AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 27, 2004

REGISTRATION NO.________

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM SB-2

REGISTRATION STATEMENT
UNDER THE
SECURITIES ACT OF 1933

INNOVATIVE ENERGY SOLUTIONS, INC.
(Name of Small Business Issuer in Its Charter)

NEVADA	2813-9905	20-0650397
(State or Other Jurisdiction of Incorporation or Organization No.)	(Primary Standard Industrial Classification No.	(I.R.S. Employer Identification

41 North Mojave Road
Las Vegas, NV 89101
(702) 384-5665
(Address and Telephone Number of Principal Executive Offices)

Patrick J. Cochrane, Chief Executive Officer
INNOVATIVE ENERGY SOLUTIONS, INC.
41 North Mojave Road
Las Vegas, NV 89101
(702) 384-5665
(Name, Address and Telephone Number of Agent for Service)

Patrick J. Cochrane, Chief Executive Officer
41 North Mojave Road
Las Vegas, NV 89101
(702) 384-5665

Copies of all communications to:

The O'Neal Law Firm, P.C.
Attention: William D. O'Neal,Esq.
668 North 44th Street
Suite #233
Phoenix, Arizona 85008
Ph: (602) 267-3855
Fax: (602) 267-7400

Approximate Date of Proposed Sale to the Public: As soon as practicable after the effective date of this Registration Statement.

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We hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until we file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting under Section 8(a), may determine.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to Registration	Amount to be	Proposed Maximum Offering Price	Proposed Maximum Aggregate	Amount of

be Registered Registered (1) per Share (2) Offering price Fee
Common Stock 941,604 $ 2.50 $ 2,354,010 $ 298.25

(1) The number of shares of common stock registered hereunder represents the common shares issuable to Note-holders, as of the date of this prospectus that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes. All Note-holders will receive common stock at $2.50 per share in exchange for the principal amount of their debt and will forfeit any interest they may have accrued up to the time of their exchange. In addition, all Note-holders will receive one warrant for each registered common share received. A warrant will entitle the Note-holder to purchase one restricted common share at $2.50 within four months after the effective date of this Prospectus. The warrants are not being registered in this Prospectus. All Note-holders will have thirty days subsequent to the effective registration of this prospectus to exchange the principal amount of their debt for common shares.

(2) The registration fee for these shares is based on the principal amount of what the Note-holders originally loaned to us.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section
8(a), may determine.

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PROSPECTUS
INNOVATIVE ENERGY SOLUTIONS, INC.
941,604 SHARES OF COMMON STOCK

This prospectus covers 941,604 shares of common stock of INNOVATIVE ENERGY SOLUTIONS, INC. being registered for the exchange of debt with Note-holders, as of the date of this Prospectus that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes. All Note-holders will receive common stock at $2.50 per share in exchange for the principal amount of their debt and will forfeit any interest they may have accrued up to the time of their exchange. In addition, all Note-holders will receive one warrant for each registered common share received. A warrant will entitle the Note-holder to purchase one restricted common share at $2.50 within four months after the effective date of this Prospectus. The warrants are not being registered in this Prospectus. All Note-holders will have thirty days subsequent to the effective registration of this prospectus to exchange the principal amount of their debt for common shares.

No public market exists for our common stock. We will not receive any of the proceeds from the sale of the shares.

The shares are being registered to permit public secondary trading of the shares that are being offered to Note-holders, as of the date of this Prospectus that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes.

Once this registration is effective, we will apply for a listing on the Over-the-Counter Bulletin Board.

You should read this document and any prospectus supplement carefully before you invest.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS," IN PART I OF THIS PROSPECTUS.NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES, PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS, OR MADE ANY RECOMMENDATION THAT YOU BUY OR NOT BUY THE SHARES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus is not an offer to sell or our solicitation of your offer to buy these securities in any jurisdiction where such would not be legal.

The date of this prospectus is December 27, 2004.

This prospectus contains certain "forward-looking statements" which involve substantial risks and uncertainties. When used in this prospectus the forward-looking statements are often identified by the use of such terms and phrases as "anticipates," "believes," "intends," "estimates," "plans," "expects," "seeks," "scheduled," "foreseeable future" and similar expressions. Although we believe the understandings and assumptions on which the forward-looking statements in this prospectus are based are reasonable, our actual results, performances and achievements could differ materially from the results in, or implied by, these forward-looking statements, including those discussed under the caption "Risk Factors."

INNOVATIVE ENERGY SOLUTIONS, INC.
41 North Mojave Road
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(702) 384-5665

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PART I

PROSPECTUS SUMMARY

General

Innovative Energy Solutions Inc. was organized on December 5, 2003 in the state of Nevada as a start-up development stage company, and was formed for the purpose of becoming a diversified, full-service energy company. The Company currently has three business divisions: the Hydrogen Generation division, Heat Generation division and Heat Pipe Division which includes Waste Heat Recovery.

Our principal business address is 41 North Mojave Road, Las Vegas, Nevada 89101.

Our telephone number is (702) 384-5665. Our fax number is 702-366-0002. Our website is www.iesiusa.com.

PRINCIPAL PRODUCTS OR SERVICES AND THEIR MARKETS

THE HYDROGEN GENERATION DIVISION

We plan to license fields of use for this technology, to sell and supply low operating cost hydrogen with its technology that is currently in a test phase. We believe that we are in the final stages of completing a hydrogen-generation demonstration model and plan to have it completed for beta testing during 2005. To protect our intellectual property, process patents have been filed, including worldwide Patent Cooperation Treaties (PCT's) that are adhered to by more than 100 countries. Also we will not sell the equipment to anyone. We will only sell the end product which the equipment generates - that is to say we will sell only the hydrogen as a commodity. Once completed, we plan to demonstrate the model to potential licensees in the oil refining and fertilizer industries. We have contracted to have one commercial demonstration unit constructed to demonstrate our Hydrogen Generation technology.

THE HEAT PIPE DIVISION

We have a proven technology based from eleven patents which create a proprietary methodology for recovering waste heat from flue gases and converting it into useable energy. We refer to the eleven patents collectively as the "Heat Pipe Technology." Once the waste heat is captured, it is converted to useable energy, such as pre-heated combustion air, pre-heated boiler feed-water which will both dramatically reduce fuel cost associated in the operation of large industrial boilers and furnaces, or as an alternative in some cases depending on the flue gas temperatures, we can convert this waste heat energy into high pressure steam to drive a standard steam-driven electrical generator. Any excess electrical energy created may then be sold into an energy-distribution system or grid. Every boiler or any vessel that consumes or burns fuel is a source of waste heat and has a potential application for heat recovery; consequently, we have identified several specific applications for the Heat Pipe Technology. Our initial focus will be on serving the needs of heavy industry, in particular the refining and steel mill sectors and petrochemical industries; because this is where we believe the ability to recover waste heat will be the most cost effective.

THE HEAT GENERATION DIVISION

We plan to license or sell energy generated from this unique process that generates massive amounts of heat which can be easily converted to high pressure steam for industrial processes. This same steam can be used to generate electricity which can be sold into existing power distribution systems already in place worldwide, or this same electricity can be sold to stand alone industrial consumers. In addition this heat generation technology can be converted into hot water for the purpose of heating large commercial and/or high-rise buildings such as apartment or office complexes and hospitals. We will soon receive our first commercial demonstration, and we have already signed a contract with a reputable client or end user to design and build a power plant in Edmonton Alberta, Canada.

To protect our technology, we will also file patents and Patent Cooperation Treaties PCT's worldwide. We will not sell our technology or the equipment to clients or end users. We will only sell the energy which is generated from our process, whether it is in the form of steam, hot water or electricity. We are currently in discussions with many potential clients whom are

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concerned about the volatile and increasing cost of energy to remain competitive in the world markets. We will offer significant cost savings to our clients by way of long term fixed price contracts, thus eliminating the uncertainty of rising energy costs.

THE OFFERING

Securities Offered:	Up to 941,604 shares of common stock. The securities being offered are
only	
	to existing Note-holders that loaned cash to us from May 24, 2004
through	
	August 11, 2004 that will agree to receive common stock at $2.50 per
share	
	in exchange for the principal amount of their debt and will forfeit
any	
	interest they may have accrued up to the time of their exchange.
In	
	addition, all Note-holders will receive one warrant for each
registered	
	common share received. A warrant will entitle the Note-holder to
purchase	
	one restricted common share at $2.50 within four months after the
effective	
	date of this Prospectus. The warrants are not being registered in
this	
	Prospectus.
Price per share:	All offers and sales will be made at $2.50 per common share for
the	
	duration of the offering.
Common Shares issued and outstanding:	6,147,330 shares of common stock at $.001 par value at September 30, 2004.
Use of Proceeds:	We will not receive any proceeds from the sale of the common stock
to	
	Note-holders in exchange for their debt.
Plan of Distribution:	We are unaware of the nature and timing of any future sales of our
common	
	stock by existing security shareholders or any Note-holders that
may	
	convert their debt into common stock.
Registration Costs:	We estimate our total offering registration costs to be $70,000.00.

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SUMMARY OF FINANCIAL INFORMATION

The following summary financial information for the periods stated summarizes certain information from our financial statements included elsewhere in this prospectus. You should read this information in conjunction with Management's Plan of Operations and the audited financial statements and the related notes thereto included elsewhere in this prospectus.

Income Statement	For the year ended June 30, 2004	For the three months ended Sept. 30, 2004 (unaudited)
Net Loss	$ (179,897)	$ (907,866)
Net Income (Loss) per Share	$ (.12)	$ (.15)
Balance Sheet		
Total Assets	$ 23,667,308	$ 24,792,324
Total Liabilities	$ 3,461,073	$ 5,045,487
Stockholders' Equity (Deficit)	$ 20,206,235	$ 19,746,837

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RISK FACTORS

The Shares are highly speculative in nature, involve a high degree of risk and should be purchased only by persons who can afford to lose their entire investment. Accordingly, prospective investors should carefully consider, along with other matters referred to in this document, the following risk factors in evaluating us and our business before purchasing any Shares. This Prospectus contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this prospectus.

You should carefully consider the risks described below before making an investment decision. These are all the material risks known to management in connection with this offering. Please also note that there are other risks and uncertainties not presently known to us or that we currently deem immaterial. If any of the following or such other risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected.

Risks Related To Our Business:

WE ARE A DEVELOPMENT STAGE COMPANY.

We have only been in business since December 2003. We have realized no revenue from operations since our inception. We cannot estimate when we might attain profitability and there are no assurances that we can sustain profitable operations once, and if, achieved in future periods. There are no assurances that we will generate sufficient revenues to become profitable during fiscal 2004 and beyond. If our operations were not to become profitable, our liquidity in future periods would be adversely affected and our ability to operate as a going concern could be jeopardized and investors could lose their entire investment.

OUR FUTURE FINANCIAL PERFORMANCE IS NOT GUARANTEED SINCE IT IS BASED ON CERTAIN ASSUMPTIONS WHICH CAN CHANGE.

Although we believe that we are first within our market, we cannot guarantee that our estimate of growth is accurate. We have used estimated growth rates in our financial projections, to date, as a basis for estimating future revenues, gross margin dollars and operating income dollars. Technology developments worldwide, economic and political conditions and changing consumer-buying behavior may impact these estimates in a positive or negative way. Therefore, our estimated financial performance, which has been based on such assumptions, cannot be assured. If our assumptions are materially inaccurate, our revenues may not be sufficient to sustain our operations.

OUR PRODUCTS HAVE NOT BEEN COMMERCIALLY PROVEN AND THE FAILURE OF THE MARKET TO ACCEPT OUR PRODUCTS COULD RESULT IN OUR INABILITY TO CONTINUE AS A GOING CONCERN.

Although we believe that we are first within our market, we cannot guarantee that our products will be commercially viable for the applications that we have planned for them.

Although, there is no indication that the competitive environment will change dramatically, there is also no assurance that our products will actually be superior to our competition due to the risk of new competitors releasing new products or improving their current products. Our competitors, in the energy technology sector, by and large, have more financial resources and broader market penetration than we expect to achieve in the intermediate term. If the market does not accept our products, our revenues would significantly decrease and we may not be able to continue as a going concern.

ACHIEVING OUR FINANCIAL GOALS MAY BE DIFFICULT UNLESS WE EXECUTE OUR BUSINESS PLAN.

The achievement of our financial goals for the business will largely depend on our execution of our business plan, managing our research and development process and successfully "outsourcing" our manufacturing processes. There is no assurance that we will be able to execute our business

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plan, manage our research and development process and coordinate outsourcing of our manufacturing. If we are not successful executing our business plan, we may not be able to continue as a going concern.

THE DEPARTURE OF CERTAIN KEY PERSONNEL COULD HARM THE FINANCIAL CONDITION OF THE COMPANY.

Certain members of our management and scientific committee are intimately involved in our business and have day-to-day relationships with critical customers, as well as direct involvement in developing and commercializing our technologies. We are not able to afford additional staff to supplement these key personnel. Competition for highly skilled business, product development, technical and other personnel is intense, and there can be no assurance that we will be successful in recruiting new personnel or in retaining our existing personnel. A failure on our part to retain the services of these key personnel could have a material adverse effect on our ability to implement our business plan which could resulting a decrease in revenues such that we may not be able to continue to operate as a going concern. We do not maintain key man life insurance on any of our employees.

WE FACE NUMEROUS POTENTIAL COMPETITORS.

We have many potential competitors with comparable characteristics and capabilities that compete for the same group of customers. Our competitors are competent and experienced and are continuously working on research and development that could make our technology antiquated. Some of our competitors have greater financial, technical, marketing and other resources than we do. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources to the development, sales and marketing of their products and services than are available to us.

WE MAY NEED TO RAISE ADDITIONAL CAPITAL IN ORDER TO CONTINUE TO IMPLEMENT OUR PLAN OF OPERATION.

Our growth strategy has two parts. The first part includes expanding the hydrogen energy production business by negotiating long term contracts for hydrogen at costs that our competition is unable to match. The second part of our business strategy involves expanding the market for the heat pipe technology through direct sales and licensing. To implement this strategy, we will need to raise significantly more capital or enter into joint ventures which would cause us to give up a certain percentage of our profits. We may be unable to raise sufficient funds on our own to implement our strategy or our strategy may be unsuccessful. Our failure to secure necessary financing may materially impact our ability to generate revenues and could affect our ability to continue as a going concern.

WE MAY NOT BE ABLE TO RAISE CAPITAL WITHOUT DILUTING EXISTING STOCKHOLDERS.

We require additional funding to complete our growth strategy. Such funding may be dilutive to our existing stockholders. If such funding is acquired, the terms may impose a heavy financial burden on the Company. We cannot guarantee that we will be successful in obtaining capital on favorable terms to all stockholders.

WE MAY NOT BE ABLE TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS, AND WE MAY BE FOUND TO INFRINGE ON THE PROPERTY RIGHTS OF OTHERS.

We currently rely and will continue to rely on a combination of patents, trade secrets, international patent laws and contractual restrictions to protect our intellectual property. These afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary, such as our technology and trade secrets.

Litigation or proceedings may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of the proprietary rights of others. Any litigation or adverse priority proceeding could result in substantial costs, diversion of resources and could seriously impact our ability to continue as a going concern.

Third parties may also claim infringement by us with respect to past, current or future technologies. We expect that participants in our markets will be increasingly involved in infringement claims as the number of competitors in our industry segment grows. Any claim,

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whether meritorious or not, could be time consuming, result in costly litigation, cause service and technology upgrade delays or require us to enter into licensing agreements. Such licensing agreements might not be available on terms favorable to us.

WE HAVE NO PLANS TO PAY DIVIDENDS.

Payment of dividends on the shares of our common stock is within the discretion of our Board of Directors and will depend upon our future earnings, our capital requirements, our financial condition and other relevant factors. We have no plan to declare any dividends in the foreseeable future.

THERE IS A LIMITED MARKET FOR OUR COMMON STOCK AND OUR INVESTORS MAY NOT BE ABLE TO SELL THEIR SHARES.

No public market currently exists for shares of our common stock. We intend to apply to have our shares traded on the OTC Bulletin Board. We have not taken any actions to have our shares traded on the OTC Bulletin Board. We intend to apply to have our shares traded on the OTC Bulletin Board immediately after we have met the listing standards for the OTC Bulletin Board as set out by the National Association of Stock Dealers. In our case, these listing standards currently are:

1. An effective Registration Statement under The Securities Act of 1933.

2. To remain current with our quarterly and annual report filings with the Securities and Exchange Commission; and,

3. At least one market maker to make a market in our common stock.

There is no minimum number of shareholders required for our common stock to trade on the OTC Bulletin Board. We anticipate that our registered offering may result in our stock being held by enough stockholders to interest a market maker to make a market in trading our stock; however, we can't assure you when, if ever, a market maker will make a market in our common stock and investors may not be able to sell their shares.

Penny Stock Regulations May Affect Our Trading Volume And Share Price.

There is no way to predict a price range within which our common stock will trade. We expect trading to commence on the OTC Bulletin Board at a price less than $5 a share. Accordingly, our common stock, initially at least, would be subject to the rules governing "penny stocks."

A "penny stock" is any stock that:

1. Sells for less than $5 a share, and

2. Is not listed on an exchange or authorized for quotation on the NASDAQ Stock Market, and

3. Is not a stock of a "substantial issuer." We are not now a "substantial issuer" and cannot become one until we have net tangible assets of at least $5 million, which we do not currently have.

There are statutes and regulations of the Securities and Exchange Commission (the "Commission") that impose a strict regimen on brokers that recommend penny stocks.

The Penny Stock Suitability Rule

Before a broker-dealer can recommend and sell a penny stock to a new customer who is not an institutional accredited investor, the broker-dealer must obtain from the customer information concerning the person's financial situation, investment experience and investment objectives. Then, the broker-dealer must "reasonably determine" (1) that transactions in penny stocks are suitable for the person and (2) that the person, or his advisor, is capable of evaluating the risks in penny stocks.

After making this determination, the broker-dealer must furnish the Customer with a written statement setting forth the basis for this suitability Determination. The customer must sign and date a copy of the written statement and return it to the broker-dealer.

Finally the broker-dealer must also obtain from the customer a written agreement to purchase the penny stock, identifying the stock and the number of shares to be purchased.

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The above exercise delays a proposed transaction. It causes many broker-dealer firms to adopt a policy of not allowing their representatives to recommend penny stocks to their customers.

The Penny Stock Suitability Rule, described above, and the Penny Stock Disclosure Rule, described below, does not apply to the following:

1. Transactions not recommended by the broker-dealer,

2. sales to institutional accredited investors,

3. sales to "established customers" of the broker-dealer - persons who either have had an account with the broker-dealer for at least a year or who have effected three purchases of penny stocks with the broker-dealer on three different days involving three different issuers, and

4. Transactions in penny stocks by broker-dealers whose income from penny stock activities does not exceed five percent of their total income during certain defined periods.

The Penny Stock Disclosure Rule

Another Commission rule - the Penny Stock Disclosure Rule - requires a broker-dealer, who recommends the sale of a penny stock to a customer in a transaction not exempt from the suitability rule described above, to furnish the customer with a "risk disclosure document." This document includes a description of the penny stock market and how it functions, its inadequacies and shortcomings, and the risks associated with investments in the penny stock market. The broker-dealer must also disclose the stock's bid and ask price information and the dealer's and salesperson's compensation related to the proposed transaction. Finally, the customer must be furnished with a monthly statement including prescribed information relating to market and price information concerning the penny stocks held in the customer's account.

Effects of the Rule

The above penny stock regulatory scheme is a response by the Congress and the Commission to known abuses in the telemarketing of low-priced securities by "boiler shop" operators. The scheme imposes market impediments on the sale and trading of penny stocks. It has a limiting effect on a stockholder's ability to resell a penny stock. Our shares likely will trade below $5 a share on the OTC Bulletin Board and be, for some time at least, shares of a "penny stock" subject to the trading market impediments described above.

Forward Looking Assessments Prepared By Our Current Management.

Our ability to accomplish our objectives and whether or not we will be financially successful is dependent upon numerous factors, each of which could have a material effect on the results obtained. Some of these factors are in the discretion and control of management and others are beyond management's control. The assumptions and hypothesis used in preparing any forward-looking assessments of profitability contained herein are considered reasonable by management. There can be no assurance, however, that any projections or assessments contained herein or otherwise made by management will be realized or achieved at any level. Prospective purchasers of our common stock should have this prospectus document reviewed by their personal investment advisors, legal counsel and/or accountants to properly evaluate the risks and contingencies purchasing and investing in our common stock.

The interests of our controlling stockholders could conflict with those of our other stockholders.

Our directors and executive officers, together with our other principal stockholders, own or control over 50% of our voting securities, after the offering. These stockholders are able to influence the outcome of stockholder votes, including votes concerning: the election of directors; amendments to our articles of incorporation and by-laws; and the approval of significant corporate transactions like merger(s) or sale of our assets. This controlling influence could have the effect of delaying or preventing a change in control, even if many of our stockholders believe it would be in their best interest.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2004 on an actual basis and as adjusted to reflect the pro forma effects of the securities which may be issued in this prospectus. There will be no additional proceeds that we receive from the issuance of the additional common shares to certain noteholders. These shares are being offered for resale under this prospectus.

You should read this table in conjunction with our financial statements and the accompanying notes to our financial statements, "Summary Financial Data" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" included elsewhere in this prospectus.

