of that connection to the Company. This right of indemnification under the Articles is a contract right which may be enforced in any manner by such person and extends for such persons benefit to

all actions undertaken on behalf of the Company.

The By-laws of the Company provide that the Company will indemnify its directors and officers to the fullest extent not prohibited by Nevada law; provided, however, that the Company may modify the extent of such indemnification by individual contracts with its directors and officers; and, provided, further, that the Company shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Company, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under Nevada law or (iv) such indemnification is required to be made pursuant to the By-laws.

The By-laws of the Company provide that the Company will advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the Company, or is or was serving at the request of the Company as a director or executive officer of another

2

Company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under the By-laws of the Company or otherwise.

The By-laws of the Company provide that no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Company in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit

Number	Description of Document
--------	-------------------------

- | | |
|------|--|
| 5.1 | Opinion Cane & Company, LLC, independent legal counsel, regarding the due authorization and valid issuance of the shares of Common Stock, with consent to use. |
| 10.1 | Consulting Agreement between the Company and Joseph Cranston dated January 22, 2002 |
| 23.1 | Consent of BDO Dunwoody, LLP, Independent Auditors |
| 24.1 | Power of Attorney (included on the signature page of this registration statement). |

Item 9. Undertakings.

The Company hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration:

(1) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(2) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and

(3) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided however, that that paragraphs (a) (1) and (2) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by

the Company pursuant to section 13 or section 15(d) of the Exchange Act that are incorporated by reference herein.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new

Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(2) The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by the director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of the counsel the matter has been settled by controlling precedent, submit to the appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

4

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Megapro Tools Inc., certifies that it has reasonable grounds to believe that it meets all of the requirements for filing a Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Blaine, Washington, on January 24, 2002.

MEGAPRO TOOLS INC.

By: /s/ NEIL MORGAN

NEIL MORGAN, President
(Principal Executive Officer)
(Principal Accounting Officer)

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Neil Morgan, President as his true and lawful attorney-in-fact and agent with full power of substitution and re-substitution for him and his name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement (including post-effective amendments or any abbreviated registration statements and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought) and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully to all intents and purposes as he might or could do in person hereby ratifying and confirming all that said attorney-in-fact, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following person in the capacities and on the date indicated.

Signature	Title	Date
-----	-----	----
/s/ NEIL MORGAN	President & Director	
-----	(Principal Executive Officer)	January 24 , 2002
NEIL MORGAN	(Principal Accounting Officer)	

Cane & Company, LLC

Telephone: (702) 312-6255
Facsimile: (702) 312-6249
Email: mht@stockslaw.com

Michael A. Cane*
Leslie L. Kapusiany**

Stephen F.X. O'Neill****
Michael H. Taylor***

Gary R. Henriet+
Preston R. Brewer++

2300 West Sahara Avenue, 500
Box 18
Las Vegas, NV 89102

January 30, 2002

MEGAPRO TOOLS INC.
Suite 5, 5492 Production Boulevard
Surrey, British Columbia V3S 8P5

Attention: Mr. Neil Morgan, President

Dear Sirs:

Re: MEGAPRO TOOLS INC. (the "Company")
- Form S-8 Registration Statement

We have acted as Nevada legal counsel to the Company in connection with the consulting agreement entered into between the Company and its consultant as described in this opinion letter (the "Consultant Agreement"). The Consultant Agreement contemplates the issuance of shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), in consideration for the services to be provided pursuant to the Consultant Agreement.

In our capacity as Nevada legal counsel, we have reviewed the following documents:

1. Articles of Incorporation and Bylaws of the Company, as amended and in effect as of the date hereof;
2. Consultant Agreement between the Company and Joseph Cranston (the "Consultant") dated January 15, 2002;
3. A form of Written Consent to Action Without Meeting of the Directors of the Company dated January 15, 2002 pursuant to which the Board of Directors of the Company (a) approved the Consultant Agreement; and (b) authorized the issuance of shares of the Company's Common Stock in

accordance with the terms of the Consultant Agreement;

4. A Certificate of the Neil Morgan, President of the Company (the "Officer's Certificate").

Based upon the foregoing and upon an examination of such questions of Nevada law as we have considered necessary or appropriate, and subject to the assumptions,

*Licensed Nevada, California, Washington and Hawaii State Bars;

** British Columbia Bar only;

*** Nevada and British Columbia Bars; ****Washington and British Columbia Bars;
+Utah Bar only; ++ California Bar only

2

The Board of Directors

MEGAPRO TOOLS INC.

