

FORM 45-103F4

Report of Exempt Distribution

Issuer information

1. State the full name, address and telephone number of the issuer of the security distributed. Include former name if name has changed since last report. If this report is filed by a vendor, other than the issuer, also state the full name and address of the vendor.

Name of issuer: Grid Capital Corporation (the "Issuer")
Address: 1075 Duchess Ave.
West Vancouver , British Columbia
V7T 1G8
Telephone Number: (604) 922-9264

Name of vendor: Grid Capital Corporation
Address: 1075 Duchess Ave.
West Vancouver , British Columbia
V7T 1G8
Telephone Number: (604) 922-9264

2. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in British Columbia, Alberta and Manitoba.

Details of Distribution

3. State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

January 12, 2004.

4. For each security distributed:

- (a) describe the type of security, and
(b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date.

4,250,000 Units of the Issuer at a price of \$0.20 per Unit. Each Unit consists of one common share and one half of a common share purchase warrant. One whole share purchase warrant is exercisable to acquire one additional common share of the Issuer at the price of \$0.25 per share exercisable over a one year period, up to and including January 12, 2005.

5. Provide details of the distribution by completing the attached schedule.

6. Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Provide a total dollar value of all securities distributed in all jurisdictions. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 7, below.

Each jurisdiction where purchasers reside	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	0.20	453,000 ✓
Alberta	0.20	30,000
England	0.20	34,000
Netherlands	0.20	100,000
Bermuda	0.20	150,000
Channel Islands	0.20	80,000
Belize	0.20	3,000
Total dollar value of distribution in all jurisdictions (Canadian \$)		\$850,000

Commissions and finder's fees

7. Provide the following information for each person who is being compensated in connection with the distribution(s). When disclosing compensation paid or to be paid, include discounts, commissions or other fees or payments of a similar nature directly related to the distribution. Do not include payments for services incidental to the trade, such as clerical, printing, legal or accounting services.

Full name and address of person being compensated	Compensation paid (in Canadian \$ and, if applicable, number and type of securities)	Exemption relied on and date of distribution (if applicable)	Price per share (Canadian \$)
Canaccord Capital Corporation 1200-595 Burrard St. Vancouver, BC V7X 1J1	\$48,300 cash commission and 257,500 Common shares and 790,000 Non-Transferable Share Purchase Warrants and 128,750 Transferable Share Purchase Warrants	74(2)(23) January 12, 2004	\$0.20 per Unit Transferable Warrants exercisable at \$0.25 Non-Transferable Warrants exercisable at \$0.23

Full name and address of person being compensated	Compensation paid (in Canadian \$ and, if applicable, number and type of securities)	Exemption relied on and date of distribution (if applicable)	Price per share (Canadian \$)
Haywood Securities Inc. #2000 - 400 Burrard St. Vancouver, BC V6C 3A6	12,500 Common shares and 60,000 Non Transferable Share Purchase Warrants and 6,250 Transferable Share Purchase Warrants	74(2)(23) January 12, 2004	\$0.20 per Unit Transferable Warrants exercisable at \$0.25 Non-Transferable Warrants exercisable at \$0.23

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Certificate

$T = 48,300 / 270,000 \times \$0.20 = \$54,000$

On behalf of the issuer (or vendor), I certify that the statements made in this report and in each schedule to this report are true.

Date: January 16, 2004

Grid Capital Corporation

Name of issuer or vendor (please print)

H. L. KING, DIRECTOR
Print name and position of person signing

Signature