	SEPTEMBER 30, 2004	
	ACTUAL	PRO FORMA AS ADJUSTED (1)
	(UNAUDITED) (IN THOUSANDS)	
Accounts payable & accrued interest ...	$ 59	$ 25
Note payable, stockholder	1,100	1,100
Notes payable, third parties	3,886	1,659
Stockholders' equity:		
Preferred stock, $0.001 par value	8	8
Common stock, $0.001 par value ..	6	7
Additional paid-in capital	20,820	23,080
Accumulated deficit	(1,087)	(1,087)
Total stockholders' equity	19,747	22,008
Total Capitalization	24,792	24,792

(1) The pro forma amounts include adjustments to the balance sheet at September 30, 2004 as if the shares being registered had occurred on that date. No effect has been given to transactions which have occurred after September 30, 2004.

USE OF PROCEEDS

We are registering 941,604 shares of our common stock to discharge $2,354,010 Of debt with Note-holders, as of the date of this Prospectus, that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes. All Note-holders will receive common stock at $2.50 per share in exchange for the principal amount of their debt and will forfeit any interest they may have accrued up to the time of their exchange.

From May 24, 2004 through August 11, 2004 we received $3,518,510 from 318 Note-holders in the form of demand notes bearing interest at 3% per annum. All notes are due upon demand. During October 2004, we received a demand for repayment of principal, without interest, from 14 of those Note-holders. On October 13, 2004 we repaid all 14 of those Note-holders their principal without interest in the amount of $1,164,500.

From August 12, 2004 through September 30, 2004 we received $242,900 from 74 Note-holders in the form of demand notes bearing interest at 3% per annum. We are not registering shares of our common stock to discharge $242,900 of debt with those Note-holders in this Prospectus.

As of September 30, 2004 we have used $2,146,809 of the $3,761,410 of debt proceeds from the Note-holders and $25 of contributed capital as detailed below. We plan to spend the remaining $1,614,626 for working capital.

Acquisition of Equipment, Intellectual Property and Licensing Agreements from IESI Canada.

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On May 15, 2004 we acquired from IESI Canada 11 patents comprising our Heat Pipe technology, a Licensing Agreement with Hyunik Yang and HY EN Research to market our Hydrogen technology and equipment that we believed could be leased to oil refineries for oil reclamation projects. We originally contracted to pay $800,000 in cash plus 6,000,000 restricted common shares. On September 22, 2004 we amended the agreement to pay $629,089 in cash instead of $800,000.

We issued 6,000,000 restricted common shares directly to the 25 stockholders of IESI Canada. Three of our directors received 75% of the issued shares or 4,500,000 restricted common shares as follows:

NAME	Number of Shares
Patrick J. Cochrane	2,000,000
Fred Dornan	2,000,000
Terry Dingwall	500,000

The acquired assets were valued at the cost basis of IESI Canada and allocated as follows:

Patents for Heat Pipe Technology	$ 937,500
Licensing Agreement for Hydrogen Technology	986,880
Oil Reclamation Equipment	632,478

TOTAL	$ 2,556,858

Acquisition of Inventory for Resale

On May 10, 2004 we entered into an Exclusive Distributorship Agreement with Sun woo Energy Technology, Inc., "Sun woo", to purchase 1,000 Heat Pipe Heat Exchangers by May 10, 2005 and to pay $4,000 Canadian dollars a month starting in May 2004 for 24 months for the distributor fee.

As of September 30, 2004, we purchased from Sun woo 200 Heat Pipe Heat Exchangers for domestic application for $23,253 and paid the distributor fees for June and July totaling $ 6,160.

We intend to sell the Heat Pipe Heat Exchangers to retailers that will ultimately sell the units to homeowners that could apply them to their hot water heaters or furnaces.

Acquisition of Heat Generators

On September 1, 2004 we entered into a Purchase Agreement with HY-EN Research Ltd. to purchase two heat generators for $90,000 each. We paid for the first heat generator on September 3, 2004 and made a partial payment of $49,073 for the second unit on September 28, 2004. We are obligated to pay the remaining $40,927 on second unit on or before November 15, 2004. We also spent an additional $49,685 on additional parts which will be needed above the contracted cost for the second unit.

Purchase of Hydrogen Generation Demonstration Unit

On September 7, 2004 we paid $250,817 to HY-EN Research Ltd. to build a Hydrogen Generation demonstration unit for demonstration. When we receive the unit, we plan to demonstrate it to large energy companies in Canada that have already expressed serious interest in observing the working model. We expect to receive the unit prior to December 31, 2004.

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Purchase of Office Equipment

As of September 30, 2004 we have spent $6,896 for office equipment.

Consulting Services

As of September 30, 2004 we have spent approximately $300,000 for consulting services and spent an additional approximate $62,000 for travel and hardware necessary for us to assure the proper

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assembly of Heat Generators and Hydrogen Demonstration Units for demonstration upon their completion.

Contracted Services

On July 1, 2004 we entered into six employment agreements with officers and consultants obligating us to pay $63,750 a month. We paid $191,250 for the three months ended September 30, 2004 and prepaid $63,750 for October.

Acquisition of Marketable Securities

On July 2, 2004, we acquired 141,177 common shares of Whistler Investments Inc. as collateral for $125,000 of cash that is expected from a Note-holder prior to December 31, 2004. We plan to sell the shares during January 2005 in the event we do not receive $125,000 from the Note-holder and remit any cash in excess of $125,000 received from the sale back to the Note-holder. The marketable securities had a market value of approximately $446,000 at September 30, 2004

Cash Advances to IESI Canada.

At September 30, 2004 we had made $236,000 of cash advances under an 8% note to IESI Canada. The note is due in full by January 13, 2005. Additionally, we have advanced $50,000 of cash to IESI Canada.

The advances to IESI Canada have been made to enable them to continue coordinating marketing efforts in Canada for the Heat Pipe Heat Exchangers and to arrange for eventual demonstrations of our technologies to Canadian energy companies when our demonstration units are completed.

Legal and Accounting Fees

We have spent approximately $93,712 in legal fees for establishing the legal documentation necessary in certain countries for us to demonstrate our technology to interested companies in their jurisdiction.

An additional $70,000.00 has been spent in legal and accounting fees for the preparation and review of this Prospectus and contracts that we have entered into.

DETERMINATION OF OFFERING PRICE

There is no established trading market for our common shares. We intend to apply to the NASDAQ for a trading symbol for the registered common shares issued to Note-holders that may agree to discharge their notes in exchange for our registered common shares at $2.50 per share.

The determination of the price of the shares in this offering solely for the purpose of calculating the registration fee pursuant to Rule 457 and it is not an indication of our actual value. Therefore, the offering price bears no relationship to our book value, assets or earnings, or to any other recognized measure of value and it should not be regarded as an indicator of any future market price of the securities. Each of the selling security holders proposes to sell the shares offered herein through broker-dealers at prevailing market prices once a trading market is established in our common stock.

DILUTION

All officers and directors acquired their common shares at $2.50 per share as a result of either a cash investment, an exchange of their shares in IESI Canada for our shares or a sale of an asset at their cost basis for our shares.

This offering is only being made to certain Note-holders. Our tangible assets will not change as a result of the offering but our net tangible assets will increase as each respective Note-holder converts their notes into common stock; therefore, this offering will not be dilutive to all Note-holders that convert their notes into common stock.

THE SELLING SECURITY HOLDERS

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This prospectus covers a maximum of 941,604 shares of our common stock being registered for the exchange of debt with Note-holders, as of the date of this Prospectus that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes. All Note-holders will have thirty days subsequent to the effective registration of this prospectus to exchange the principal amount of their debt for common shares.

All Note-holders which exchange their debt for registered common shares and a warrant to purchase additional restricted common shares will be disclosed in a post-effective amendment to this Prospectus.

PLAN OF DISTRIBUTION

This prospectus covers a maximum of 941,604 shares of our common stock being registered for the exchange of debt with Note-holders, as of the date of this Prospectus that loaned cash to us from May 24, 2004 through August 11, 2004 in exchange for their notes. All Note-holders will receive common stock at $2.50 per share in exchange for the principal amount of their debt and will forfeit any interest they may have accrued up to the time of their exchange. In addition, all Note-holders will receive one warrant for each registered common share received. A warrant will entitle the Note-holder to purchase one restricted common share at $2.50 within four months after the effective date of this Prospectus. The warrants are not being registered in this Prospectus and will not be reoffered to the public or existing stockholders. All Note-holders will have thirty days subsequent to the effective registration of this prospectus to exchange the principal amount of their debt for common shares.

All Note-holders which exchange their notes for our registered common stock will be disclosed in a post-effective amendment and become selling stockholders. This prospectus permits the selling stockholders to sell their shares on a continuous or delayed basis in the future. The selling stockholders will sell at a fixed price of $2.50 per share until we develop a public market for our shares, whether on the OTC Bulletin Board or another exchange. Thereafter, the selling stockholders may sell their shares at privately negotiated prices or at prevailing market prices.

The selling stockholders or their transferees may sell the shares offered by this prospectus from time to time. To the best of our knowledge, the selling stockholders have not entered into any underwriting arrangements, although they themselves may be deemed underwriters pursuant to the Securities Act. The distribution of the shares by the selling stockholders may be effected in one or more transactions that may take place in the over-the-counter market, including ordinary broker's transactions, privately negotiated transactions or at prevailing market prices at the time of the sale and prices related to prevailing market prices or negotiated prices.

The selling stockholders may pledge all or a portion of the shares owned as collateral for loan transactions. Such shares may be resold pursuant to the terms of such pledges, accounts or loan transactions. Upon default by such selling stockholder, the pledgee in such loan transactions would have the same rights of sale as the selling stockholders under this prospectus. The selling stockholders may also transfer the shares owned in other ways not involving market makers or established trading markets, including directly by gift, distribution, or other transfer without payment of consideration. Upon any such transfer the transferee would have the same rights of sale as such selling security holders under this prospectus.

We cannot assure you that the selling stockholders will sell any or all of their shares. In order to comply with certain state securities laws the shares will be sold in such jurisdictions only through registered or licensed brokers or dealers. In certain states the shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with. Under applicable rules and regulations of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), any person engaged in a distribution of the shares may not simultaneously engage in market-making activities with respect to such shares for a period of one or five business days prior to the commencement of such distribution. In addition to, and without limiting the foregoing, the selling security holders and any other person participating in a distribution will be subject to the applicable provisions of the Exchange Act and the rules and regulations there-under, including, without limitation, Regulation M, which provisions may limit the timing of purchases and sales of any of the shares by the selling security holders or any such other person.

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LEGAL PROCEEDINGS

There are no threatened or actual legal proceedings to which our company is a party at this time.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The following table sets forth the names and ages of our current directors and executive officers, the principal offices and positions held by each person and the date such person became a director or executive officer. Each serves until the next annual meeting of stockholders.

Names of Executive Officers and Directors	Age	Position	Date of Appointment	Date of Resignation
Patrick J. Cochrane	49	Chief Exec. Officer, Director	December 22, 2003	N/A
Terry Dingwall	42	President, Director	December 22, 2003	N/A
Ronald Foster	63	Exec. Vice President, Secretary, Treasurer & Director	December 5, 2003	N/A
Frederick S. Dornan	62	Director	December 22, 2003	N/A

Directors serve until the next annual meeting and until their successors are elected and qualified. There are no family relationships between any of our directors or officers.

No director, officer, significant employee, or consultant of the company has been convicted in a criminal proceeding, exclusive of traffic violations.

No director, officer, significant employee, or consultant of the company has been permanently or temporarily enjoined, barred, suspended, or limited from involvement in any type of business, securities or banking activities.

No director, officer, significant employee, or consultant of the company has been convicted of violating a federal or state securities or commodities law.

Further, our officers and directors know of no legal proceedings against the company, or its property contemplated by any governmental authority.

PATRICK J. COCHRANE, DIRECTOR AND CHIEF EXECUTIVE OFFICER, AGE, 49, was educated at Fairview College and the Northern Alberta Institute of Technology during (Northern Alberta Institute of Technology Edmonton Alberta, September 1984 to March 1985 Power Engineering Nite classes) and Fairview College Grande Prairie Alberta Electrical Technology September 1992 to January 1993

From 1998 through 2002. He was COO of Ce3 technologies/Genoil. Looked after day to day operations of the company, acquisitions, licensing, Research & development of new and emerging technologies, budgets, financing ECT,. Mr. Cochrane also served as a officer and director of the board of directors of the public traded Company.

In 1997 he founded an engineering company named CE(3) Technologies/Genoil, Inc. in Edmonton, Alberta and served as the Chief Operating Officer until 2002. During that time he was responsible for total operations and technology development of the company.

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From 1995 to 1997 he held various positions during this time frame; He worked for Cambridge Environmental of Calgary and worked as an Instrumentation contractor for various companies in the oil& gas service business, Canadian Occidental Petroleum, Zeotec Ltd, Gainers, Titan Electric, and Techmation.

From 1993 to 1995 he served at Husky Oil in (, Lloydminster Alberta) as a (contract position) and was responsible for Plant wide analytical Instrumentation.

From 1989 to 1993 he served at Daishowa Canada Co. in (Peace River, Alberta) as the (Lead Analytical Instrumentation Technician) and was responsible for Water Treatment Plant, Plant wide Analytical Instrumentation, and Ambient Air & Source Air Monitoring.

From 1987 to 1989 he served at BJ Titan Services. In (Edmonton, Alberta) as the (General Manager Instrumentation Western Canada) and was responsible for All Data logging and Instrumentation Oil well Fracturing & Cementing.

Mr. Cochrane has authored approximately 8 patents in the field of energy technology and has been awarded 2 prestigious awards recognizing his achievements in these areas.

TERRY DINGWALL,DIRECTOR AND PRESIDENT, AGE 42, was educated at the Northern Alberta Institute of Technology (NAIT) from 1981 to 1986 where he received his Journeyman Electrician Certificate and Inter Provincial Red Seal Certificate. In 1990 he returned to NAIT and received his Master Electrician Certificate.

From June 2000, until September 2003, he served in the capacity of a Senior Project Manager for Focus Construction Management based out of Edmonton, Alberta. In his tenure, he was responsible for all aspects of plant relocations, new plant installations and large-scale shutdowns, predominately in the power generation arena.

From May 1997, to March 2000, he served at Drayton Valley Power Ltd, an Income Trust Fund as the Plant Manager for three Electrical Generation Facilities simultaneously. He was responsible for all aspects of operation, construction, maintenance and shutdowns at the 10.5 MW Biomass to Electrical facility at Drayton Valley, Alberta, the Dickson Dam, a 15 MW Hydro Electric facility located at Dickson, Alberta and the 20 MW Peat Moss fired Electrical facility at Dapp, Alberta.

In 1986 he founded an electrical contracting company for the oil and gas industry named Abel Industries Ltd. in Drayton Valley, Alberta and served as the President until 1997. During that time he was responsible for all aspects of company operations, sales and marketing.

RONALD FOSTER, DIRECTOR, EXECUTIVE VICE PRESIDENT, SECRETARY AND TREASURER, AGE 63, served at ValCom Inc. in Valencia, California as the Executive Vice President and Secretary from 2000 to 2003 and was responsible for investor and public relations, maintaining corporate record, compliance and service as a director on the board of directors.

From 1989 to 1995 he served at Golden American Network in Beverly Hills, California as the Vice President and was responsible for technical review.

From 1988 to 1989 he served at Ed-Phills Inc. in Las Vegas, Nevada as the President and was responsible for finance, marketing and technical review.

During 1987 he founded a public traded company for the marketing and communications industry named Ropa Communications, Inc. in Albany, Georgia and served as officer and a director on the board of directors until 2001. During that time he was responsible for finance, business development, marketing and technical review.

From 1986 to 2000 he served at SBI Communications Inc. in Glendale, California as the President and Chief Executive Office and was responsible for all phases of operation including finance, business development, compliance and marketing.

During 1986 he created and produced "Stock Outlook 87, 88, 89", a video presentation of public companies through Financial News Network (FNN), a national cable network.

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FREDERICK S. DORNAN, DIRECTOR, AGE 63, resides in Edmonton Alberta from where he oversees a number of family Corporations active in different segments of the Alberta economy. including manufacturing.

In 2002 acquired Norwood Foundry, a Company in the Edmonton area, established in 1922 serving Western Canada and the United States producing a variety of items from both Ferrous and Non Ferrous metals for use in a large number of applications.

In 1992 acquired Davlyn Corporation, a large lesser and renter of trucks a Dornan operation, with several offices throughout Western Canada. Other interests in include the sale of Jet fuels to the Canadian armed forces, investments in recycling environment and oilfield technology.

Mr.Dornan has held several key positions in Canada's aviation industry primarily in the northern areas of Canada with Wardair International including Vice President .Wardair International operated worldwide with a fleet of Boeing 747's Douglas DC_8's and AirBus equipment.

Mr.Dornan is a founding member of the Knights of Columbus in Yellownife N.W.T. and St.Patrick's Parish council.He is a former President of the Chamber of Commerce in both the N.W.T. and Alberta.He is also a former president of the N.W.T. chamber of Mines

Scientific Advisory Committee

The following table sets forth the names and ages of our current scientific advisory committee and the date such person became a committee member. We do not have any significant employees other than the executive officers.

Name	Age	Date of Appointment
Hyunik Yang	44	May 15, 2004
Dumitru D. Fetcu	62	May 15, 2004
Norman Arrison	62	January 12, 2004

HYUNIK YANG, Ph.D. received his Engineering B.S. from Han yang University in South Korea during 1980-1984 and completed his Engineering M.S., Ph.D. and post-doctoral work at Columbia University in New York during 1985-1991. He is an inventor on two patents in the field of quantum and hydrogen energy generation. He has written international research papers for theoretical developments on quantum energy generation and anomaly effects of science. He is a member of the America Society of Mechanical Engineers, Society of Automobile Engineers, Korean Society of Mechanical Engineers, Russian Academy of Natural Science, Korean CAD/CAM Society and the Korean Society of Machine Tool Engineers. He has been listed in Who's Who in the world, and Who's Who in the science and engineering since 1998. He received the best technical paper award in 1991 American Society of Mechanical Engineers Design Automation Conference. From 1995 to present he has been a professor at Han yang University. From 1991 to 1994 he was a senior research engineer at Hyundai Electronics and was responsible for developing precision machining System.

DUMITRU D. FETCU, Ph.D. received his Ph.D. in thermodynamics from the Transylvania University of Brasov, Romania in 1983 and from 1976 to present he has been a professor at the University. He currently holds the chair of Thermodynamics and Fluid Mechanics at the University. He currently is the sole owner of Transterm SRL, which he started during 1990 to be involved in scientific research and prototype production in the heat pipe field. He currently is an inventor on 11 patents in the field of heat pipes, heat transfer and waste heat recovery. Since 1990 he authored two books and over 60 publications in the field of heat exchanger and heat recovery.

NORMAN ARRISON, Ph.D. received his Ph.D. in Chemical Engineering from the University of Calgary in 1972. From 1983 to 1989 he served two terms on the Science Council of Canada and was instrumental in helping produce Canadian scientific policy in that period. He has invented a number of products and has patents and publications in the fields of water-from-air, cyclone development, waste oil recycling, distillation, fracturing of rock with high intensity light, and solids remediation. He has been a member of The Association of Professional Engineers of the Province of Ontario since 1977 and The Association of Professional Engineers Geologists and Geophysicists of Alberta since 1969.

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Since 1990, he has been the majority owner of WHMIS, Inc. which specializes in consulting in environmental matters such as hazardous materials and groundwater and oil remediation. He also personally consults in the fields of safety, H2S scavenging, solids remediation and of specialized coatings for specific industrial applications and products. He worked in the nuclear industry from 1972 through 1979 for Atomic Energy of Canada as a safety research and design engineer. From 1979 through 1986 he worked with Global Thermoelectric Power Systems Ltd where he was the director of research and in charge of government liaison and lobbying. From 1986 through 1988 he was the CEO of the Alberta Laser Institute where he supervised its development until he started personally consulting through 1989.

Board of Directors

Each director is elected at our annual meeting of shareholders and holds office until the next annual meeting of stockholders, or until the successors are elected and qualified. Currently we have five directors. Our by-laws permit the Board of Directors to fill any vacancy and such director may serve until the next annual meeting of shareholders or until his successor are elected and qualified. Officers are elected by the Board of Directors and their terms of office are, except to the extent governed by employment contracts, at the discretion of the Board. There are no familial relationships between any of the executive officers and directors. Our officers devote their full time to the business of the Company.

Board Committees

The Board of Directors has not established an audit committee or a compensation committee. The Board establishes guidelines and standards relating to the determination of executive compensation and compensation for our other employees.

The Board of Directors has established a Scientific Advisory Board with three members. The Scientific Advisory Board is responsible for directing our research and development, and management of the existing technology that is part of our product line.