January 30, 2002

Page 2 of 3

exceptions, limitations, and qualifications set forth below, we advise you that, in our opinion, the Common Stock issuable upon by the Company pursuant to the Consultant Agreement will be validly issued, fully paid, and non-assessable upon issuance in accordance with the Consultant Agreement.

The foregoing opinion is subject to the following assumptions, exceptions, limitations, and qualifications:

- A. The foregoing opinion is limited to the laws of the State of Nevada presently in effect.
- B. We have assumed that all signatures on documents and instruments examined by us are genuine, that all documents and instruments submitted to us as originals are authentic, and that all documents and instruments submitted to us as copies or drafts of documents to be executed are complete, accurate, and authentic copies or drafts that conform (or upon execution of the originals, will conform) to authentic and executed originals, which facts we have not independently verified.
- C. We have assumed (i) that each of the statements made and certified in the Officer's Certificate was true and correct when made, has at no time since being made and certified become untrue or incorrect, remains true and correct on the date hereof, and will be true and correct on the date the Company is or becomes obligated to issue the Common Stock pursuant to the Consultant Agreement, and (ii) that the written consent to action without meeting of the directors referenced in the Officer's Certificate have not been amended, modified, or

revoked since the time of their adoption, remain in full force and effect on the date hereof, and will remain in full force and effect on the date the Company is or becomes obligated to issue the Common Stock pursuant to the Consultant Agreement.

- D. We have assumed that at the time the Company is or becomes obligated to issue any Common Stock pursuant to the Consultant Agreement, the Company will have adequate authorized and unissued Common Stock to fulfill such obligations.
- E. The opinions expressed in this letter are rendered as of the date hereof and are based on our understandings and assumptions as to present facts, and on the application of Nevada law as the same exists on the date hereof. We assume no obligation to update or supplement this opinion letter after the date hereof with respect to any facts or circumstances that may hereafter come to our attention or to reflect any changes in the facts or law that may hereafter occur or take effect.

3

The Board of Directors
MEGAPRO TOOLS INC.
January 30, 2002
Page 3 of 3

We understand that you wish to file this opinion as an Exhibit to the Registration Statement on Form S-8 filed by the Company and covering the Common Stock issuable pursuant to the Consultant Agreement and we consent to such filing and to the inclusion of this opinion in such Registration Statement. This opinion is rendered solely for your benefit in connection with the transactions herein described and, except as provided in the preceding sentence, may not, without our prior written consent, be furnished or quoted to any other person or entity.

Yours truly,

/s/ M. H. Taylor

MICHAEL H. TAYLOR

CONSULTANT AGREEMENT

This Consultant Agreement (the "Agreement") is made and entered into effective as of the 15th day of January, 2002 (the "Effective Date"), between MEGAPRO TOOLS INC., a Nevada corporation, (the "Company") and JOSEPH CRANSTON of _____ (the "Consultant").

WHEREAS:

- A. The Company is engaged in the business of manufacturing and marketing a line of screwdriver products under the "Megapro Tools" brand name.
- B. The Company is contemplating the completion of one or more business combinations with the objective of increasing the Company's revenues and earnings and expanding its existing business, including the prospective acquisition of Megapro International.
- C. The Consultant has represented to the Company that the Consultant has experience in advising public companies on the completion of business combinations.
- D. The Company desires to retain the Consultant to provide consultant services to the Company on the terms and subject to the conditions of this Agreement.
- E. The Consultant has agreed to provide consultant services to the Company on the terms and subject to the conditions of this Agreement.

THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

1. DEFINITIONS

1.1 The following terms used in this Agreement shall have the meaning specified below unless the context clearly indicates the contrary:

- (a) "Consultant Shares" shall mean the shares of the Company's common stock issuable to the Consultant pursuant to Section 5.1;
- (b) "Board" shall mean the Board of Directors of the Company;

(c) "Term" shall mean the term of this Agreement beginning on the Effective Date and ending on the close of business on the effective date of the termination of this Agreement.

2. ENGAGEMENT AS A CONSULTANT

2.1 The Company hereby engages the Consultant as a consultant to provide the services of the Consultant in accordance with the terms and conditions of this Agreement and the Consultant hereby accepts such engagement.

3. TERM OF THIS AGREEMENT

3.1 The term of this Agreement shall become effective and begin as of the Effective Date, and shall continue until the close of business on that is two years from the Effective Date, unless this Agreement is earlier terminated in accordance with the terms of this Agreement.