The Board of Directors recommends independent auditors, reviews internal financial information, reviews audit reports and management letters, participates in the determination of the adequacy of the internal accounting control system, reviews the results of audits with independent auditors, oversees quarterly and yearly reporting, and is responsible for policies, procedures, and other matters relating to business integrity, ethics and conflicts of interest.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of September 30, 2004 (i) by each person who is known by us to beneficially own more than 5% of our common stock; (ii) by each of our officers and directors; (iii) by all of our officers and directors as a group; and (iv) by all other restricted security holders whose shares are not being registered as part of this registration statement:

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November 1, 2004

Title of Class (1)	Name and Address of Beneficial Owner	Number of Shares	Percentage Of Class
Common Stock	Patrick J. Cochran 36 Fountain Creek Drive Sherwood Park, Alberta T8B 1C9	2,000,000	32.5%
Common Stock	Fred Dornan 52476 Range-Road 225 Sherwood Park, Alberta T8B 1C9	2,000,000	32.5%
Common Stock	Terry Dingwall Box 39 Rocky Rapids, Alberta T0E 1Z0	500,000	8.1%
Common Stock	Dumitru Fetcu STR. Bisericii Romane # 27 Brasov, Romania	375,000	6.1%
All officers and affiliates as a group		4,875,000	79.3%
Preferred Stock	Ron Foster (1) 41 N. Mojave Rd. Las Vegas, NV. 89101	2,160,010	26.5%
Preferred Stock	Dr. Hyunik Yang (2) 1271 Sa 1 Dong An San City Kyungki Do Republic of South Korea 425-791	4,200,000	51.5%
Preferred Stock	Hyunsuk Chai (3) Tower Palace Apt. E-1904 467-17 Dogok-Dong, Gangnam-Gu Seoul, South Korea	1,800,000	22.1%

All Preferred Shares have the right to convert into common stock on a one for one basis.

Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person. To the best knowledge of the Company, each of the beneficial owners listed herein has direct ownership of and sole voting power and investment power with respect to the shares of our common stock, except as set forth herein.

(1) In the event that Mr. Foster converted all of his preferred shares into common shares he would own 2,160,010 common shares or

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26.0% of the class of common shares.

(2) In the event that Mr. Yang converted all of his preferred shares into common shares he would own 4,200,000 common shares or 40.6% of the class of common shares.

(3) In the event that Mr. Chai converted all of his preferred shares into common shares he would own 1,800,000 common shares or 22.6% of the class of common shares.

DESCRIPTION OF SECURITIES

General

Our authorized capital stock consists of 75,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $.001 per share. As of the date of this prospectus, 6,147,330 shares of common stock and 8,160,000 shares of preferred stock were outstanding. Transfer Online, Inc. at 317 SW Alder St., 2nd Floor, Portland Oregon, 97204 serves as our transfer agent.

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COMMON STOCK

We are authorized to issue 75,000,000 shares of our common stock, $0.001 par value, of which 6,147,330 are issued and outstanding as of the date of this prospectus. Except as provided by law or our certificate of incorporation with respect to voting by class or series, holders of common stock are entitled to one vote on each matter submitted to a vote at a meeting of shareholders and the shareholders do not have cumulative voting rights.

Subject to any prior rights to receive dividends to which the holders of shares of any series of the preferred stock may be entitled, the holders of shares of common stock will be entitled to receive dividends, if and when declared payable from time to time by the board of directors, from funds legally available for payment of dividends. Upon our liquidation or dissolution, holders of shares of common stock will be entitled to share proportionally in all assets available for distribution to such holders. None of our common stock holders have any preemptive rights.

PREFERRED STOCK

The board of directors has the authority, without further action by our shareholders, to issue up to 10,000,000 shares of preferred stock, par value $.001 per share, in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series. There are 8,160,000 shares of preferred stock are currently issued and outstanding. The issuance of preferred stock could adversely affect the voting power of holders of common stock and could have the effect of delaying, deferring or preventing a change of our control.

COMMON STOCK OPTION PLAN

We have adopted our 2004 Incentive and Non-Statutory Incentive Stock Option Plan ("Plan") which authorizes us to grant incentive stock options within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended, and to grant nonstatutory stock options. The Plan relates to a total of 2,500,000 shares of common stock. Options relating to 91,000 shares have been issued and are outstanding and all are presently exercisable expiring between from January 11, 2009 to June 29, 2009. Any optionee who is unable to continue employment or service as a director due to total and permanent disability may exercise such options within one year of termination and the options of an optionee who is employed or disabled and who dies must be exercised within one year after the date of death.

The Plan requires that the exercise prices of options granted must be at least equal to the fair market value of a share of common stock on the date of grant, provided that for incentive options if an employee owns more than 10% of our outstanding common stock then the exercise price of an incentive option must be at least 110% of the fair market value of a share of our common stock on the date of grant, and the maximum term of such option may be no longer than two and one-half years. The aggregate fair market value of common stock, determined at the time the option is granted, for which incentive stock options become exercisable by an employee during any calendar year is limited to $100,000.

INTERESTS OF NAMED EXPERTS AND COUNSEL

No "Expert" or "Counsel" as defined by Item 509 of Regulation S-B promulgated pursuant to the Securities Act of 1933, whose services were used in the preparation of this Form SB-2 was hired on a contingent basis or will receive a direct or indirect interest in our common or preferred stock.

DESCRIPTION OF BUSINESS

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Business Development

We were incorporated as Innovative Energy Solutions, Inc., "IESI Nevada", on December 5, 2003 in the state of Nevada as a start-up company, for the purpose of becoming a diversified, full-service energy company. We are in good standing and there are 75,000,000 authorized common shares and 10,000,000 authorized preferred shares. We currently have three business divisions: the Hydrogen Generation division, the Heat Generation division and the Heat Pipe division which includes the Waste Heat Recovery division.

Since our inception we raised $3,761,410 in short-term demand notes of which $1,164,500 was paid back to 14 Note-holders during October 2004. As of September 30, 2004 we had issued 8,160,000 preferred shares and 6,147,330 common shares and had entered into some material transactions which are detailed in our MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION within our Results of Operation section.

As a result of our material transactions we acquired the following:

(1) An 80,000 square foot building and 18.7 acres of land in Piedmont, Alabama.

(2) Two patents comprising our Hydrogen Generation Technology.

(3) Eleven patents comprising our Heat Pipe Technology.

(4) Intellectual property for oil refining and hydrogen generation

(5) An Exclusive Distribution Agreement to sell Heat Pipe Heat Exchangers which we acquire directly from a Korean manufacturer.

We also entered into four, five year, employment contracts requiring us to pay $53,750 a month and two, three year, employment contracts requiring us to pay $10,000 a month.

Business Description

Industry Background

Our business is to offer cost savings to targeted industries by implementing applications of our Hydrogen or Heat Pipe Technologies. We believe that our technologies can recapture hydrogen or heat as by-products more efficiently than current applications used in certain industries. We have identified oil and gas refineries and fertilizer plants as our initial potential customers.

1. HYDROGEN PRODUCTION

In refineries, hydrogen is produced as a by-product of naphtha reforming, and any supplemental hydrogen is produced from steam reforming of natural gas. The chemical industry also uses hydrogen, mostly to manufacture ammonia and other nitrogen-based fertilizers. Hydrogen for the chemical industry is also produced from steam reforming of natural gas, although some chemical plants use coal gasification (i.e., partial oxidation) to produce hydrogen. According to the U.S. Department of Energy, most modern applications for capturing by-products do not run off pure hydrogen, but a mix of natural gas, methanol and gasoline. In total, about 95 percent of U.S. hydrogen production for supplemental refinery needs and the chemical industry is produced from natural gas using steam reforming technology.

In the chemical industry, a vast quantity of hydrogen is produced annually as a by-product of its processes which also produce chlorine, acetylene and cyanide. The purity of the products range between 60-95% pure. Due to lack of consumers much of the hydrogen produced is used in heating or burnt off . Chlorine is produced by the electrolysis of brine to create chlorine, caustic soda and hydrogen in a mercury fuel cell. Currently worldwide, one million tons of hydrogen is produced through electrolysis of which 0.03 million tons are produced in Britain. However, the process does leave the hydrogen contaminated with caustic soda and mercury which have to be removed. Despite this, the hydrogen is at least 95% pure before being cleaned of impurities. Once clean, the hydrogen can achieve purities of 99.9%. The chlorine and hydrogen must be kept separate as both are highly explosive and approximately 15% of the hydrogen produced is vented.

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The common used method domestically for hydrogen production is Steam Methane Reforming, "SMR". Popular methods in other parts of the world are Gasification, Pyrolysis and Electrolysis.

SMR accounts for approximately 95% of the hydrogen produced in the U.S.A. Operating costs are largely dependant upon the volatile price of natural gas. SMR is one of the simplest and most economical routes to producing hydrogen. SMR hydrogen production is usually carried out on a packed bed reactor and is a four-stage process. Feedstock purification is followed by steam reforming, in which the natural gas and superheated steam are passed over a catalyst typically at 850 - 900(0)C. The carbon is oxidized to carbon monoxide and the hydrogen is released. The carbon monoxide then undergoes `water-gas shift' where it reacts with the steam to produce hydrogen and carbon dioxide. Purification of hydrogen is the last step in the process most commonly in a pressure swing absorption (PSA) plant. The steam reformation process is a highly endothermic reaction and the conversion requires high temperature, steam and a highly active nickel catalyst. The conversion reduces as the pressure is increased in most cases. In addition, large amounts of carbon dioxide are formed in the furnace combustion process and usually vented into the atmosphere. If carbon dioxide levels are to be reduced then this technology must be coupled with carbon sequestration. It is estimated that carbon dioxide sequestration will increase costs by 20-30%. The conversion efficiencies in this system can reach 65% - 75% in large production plants.

Gasification and Partial Oxidation, "POX", are very similar in their process which is becoming increasingly popular, and one of the oldest methods of producing hydrogen. The feedstock is usually heated to 1400(0)C in the presence of air or oxygen causing decomposition and producing hydrogen, carbon monoxide and residue. This process is then followed by shift reaction. This method of hydrogen production can use any form of hydrocarbon feedstock providing it can be compressed or pumped. It involves partial oxidation and shift conversion followed by cleaning of the hydrogen.

The drawback of POX is that it requires expensive pure oxygen. The conversion of the POX system is approximately 50% efficient in large production plants. It is common for coal to be ground and mixed with water to create a sludge/slurry before Gasification using pure oxygen, the result is syngas, which needs to be quenched and scrubbed of soot. To reduce emissions, CO_2 capture could be used, estimated to add 25 - 30% to the cost of production. However for a CO_2 neutral process, biomass is a potential feedstock in the production of renewable hydrogen.

Pyrolysis was developed by Kvaerner in Sweden as the Kvaerner carbon black and hydrogen process using an industrial scale plasma reactor. This is the only method that does not produce carbon dioxide providing the material is decomposed at high enough temperatures in the absence of oxygen. The added value to hydrogen produced is the carbon black. The carbon black can be sold to companies who use it in their products (e.g. paint, ink, rubber, tire, batteries, dyes and plastics) making the overall process more economical. For example, if methane were "cracked" in the presence of carbon soot or graphite (the catalyst) at high temperature, the resulting emissions and byproducts would be hydrogen and carbon black which could be sequestered or sold.

The electrolysis of water using any renewable energy that produces electricity (such as solar, wind or tidal) can be used to generate hydrogen sustainably. Electrolysis is 70% - 75% efficient in large production plants and by increasing the temperature it is possible to increase the efficiency of the electrolysis of water to 88% - 95%. The Lawrence Livermore Laboratory is currently carrying out work in this area.

Water can be changed into hydrogen and oxygen using an electrolyser. Electrolyser technology is well developed and works by disassociating water into diatomical molecules. Electrolysis is the cleanest reaction for producing hydrogen. There is a range of electrolyser products on the market; of these, the two that seem to be most promising are the liquid alkaline electrolyser and the Proton Exchange Membrane (PEM) electrolyser. The liquid alkaline electrolyser is the preferred electrolyser at this time especially for large-scale producers. The technology is easily scaled up and is easier to thermally manage due to the movement of the liquid in the cells. While the proton exchange membrane is considered the long-term option, currently it is ideal for small to medium size applications such as home or vehicle use.

The production of hydrogen through the electrolysis of hydrogen bromide requires half the voltage of that required to electrolyze water. The reaction to extract the hydrogen is also reversible. The splitting of hydrogen bromide can be promoted by heat and light.

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2. HEAT PIPES

A heat pipe is a simple device that can quickly transfer heat from one point to another. They are often referred to as the "superconductors" of heat as they possess an extra- ordinary heat transfer capacity and rate with almost no heat loss.

The idea of heat pipes was first suggested by R.S.Gaugler in 1942. However, it was not until 1962, when G.M.Grover invented it that its remarkable properties were appreciated and serious development began.

A heat pipe is comprised of three basic components:

1. A hermetically sealed evacuated tube

2. A mesh or sintered powder wick

3. A working fluid in both the liquid and vapor phase.

A Heat Pipe functions when one end of the tube is heated and the liquid within the tube turns to vapor; thus, absorbing the latent heat of vaporization. Then, the hot vapor flows to the colder end of the tube where it condenses and gives out the latent heat. The re-condensed liquid then flows back through the wick to the hot end of the tube. Since the latent heat of evaporation is usually very large, considerable quantities of heat can be transported with a very small temperature difference from one end to the other.

The function of the tube is to isolate the working fluid from the outside environment. It has to therefore be leak-proof, maintain the pressure differential across its walls, and enable transfer of heat to take place from and into the working fluid. The material should be non-porous to prevent the diffusion of vapor. A high thermal conductivity ensures minimum temperature drop between the heat source and the wick.

The purpose of the wick is to generate capillary pressure to transport the working fluid from the condenser to the evaporator. It must also be able to distribute the liquid around the evaporator section to any area where heat is likely to be received by the heat pipe. Often these two functions require wicks of different forms. The selection of the wick for a heat pipe depends on many factors, several of which are closely linked to the properties of the working fluid. The most common types of wicks that are used are as follows:

1. The Sintered Powder Wick will provide high power handling, low temperature radients and high capillary forces for anti-gravity applications. Very tight bends in the heat pipe can be achieved with this type of structure.

2. The Grooved Tube Wick is a small capillary driving force generated by the axial grooves for adequate low power heat pipes when operated horizontally, or with gravity assistance. The tube can be readily bent. When used in conjunction with screen mesh, the performance can be considerably enhanced.

3. The Screen Mesh Wick is used in the majority of the products and provides readily variable characteristics in terms of power transport and orientation sensitivity, according to the number of layers and mesh counts used.

A first consideration in the identification of a suitable working fluid is the operating vapor temperature range. Within the approximate temperature band, several possible working fluids may exist, and a variety of characteristics must be examined in order to determine the most acceptable of these fluids for the application considered. The prime requirements are:

1. Compatibility with wick and wall materials

2. Good thermal stability

3. Wet-ability of wick and wall materials

4. Vapor pressure not too high or low over the operating temperature range

5. High latent heat

6. High thermal conductivity

7. Low liquid and vapor viscosities

8. High surface tension

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9. Acceptable freezing or pour point

The selection of the working fluid must also be based on thermodynamic considerations which are concerned with the various limitations to heat flow occurring within the heat pipe like, viscous, sonic, capillary, entrainment and nucleate boiling levels.

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In heat pipe design, a high value of surface tension is desirable in order to enable the heat pipe to operate against gravity and to generate a high capillary driving force. In addition to high surface tension, it is necessary for the working fluid to wet the wick and the container material i.e. contact angle should be zero or very small.

The vapor pressure over the operating temperature range must be sufficiently great to avoid high vapor velocities, which tend to setup large temperature gradient and cause flow instabilities. A high latent heat of vaporization is desirable in order to transfer large amounts of heat with minimum fluid flow, and hence to maintain low pressure drops within the heat pipe.

The thermal conductivity of the working fluid should preferably be high in order to minimize the radial temperature gradient and to reduce the possibility of nucleate boiling at the wick or wall surface. The resistance to fluid flow will be minimized by choosing fluids with low values of vapor and liquid viscosities. Common fluids used in temperatures ranging from zero to 130 degrees centigrade would be acetone and methanol. Fluids commonly used in temperatures from 1,000 to 2,300 degrees centigrade are lithium and silver.

Application of Heat Pipe technology can be as pervasive as inventors can retrofit the basic technology to any given situation. A few applications where Heat Pipe technology has been successfully used has been in spacecraft, electrical components, thawing permafrost during pipeline construction and high temperature furnaces.

Principal Products

1. HYDROGEN PRODUCTION

Our technology allows for the delivery of high purity hydrogen directly to a compressor without the usual requirements for membranes or dryers. The capital costs to facilitate production are significantly less than SMR.

Unlike SMR, our hydrogen-producing technology does not require a fossil fuel source such as natural gas. It uses water as the fuel source for the production of hydrogen. Only small amounts of electricity are required as part of the process.

A detailed description of how our technology will work in a prototype unit is explained in our PCT Patent No. KR2003/002395.

On September 13, 2004, we acquired intellectual property from an individual pertaining to deep oil refining and a compatible hydrogen generation technology for 50,000 restricted common shares valued at $200,000. The intellectual property has documented processes to remove contaminants from crude oil at costs less than that currently experienced in the oil industry. We plan to patent these technologies and then create demonstration units to facilitate a marketing plan.

2. WASTE HEAT RECOVERY HEAT PIPES

Our patented heat pipe technology recovers the waste heat from flue gases now vanishing into the atmosphere and converts them into useable energy. This is why we have targeted oil refineries, paper mills and steel mills and other potential customers. Our patents enable us to custom design applications for each client depending on their budget and technical objectives.

Energy generation can be achieved by capturing waste heat. High temperature waste heat can be converted to steam to drive a standard steam-driven electrical generator. In many cases, this can even eliminate the customer's reliance on purchased electrical power; and any excess electricity created may then be sold into an energy-distribution system, or grid.

The recovered heat can be utilized in several different applications depending on process requirements. A few examples are, heat for buildings, the pre-heating of combustion air, preheating of water, and heat converted to steam to power a standard steam-driven electrical generator. All of these processes reduce boiler and/or burner run-time which save money.

3. HEAT PIPE HEAT EXCHANGER

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We have an Exclusive Distributorship Agreement ("Agreement"), with Sun woo Energy Technology Inc. and Koo Hyo Hwea who is the owner and inventor of the Heat Pipe Heat Exchanger, "HPHE" to sell the HPHE in the American continent. The HPHE can be applied anywhere waste exhaust gas heat is an operating cost concern and has specific application for domestic use on hot water heaters, furnaces, woodstoves, fireplaces and swimming pool heaters.

The HPHE is divided into two sections, evaporation and condensation. Hot waste exhaust air from a heating system flows into the evaporation section of exchanger. Simultaneously, fresh air is drawn into the condensation section by a motor fan. As exhaust air passes through a heat pipe in the evaporation section, exhaust heat energy is absorbed as working fluid in the heat pipe and then vaporizes. The absorbed heat is released into a fresh air supply in the condensation section. The vapor condenses back into the fluid and flows down into evaporation section by the gravity. Heated fresh air is collected for desired usages. Un-recovered heat is emitted as exhaust gas from the evaporation section.

Sun woo Energy Technology Inc. was founded two decades ago and is owned by Hyo Hwea Koo in South Korea. Hyo Hwea invented innovative heat pipe technology and applied the technology to several energy-saving products and successfully commercialized them in Korea. His customer base for many years have been greenhouse growers in Korea that have been benefited from being able to reduce their heating costs. In 2002, Sun woo Energy Technology Ltd. sold over 2,000 units of heat pipe heat exchangers in Korea. The Ministry of Agriculture in Korea recognizes performance and energy saving efficiency of the products, and subsidizes the purchase of heat pipe heat exchanger by 50 to 80% for agricultural industry customers. Also, the Korea Housing Corporation approved the installation of heat pipe floor heating system to its subsidized apartments and condominium complexes.

Tests on the HPHE performed by the National Agricultural Mechanization Research Institute in Korea (KIST) have indicated a heat recovery efficiency of approximately 85% which has generally translated into a 15% savings in heating costs.

Distribution Methods

1. HYDROGEN PRODUCTION

When our prototype units have been proven we will be seeking out traditional high volume users of hydrogen such as refiners and fertilizer plants. We will negotiate long-term contracts for hydrogen which will offer significant savings to these end users. Our prospective clients will receive invitations to see first hand the prototype units in operation.

We plan to negotiate license agreements with ongoing royalties by geographic regions. It is not contemplated that we will sell any of our technologies but will focus on the selling of licenses and entering into long-term contracts for the supply of hydrogen. By providing hydrogen at lower costs than today's conventional means we may be able to stimulate economic activity that was previously cost prohibitive.

2. HEAT GENERATION, HYDROGEN GENERATION AND HEAT PIPE TECHNOLOGY

Our initial focus will be on serving the needs of heavy industry in the refining and Petro-chemical industries. These are industries which are known for being high users of energy and creating vast amounts of waste heat.

From a geographic standpoint we will initially focus on Alberta, Canada. Alberta is currently experiencing high levels of economic growth and is expected to outpace its national average for years to come. In addition, Alberta is Canada's leader in terms of the oil and gas industry which stands to benefit a great deal from the Company's heat pipe technology, heat generation and hydrogen generation technology.

We are preparing marketing materials and an informative website to develop leads to the key players in our targeted industries. We plan to attend technical trade shows across the U.S.A to increase the awareness of our technology. Our advertising program will plan to implement the printing of ads in appropriate publications. Our management will also liaise with government

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environmental agencies to expound the benefits of our heat pipe technology and its positive impact on energy conservation and greenhouse gases.

In addition to sales we believe that there are opportunities for us to license our heat pipe technology. The boiler market represents an opportunity for our heat pipe technology to have an immediate impact. The size of the boiler market is immense with annual sales well in excess of $20 billion in North America. We plan to negotiate with the major boiler manufacturers to carry a line of our product. This could allow us to take advantage of the existing sales infrastructure and distribution networks that these manufacturers already have in place. Other areas of the market which we plan to aggressively try to license include the in-floor heating market and ramp heating. Construction companies specializing in these fields will also be targeted and presented with licensing opportunities.

3. HEAT PIPE EXCHANGER

We plan to act in the capacity of a distributor and market the Heat Pipe Heat Exchanger units to retailers of home products and home repair stores. We are currently preparing our marketing materials and will begin soliciting retailers once our marketing materials are completed.

Status of Prototype Products and Inventory

1. Hydrogen Production

On September 7, 2004 we paid $250,817 to HY-EN Research Ltd. to build a Hydrogen Generation demonstration unit for demonstration. When we receive the unit, we plan to demonstrate it to large energy companies in Canada that have already expressed serious interest in observing the working model. We expect to receive the unit prior to December 31, 2004.

2. Heat Generation

We plan to sell energy in various forms and this energy is generated from our heat generation units: These units generate steam that can be used for process steam in industrial plants, in addition this same steam can be used for generating electricity on a large scale, that is when this steam is introduced via a turbine and generator assembly we generate electricity. The same heat generator can used to generate hot water for the purpose of heating large commercial buildings and or high-rise buildings.

3.Heat Pipe Exchanger

On May 10, 2004 we entered into an Exclusive Distributorship Agreement with Sun woo Energy Technology, Inc., "Sun woo", to purchase 1,000 Heat Pipe Heat Exchangers by May 10, 2005 and to pay $4,000 Canadian dollars a month starting in May 2004 for 24 months for the distributor fee.

As of September 30, 2004, we purchased from Sun woo 200 Heat Pipe Heat Exchangers for domestic application for $23,253 and paid the distributor fees for May and June totaling $ 6,160. These Heat Pipe Heat Exchangers are considered inventory and are ready for sale.

We intend to sell the Heat Pipe Heat Exchangers at twice our cost to retailers that will ultimately sell the units to homeowners that could apply them to their hot water heaters, fireplaces, wood stoves or furnaces.

Competition

1. Hydrogen Production

Most of the hydrogen produced today is consumed on site, such as at oil refineries, and is not sold on the open market. For large-scale production, hydrogen generally costs $0.32/lb if consumed on site. This cost is rising dramatically because of the rising cost of natural gas. When hydrogen is sold on the market, the cost of liquefying the hydrogen and transporting it to the user must be added to the production cost. The cost of transportation can increase the selling price to $1.00-1.40/lb for delivered liquid hydrogen. Some users who require relatively small amounts of very pure hydrogen may use electrolysis to produce high-purity hydrogen at

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their facilities. The cost of this hydrogen, which depends on the cost of the electricity used to split the water, is typically $1.00-$2.00/lb.

In view of these various methods of extracting and using hydrogen, our technology is proprietary and not used by any known competitor. We believe this will enable us to market the production of cost efficient hydrogen. Our technology will allow for the delivery of pure hydrogen directly to a compressor without the requirements for membranes or dryers and pressure swing absorbers (PSA). The capital costs to facilitate production are 80% less than steam methane reforming, which now produces over 90% of the current world supply of hydrogen.

2. Waste heat recovery

To date, we have been unable to identify a competitor that is marketing heat pipe for recovery of heat in industrial processes. Several companies are in the business of selling traditional economizers but these products cannot achieve the increase in temperatures, nor the efficiency that is experienced with the Company's heat pipe technology.

We believe that we will be successful by confining our target market to the oil refining and the Urea Ammonia fertilizer industries.

3. Heat Pipe Heat Exchanger

Our assessment of competitive products to the Heat Pipe Heat Exchanger has not been completed because we are still preparing our marketing materials and planning our distribution methods. We plan to initially concentrate our marketing efforts in Canada where we believe the competitive markets will vary significantly depending on the availability of competitive products and the need for them.

Manufacturing

We have not yet completed our manufacturing plan for our Hydrogen and Heat Generation Technologies. Once our demonstration models are received we plan to demonstrate their operations to potential buyers. It may be possible that potential customers may enter into a joint venture with us for the manufacturing of the units.

Heat Pipe Heat Exchanger

Sun woo Energy Technology Inc. is required under its Agreement with us to manufacture and provide us with the HPHE units for us to sell. Sun woo is currently manufacturing and marketing its proprietary line of heat pipe products in Korea.

Customer Dependence

We do not plan for our revenue to be dependent on less than five customers once we are able to manufacture and market our Hydrogen and Heat Generation Technologies, our technologies have world wide applications.

Heat Pipe Heat Exchanger

We have not established a prospective customer base for the Heat Pipe Heat Exchanger because we have not completed our marketing and distribution plan. We anticipate distributing to retail chains; thereby, potentially becoming dependent on a few customers for the majority of the Heat Pipe Heat Exchanger sales.

Patents

1. Hydrogen Technology

1. Korean Patent Application No. 10-2002-0026277 "Energy Generating Device"

This patent has only been filed in Korean and has not been translated into English. The patent basically describes how the manufactured prototype Hydrogen Energy unit works.

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2. Korean Patent Application No. 10-2002-0069231 "Apparatus for Generating Hydrogen Gas" Worldwide Patent Cooperation Treaties (PCT) Patent No. KR2003/002395

The apparatus for generating hydrogen gas includes: an operation fluid supply unit for supplying an operation fluid which is water after highly purifying water and pressuring the water with a predetermined pressure; a body having a passage where the operation fluid flows; a dielectric implant for passing the operation fluid through a passage slot and generating an electric impulse with a high potential by a cavitation emission, the dielectric implant implanted in the passage of the body; a separation means for separating ions of the operation fluid based on electric polarities of the ions by supplying a magnetic field to a flow of the operation fluid ionized by the electric impulse; and a collecting means for separately collecting the ions separated by the separation means and obtaining hydrogen gas.

2. Heat Pipe Technology

The following patents are for our Heat Pipe Technology and have only been filed in Romania.

1. Patent No. 117284 "Heat pipes steam generator"

The patent refers to a heat pipe steam generator used for heat recovery from hot exhaust with high ash content. According to the patent the steam generator is made of a casing with a bundle of heat pipes inside. It is only due to the usage of heat pipes that a special trap could be designed to allow separation of ash particles and at the same time to allow the cleaning of the bundle of heat pipes.

2. Patent No. 112313 "Gas to water heat pipe heat exchanger"

The heat pipe heat exchanger is designed for hot water preparation using the exhaust heat from different industrial or domestic boilers. According to the patent the heat exchanger is made of a curved cap where there is the condensation area of the heat pipes bundle, every heat pipe being installed in a tubular plate by means of a special threaded bush, the whole heat pipe bundle being provided in the condensation area with baffles and flow turbulators. The vaporization part of the heat pipe bundle is placed in the exhaust flow by means of a properly designed casing.

3. Patent No. 112312 "Gas to gas heat pipe heat exchanger"

The heat pipe heat exchanger is designed for preheating air using the exhaust heat from different industrial or domestic boilers. According to the patent, the heat exchanger is made of a bundle of heat pipes placed in a properly designed casing and fastened in a tubular plate by means of special pieces.

4. Patent No. 110986 " Procedure and installation for ammonia heat pipe filling"

The patent refers to the procedure and the corresponding installation for ammonia heat pipe manufacture containing vacuum devices, Dewar vessels, heating devices and different valves and tubing's.

5. Patent No. 114038 "Heat pipe, procedure of manufacture and installation to apply the procedure "

The patent refers to a heat pipe, a manufacture procedure and an installation to apply the procedure. The heat pipe is made of a tube having a special cap at one end with a central hole that can be closed by a ball and a screw. After introducing a proper quantity of working fluid inside the tube, the heat pipe is heated in a specially designed oven at a temperature at least equal to the working temperature in order to evacuate air and any other non-condensable gases from the tube.

6. Patent No. 114041 "Centrifugal heat pipe heat exchanger"

The patent refers to a water to gas type of heat pipe heat exchanger used in hot exhaust heat recovery from different industrial ovens. The exchanger is made of a casing having at its superior part a tubular plate which divides the casing into two annular spaces, one for the

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water flow and the other for the exhaust flow. These two annular spaces contain concentrical rows with heat pipes properly fastened in the tubular plate. Exhaust enters the exchanger on radial direction and leaves it on axial direction. Water enters the exchanger on axial direction, flows through paths created concentrically by means of proper baffles and leaves the exchanger on the same axial direction.

7. Patent No. 114510 "Multitubular heat pipe heat exchanger"

The patent refers to a heat exchanger made of one or several multitubular heat pipes arranged in series or in parallel. The primary fluid is simultaneously brought to all the multitubular heat pipes through a central tube and the secondary fluid is brought to the heat exchanger through a forked tube and successively goes from one multitubular heat pipe to another.

8. Patent No. 114040 "Heat pipe heat exchanger"

The patent refers to a heat exchanger made of two separate units consisting of tubular plates and bundles of heat pipes properly fitted on them. These units are properly put together having a sealing material between the tubular plates.

9. Patent No. 114039 "Multitubular heat pipe"

The patent refers to a multitubular heat pipe designed for the heat exchange between two fluids that must be safely isolated from each other. The multitubular heat pipe is made of a cylindrical casing with a vaporization and a condensation unit on the inside, the two units being separated by some intermediary areas created by a deflector. Vapor coming from the vaporization unit goes to the corresponding intermediary area and, through a central tube, it reaches a distribution space from where it goes back through the bundle of tubes of the condensation unit. The resulting condensate is gathered at the lower part of the condensation unit.

10. Patent No. 114810 "Process and installation for pipe cleaning"

The patent refers to a pipe cleaning installation and process meant for usage in the heat pipe manufacturing. According to the patent, the pipe cleaning installation and process ensure elimination of water and chemicals from the micro-pores of tube wall through washing in alcohol vapor. The flow of all chemicals through the pipes is ensured by vacuum.

11. Patent No. 102341 "Process and installation for heat pipe manufacture"

The patent refers to a process of and an installation for filling and closing aluminum heat pipes. According to the patent, the working fluid is anhydrated through heating before being used for filling the heat pipe. The closing procedure contains special parameters to ensure a perfect sealing of the aluminum filling tube.

DEPENDENCE ON ONE OR A FEW MAJOR CUSTOMERS

We do not depend on any one or a few major customers.

Government Approval, Regulations and Compliance

There are no issues pertaining to Government Approval, Regulations or Compliance with any of the technologies and equipment we build since all the components we use to construct the Company's equipment are already certified by UNDERWRIGHTS LABORATORIES (UL), CANADIAN UNDERWRIGHTS LABORATORIES(CUL), CANADIAN STANDARD ASSOCATION (CSA), AND CENTRELEC (CE)

EMPLOYEES

We do not have any employees; however we have four full-time officers which have employment agreements from July 1, 2004 through June 30, 2009 and two employment agreements with individuals from July 1, 2004 through June 30, 2007. The company also employs six other individuals for ongoing operations of the company.

RESEARCH AND DEVELOPMENT COSTS FOR THE PAST TWO YEARS

NONE

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COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Environmental regulations have had no materially adverse effect on our operations to date, but no assurance can be given that environmental regulations will not, in the future, result in a curtailment of service or otherwise have a materially adverse effect on our business, financial condition or results of operation. Public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stricter environmental legislation and regulations could continue. To the extent that laws are enacted or other governmental action is taken that imposes environmental protection requirements that result in increased costs, our business and prospects could be adversely affected.

BANKRUPTCY

We have not been involved in any bankruptcy, receivership or similar proceedings.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet financing arrangements

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward-Looking Statements and Associated Risks

Except for historical information contained herein, the matters discussed in this report are forward-looking statements made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. These forward-looking statements are based largely on our expectation and are subject to a number of risks and uncertainties, including but not limited to factors discussed elsewhere in this prospectus and in other documents filed by us with the Securities and Exchange Commission from time to time. Many of these factors are beyond our control. Actual results could differ materially from the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this prospectus will, in fact, occur.

Critical Accounting Policies

Our discussion and analysis of our financial condition and our plan of operation and the results of our operations are based upon our financial statements and the data used to prepare them. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States. On an ongoing basis we endeavor and plan to re-evaluate our judgments and estimates including those related to product variables, overhead costs, inventories, long-lived assets, income taxes and contingencies. We base our estimates and judgments on our brief historical experience, knowledge of current conditions and our beliefs of what could occur in the future considering available information. Actual results may differ from these estimates under different assumptions and conditions.

PLAN OF OPERATION

Our business is to offer cost savings to targeted industries by implementing applications of our Hydrogen or Heat Pipe Technologies. We believe that our technologies can generate the lowest cost hydrogen in the world or waste heat recovery as a clean energy by-products more efficiently than current applications used in certain industries. We have identified oil and gas refineries and fertilizer plants as our initial potential customers and we are currently negotiating with some major corporations in those industries.

During May and June of 2004 we acquired two patents comprising our Hydrogen Technology and eleven patents comprising our Heat Pipe Technology. Also during May 2004 we entered into an Exclusive Distributorship Agreement Sun woo to purchase 1,000 Heat Pipe Heat Exchangers. We are currently developing our marketing plan to sell the units to retailers for twice our cost. Their application is for hot water heaters, fireplaces, wood stoves or furnaces.

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We plan to sell energy in various forms and this energy is generated from our heat generation units: These units generate steam that can be used for process steam in industrial plants, in addition this same steam can be used for generating electricity on a large scale, that is when this steam is introduced via a turbine and generator assembly we generate electricity. The same heat generator can used to generate hot water for the purpose of heating large commercial buildings and or high-rise buildings. The energy generated from our processes is clean with no emissions or pollution which would create negative impacts for the environment.

In addition to our Hydrogen and Heat Pipe technologies, we plan to lease our oil remediation equipment for $25,000 to $30,000 a month. Our cost for the equipment was $632,478; therefore, we estimate that we will need to lease the equipment for approximately two and one-half years to recover our cost in the equipment.

In the event that we have expressed interest from potential customers to purchase manufactured Hydrogen Generation or Heat Pipe Units to be retrofitted to specification, we may enter into a joint venture with a group of potential customers to manufacture the units in demand. We estimate that we may need approximately $15 million in cash to develop our own manufacturing and marketing divisions if we do not enter into joint ventures.

We do not anticipate any significant future research and production costs because our demonstration units are expected to be received before December 31, 2004.

Our monthly operating costs approximate $275,000 a month. We will need to raise approximately $3 million in cash from debt and or equity financings to meet these monthly obligations over the next twelve months.

We currently have two demonstration units and one commercially viable unit completed for our heat generation technology located in Edmonton, Alberta Canada. We are demonstrating our heat generation units by appointment and plan to lease the commercially viable unit to an end-user for $60,000 a month. The anticipated life of the unit is indeterminable since the only moving parts are the pumps which are estimated to need replacement every five years. The unit is designed to replace a 200 to 400 horse power boiler.

We believe that we will need approximately $5 million to construct an assembly plant in addition to an anticipated $10 million bond from the city of Piedmont, Alabama. Our financing plan is use about an additional $2 million for the marketing and assembly costs to eventually lease units on a unit by unit basis. Once demand for the units is sufficient, we will plan to set up an assembly plant in Piedmont, Alabama. We plan to raise the necessary financing through private equity and debt placements.

We have not assigned a depreciable life to our intellectual property but will evaluate it for impairment annually.

We account for non-monetary asset transactions based upon the fair values of the assets involved. All non-monetary transactions with unaffiliated third parties are valued at arms length. All non-monetary transactions with related parties are valued at the predecessors depreciable cost basis for the asset received.

In the event that we are successful in selling a Hydrogen Generation or Heat Pipe application, our operating costs will increase to meet the demand and we will be required to hire additional skilled administrative and technical persons.

Results of Operations

We were incorporated as Innovative Energy Solutions, Inc., "IESI Nevada", on December 5, 2003 in the state of Nevada as a start-up company, for the purpose of becoming a diversified, full-service energy company. The Company is in good standing and there are 75,000,000 authorized common shares and 10,000,000 authorized preferred shares. We currently have two business divisions: the Hydrogen Generation division, and the Heat Generation division which includes the Waste Heat Recovery division.

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On December 21, 2003 we issued 10 shares of our common stock to Ron Foster who became the sole shareholder and director.

On December 22, 2003, the first meeting of the Board of Directors was held in which three additional directors were appointed to serve along with Ron Foster. The directors approved our By-Laws, appointed officers, approved salaries for the officers and approved the 2004 Incentive and Non-Statutory Incentive Stock Option Plan.

Also on December 22, 2003, we held our first annual shareholder meeting with Ron Foster being the sole shareholder. At the shareholder meeting, all four nominated directors were elected until their successors are elected and the 2004 Incentive and Non-Statutory Incentive Stock Option Plan was approved.

On May 5, 2004 we issued 2,160,000 preferred shares to one of our directors and assumed a $1,100,000 debt for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at a deemed value of $4,724,455. We acquired the land because of expressed interest from the city of Piedmont for a $10 million Industrial Development Bond issue to finance a manufacture facility for our heat pipe and hydrogen units.

On May 15, 2004 we authorized the issuance of 6,000,000 restricted common shares to all of the 25 shareholders of Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, and "IESI Canada" and issued a note to IESI Canada for $800,000. On September 22, 2004 we amended the agreement to pay IESI Canada $629,089 in cash instead of $800,000. The transaction was valued at the cost basis of IESI Canada for each transferred item as follows:

(a) A Licensing Agreement dated October 24, 2003 from Hyunik Yang and HY-EN Research Ltd to IESI Canada. These Agreements conveyed the marketing rights to the Hydrogen Technology. IESI Canada's cost for the Licensing Agreement was $986,880.

(b) Memorandum of Understanding & Temporary Licensing Agreement dated May 13, 2004 from Delta-Enviro Tech, Inc. to IESI Canada. These Agreements gave an exclusive marketing agreement to Delta-Enviro Tech, Inc. for the Mid-East Arabic world for both the Heat Pipe and Hydrogen Technology. IESI Canada had no costs attributable to the Agreement.

(c) Licensing Agreement with Intellectual Property Assignments dated September 8, 2003 from Transterm Corporation and Dumitru Fetcu to IESI Canada. These Agreements conveyed ownership of eleven patents and all marketing rights to the Heat Pipe Technology. The written agreement confirmed a previous verbal agreement between IESI Canada and Mr. Fetcu during March of 2004. IESI Canada had issued Mr. Fetcu and Transterm Corporation 375,000 of their common shares which they mutually agreed to a value of $937,500.

(d) Equipment which has its application to cleaning up oil slurry. IESI Canada's cost for the equipment was $629,089.

We subsequently entered into the following agreements:

(a) Exclusive Distributorship Agreement dated May 10, 2004 with Sun woo Energy Technology Inc. and Koo Hyo Hwea to purchase 1,000 Heat Pipe Heat Exchangers annually. The Heat Pipe Heat Exchangers are an essential component necessary to manufacture Heat Pipes.

(b) Exclusive Agent Agreement with David Bednar, an individual, dated May 15, 2004 to market applications for the Hydrogen Technology relating to ammonia and its derivative products that could be used in the fertilizer or explosives industries for five years.

(c) Research and Development and Intellectual Property Assignment Agreement dated June 26, 2004 with Dr. Hyunik Yang which conveyed ownership of the Hydrogen Technology.

(d) Exclusive Licensing Agreement dated June 26, 2004 with WHMIS, Inc. for marketing their environmental remediation technology.

(e) Acquisition of intellectual property for new oil deep refining and hydrogen generation from Evgeny Krasailnikov on September 13, 2004 for 50,000 restricted common shares.

The transaction with IESI Canada was instrumental toward enabling us to acquire the intellectual property rights for the Hydrogen Technology without encumbrances and obligations to any third parties. After having acquired the intellectual property rights on the Hydrogen and Heat Pipe Technologies, we cancelled the October 24, 2003 Licensing Agreement with Hyunik Yang and HY-EN Research Ltd for marketing the Hydrogen Technology and the March 17, 2004 Licensing Agreement with Transterm for marketing the Heat Pipe Technology since these redundantly became our direct responsibility.

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Our acquisition on June 26, 2004 was for two patents with the intellectual property and marketing rights which comprised our Hydrogen Generation technology. The intellectual property rights obtained covered North and South America, the Caribbean, Cuba, Scandinavia, Europe (excluding Russia), the Middle East and Africa. The seller of the patents was the inventor, Dr. Hyunik Yank of the Republic of South Korea.

The cost of the patents was $15 million which was paid to the seller with 6 million of our preferred shares valued at $2.50 per share. The preferred shares have a direct lien on the two patents with the intellectual property and marketing rights in the event of the Dissolution, Bankruptcy or Receivership of IESI, Nevada.

On June 18, 2004 the Company entered into an Executive Employment Agreement with Stephen P. Monaco to employ Mr. Monaco in the position of Vice President and Chief Marketing Officer with a salary of $150,000, payable in accordance with the Company's customary payroll practice. On June 21, 2004 the Company entered into an Executive Employment Agreement with Patrick J. Cochrane to employ Mr. Cochrane in the position of Chief Executive Officer with a salary of $180,000, payable in accordance with the Company's customary payroll practice. On June 21, 2004 the Company entered into an Executive Employment Agreement with Terry Dingwall to employ Mr. Dingwall in the position of President with a salary of $150,000, payable in accordance with the Company's customary payroll practice. On June 21, 2004 the Company entered into an Executive Employment Agreement with Ronald C. Foster to employ Mr. Foster in the position of Secretary and Vice president of Business Development with a salary of $165,000, payable in accordance with the Company's customary payroll practice. On July 1, 2004 the Company entered into an Employment Agreement with Trevor Park for one year at a base salary of $60,000 per year. On July 1, 2004 the Company entered into an Employment Agreement with Alain Liberty for one year at a base salary of $60,000 per year.