4. CONSULTANT SERVICES

4.1 The Consultant agrees to perform the following services and undertake the following responsibilities and duties to the Company to be provided by the Consultant to the Company as consulting services (the "Consulting Services"):

- (a) the Consultant will assist the Company in identifying prospective merger and acquisition targets and other business combinations that will enhance the business of the Company, increase the ability of the Company to generate business and revenues and expand the Company's business operations in accordance with its business plan;
- (b) the Consultant will advise management and make recommendations to management on the business and financial terms of prospective mergers, acquisitions and other business combinations, including the prospective acquisition of Megapro International;
- (c) the Consultant will assist management of the Company in negotiating and finalizing any merger, acquisition or other business combination agreements, including any agreement for the prospective acquisition of Megapro International;
- (d) the Consultant will report to the President of Company;
- (e) the Consultant will perform such other duties and observe such instructions as may be reasonably assigned from time to time by the President of the Company, provided such duties are within the

scope of the Company's business and services to be provided by the

Consultant.

4.2 The Consultant shall devote such time, attention and energies to the business affairs of the Company as may be reasonably necessary for the provision of the Consulting Services in a timely and expeditious manner, provided, however, the Consultant may engage in reasonable investment and other personal activities that do not interfere with the Consultant's obligations hereunder.

4.3 The Consultant will at all times be an independent contractor and the Consultant will not be deemed to be an employee of the Company.

5. CONSULTANT FEE

5.1 In consideration of the agreement of the Consultant to provide the Consulting Services, the Company will issue to the Consultant an aggregate of 321,000 shares of the Company's common stock (the "Consultant Shares"). The Company will undertake to register the issuance of the Consultant Shares on a registration statement filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933 (the "Act").

6. REIMBURSEMENT OF EXPENSES

6.1 The Company will pay to the Consultant, in addition to the issuance of the Consultant Shares, the reasonable travel and promotional expenses and other specific expenses incurred by the Consultant in provision of the Consulting Services, provided the Consultant has obtained the prior written approval of the Company.

7. TERMINATION

7.1 The Company may terminate this Agreement at any time upon the occurrence of any of the following events of default (each an "Event of Default"):

- (a) the Consultant's commission of an act of fraud, theft or embezzlement or other similar willful misconduct, or
- (b) the neglect or breach by the Consultant of his material obligations or agreements under this Agreement,

provided that notice of the Event of Default has been delivered to the Consultant and provided the Consultant has failed to remedy the default within seven days of the date of delivery of notice of the Event of Default, if the default is of such a nature that it is capable of remedy.

7.2 The Company may at its option terminate this Agreement in the absence of an Event of Default by delivering notice of termination to the Consultant and paying to the Consultant any portion of the Consultant Shares due to the date of termination as full and final payment of all amount payable under this Agreement, including damages for wrongful termination.

7.3 The Consultant may terminate this Agreement at any time upon delivery of fourteen (14) days prior written notice of termination to the Company in the event of default by the Company.

7.4 On termination of this Agreement for any reason, all rights and obligations of each party that are expressly stated to survive termination or continue after termination will survive termination and continue in full force and effect as contemplated in this Agreement.

8. PROPRIETARY INFORMATION

8.1 The Consultant will not at any time, whether during or after the termination of this Agreement for any reason, reveal to any person or entity any of the trade secrets or confidential information concerning the organization, business or finances of the Company or of any third party which the Company is under an obligation to keep confidential, except with the prior written consent of the Company, and the Consultant shall keep secret such trade secrets and confidential information and shall not use or attempt to use any such secrets or information in any manner which is designed to injure or cause loss to the Company. Trade secrets or confidential information shall include, but not be limited to, the Company's financial statements and projections, expansion proposals, business plans and details of its business relationships with banks, lenders and other parties not otherwise publicly available.

9. RELIEF

9.1 The Consultant hereby expressly acknowledges that any breach or threatened breach by the Consultant of any of the terms set forth in Section 8 of this Agreement may result in significant and continuing injury to the Company, the monetary value of which would be impossible to establish, and any such breach or threatened breach will provide the Company with any and all rights and remedies to which it may be entitled under the law, including but not limited to injunctive relief or other equitable remedies.

10. INDEMNIFICATION

10.1 The Consultant will indemnify and defend and hold the Company harmless against any claims, actions, suits, proceedings, investigations, losses, expenses, demands, obligations, liabilities, judgments, fines, fees, costs and expenses

(including costs and reasonable attorney fees) and any amounts paid in settlements in any of the foregoing which arise or result from or are related to any breach or failure of the Consultant to perform any of its covenants and agreements set forth in this Agreement.