On September 1, 2004 we entered into a Purchase Agreement with HY-EN Research Ltd. to purchase two heat generators for $90,000 each. We paid for the first heat generator on September 3, 2004 and made a partial payment of $49,073 for the second unit on September 28, 2004. We are obligated to pay the remaining $40,927 on second unit on or before November 15, 2004. We also spent an additional $49,685 on additional parts which will be needed above the contracted cost for the second unit.

On September 7, 2004 we paid $250,817 to HY-EN Research Ltd. to build a Hydrogen Generation demonstration unit for demonstration. When we receive the unit, we plan to demonstrate it to large energy companies in Canada that have already expressed serious interest in observing the working model. We expect to receive the unit prior to December 31, 2004.

On September 13, 2004 we acquired intellectual property for new oil deep refining and hydrogen generation from Evgeny Krasailnikov for 50,000 restricted common shares valued at $4.00 per common share. We intend to obtain PCT patents on the technologies and subsequently raise sufficient capital to build a demonstrator unit for the oil refining technology. The hydrogen generation technology will be used to enhance the current hydrogen technology owned by us.

Liquidity

Since our inception, we raised $3,761,410 in cash from short term notes that are payable on demand with interest at 3% per annum. On October 13, 2004 we repaid 14 Note-holders their principal without interest in the amount of $1,164,500.

As of September 30, 2004 we used $2,146,810 of our debt proceeds from the Note-holders as detailed in the USE OF PROCEEDS section of this Prospectus.

At the end of the quarter ended September 30 2004, the Company had not realized any revenue whatsoever from sales and had $1,614,626 in cash with negative working capital of $2,909,368.

The following should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this Prospectus.

DESCRIPTION OF PROPERTY

The Company also owns an 80,000 square foot building on 18.7 acres of land at 376 Alabama Highway 278 Bypass in Piedmont, Alabama 36272. The building is encumbered with a $1.1 million note to a director which due in one balloon payment on or before April 1, 2005 with accrued

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interest at 3% per annum.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On May 5, 2004 we issued 2,160,000 preferred shares to Ron Foster, an officer and director and issued a $1,100,000 note to Mr. Foster for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at a deemed value of $4,724,455. The transaction was valued at the seller's depreciated cost basis. The preferred stock issued was valued at $3,624,455 because the Company's accounting policy for valuing non-monetary transactions with a related party required the transaction be valued at the predecessors depreciable cost basis. We acquired the land because of expressed interest from the city of Piedmont for a $10 million Industrial Development Bond issue to finance a manufacture facility for our heat pipe and hydrogen units.

On May 15, 2004 we authorized the issuance of 6,000,000 restricted common shares to all of the 25 shareholders of Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, and "IESI Canada" and issued a note to IESI Canada for $800,000. On September 22, 2004 we amended the agreement to pay IESI Canada $629,089 in cash instead of $800,000.

Three of our directors received 75% of the issued shares or 4,500,000 restricted common shares of the total 6,000,000 restricted shares issued as follows:

NAME	Number of Shares
Patrick J. Cochrane	2,000,000
Fred Dornan	2,000,000
Terry Dingwall	500,000

The acquired assets were valued at the cost basis of IESI Canada and allocated as follows:

Patents for Heat Pipe Technology	$ 937,500
Licensing Agreement for Hydrogen Technology	986,880
Oil Reclamation Equipment	632,478

TOTAL	$ 2,556,858

On June 18, 2004 we entered into an Executive Employment Agreement with Stephen P. Monaco to employ Mr. Monaco in the position of Vice President and Chief Marketing Officer with a salary of $150,000, payable in accordance with our customary payroll practice.

On June 21, 2004 we entered into an Executive Employment Agreement with Patrick J. Cochrane to employ Mr. Cochrane in the position of Chief Executive Officer with a salary of $180,000, payable in accordance with our customary payroll practice.

On June 21, 2004 we entered into an Executive Employment Agreement with Terry Dingwall to employ Mr. Dingwall in the position of President with a salary of $150,000, payable in accordance with our customary payroll practice.

On June 21, 2004 we entered into an Executive Employment Agreement with Ronald C. Foster to employ Mr. Foster in the position of Secretary and Vice president of Business Development with a salary of $165,000, payable in accordance with our customary payroll practice.

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MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no established public market for our common stock. [See Footnote 2 to the Calculation of Registration Fee Table]. Although we hope to be quoted on the OTC Bulletin Board, our common stock is not currently listed or quoted on any quotation service. There can be no assurance that our common stock will ever be quoted on any quotation service or that any market for our stock will ever develop or, if developed, will be sustained.

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DIVIDEND POLICY

We have not declared any dividends since our inception and we do not plan to issue dividends in the foreseeable future. We are a development stage company which plans to reinvest any profits that we may receive into future operations.

EXECUTIVE COMPENSATION

Compensation of Directors

Directors are currently not compensated for serving on our Board of Directors.

All officers were not compensated prior to July 1, 2004. On July 1, 2004 we entered into employment contracts with all of our officers.

The following table sets forth the compensation we paid for services to our officers from inception December 5, 2003 through September 30, 2004:

SUMMARY COMPENSATION TABLE

Annual Compensation			Long-Term Compensation				
Awards Payouts							
Name and Principal Position	Year	Salary($)	Bonus($)	Other Annual Compensation(#)	Securities Underlying Options/ SARs (#)	LTIP Payouts	All Other Compensation
Patrick Cochrane (1) CEO and Director	2004	$ 45,000	-	-	-	-	-
Terry Dingwall (2) President and Director	2004	$ 37,500	-	-	-	-	-
Ron Foster (3) Vice President of Business Development and Director	2004	$ 41,250	-	-	-	-	-
Stephen Monaco (4) Vice President of Marketing	2004	$ 37,500	-	-	-	-	-

(1) Mr. Cochrane has an Employment Agreement for $15,000 a month from July 1, 2004 through June 30, 2009.

(2) Mr. Dingwall has an Employment Agreement for $12,500 a month from July 1, 2004 through June 30, 2009.

(3) Mr. Foster has an Employment Agreement for $13,750 a month from July 1, 2004 through June 30, 2009.

(4) Mr. Monaco has an Employment Agreement for $12,500 a month from July 1, 2004 through June 30, 2009.

There are no annuity, pension or retirement benefits currently proposed to be paid to Officers, Directors, or employees in the event of retirement at normal retirement date pursuant to any existing plan provided by the Registrant.

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We have a stock option plan in place.

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Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (c)
Equity compensation plans approved by security holders	91,000	$ 2.50	2,409,000
Equity compensation plans not approved by security holders	none		

(a) Options are issued to consultants expiring between January 11, 2009 through June 29, 2009.

(b) All outstanding issued options have a strike price at $2.50 per share.

(c) The Company's stock option plan is authorized to issue 2,500,000 shares.

The following table sets forth certain information concerning grants of non-plan options to the Named Executive Officers during the period from inception (December 5, 2003) to September 30, 2004:

OPTION GRANTS FOR PERIOD ENDED SEPTEMBER 30, 2004

Name	Number of Securities Underlying Options Granted (shares)(a)	Individual Grants Percent of Total Options granted to Employees in Fiscal Year	Exercise or Base Price ($/share)	Expiration Date
Patrick Cochrane CEO and Director	0	-	-	-
Terry Dingwall President and Director	0	-	-	-
Ronald Foster Vice President of Business Development Director	0	-	-	-
Stephen Monaco Vice President of Marketing	0	-	-	-
Fred Dornan Director	0	-	-	-

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(a) No options have been granted to any of our officers or directors from inception through September 30, 2004.

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SHARES ELIGIBLE FOR FUTURE SALE.

Upon completion of the offering, we will have 941,604 shares of common stock outstanding and eligible for future sale. A current shareholder who is an "affiliate" which is defined in Rule 144 as a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Innovative Energy Solutions, Inc., will be required to comply with the resale limitations of Rule 144.

Sales by affiliates will be subject to the volume and other limitations of Rule 144, including certain restrictions regarding the manner of sale, notice requirements, and the availability of current public information about. The volume limitations generally permit an affiliate to sell, within any three month period, a number of shares that does not exceed the greater of one percent of the outstanding shares of common stock or the average weekly trading volume during the four calendar weeks preceding his sale. A person who ceases to be an affiliate at least three months before the sale of restricted securities beneficially owned for at least two years may sell the restricted securities under Rule 144 without regard to any of the Rule 144 limitations.

LEGAL MATTERS

The validity of the shares offered hereby will be passed upon for Innovative Energy Solutions, Inc. by The O'Neal Law Firm, P.C., 668 North 44th Street, Suite 233, Phoenix, Arizona 85008.

SECURITIES ACT INDEMNIFICATION DISCLOSURE

IESI Nevada's By-Laws allow for the indemnification of company officers and directors in regard to their carrying out the duties of their offices. We have been advised that in the opinion of the Securities and Exchange Commission indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act, and is, therefore unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or other controlling persons in connection with the securities registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction. We will then be governed by the court's decision.

EXPERTS

The financial statements of Innovative Energy Solutions, Inc. as of June 30, 2004 , included in this prospectus have been audited by Epstein, Weber and Conover independent certified public accountants, as stated in the opinion, which has been rendered upon the authority of said firm as experts in accounting and auditing.

TRANSFER AGENT

Our transfer agent is Transfer Online, Inc. located at 317 SW Alder Street, 2nd Floor in Portland, Oregon 97504. Their phone number is 503-227-2950 and fax number is 503-227-6874.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We have had no change of, nor disagreement with, our independent registered public accounting firm since our inception.9

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ADDITIONAL INFORMATION

We have filed with the SEC the registration statement on Form SB-2 under the Securities Act for the common stock offered by this prospectus. This prospectus, which is a part of the registration statement, does not contain all of the information in the registration statement and the exhibits filed with it, portions of which have been omitted as permitted by SEC rules and regulations. For further information concerning us and the securities offered by this prospectus, we refer to the registration statement and to the exhibits filed with it. Statements contained in this prospectus as to the content of any contract or other document referred to are not necessarily complete. In each instance, we refer you to the copy of the contracts and/or other documents filed as exhibits to the registration statement, and these statements are qualified in their entirety by reference to the contract or document.

The registration statement, including all exhibits, may be inspected without charge at the SEC's Public Reference Room at 450 Fifth Street, N.W. Washington, D.C. 20549, and at the SEC's regional offices located at the Woolworth Building, 233 Broadway, New York, New York 10279 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of these materials may also be obtained from the SEC's Public Reference at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, upon the payment of prescribed fees. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The registration statement, including all exhibits and schedules and amendments, has been filed with the SEC through the Electronic Data Gathering, Analysis and Retrieval system, and are publicly available through the SEC's Web site located at http://www.sec.gov.

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PART II - FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Innovative Energy Solutions, Inc. and Subsidiary:

We have audited the accompanying consolidated balance sheet of Innovative Energy Solutions, Inc. and Subsidiary (a development stage company) as of June 30, 2004 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the period from December 5, 2003 (date of inception) to June 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Standards Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innovative Energy Solutions, Inc. and Subsidiary (a development stage company) as of June 30, 2004, and the results of its operations and cash flows from December 5, 2003 (date of inception) to June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company continues to incur significant operating losses, but continues to raise capital to fund operations and is in the process of attempting to acquire additional assets which will generate sales volume with operating margins sufficient to achieve profitability. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are discussed in Note 1. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ Epstein, Weber & Conover, PLC
Scottsdale, Arizona
October 22, 2004

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash	$ 1,192,970
Accounts receivable, stockholder	5,921
Advances due from related entity	161,000
Prepaid expenses	70,750

Total current assets	1,430,641
PROPERTY AND EQUIPMENT	
Land, building and equipment, net	5,312,287
OTHER ASSETS	
Intellectual property	16,924,380

Total assets	$ 23,667,308
	============

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	$ 8,849
Accrued interest	16,933
Loan payable, related entity	167,906
Note payable, stockholder	1,100,000
Notes payable, third parties	2,167,385

Total current liabilities	3,461,073

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STOCKHOLDERS' EQUITY	
Preferred stock, $.001 par value, 10,000,000 shares authorized, 8,160,000 issued and outstanding	8,160
Common stock, $.001 par value, 75,000,000 shares authorized, 6,000,010 issued and outstanding	6,000
Additional paid-in capital	20,371,972
Deficit accumulated during development stage	(179,897)
Total stockholders' equity	20,206,235
Total liabilities and stockholders' equity	$ 23,667,308

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF OPERATIONS
FROM DECEMBER 5, 2003 (INCEPTION) TO JUNE 30, 2004

OPERATING EXPENSES

Legal and accounting	$ 48,229
Consulting	16,275
Depreciation	44,646
Other	53,814
Total operating expenses	162,964
Net loss from operations	(162,964)
OTHER EXPENSE	
Interest expense	16,933
Net loss	$ (179,897)
NET LOSS PER SHARE:	
Basic and diluted	$ (0.12)
WEIGHTED AVERAGE SHARES OUTSTANDING:	
Basic and diluted	1,445,036

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM DECEMBER 5, 2003 (INCEPTION) TO JUNE 30, 2004

	Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During Development Stage	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Issuance of common stock on December 21, 2003	-	$ 0	10	$ 0	$ 25	$ 0	$ 25
Issuance of preferred stock on March 24, 2004	2,160,000	2,160	-	-	3,622,295	0	3,624,455
Issuance of common stock on May 15, 2004	-	-	6,000,000	6,000	1,750,857	0	1,756,857
Issuance of preferred stock on June 26, 2004	6,000,000	6,000	-	-	14,994,000	0	15,000,000
Issuance of stock options	-	-	-	-	4,795	0	4,795
Net loss for the period	-	-	-	-	0	(179,897)	(179,897)
ended June 30, 2004	-	-	-	-	0		0
Balances as of June 30, 2004	8,160,000	$ 8,160	6,000,010	$ 6,000	$ 20,371,972	$ (179,897)	$ 20,206,235

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOW
FROM DECEMBER 5, 2003 (INCEPTION) TO JUNE 30, 2004

OPERATING ACTIVITIES	
Net loss for the period	$ (179,897)
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock compensation expense	4,795
Depreciation expense	44,646
Changes in assets and liabilities:	
Increase in accounts receivable, stockholder	(5,921)
Increase in prepaid expenses	(70,750)
Increase in accounts payable	8,848
Increase in accrued interest	16,934
Total adjustments	(6,243)
Net cash used in operating activities	(181,345)
INVESTING ACTIVITIES	
Advances to related entity	(161,000)
Net cash used in investing activities	(161,000)
FINANCING ACTIVITIES	
Borrowings on notes payable, third parties	2,167,385
Payments on loan payable, related entity	(632,095)
Issuance of common stock	25
Net cash provided by financing activities	1,535,315
INCREASE IN CASH	1,192,970
CASH, BEGINNING OF PERIOD	0
CASH, END OF PERIOD	$ 1,192,970

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SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Issuance of 2,160,000 preferred shares for purchase of land and building from related entity	$ 3,624,455
Assumption of mortgage and taxes for purchase of land and building from related entity	$ 1,100,000
Issuance of 6,000,000 preferred shares for purchase of intellectual property	$ 15,000,000
Issuance of 6,000,000 common shares for purchase of intellectual property from related entity	$ 1,756,857
Assumption of loan payable for purchase of intellectual property from related entity	$ 800,000

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FROM INCEPTION (December 5, 2003) to June 30, 2004

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION

The Company incorporated as Innovative Energy Solutions, Inc. on December 5, 2003 in the state of Nevada as a start-up company, for the purpose of becoming a diversified, full-service energy company. The Company is in good standing and there are 75,000,000 authorized common shares and 10,000,000 authorized preferred shares. The Company is seeking to obtain and develop innovative intellectual property which can either produce energy at a low cost or save energy for the end user. Once developed, the Company plans to have demonstrator units built to prove the application of its designs. Once proven, the Company plans to arrange a manufacturing and assembly plan in conjunction with a marketing plan to sell the product.

On December 21, 2003 the Company issued 10 shares of its common stock to Ron Foster ("Foster") who became the sole shareholder and director.

On December 22, 2003, the first meeting of the Board of Directors was held in which three additional directors were appointed to serve along with Ron Foster. The directors approved its By-Laws, appointed officers, approved salaries for the officers and approved the 2004 Incentive and Non-Statutory Incentive Stock Option Plan.

On March 24, 2004 the Company issued 2,160,000 preferred shares to Foster and issued a $1,100,000 note for 5,000 shares of SBI Communications, Inc., an entity wholly owned by Foster, and whose only asset was 18.7 acres of land and an 80,000 square foot commercial building in Piedmont, Alabama. The transaction was valued at the seller's depreciated cost basis of $4,724,455. The preferred stock issued was valued at $3,624,455 because the Company's accounting policy for valuing non-monetary transactions with a related party required the transaction be valued at the predecessors depreciable cost basis. The property was acquired with the intent to be used for assembly of the Company's planned products for sale.

On May 10, 2004 the Company entered into an Exclusive Distributorship Agreement with Sunwoo Energy Technology Inc. and Koo Hyo Hwea to purchase 1,000 Heat Pipe Heat Exchangers annually. The Company plans to sell the Heat Pipe Exchangers to retailers and end users.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, "IESI Canada", for equipment, intellectual property and a licensing agreement valued at the cost basis of the seller which was $2,556,858. Three of the Company's directors were shareholders of IESI Canada and received 4,500,000 of the total 6,000,000 common shares issued. See the Company's accounting policy for Non-monetary transactions.

On June 26, 2004 the Company acquired the rights to two patents which comprised its Hydrogen Generation technology. The cost of the patents was $15 million which was paid to a third party seller in an arms length non-monetary transaction by the Company issuing 6,000,000 preferred shares valued at $2.50 per share. The preferred shares have a direct lien on the two patents with the intellectual property and marketing rights in the event of the Dissolution, Bankruptcy or Receivership of IESI, Nevada. The value of the shares issued in this transaction was determined on the basis of cash sales of the Company's capital stock occurring shortly after June 30, 2004 in accordance with the Company's accounting policy for non-monetary transactions. The Company has constructed a working demonstration unit based upon the patents and intends to commercialize the technology within the next two years.

GOING CONCERN AND PLAN OF OPERATIONS

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and extinguishment of liabilities in the normal course of business.

As shown in the accompanying financial statements, the Company had a net loss of $179,897 since its inception and had a deficit in working capital of $2,030,432 as of June 30, 2004. The ability of the Company to continue as a going concern is dependent on obtaining additional capital and financing and operating at a profitable level.

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Note 1 - ORGANIZATION AND BASIS OF PRESENTATION - continued

The Company intends to seek additional capital either through debt or equity offerings or a combination thereof, and to seek acquisitions which will generate sales volume with operating margins sufficient to achieve profitability. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

PRICIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company which owns all of the intellectual property and its wholly owned subsidiary SBI Communications, Inc. which owns the land and building in Piedmont, Alabama. All intercompany transactions are eliminated in consolidation.

CASH

Cash includes all short-term highly liquid investments that is readily convertible to known amounts of cash and have original maturities of three months or less. At times cash deposits may exceed government insured limits.

INTELLECTUAL PROPERTY

Intellectual properties have been acquired through the issuance of shares of the Company's common and preferred stock. These intellectual properties are valued at the estimated fair market value of the stock issued at the time of purchase, or in the case of intellectual properties acquired from an affiliate or entity under common control, the historical cost basis. The value of the common and preferred stock is determined by the value assigned in third party transactions and private placements occurring in July 2004. All stock issued in those transactions contains regulatory restrictions, and in some cases contractual restrictions, on transferability. Management has not assigned a defined life to the intellectual properties and periodically analyzes the values of the intellectual properties for impairment.

PROPERTY & EQUIPMENT

Property and equipment are stated at cost. Assets are depreciated using the straight-line method for both financial statement and tax purposes based on the following estimated useful lives:

Machinery and office equipment 7 years Building 30 years

Maintenance and repairs are charged to expense when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS

Financial instruments consist primarily of cash, accounts receivable, obligations under accounts payable, accrued expenses and notes payable. The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses and notes payable approximate fair value because of the short term maturity of those instruments.

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Note 1 - ORGANIZATION AND BASIS OF PRESENTATION - continued

NON-MONETARY TRANSACTIONS

The accounting for non-monetary assets is based on the fair values of the assets involved. All non-monetary transactions with unaffiliated third parties are valued at arms length. All non-monetary transactions with related parties are valued at the predecessors depreciable cost basis for the asset received.

Cost of a non-monetary asset acquired in exchange for another non-monetary asset is recorded at the fair value of the asset surrendered to obtain it. The fair value of the asset received is used to measure the cost if it is more clearly evident than the fair value of asset surrendered.

All non-monetary transactions involving the issuance of the Company's preferred stock are valued the same as transactions involving the Company's common stock since all preferred stock can convert to common stock on an equal share for share basis.

IMPAIRMENT OF LONG-LIVED ASSETS

In the event that facts and circumstances indicate that the cost of long-lived assets, primarily intellectual property and patents, may be impaired, the Company performs a recoverability evaluation. If an evaluation is required, the discounted estimated future cash flows associated with the assets is compared to the assets' carrying amount to determine whether a write-down to fair value is required.

The Company has adopted SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" which requires that long-lived assets to be held and used be reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company evaluates its long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts exceed the fair values of the assets. Assets to be disposed of are reported at the lower of the Company's carrying values or fair values, less costs of disposal.

STOCK OPTION PLAN

On December 22, 2003 the Company adopted its 2004 Incentive and Non-statutory Stock Option Plan (the Plan) allowing for the issuance of incentive stock options and non-statutory stock options to purchase an aggregate 2,500,000 shares of common stock to directors, officers, employees and consultants of the Company. The Plan is administered by the Board of Directors.

The Plan provides that incentive stock options be granted at an exercise price equal to the fair market value of the common shares of the Company on the date of the grant and must be at least 110% of fair market value when granted to a 10% or more shareholder. The exercise term of all stock options granted under the Plan may not exceed ten years, and no later than three months after termination of employment, except the term of incentive stock options granted to a 10% or more shareholder which may not exceed five years.

Statement of Financial Accounting Standard (SFAS) No. 123, "Accounting for Stock-Based Compensation", ("SFAS 123") as amended by SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure", established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation. The Company periodically issues options to consultants. The estimated value of these options is determined in accordance with SFAS No. 123 and expensed as the granted options vest to the grantees. In accordance with SFAS 123, the Company has elected to account for stock based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

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Note 1 - ORGANIZATION AND BASIS OF PRESENTATION - continued

From time to time, the Company issues stock options to executives, key employees and members of the Board of Directors. Generally, when the Company grants stock options to employees, there is no intrinsic value of those options on the date of grant. Accordingly, no compensation cost has been recognized for stock options granted to employees. There were no options granted to employees in the period ended June 30, 2004 and therefore no pro-forma presentation is relevant.

The fair values of the options granted in the period end June 30, 2004, were estimated at the date of grant using the minimum value method with the following assumptions:

Dividend yield	None
Volatility	None
Risk free interest rate	3.75%
Expected asset life	5-10
years	

The status of outstanding options granted pursuant to the 2004 Plan was as follows:

	Number of Shares	Wtd. Average Exercise Price	Weighted Average Fair Value
Options outstanding at June 30, 2004 (705,000 exercisable)	705,000	$ 5.19	$ .42

The Company's weighted average remaining contractual life of options outstanding at June 30, 2004 was approximately 98 months.

These options were all granted in the period ended June 30, 2004 in connection with the execution of licensing agreements and a consulting agreement.

The amount of expense recorded on the accompanying consolidated statement of operations was $4,795.

As of June 30, 2004, there are a total of 95,000 shares granted at an exercise price of $2.50, 90,000 at $3.50, 90,000 at $4.50, 90,000 at $5.50 and 340,000 at $6.50.

The Company accounts for stock awards issued to nonemployees in accordance with the provisions of SFAS 123 and Emerging Issues Task Force ("EITF") Issue No.
96-18 ACCOUNTING FOR EQUITY INSTRUMENTS THAT ARE ISSUED TO OTHER THAN EMPLOYEES FOR ACQUIRING, OR IN CONJUNCTION WITH SELLING GOODS OR SERVICES. Under SFAS 123 and EITF 96-18, stock awards to non-employees are accounted for at their fair value as determined under the intrinsic value method.

INCOME TAXES

The Company has adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the Company's financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences is expected to reverse.

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LOSS PER SHARE

(Loss) per common share is computed based on the Company's weighted average number of common shares outstanding during each period. Convertible equity instruments such as options are not considered in the calculation of net loss per share, as their inclusion would be anti-dilutive.

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Note 2 - LAND, BUILDING & EQUIPMENT

The Company purchased an 80,000 square foot industrial building on 18.7 acres of land zoned for industrial use in Piedmont, Alabama on March 24, 2004 for a total of $4,724,455, which was the seller's historical cost basis, of which $4,002,233 was allocated to the building. The property was acquired from an entity considered to be under common control. The building is being depreciated on a straight-line basis over 30 years from January 1, 1995 which is when the seller originally acquired the building. Depreciation expense for the period ended June 30, 2004 was $33,352.

On May 15, 2004, the Company acquired equipment at the seller's historical cost basis of $632,478 for oil remediation and clean up which it intends to lease. The property was acquired from an entity considered to be under common control. The equipment will be depreciated on a straight-line basis over 7 years. Depreciation expense for the period ended June 30, 2004 was $11,294.

	June 30, 2004
Oil remediation equipment	$ 632,478
Building	4,002,233
Less: Accumulated depreciation	(44,646)
Impairment loss	--
Building & Equipment, net	$ 4,590,065
18.7 Acres of Land, Piedmont, AL	722,222
LAND, BUILDING & EQUIPMENT, NET	$ 5,312,287

Depreciation expense was $44,646 since inception.

Note 3 - INTELLECTUAL PROPERTY

Since its inception, the Company has entered into numerous agreements to acquire certain rights to various complex intellectual scientific properties. Intellectual property on the accompanying balance sheet consists of the following:

	June 30, 2004
Patents acquired June 26, 2004 (see note 1)	$ 15,000,000
Licensing agreement (see note 11)	986,880
Patents (see note 11)	937,500
Total	$ 16,924,380

The Company has not assigned a defined life to the intellectual property and periodically analyzes its investment for impairment. The stages of development in which the intellectual property is in make estimation of value or determination of impairment a difficult task.

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There have been no substantive revenues generated or value derived from the technology since its acquisition. The Company has determined that there is no evidence that the book value of the intellectual property is impaired. Management will determine the commercial applications for these technologies over the next year and estimates the amount and probability that they will produce adequate cash flow to support carrying values.

Note 4 - NOTES PAYABLE, THIRD PARTIES

Since its inception the Company raised $2,167,385 under 182 individual note agreements payable on demand with an interest rate of 3% per annum. Accrued interest under these note agreements at June 30, 2004 was $8,074. It is management's belief that the creditors have the desire and intent to convert this debt into shares of the Company stock.

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Note 5 - LOAN PAYABLE, RELATED ENTITY

On May 15, 2004 the Company incurred an $800,000 non-interest bearing debt obligation to IESI Canada as part of a transaction in which the Company acquired equipment, intellectual property and a licensing agreement. At June 30, 2004 the Company owed IESI Canada $167,906 under the original agreement. As noted in footnote 12, the remaining balance was forgiven.

Note 6 - NOTE PAYABLE, STOCKHOLDER

The Company issued a note for $1,100,000 to a director and significant shareholder resulting from the acquisition of land and a building in Piedmont, Alabama. The note is due in one balloon payment on or before April 1, 2005 with accrued interest at 3% per annum. Accrued interest on the loan at June 30, 2004 was $8,860.

Note 7 - INCOME TAXES

The Company has not provided any current or deferred income tax provision or benefit for any period presented because it has experienced operating losses since inception and any benefit is offset by an equal valuation allowance. The Company has provided a full valuation allowance because of the uncertainty regarding the utilization of the net operating loss carry forwards. Differences between financial reporting and tax purposes are minor, and no deferral has been recorded for these amounts.

	For the period ended June 30, 2004
Current income tax benefit	$ -0-
Deferred income tax benefit	72,000
Total current and deferred income tax benefit	72,000
Valuation allowance (72,000)	
Benefit of income taxes	$ -0-

Income tax expense does not differ from amounts computed by applying the U.S. Federal, statutory income tax rate of 34%. There is no statutory state income tax rate. The realized net operating loss expires, as follows:

Expiration	Federal
2023	$ 179,897
Total net operating loss available	$ 179,897

Note 8 - COMMITMENTS

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The Company has contractual obligations under the intellectual property assignments for the Heat Pipe and Hydrogen Technologies to use its best efforts and to devote such time as necessary to commercialize, promote and fully exploit the technologies. In addition, it is obligated to devote such time as is necessary to develop and provide sufficient funding for research and development.

On May 10, 2004 the Company entered into an Exclusive Distributorship Agreement with Sunwoo Energy Technology, Inc. to market and distributes Heat Pipe Exchangers for domestic use. The Company must purchase 1,000 units annually from Sunwoo in order to maintain its exclusivity and pay approximately $3,200 a month as a distributorship fee for 24 months. As of June 30, 2004, the Company owed $6,160 in distributor fees and had not ordered any units.

Note 8 - COMMITMENTS-continued

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On June 30, 2004 the Company entered into an Exclusive Licensing Agreement with WHMIS Inc. to commercialize any or all of its technologies which; (1)make inexpensive distillation columns for waste oil processing plants, and; (2) to produce low cost petroleum products from waste oil, plastic and tires and; (3) converts waste oil to diesel fuel. The Company must pay a minimum annual royalty of $25,000 commencing during the fiscal year ended June 30, 2006 with an annual 5% escalation or a royalty of 2% of the net sales of the products sold or used annually beginning in the fiscal year of June 30, 2006.

Note 9 - STOCKHOLDERS' EQUITY

At June 30, 2004, the Company had 10,000,000 shares of $0.001 par value preferred stock authorized and 8,160,000 shares of preferred stock issued and outstanding. It also had 75,000,000 common shares of $.001 par value common stock authorized and 6,000,010 common shares issued and outstanding.

Preferred Stock

On March 24, 2004 the Company issued 2,160,000 preferred shares to a director and controlling shareholder at that time, and assumed a $1,100,000 debt for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at the seller's historical depreciated cost basis of $4,724,455.

On June 26, 2004 the Company acquired two patents with the intellectual property and marketing rights which comprised its Hydrogen Generation technology. The cost of the patents was $15 million which was paid to the seller with 6,000,000 preferred shares valued at $2.50 per share. The preferred shares have a direct lien on the two patents with the intellectual property and marketing rights in the event of the Dissolution, Bankruptcy or Receivership of IESI, Nevada.

The rights of preferred stockholders shall rank, as to dividends and upon liquidation, senior and prior to the Corporation's common stock and to all other classes or class of stock issued by the Corporation, except as otherwise approved by the affirmative vote or consent of the holders of a majority of the shares of the Preferred stock. Each share of preferred stock is entitled to one vote. Any preferred stock issued may be cancelled and reissued as common stock on a one share for one share basis unless the articles of incorporation designate different rights and privileges.

The Board of Directors may establish one or more classes or series of common and preferred stock by filing a certificate of amendment to a certificate of designation with the Secretary of State. The amendment must state that no shares of the newly formed class or series has been issued and must state the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series, as amended.

Common Stock

On December 21, 2003 the Company authorized issuance of 10 common shares to a director for $25 of cash.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to IESI Canada, for equipment, intellectual property and a licensing agreement. The shares were issued directly to the shareholders of IESI Canada of which three of the shareholders were also directors of the Company.

Note 10 - LOSS PER SHARE

At June 30, 2004, there were 705,000 outstanding options. Outstanding options were not considered in the calculation for diluted earnings per share because the effect of their inclusion would be anti-dilutive. A reconciliation of the numerator and denominator of the basic and diluted per share calculations for the loss from continuing operations is as follows:

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Note 10 - LOSS PER SHARE-continued

	2004		
	Loss	Wtd. Avg. Shares	Per share
Net (Loss)	$ (179,897)		
BASIC LOSS PER SHARE			
Loss available to common stockholders (.12)	$ (179,897)	1,445,036	$
Effect of dilutive securities	N/A		
DILUTED LOSS PER SHARE (.12)			$

Note 11 - RELATED PARTY TRANSACTIONS

On March 24, 2004 the Company issued 2,160,000 preferred shares to a director and assumed a $1,100,000 debt for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at a deemed value of $4,724,455. The transaction was valued in accordance with the Company's accounting policy for non-monetary transactions.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, "IESI Canada", for equipment, intellectual property and licensing agreements. The transaction was valued in accordance with the Company's accounting policy for non-monetary transactions. Three of the Company's directors were also shareholders of IESI Canada and received 4,500,000 of the total 6,000,000 common shares issued. The Company received the following in the transaction:

(a) A Licensing Agreement dated October 24, 2003 from Hyunik Yang and HY-EN Research Ltd to IESI Canada valued at the seller's historical cost of $986,880; and

(b) Eleven Romanian patents comprising the Heat Pipe Technology valued at the sellers cost of $937,500; and

(c) Equipment intended to be used for oil remediation valued at the sellers cost of $632,478.

At June 30, 2004, the Company had advanced IESI Canada $161,000 which was subsequently converted into an 8% per annum interest bearing note receivable.

Note 12 - SUBSEQUENT EVENTS

On July 1, 2004 the Company entered into a three year consulting agreement to assist in the commercializing of the intellectual property purchased from WHMIS Inc. The agreement requires to Company to pay $100,000 Canadian dollars annually to the consultant for three years until June 30, 2007.

On July 1, 2004, the Company entered into four employment agreements with officers of the Company. The employment agreements obligate the Company to pay $53,250 a month until their expiration on June 30, 2009. The Company also entered into three employment agreements with consultants which obligate the Company to pay approximately $16,700 month until their expiration on June 30, 2007.

On July 13, 2004, IESI Canada agreed to repay advances from the Company of up to $236,000 from the Company at 8% per annum before December 31, 2004.

On September 22, 2004, the Company amended its original intellectual property and licensing acquisition agreement with IESI Canada. The amendment changed the cash obligation of the Company to IESI Canada from $800,000 to $629,089. This amendment eliminated the

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remaining loan payable of $167,906 to IESI Canada at June 30, 2004.

On October 13, 2004, the Company paid with cash, 14 demand notes held by note holders without interest for the face amount of their notes in full which amounted to $1,164,500.

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Note 12 - SUBSEQUENT EVENTS-continued

Also from July 1, 2004 through December 16, 2004, the Company raised $2,130,825 from 271 note holders bearing interest at 3% per annum which are due and payable upon demand.

On October 28, 2004, the Company advanced $50,000 to IESI Canada which brought its total non-interest bearing advances receivable to $100,000 while its interest bearing note remained at $236,000.

From July 1, 2004 through October 31, 2004, the Company issued a total of 147,320 restricted common shares of which 97,320 common shares were issued to 10 individuals for consulting services and 50,000 shares to an individual for intellectual property.

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(A Development Stage Company)

CONSOLIDATED BALANCE SHEET

As of September 30, 2004

(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	$ 1,614,626
Accounts receivable, stockholder	17,352
Advances due from related entity	50,000
Note receivable, related entity	236,000
Note receivable, third party note holder	125,000
Inventories	23,253
Prepaid expenses and other current assets	69,888

Total current assets	2,136,119
PROPERTY AND EQUIPMENT	
Land, building and equipment, net	5,702,737
OTHER ASSETS	
Intangible assets	16,953,468

Total assets	$ 24,792,324
	============

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	$ 6,160
Accrued interest	52,917
Note payable, stockholder	1,100,000
Notes payable, third parties	3,886,410

Total current liabilities	5,045,487
STOCKHOLDERS' EQUITY	
Preferred stock, $.001 par value, 10,000,000 shares authorized, 8,160,000 issued and outstanding	8,160
Common stock, $.001 par value, 75,000,000 shares authorized, 6,147,330 issued and outstanding	6,147

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Additional paid-in capital	20,820,293
Deficit accumulated during development stage	(1,087,763)
Total stockholders' equity	19,746,837
Total liabilities and stockholders' equity	$ 24,792,324

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended September 30, 2004	From December 5, 2003 (inception) to September 30, 2004
OPERATING EXPENSES		
Legal and accounting	$ 96,483	$ 144,712
Contract services	191,250	191,250
Consulting	316,231	332,506
Depreciation	56,021	100,667
Other	216,184	269,998
Total operating expenses	876,169	1,039,133
Net loss from operations	(876,169)	(1,039,133)
OTHER (INCOME) EXPENSE		
Interest expense	35,985	52,918
Other	(4,288)	(4,288)
Net other expense	31,697	48,630
Net loss	$ (907,866)	$ (1,087,763)
NET LOSS PER SHARE:		
Basic and diluted	$ (0.15)	$ (0.37)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic and diluted	6,098,023	2,957,668

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM DECEMBER 5, 2003 (INCEPTION) TO SEPTEMBER 30, 2004
(UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During Development Stage	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Issuance of common stock on December 21, 2003	-	$ 0	10	$ 0	$ 25	$ 0	$ 25
Issuance of preferred stock on March 24, 2004	2,160,000	2,160	-	0	3,622,295	0	3,624,455
Issuance of common stock on May 15, 2004	-	0	6,000,000	6,000	1,750,857	0	1,756,857
Issuance of preferred stock on June 26, 2004	6,000,000	6,000	-	0	14,994,000	0	15,000,000
Issuance of stock options	-	0	-	0	4,795	0	4,795
Net loss for the period ended ended June 30, 2004	-	0	-	0	0	(179,897)	(179,897)
Balances as of June 30, 2004	8,160,000	8,160	6,000,010	6,000	20,371,972	(179,897)	20,206,235
Issuance of common stock for consulting services	-	0	97,320	97	246,316	0	246,413
Issuance of common stock on September 13, 2004	-	0	50,000	50	199,950	0	200,000
Issuance of stock options	-	0	-	0	2,055	0	2,055
Net loss for the three months ended September 30, 2004	-	0	-	0	0	(907,866)	(907,866)
Balances as of September 30, 2004	8,160,000	$ 8,160	6,147,330	$ 6,147	$ 20,820,293	$(1,087,763)	$ 19,746,837

The accompanying notes are an integral part of these financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

	For the three months ended September 30, 2004	From December 5, 2003 (inception) to September 30, 2004
OPERATING ACTIVITIES		
Net loss for the period	$ (907,866)	$ (1,087,763)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock compensation expense	2,055	6,850
Depreciation expense	56,021	100,667
Issuance of common stock for consulting services	246,413	246,413
Changes in assets and liabilities:		
Increase in accounts receivable, stockholder	(11,431)	(17,352)
Decrease (increase) in prepaid expenses	862	(69,888)
Increase in inventories	(23,253)	(23,253)
Increase in accounts payable	318	6,160
Increase in accrued interest	35,983	52,917
Total adjustments	304,913	295,664
Net cash used in operating activities	(600,898)	(785,249)
INVESTING ACTIVITIES		
Purchases of property and equipment	(446,471)	(446,471)
Advances and note receivable, related entity	(125,000)	(286,000)
Net cash used in investing activities	(571,471)	(732,471)
FINANCING ACTIVITIES		
Issuance of common stock	0	25
Payments on loan payable, related entity	0	(629,089)
Borrowings on notes payable, third parties	1,594,025	3,761,410
Net cash provided by financing activities	1,594,025	3,132,346
INCREASE IN CASH	421,656	1,614,626
CASH, BEGINNING OF PERIOD	1,192,970	0
CASH, END OF PERIOD	$ 1,614,626	$ 1,614,626

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SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Issuance of 2,160,000 preferred shares for purchase of land and building from related entity	$ 0	$ 3,624,455
Assumption of mortgage and taxes for purchase of land and building from related entity	$ 0	$ 1,100,000
Issuance of 6,000,000 preferred shares for purchase of intellectual property	$ 0	$ 15,000,000
Issuance of 6,000,000 common shares for purchase of intellectual property from related entity	$ 0	$ 1,756,857
Assumption of loan payable for purchase of intellectual property from related entity	$ 0	$ 800,000
Issuance of 50,000 common shares for purchase of intellectual property	$ 200,000	$ 200,000
Forgiveness of loan payable for purchase of intellectual property from related entity	$ 170,912	$ 170,912
Assumption of marketable security in exchange for note payable, third party	$ 125,000	$ 125,000

See accompanying notes to these consolidated financial statements.

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INNOVATIVE ENERGY SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FROM INCEPTION (December 5, 2003) to September 30, 2004
UNAUDITED

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION

The Company incorporated as Innovative Energy Solutions, Inc. on December 5, 2003 in the state of Nevada as a start-up company, for the purpose of becoming a diversified, full-service energy company. The Company is in good standing and there are 75,000,000 authorized common shares and 10,000,000 authorized preferred shares. The Company is seeking to obtain and develop innovative intellectual property which can either produce energy at a low cost or save energy for the end user. Once developed, the Company plans to have demonstrator units built to prove the application of its designs. Once proven, the Company plans to arrange a manufacturing and assembly plan in conjunction with a marketing plan to sell the product.

On December 21, 2003 the Company issued 10 shares of its common stock to Ron Foster ("Foster") who became the sole shareholder and director.

On December 22, 2003, the first meeting of the Board of Directors was held in which three additional directors were appointed to serve along with Ron Foster. The directors approved its By-Laws, appointed officers, approved salaries for the officers and approved the 2004 Incentive and Non-Statutory Incentive Stock Option Plan.

On March 24, 2004 the Company issued 2,160,000 preferred shares to Foster and issued a $1,100,000 note for 5,000 shares of SBI Communications, Inc., an entity wholly owned by Foster, and whose only asset was 18.7 acres of land and an 80,000 square foot commercial building in Piedmont, Alabama. The transaction was valued at the seller's depreciated cost basis of $4,724,455. The preferred stock issued was valued at $3,624,455 because the Company's accounting policy for valuing non-monetary transactions with a related party required the transaction be valued at the predecessors depreciable cost basis. The property was acquired with the intent to be used for assembly of the Company's planned products for sale.