10.2 The Company will indemnify and defend and hold the Consultant harmless against any claims, actions, suits, proceedings, investigations, losses, expenses, demands, obligations, liabilities, judgments, fines, fees, costs and expenses (including costs and reasonable attorney fees) and any amounts paid in settlements in any of the foregoing which arise or result from or are related to any breach or failure of the Company to perform any of its covenants and agreements set forth in this Agreement.

10.3 The indemnification provisions of this paragraph shall survive the termination and expiration of this Agreement.

11. PARTIES BENEFITED; ASSIGNMENTS

11.1 This Agreement shall be binding upon, and inure to the benefit of, the Consultant, his heirs and his personal representative or representatives, and upon the Company and its successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by the Consultant.

12. NOTICES

12.1 Any notice required or permitted by this Agreement shall be in writing, sent by registered or certified mail, return receipt requested, or by overnight courier, addressed to the Board and the Company at its then principal office, or to the Consultant at the address set forth in the preamble, as the case may be, or to such other address or addresses as any party hereto may from time to time specify in writing for the purpose in a notice given to the other parties in compliance with this Section 12. Notices shall be deemed given when delivered.

13. GOVERNING LAW

13.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and each party hereto adjourns to the jurisdiction of the courts of the State of Florida.

14. REPRESENTATIONS AND WARRANTIES

14.1 The Consultant represents and warrants to the Company that (a) the Consultant is under no contractual or other restriction which is inconsistent with the execution of this Agreement, the performance of his duties hereunder or other rights of Company hereunder, (b) the Consultant is under no physical or mental disability that would hinder the performance of his duties under this

Agreement, and (c) the Consultant has the expertise and experience necessary to provide the Consulting Services to the Company.

15. MISCELLANEOUS

15.1 This Agreement contains the entire agreement of the parties relating to the subject matter hereof.

15.2 This Agreement supersedes any prior written or oral agreements or understandings between the parties relating to the subject matter hereof.

15.3 No modification or amendment of this Agreement shall be valid unless in writing and signed by or on behalf of the parties hereto.

15.4 A waiver of the breach of any term or condition of this Agreement shall not be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition.

15.5 This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent, be held invalid or unenforceable, such invalidity and unenforceability shall not affect the remaining provisions hereof and the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law.

15.6 The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

15.7 The Consultant may assign the benefit of this Agreement to a private corporation controlled by the Consultant, provided that such assignment will not relieve the Consultant from his obligations to the Company arising under this Agreement.

15.8 This Agreement replaces and supercedes all other consultant and employment agreements between the Company and the Consultant and any amendments hereto.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

15.9 The Consultant acknowledges and agrees that O'Neill & Company has acted solely as legal counsel for the Company and that the Consultant has been recommended to obtain independent legal advice prior to execution of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first written above.

MEGAPRO TOOLS INC.

by its authorized signatory:

/s/ Neil Morgan

Signature of Authorized Signatory

NEIL MORGAN

Name of Authorized Signatory

PRESIDENT

Position of Authorized Signatory

SIGNED, SEALED AND DELIVERED
BY JOSEPH CRANSTON
in the presence of:

/s/ "signed"

Signature of Witness

1800 Glaskey Rd.

Address of Witness

/s/ Joseph Cranston

JOSEPH CRANSTON

BDO
BDO Dunwoody LLP
Chartered Accountants
and Consultants

230, 19916 64th Avenue
Langley BC Canada V2Y 1A2
Telephone: (604) 534-8691
Telefax: (604) 534-8900
www.bdo.ca

January 23, 2002

MEGAPRO TOOLS INC.
Suite 5, 5492 Production Boulevard
Surrey BC V3S 8P5

Attention: Mr. Neil Morgan, President

Dear Sirs:

Re: MEGAPRO TOOLS INC.
Registration Statement on Form S-8

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the inclusion of our report dated March 30, 2001 on the financial statements of Megapro Tools Inc. ("the Company") for the periods ending December 31, 2000 and 1999 in the Company's Form S-8 registration statement to be filed with the United States Securities and Exchange Commission.

Very truly yours,

BDO DUNWOODY, LLP

/s/ K.C. Baker

Kenneth C. Baker, CA
Partner

BDO Dunwood LLP is a Limited Liability Partnership registered in Ontario