On May 10, 2004 the Company entered into an Exclusive Distributorship Agreement with Sunwoo Energy Technology Inc. and Koo Hyo Hwea to purchase 1,000 Heat Pipe Heat Exchangers annually. The Company plans to sell the Heat Pipe Exchangers to retailers and end users.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, "IESI Canada", for equipment, intellectual property and a licensing agreement valued at the cost basis of the seller which was $2,556,858. Three of the Company's directors were shareholders of IESI Canada and received 4,500,000 of the total 6,000,000 common shares issued. See the Company's accounting policy for Non-monetary transactions.

On June 26, 2004 the Company acquired the rights to two patents which comprised its Hydrogen Generation technology. The cost of the patents was $15 million which was paid to a third party seller in an arms length non-monetary transaction by the Company issuing 6,000,000 preferred shares valued at $2.50 per share. The preferred shares have a direct lien on the two patents with the intellectual property and marketing rights in the event of the Dissolution, Bankruptcy or Receivership of IESI, Nevada. The value of the shares issued in this transaction was determined on the basis of cash sales of the Company's capital stock occurring shortly after June 30, 2004 in accordance with the Company's accounting policy for non-monetary transactions. The Company has constructed a working demonstration unit based upon the patents and intends to commercialize the technology within the next two years.

GOING CONCERN AND PLAN OF OPERATIONS

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and extinguishment of liabilities in the normal course of business.

As shown in the accompanying financial statements, the Company had a net loss of $1,087,763 since its inception and has a deficit in working capital of $2,909,368 as of September 30, 2004. The ability of the Company to continue as a going concern is dependent on obtaining additional capital and financing and operating at a profitable

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION-continued

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level. The Company intends to seek additional capital either through debt or equity offerings, or a combination thereof, and to seek acquisitions which will generate sales volume with operating margins sufficient to achieve profitability. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

PRICIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company which owns all of the intellectual property and its wholly owned subsidiary SBI Communications, Inc. which owns the land and building in Piedmont, Alabama. All intercompany transactions are eliminated in consolidation.

CASH

Cash includes all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. At times cash deposits may exceed government insured limits.

INVENTORY

Inventory consists of heat pipe exchangers for domestic use and a heat generator for commercial use which is held for resale, and is stated at the lower of cost or market. The cost of inventory approximates the first-in, first-out ("FIFO") method. Management performs periodic assessments to determine the existence of obsolete, slow-moving and nonsalable inventory and records necessary provisions to reduce such inventory to net realizable value.

INTELLECTUAL PROPERTY

Intellectual properties have been acquired through the issuance of shares of the Company's common and preferred stock. These intellectual properties are valued at the estimated fair market value of the stock issued at the time of purchase, or in the case of intellectual property acquired from an affiliate or entity under common control, the historical cost basis. The value of the common and preferred stock is determined by the value assigned in third party transactions and private placements occurring in July 2004. All stock issued in those transactions contains regulatory restrictions, and in some cases contractual restrictions, on transferability. Management has not assigned a defined life to the intellectual properties and periodically analyzes the values of the intellectual properties for impairment.

PROPERTY & EQUIPMENT

Property and equipment are stated at cost. Assets are depreciated using the straight-line method for both financial statement and tax purposes based on the following estimated useful lives:

Machinery and office equipment 5 to 7 years Building 30 years

Maintenance and repairs are charged to expense when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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FINANCIAL INSTRUMENTS

Financial instruments consist primarily of cash, accounts receivable and obligations under accrued expenses and notes payable. The carrying amounts of cash, accounts receivable, accrued expenses and notes payable approximate fair value because of the short term maturity of those instruments.

NON-MONETARY TRANSACTIONS

The accounting for non-monetary assets is based on the fair values of the assets involved. All non-monetary transactions with unaffiliated third parties are valued at arms length. All non-monetary transactions with related parties are valued at the predecessors depreciable cost basis for the asset received.

Cost of a non-monetary asset acquired in exchange for another non-monetary asset is recorded at the fair value of the asset surrendered to obtain it. The fair value of the asset received is used to measure the cost if it is more clearly evident than the fair value of asset surrendered.

All non-monetary transactions involving the issuance of the Company's preferred stock are valued the same as transactions involving the Company's common stock since all preferred stock can convert to common stock on an equal share for share basis.

IMPAIRMENT OF LONG-LIVED ASSETS

In the event that facts and circumstances indicate that the cost of long-lived assets, primarily intellectual property and patents, may be impaired, the Company performs a recoverability evaluation. If an evaluation is required, the discounted estimated future cash flows associated with the assets are compared to the assets' carrying amount to determine whether a write-down to fair value is required.

The Company has adopted SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company evaluates its long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts exceed the fair values of the assets. Assets to be disposed of are reported at the lower of the Company's carrying values or fair values, less costs of disposal.

STOCK OPTION PLAN

On December 22, 2003 the Company adopted its 2004 Incentive and Non-statutory Stock Option Plan (the Plan) allowing for the issuance of incentive stock options and non-statutory stock options to purchase an aggregate 2,500,000 shares of common stock to directors, officers, employees and consultants of the Company. The Plan is administered by the Board of Directors.

The Plan provides that incentive stock options be granted at an exercise price equal to the fair market value of the common shares of the Company on the date of the grant and must be at least 110% of fair market value when granted to a 10% or more shareholder. The exercise term of all stock options granted under the Plan may not exceed ten years, and no later than three months after termination of employment, except the term of incentive stock options granted to a 10% or more shareholder which may not exceed five years.

Statement of Financial Accounting Standard (SFAS) No. 123, "Accounting for Stock-Based Compensation", ("SFAS 123") as amended by SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure", established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION-continued

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compensation. The Company periodically issues options to consultants. The estimated value of these options is determined in accordance with SFAS No. 123 and expensed as the granted options vest to the grantees. In accordance with SFAS 123, the Company has elected to account for stock based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

From time to time, the Company issues stock options to executives, key employees and members of the Board of Directors. Generally, when the Company grants stock options to employees, there is no intrinsic value of those options on the date of grant. Accordingly, no compensation cost has been recognized for stock options granted to employees. There were no options granted to employees in the period ended September 30, 2004, and therefore no pro-forma presentation is relevant.

The fair values of the options granted in the period end September 30, 2004, were estimated at the date of grant using the minimum value method with the following assumptions:

Dividend yield	None
Volatility	None
Risk free interest rate	3.75%
Expected asset life years	5-10

The status of outstanding options granted pursuant to the 2004 Plan was as follows:

	Number of Shares	Wtd. Average Exercise Price	Weighted Average Fair Value
Options outstanding at September 30, 2004 (705,000 exercisable)	705,000	$5.19	$.42

The Company's weighted average remaining contractual life of options outstanding at September 30, 2004 was approximately 95 months.

These options were all granted in the period ended June 30, 2004 in connection with the execution of licensing agreements and a consulting agreement.

The amount of expense recorded on the accompanying consolidated statement of operations was $4,795 for the period ended June 30, 2004 and $2,055 for the period ended September 30, 2004.

As of September 30, 2004, there are a total of 95,000 shares granted at an exercise price of $2.50, 90,000 at $3.50, 90,000 at $4.50, 90,000 at $5.50 and 340,000 at $6.50.

The Company accounts for stock awards issued to nonemployees in accordance with the provisions of SFAS 123 and Emerging Issues Task Force ("EITF") Issue No.
96-18 ACCOUNTING FOR EQUITY INSTRUMENTS THAT ARE ISSUED TO OTHER THAN EMPLOYEES FOR ACQUIRING, OR IN CONJUNCTION WITH SELLING GOODS OR SERVICES. Under SFAS 123 and EITF 96-18, stock awards to non-employees are accounted for at their fair value as determined under the intrinsic value method.

INCOME TAXES

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The Company has adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

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Note 1 - ORGANIZATION AND BASIS OF PRESENTATION-continued

LOSS PER SHARE

(Loss) per common share is computed based on the weighted average number of common shares outstanding during each period. Convertible equity instruments such as options are not considered in the calculation of net loss per share, as their inclusion would be anti-dilutive.

Note 2 - NOTE RECEIVABLE

The Company has a note receivable from IESI Canada for $236,000 which accrues interest at 8% per annum and is due and payable in full on or before January 8, 2005. There was $4,138 of accrued interest receivable on the note at September 30, 2004.

Note 3 - NOTE RECEIVABLE, THIRD PARTY NOTEHOLDER

The Company has a $125,000 receivable secured by marketable securities at September 30, 2004.

During the quarter ended September 30, 2004, the Company received 141,177 common shares of Whistler Investments Inc. from a note-holder as collateral for the Company's $125,000 note obligation to the note-holder. The Company plans to sell the common shares during January of 2005 if the note-holder does not tender $125,000 of cash prior to December 31, 2004. In the event the shares are sold, the Company will return all cash in excess of $125,000 to the note-holder.

The estimated fair value of the 141,177 common shares of Whistler Investments Inc. held by the Company was $446,119 which was estimated based on the quoted trading price of the security at September 30, 2004.

Note 4 - INTELLECTUAL PROPERTY

Since its inception, the Company has entered into numerous agreements to acquire certain rights to various complex intellectual scientific properties. Intellectual property on the accompanying balance sheet consists of the following:

	September 30, 2004
Patents acquired June 26, 2004 (see note 1)	$ 15,000,000
Licensing agreement (see note 12)	986,880
Patents (see note 12)	937,500
Other intellectual property (below)	200,000
Reduction in purchase price (see note 12) (170,912)	
Total	$ 16,953,468

On September 13, 2004, the Company acquired intellectual property from an individual pertaining to deep oil refining and a compatible hydrogen generation technology for 50,000 restricted common shares valued at $200,000.

The Company has not assigned a definite life to the intellectual property and periodically analyzes its investment for impairment. The stages of development in which the intellectual property is in make estimation of value or determination of impairment a difficult task. There have been no substantive revenues generated or value derived from the technology since its acquisition. The Company has determined that there is no evidence that the book value of the intellectual property is impaired. Management will determine the commercial applications for these technologies over the next year and estimates the amount and probability that they will produce adequate cash flow to support carrying values.

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Note 5 - LAND, BUILDING & EQUIPMENT

The Company purchased an 80,000 square foot industrial building on 18.7 acres of land zoned for industrial use in Piedmont, Alabama on March 24, 2004 for a total of $4,724,455, which was the seller's historical cost basis, of which $4,002,233 was allocated to the building. The property was acquired from an entity considered to be under common control. The building is being depreciated on a straight-line basis over 30 years from January 1, 1995 which is when the seller originally acquired the building. Depreciation expense for the three month period ended September 30, 2004 was $33,352 and accumulated depreciation was $66,704.

On May 15, 2004, the Company acquired equipment at the seller's historical cost basis of $632,478 for oil remediation and clean up which it intends to lease. The equipment will be depreciated on a straight-line basis over 7 years. Depreciation expense for the three month period ended September 30, 2004 was $22,589 and accumulated depreciation was $33,883.

During the three months ended September 30, 2004, the Company purchased office equipment totaling $6,896 which was depreciated on a straight line basis over five years. Depreciation expense for the three month period ended September 30, 2004 was $80.

	September 30, 2004	June 30, 2004
Computers & office equipment	$ 6,896	$ 0
Oil remediation equipment	632,478	632,478
Building	4,002,233	4,002,233
Less: Accumulated depreciation	(100,667)	
(44,646)		
Impairment loss	--	--
Building & Equipment, net	$ 4,540,940	$ 4,590,065
18.7 Acres of Land, Piedmont, AL	722,222	722,222
Demonstration units	439,575	0
LAND, BUILDING & EQUIPMENT, NET	$ 5,702,737	$ 5,312,287

Depreciation expense for the three months ended September 30, 2004 was $56,021 and accumulated depreciation was $100,667 since inception.

Note 6 - NOTES PAYABLE, THIRD PARTIES

Since its inception the Company raised $3,886,410 under 393 individual note agreements payable upon demand with an interest rate of 3% per annum. Accrued interest under these note agreements at September 30, 2004 was $35,740. It is management's belief that the creditors have the desire and intent to convert this debt into shares of the Company stock.

Note 7 - NOTE PAYABLE, STOCKHOLDER

The Company issued a note for $1,100,000 to a director and significant shareholder resulting from the acquisition of land and a building in Piedmont, Alabama. The note is due in one balloon payment on or before April 1, 2005 with accrued interest at 3% per annum. Accrued interest on the loan at September 30, 2004 was $17,178.

Note 8 - INCOME TAXES

The Company has not provided any current or deferred income tax provision or benefit for any period presented because it has experienced operating losses since inception and any benefit is affected by an equal valuation allowance. The Company has provided a full valuation allowance because of the uncertainty regarding the utilization of the net operating loss carry forwards. Differences between financial reporting and tax purposes are minor, and no deferral has been recorded for these amounts.

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	For the period ended September 30, 2004
Current income tax benefit	$ -0-
Deferred liability for amortization difference	(76,000)
Deferred asset for net operating loss	511,000
Total net deferred income asset (long-term)	435,000
Valuation allowance	(435,000)
Benefit of income taxes	$ -0-

Income tax expense does not differ from amounts computed by applying the U.S. Federal, statutory income tax rate of 34%. There is no statutory state income tax rate. The realized net operating loss expires, as follows:

Expiration	Federal
2023	$ 1,277,696
Total net operating loss available	$ 1,277,696

Note 9 - COMMITMENTS

The Company has contractual obligations under the intellectual property assignments for the Heat Pipe and Hydrogen Technologies to use its best efforts and to devote such time as necessary to commercialize, promote and fully exploit the technologies. In addition, it is obligated to devote such time as is necessary to develop and provide sufficient funding for research and development.

On May 10, 2004 the Company entered into an Exclusive Distributorship Agreement with Sunwoo Energy Technology, Inc. to market and distributes Heat Pipe Exchangers for domestic use. The Company must purchase 1,000 units annually from Sunwoo in order to maintain its exclusivity and pay approximately $3,200 a month as a distributorship fee for 24 months. As of September 30, 2004, the Company had made three distributor fee payments totaling $9,297 and owed an additional $6,160. It also purchased 200 units for $23,253 during the quarter ended September 30, 2004.

On June 30, 2004 the Company entered into an Exclusive Licensing Agreement with WHMIS Inc. to commercialize any or all of its technologies which; (1)make inexpensive distillation columns for waste oil processing plants, and; (2) to produce low cost petroleum products from waste oil, plastic and tires and; (3) converts waste oil to diesel fuel. The Company must pay a minimum annual royalty of $25,000 commencing during the fiscal year ended June 30, 2006 with an annual 5% escalation or a royalty of 2% of the net sales of the

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products sold or used annually beginning in the fiscal year of June 30, 2006.

The Company is obligated under seven employment agreements which require monthly payments of approximately $69,950 through June 30, 2007 and then monthly payments of $53,250 through June 30, 2009.

Note 10 - STOCKHOLDERS' EQUITY

At September 30, 2004, the Company had 10,000,000 shares of $0.001 par value preferred stock authorized and 8,160,000 shares of preferred stock issued and outstanding. It also had 75,000,000 common shares of $.001 authorized and 6,147,330 common shares issued and outstanding.

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Note 10 - STOCKHOLDERS' EQUITY-continued

Preferred Stock

On March 24, 2004 the Company issued 2,160,000 preferred shares to a director and controlling shareholder at that time, and assumed a $1,100,000 debt for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at the seller's historical depreciated cost basis of $4,724,455.

On June 26, 2004 the Company acquired two patents with the intellectual property and marketing rights which comprised its Hydrogen Generation technology. The cost of the patents was $15 million which was paid to the seller with 6,000,000 preferred shares valued at $2.50 per share. The preferred shares have a direct lien on the two patents with the intellectual property and marketing rights in the event of the Dissolution, Bankruptcy or Receivership of IESI, Nevada.

The rights of preferred stockholders shall rank, as to dividends and upon liquidation, senior and prior to the Corporation's common stock and to all other classes or class of stock issued by the Corporation, except as otherwise approved by the affirmative vote or consent of the holders of a majority of the shares of the Preferred stock. Each share of preferred stock is entitled to one vote. Any preferred stock issued may be cancelled and reissued as common stock on a one share for one share basis unless the articles of incorporation designate different rights and privileges.

The Board of Directors may establish one or more classes or series of common and preferred stock by filing a certificate of amendment to a certificate of designation with the Secretary of State. The amendment must state that no shares of the newly formed class or series has been issued and must state the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series, as amended.

Common Stock

On December 21, 2003 the Company authorized issuance of 10 common shares to a director for $25 of cash.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to IESI Canada, for equipment, intellectual property and a licensing agreement. The shares were issued directly to the shareholders of IESI Canada of which three of the shareholders were also directors of the Company.

On July 9, 2004, the Company issued 95,245 restricted common shares for consulting services to eight persons at a deemed value of $238,113.

On August 2, 2004, Company issued 1,875 restricted common shares for consulting services to one person at a deemed value of $7,500.

On September 1, 2004, Company issued 200 restricted common shares for consulting services to one person at a deemed value of $800.

On September 13, 2004, Company issued 50,000 restricted common shares for consulting services to one person at a deemed value of $200,000.

Note 11 - LOSS PER SHARE

At September 30, 2004, there were 705,000 outstanding options. Outstanding options were not considered in the calculation for diluted earnings per share because the effect of their inclusion would be antidilutive. A reconciliation of the numerator and denominator of the basic and diluted per share calculations for the loss from continuing operations is as follows:

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Note 11 - LOSS PER SHARE-continued

	2004		
	Loss	Shares	Per share
Net (Loss)	$ (907,866)		
BASIC LOSS PER SHARE Loss available to common stockholders	$ (907,866)	6,098,023	$ (.15)
Effect of dilutive securities	N/A		
DILUTED LOSS PER SHARE			$ (.15)

Note 12 - RELATED PARTY TRANSACTIONS

On March 24, 2004 the Company issued 2,160,000 preferred shares to a director and assumed a $1,100,000 debt for 18.7 acres of land consisting of an 80,000 square foot commercial building in Piedmont, Alabama at a deemed value of $4,724,455. The transaction was valued in accordance with the Company's accounting policy for non-monetary transactions.

On May 15, 2004 the Company authorized the issuance of 6,000,000 restricted common shares and $800,000 of debt to Innovative Energy Solutions, Inc, an Alberta, Canada Corporation, "IESI Canada", for equipment, intellectual property and licensing agreements. The transaction was valued in accordance with the Company's accounting policy for non-monetary transactions. Three of the Company's directors were also shareholders of IESI Canada and received 4,500,000 of the total 6,000,000 common shares issued. The Company received the following in the transaction:

(a) A Licensing Agreement dated October 24, 2003 from Hyunik Yang and HY-EN Research Ltd to IESI Canada valued at the seller's historical cost of $986,880; and

(b) Eleven Romanian patents comprising the Heat Pipe Technology valued at the sellers cost of $937,500; and

(c) Equipment intended to be used for oil remediation valued at the sellers cost of $632,478.

On July 13, 2004 the Company received a $236,000 note from IESI Canada for advances. The note accrues interest at 8% per annum and is due and payable in full on or before January 8, 2005. During the quarter ended September 30, 2004, the Company advanced an additional $50,000 to IESI Canada without interest which is due and payable upon the Company's demand.

On September 22, 2004, the Company amended its original intellectual property and licensing acquisition agreement with IESI Canada. The amendment changed the cash obligation of the Company to IESI Canada from $800,000 to $629,088. This amendment eliminated the remaining loan payable of $167,906 to IESI Canada at June 30, 2004.

Note 13 - SUBSEQUENT EVENTS

On October 13, 2004, the Company paid with cash, 14 demand notes held by note holders without interest for the face amount of their notes in full which amounted to $1,164,500.

Also during October 2004, the Company raised $25,800 from five note holders bearing interest at 3% per annum which are due and payable upon demand.

On October 28, 2004, the Company advanced $50,000 to IESI Canada which brought its total non-interest bearing advances receivable to $100,000 while its interest bearing note remained at $236,000.

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PART III

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 78.138 of the Nevada Revised Statute permits a corporation to include in its Articles of Incorporation provisions eliminating or limiting the personal liability of directors for monetary damages in an action brought by or in the right of the corporation for breach of a director's fiduciary duties, subject to certain limitations. Section 78.7502 of the Nevada Revised Statute requires a corporation to indemnify its directors and other agents to the extent they incur expenses in successfully defending lawsuits brought against them by reason of their status as directors or agents. Section 78.7502(3) also permits a corporation to indemnify its directors and other agents to a greater extent than specifically required by law.

Our Articles of Incorporation, as amended, eliminate the personal liability of directors of our company for monetary damages to the fullest extent permissible under Nevada law. Article VI of our Bylaws requires that we, to the maximum extent permitted by Nevada law, indemnify each of our agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact such person is or was our agent. The term "agent" includes any person who (i) is or was a director, officer, employee or other agent of our company, (ii) is or was serving at our request , as a director, officer, employee or agent of another business entity or (iii) was a director, officer, employee or agent of a corporation which was a predecessor corporation of our company or of another enterprise at the request of such predecessor corporation.

The effect of these provisions in our Articles of Incorporation and Bylaws is to eliminate the rights of our company and shareholders (through shareholders derivative suits on behalf of our company) to recover monetary damages against a director except as limited by Nevada law. These provisions do not limit or eliminate the rights of our company or any shareholders to seek non-monetary relief. In any proceeding arising by reason of the fact a person is or was an agent of our company, the agent will be indemnified if he or she acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. There can be no indemnification with respect to any matter as to which the agent is adjudged to be liable to our company, unless and only to the extent that the court in which such proceeding was brought determines upon application that, in view of all of the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for expenses as the court shall deem proper.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth an itemization of all estimated expenses, all of which we will pay, in connection with the issuance and distribution of the securities being registered:

NATURE OF EXPENSE	AMOUNT
SEC registration fee	$ 298.25
Accounting fees and expenses	$ 50,000.00
Legal fees and expenses	$ 15,000.00
Printing and related expenses	$ 5,000.00
TOTAL	$ 70,298.25

* Estimated.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES.

On July 9, 2004, pursuant to action of our Board of Directors, 45,000 shares of our common stock were issued to Ron Johnson pursuant to Johnson having contributed special financial marketing services in lieu of cash consideration to our company as part of Johnson's

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with us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Johnson had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On July 9, 2004, pursuant to action of our Board of Directors, 25,120 shares of our common stock were issued to Patrick Starr pursuant to Starr having contributed special financial marketing services in lieu of cash consideration to our company as part of Starr's consulting agreement with us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Starr had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On July 9, 2004, pursuant to action of our Board of Directors, 13,525 shares of our common stock were issued to two individuals as directed by 114238 Alberta Limited pursuant to that entity's having contributed special financial marketing services in lieu of cash consideration to our company as part of 114238 Alberta's consulting agreement with the Company. The share issuance was exempt under Section 4(2) of the Securities Act. 114238 Alberta had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On July 9, 2004, pursuant to action of our Board of Directors, 3,400 shares of our common stock were issued to Jason Park pursuant to Park's having contributed special financial marketing services in lieu of cash consideration to our company as part of Park's consulting agreement with us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Park had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On July 9, 2004, pursuant to action of our Board of Directors, 7,600 shares of our common stock were issued to Roy Ferguson pursuant to Ferguson's having contributed special financial marketing services in lieu of cash consideration to our company as part of Ferguson's consulting agreement with us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Ferguson had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On July 9, 2004, pursuant to action of our Board of Directors, 600 shares of the our common stock were issued to Richard Dureault pursuant to Dureault's having contributed special financial marketing services in lieu of cash consideration to our company as part of Dureault's consulting agreement us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Dureault had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On August 2, 2004, pursuant to action of our Board of Directors, 1,875 shares of our common stock were issued to 114238 Alberta Limited pursuant to that entity's having contributed special financial marketing services in lieu of cash consideration to our company as part of 114238 Alberta's consulting agreement with us. The share issuance was exempt under Section 4(2) of the Securities Act. 114238 Alberta had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On September 1, 2004, pursuant to action of our Board of Directors of the Company, 200 shares of our common stock were issued to Roy Ferguson pursuant to Ferguson's having contributed special financial marketing services in lieu of cash consideration to our company as part of Ferguson's consulting agreement with us. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Ferguson had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

On September 13, 2004, pursuant to action of our Board of Directors of the Company, 50,000 shares of our common stock were issued to Evgeny Krasailnikov pursuant to the acquisition of intellectual property pertaining to removing contaminants from crude oil and hydrogen generation. The share issuance was exempt under Section 4(2) of the Securities Act. Mr. Krasailnikov had access to information about our company and the shares contain the appropriate legend restricting their transferability absent registration or an available exemption.

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ITEM 27. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit # Description of Document

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3.1         Articles  of  Incorporation   and  Amendment  #  1  to  Articles
of
            Incorporation
3.2         By-Laws of the Corporation
4.1         Rights of common stockholders
5.1         Opinion on legality from The O'Neal Law Firm, P.C.
10.1        Executive Employment  Agreement  for Ronald C. Foster dated June
21,
            2004
10.2        Executive  Employment  Agreement for Terry  Dingwall  dated June
21,
            2004
10.3        Executive  Employment Agreement for Stephen P. Monaco dated June
18,
            2004
10.4        Executive  Employment  Agreement for Patrick J. Cochrane  dated
June
            21, 2004
10.5        Employment Agreement for Trevor Park dated July 1, 2004
10.6        Employment Agreement for Alain Liberty dated July 1, 2004
10.7        2004 Incentive and Nonstatutory Stock Option Plan
10.8        Purchase Agreement for Patents, Licenses Trademarks, Assignments
and
            all other intellectual  properties with Innovative Energy
Solutions,
            Inc., a Alberta, Canada Corporation dated May 15, 2004.
10.9        Employment Agreement for Norman Arrison dated July 1, 2004
10.10       Research  &  Development  And   Intellectual   Property
Assignment
            Agreement from Dr. Hyunik Yang dated June 26, 2004.
10.11       Exclusive  Distributorship Agreement from Sun woo Energy
Technology,
            Inc. and Koo Hyo Hwea dated May 10, 2004.
10.12       Purchase Agreement dated March 25,2004 with SBI COmmunications,
Inc.
23.1        Consent  of  Epstein  Weber  &  Conover,   PLC,   Certified
Public
            Accountants

ITEM 28.    UNDERTAKINGS
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The undersigned Registrant undertakes:

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

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

(ii) 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;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or

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any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) 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.

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

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

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on this Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Las Vegas, Nevada, on December 23, 2004, 2004

INNOVATIVE ENERGY SOLUTIONS, INC.

BY:/s/ PATRICK J. COCHRANE

PATRICK J. COCHRANE,
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/S/ PATRICK J. COCHRANE	CHIEF EXECUTIVE OFFICER	December 23, 2004

--------------------------- (PRINCIPAL EXECUTIVE OFFICER)
PATRICK J. COCHRANE

/S/ TERRY DINGWALL ---------------------------- TERRY DINGWALL	PRESIDENT, DIRECTOR	December 23, 2004
/S/ RONALD FOSTER ---------------------------- RONALD FOSTER	TREASURER AND DIRECTOR (PRINCIPAL FINANCIAL OFFICER)	December 23, 2004
/S/ FRED DORNAN ---------------------------- FRED DORNAN	DIRECTOR	December 23, 2004

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EXHIBIT 5.1
Legal Opinion and Consent of Counsel

THE O'NEAL LAW FIRM, P.C.
668 North 44th Street, Suite 233
Phoenix, Arizona 85008
(602) 267-3855
(602) 267-7400 (fax)

OPINION OF COUNSEL AND CONSENT OF COUNSEL

TO: Board of Directors

Innovative Energy Solutions, Inc.

RE: Registration Statement on Form SB-2

Gentlemen:

As counsel to Innovative Energy Solutions, Inc., a Nevada

corporation (the "Company"), we have participated in the preparation of the Company's Registration Statement on Form SB-2 filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, relating to the registration of 941,604 shares of the Company's $0.001 par value common stock on behalf of the Company's existing shareholders. As counsel to the Company, we have examined such corporate records, certificates and other documents of the Company, and made inquiries of such officers of the Company, as we have deemed necessary or appropriate for purposes of this opinion. We have also examined the applicable laws of the State of Nevada, provisions of the Nevada Constitution, and reported judicial decisions interpreting such laws. Based upon such examinations, we are of the opinion that the shares of the Company's common stock to be offered pursuant to the Registration Statement have been validly issued, fully paid and are non-assessable shares of the shares of the common stock of the Company. We hereby consent to the inclusion of this Opinion as an exhibit to the Registration Statement on Form SB-2 filed by the Company and the reference to our firm contained therein under "Legal Matters".

Sincerely,

/s/ THE O'NEAL LAW FIRM, P.C.

Phoenix, Arizona

DATED: December 23, 2004.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

WE CONSENT TO THIS REGISTRATION STATEMENT INNOVATIVE ENERGY SOLUTIONS, INC. ON FORM SB-2 OF OUR REPORT DATED OCTOBER 22, 2004, WITH RESPECT TO OUR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF INNOVATIVE ENERGY SOLUTIONS, INC. AS OF JUNE 30, 2004 AND THE PERIOD FROM DECEMBER 5, 2003 (DATE OF INCEPTION) TO JUNE 30, 2004 INCLUDED IN THE PROSPECTUS, WHICH IS PART OF THIS REGISTRATION STATEMENT, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

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/s/ EPSTEIN, WEBER & CONOVER,
P.L.C.
Scottsdale, Arizona
December 23, 2004

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Filed # C30068-03

December 3, 2003

ARTICLES OF INCORPORATION

OF

INNOVATIVE ENERGY SOLUTIONS, INC.

ARTICLE I

NAME OF CORPORATION

The name of the Corporation is to be Innovative Energy Solutions, Inc.

ARTICLE II

REGISTERED AGENT

The address of the initial resident office of the Corporation will be at 4535 West Sahara, Ave. , Las Vegas, Nevada 89703. The name of the initial resident agent at such address is Eastbiz.com, Inc.

ARTICLE III

CAPITAL STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is seventy-five million (75,000,000) shares having a par value of one tenth of one cent ($.001) each.

ARTICLE IV

INCORPORATING DIRECTOR

The incorporating director shall be Ronald Foster at 103 Firetower Rd., Leesburg, Georgia 31763.

IN WITNESS WHEREOF, the above-named incorporator has hereunto set his hand and seal this 5th day of December, 2003.

Ronald Foster

Ronald Foster, Incorporator

Filed # C30068-03

August 2, 2004

AMENDMENT # 1 TO

ARTICLES OF INCORPORATION

OF

INNOVATIVE ENERGY SOLUTIONS, INC.

ARTICLE III

CAPITAL STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is eighty-five million (85,000,000) shares of which seventy-five million (75,000,000) shares shall be designated common stock, having a par value of one tenth of one cent ($.001) each, and of which ten million (10,000,000) shares shall be designated preferred stock of the Corporation, having a par value of one

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cent ($.001) each.

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued.

Ronald Foster

Ronald Foster, Incorporator

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BY-LAWS
OF
A Nevada Corporation

ARTICLE I - OFFICES

The registered office of the Corporation in the State of Nevada shall be located in the City and State designated in the Articles of Incorporation. The Corporation may also maintain offices at such other places within or without the State of Nevada as the Board of Directors may, from time to time, determine.

ARTICLE II - MEETING OF SHAREHOLDERS

Section 1 - Annual Meetings: (Chapter 78.310)

The annual meeting of the shareholders of the Corporation shall be held at the time fixed, from time to time, by the Directors.

Section 2 - Special Meetings: (Chapter 78.310)

Special meetings of the shareholders may be called by the Board of Directors or such person or persons authorized by the Board of Directors and shall be held within or without the State of Nevada.

Section 3 - Place of Meetings: (Chapter 78.310)

Meetings of shareholders shall be held at the registered office of the Corporation, or at such other places, within or without the State of Nevada as the Directors may from time to time fix. If no designation is made, the meeting shall be held at the Corporation's registered office in the state of Nevada.

Section 4 - Notice of Meetings: (Section 78.370)

(a) Written or printed notice of each meeting of shareholders, whether annual or special, signed by the president, vice president or secretary, stating the time when and place where it is to be held, as well as the purpose or purposes for which the meeting is called, shall be served either personally or by mail, by or at the direction of the president, the secretary, or the officer or the person calling the meeting, not less than ten or more than sixty days before the date of the meeting, unless the lapse of the prescribed time shall have been waived before or after the taking of such action, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. If mailed, such notice shall be deemed to be given when deposited in the United States mail, addressed to the shareholder as it appears on the share transfer records of the Corporation or to the current address, which a shareholder has delivered to the Corporation in a written notice.

*Unless otherwise stated herein all references to Sections in these Bylaws refer to those sections contained in Title 78 of the Nevada Private Corporations Law.

(b) Further notice to a shareholder is not required when notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to him or her during the period between those two consecutive annual meetings; or all, and at least two payments sent by first-class mail of dividends or interest on securities during a 12-month period have been mailed addressed to him or her at his or her address as shown on the records of the Corporation and have been returned undeliverable.

Section 5 - Quorum: (Section 78.320)

(a) Except as otherwise provided herein, or by law, or in the Articles of Incorporation (such Articles and any amendments thereof being hereinafter collectively referred to as the "Articles of Incorporation"), a quorum shall be present at all meetings of shareholders of the Corporation, if the holders of a majority of the shares entitled to vote on that matter are represented at the meeting in person or by proxy.

(b) The subsequent withdrawal of any shareholder from the meeting, after the commencement of a meeting, or the refusal of any shareholder represented in person or by proxy to vote, shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(c) Despite the absence of a quorum at any meeting of shareholders, the shareholders present may adjourn the meeting.

Section 6 - Voting and Acting: (Section 78.320 & 78.350)

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(a) Except as otherwise provided by law, the Articles of Incorporation, or these Bylaws, any corporate action, the affirmative vote of the majority of shares entitled to vote on that matter and represented either in person or by proxy at a meeting of shareholders at which a quorum is present, shall be the act of the shareholders of the Corporation.

(b) Except as otherwise provided by statute, the Certificate of Incorporation, or these bylaws, at each meeting of shareholders, each shareholder of the Corporation entitled to vote thereat, shall be entitled to one vote for each share registered in his name on the books of the Corporation.
(c) Where appropriate communication facilities are reasonably available, any or all shareholders shall have the right to participate in any shareholders' meeting, by means of conference telephone or any means of communications by which all persons participating in the meeting are able to hear each other.

Section 7 - Proxies: (Section 78.355)

Each shareholder entitled to vote or to express consent or dissent without a meeting, may do so either in person or by proxy, so long as such proxy is executed in writing by the shareholder himself, his authorized officer, director, employee or agent or by causing the signature of the stockholder to be affixed to the writing by any reasonable means, including, but not limited to, a facsimile signature, or by his attorney-in-fact there unto duly authorized in writing. Every proxy shall be revocable at will unless the proxy conspicuously states that it is irrevocable and the proxy is coupled with an interest. A telegram, telex, cablegram, or similar transmission by the shareholder, or a photographic, photostatic, facsimile, shall be treated as a valid proxy, and treated as a substitution of the original proxy, so long as such transmission is a complete reproduction executed by the shareholder. If it is determined that the telegram, cablegram or other electronic transmission is valid, the persons appointed by the Corporation to count the votes of shareholders and determine the validity of proxies and ballots or other persons making those determinations must specify the information upon which they relied. No proxy shall be valid after the expiration of six months from the date of its execution, unless otherwise provided in the proxy. Such instru- ment shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation. If any shareholder designates two or more persons to act as proxies, a majority of those persons present at the meeting, or, if one is present, then that one has and may exercise all of the powers conferred by the shareholder upon all of the persons so designated unless the shareholder provides otherwise.

Section 8 - Action without a Meeting: (Section 78.320)

Unless otherwise provided for in the Articles of Incorporation of the Corporation, any action to be taken at any annual or special shareholders' meeting, may be taken without a meeting, without prior notice and without a vote if written consents are signed by a majority of the shareholders of the Corporation, except however if a different proportion of voting power is required by law, the Articles of Incorporation or these Bylaws, than that proportion of written consents is required. Such written consents must be filed with the minutes of the proceedings of the shareholders of the Corporation.

ARTICLE III - BOARD OF DIRECTORS

Section 1 - Number, Term, Election and Qualifications: (Section 78.115, 78.330)

(a) The first Board of Directors and all subsequent Boards of the Corporation shall consist of a minimum of one (1) and a maximum of nine (9) Directors, unless and until otherwise determined by vote of a majority of the entire Board of Directors. The Board of Directors or shareholders all have the power, in the interim between annual and special meetings of the shareholders, to increase or decrease the number of Directors of the Corporation. A Director need not be a shareholder of the Corporation unless the Certificate of Incorporation of the Corporation or these Bylaws so require.

(b) Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation shall be elected at the first annual shareholders' meeting and at each annual meeting thereafter, unless their terms are staggered in the Articles of Incorporation of the Corporation or these Bylaws, by a plurality of the votes cast at a meeting of shareholders, by the holders of shares entitled to vote in the election.

(c) The first Board of Directors shall hold office until the first annual meeting of shareholders and until their successors have been duly elected and qualified or until there is a decrease in the number of Directors. Thereinafter, Directors will be elected at the annual meeting of shareholders and shall hold office until the annual meeting of the shareholders next succeed- ing his election, unless their terms are staggered in the Articles of Incorporation of the Corporation (so long as at least one - fourth in number of the Directors of the Corporation are elected at each annual shareholders' meeting) or these Bylaws, or until his prior death, resignation or removal. Any Director may resign at any time upon written notice of such resignation to the Corporation.

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(d) All Directors of the Corporation shall have equal voting power unless the Articles of Incorporation of the Corporation provide that the voting power of individual Directors or classes of Directors are greater than or less than that of any other individual Directors or classes of Directors, and the different voting powers may be stated in the Articles of Incorporation or may be dependent upon any fact or event that may be ascertained outside the Articles of Incorporation if the manner in which the fact or event may operate on those voting powers is stated in the Articles of Incorporation. If the Articles of Incorporation provide that any Directors have voting power greater than or less than other Directors of the Corporation, every reference in these Bylaws to a majority or other proportion of Directors shall be deemed to refer to majority or other proportion of the voting power of all the Directors or classes of Directors, as may be required by the Articles of Incorporation.

Section 2 - Duties and Powers: (Section 78.120)

The Board of Directors shall be responsible for the control and management of the business and affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except such as those stated under Nevada state law, are in the Articles of Incorporation or by these Bylaws, expressly conferred upon or reserved to the shareholders or any other person or persons named therein.

Section 3 - Regular Meetings; Notice: (Section 78.310)

(a) A regular meeting of the Board of Directors shall be held either within or without the State of Nevada at such time and at such place as the Board shall fix.

(b) No notice shall be required of any regular meeting of the Board of Directors and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting when such time and place was fixed before such change, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in these Bylaws with respect to special meetings, unless such notice shall be waived in the manner set forth in these Bylaws.

Section 4 - Special Meetings; Notice: (Section 78.310)

(a) Special meetings of the Board of Directors shall be held at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required statute, written notice of special meetings shall be mailed directly to each Director, addressed to him at his residence or usual place of business, or delivered orally, with sufficient time for the convenient assembly of Directors thereat, or shall be sent to him at such place by telegram, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held. If mailed, the notice of any special meeting shall be deemed to be delivered on the second day after it is deposited in the United States mails, so addressed, with postage prepaid. If notice is given by telegram, it shall be deemed to be delivered when the telegram is delivered to the Telegraph Company. A notice, or waiver of notice, except as required by these Bylaws, need not specify the business to be transacted at or the purpose or purposes of the meeting.

(c) Notice of any special meeting shall not be required to be given to any Director who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 - Chairperson:

The Chairperson of the Board, if any and if present, shall preside at all meetings of the Board of Directors. If there shall be no Chairperson, or he or she shall be absent, then the President shall preside, and in his absence, any other director chosen by the Board of Directors shall preside.

Section 6 - Quorum and Adjournments: (Section 78.315)

(a) At all meetings of the Board of Directors, or any committee thereof, the presence of a majority of the entire Board, or such committee thereof, shall constitute a quorum for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or these Bylaws.

(b) A majority of the directors present at the time and place of any regular or special meeting, although less than a quorum may adjourn the same from time to time without notice, whether or not a quorum exists. Notice of such adjourned meeting shall be given to Directors not present at time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other Directors whom were present at the adjourned meeting.

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Section 7 - Manner of Acting: (Section 78.315)

(a) At all meetings of the Board of Directors, each director present shall have one vote, irrespective of the number of shares of stock, if any, which he may hold.

(b) Except as otherwise provided by law, by the Articles of Incorporation, or these bylaws, action approved by a majority of the votes of the Directors present at any meeting of the Board or any committee thereof, at which a quorum is present shall be the act of the Board of Directors or any committee thereof.

(c) Any action authorized in writing made prior or subsequent to such action, by all of the Directors entitled to vote thereon and filed with the minutes of the Corporation shall be the act of the Board of Directors, or any committee thereof, and have the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board or committee for all purposes.

(c) Where appropriate communications facilities are reasonably available, any or all directors shall have the right to participate in any Board of Directors meeting, or a committee of the Board of Directors meeting, by means of conference telephone or any means of communications by which all persons participating in the meeting are able to hear each other.

Section 8 - Vacancies: (Section 78.335)

(a) Unless otherwise provided for by the Articles of Incorporation of the Corporation, any vacancy in the Board of Directors occurring by reason of an increase in the number of directors, or by reason of the death, resignation, disqualification, removal or inability to act of any director, or other cause, shall be filled by an affirmative vote of a majority of the remaining directors, though less than a quorum of the Board or by a sole remaining Director, at any regular meeting or special meeting of the Board of Directors called for that purpose except whenever the shareholders of any class or classes or series thereof are entitled to elect one or more Directors by the Certificate of Incorporation of the Corporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the Directors elected by such class or classes or series thereof then in office, or by a sole remaining Director so elected.

(b) Unless otherwise provided for by law, the Articles of Incorporation or these Bylaws, when one or more Directors shall resign from the board and such resignation is effective at a future date, a majority of the directors, then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote otherwise to take effect when such resignation or resignations shall become effective.

Section 9 - Resignation: (Section 78.335)

A Director may resign at any time by giving written notice of such resignation to the Corporation.

Section 10 - Removal: (Section 78.335)

Unless otherwise provided for by the Articles of Incorporation, one or more or all the Directors of the Corporation may be removed with or without cause at any time by a vote of two-thirds of the shareholders entitled to vote thereon, at a special meeting of the shareholders called for that purpose, unless the Articles of Incorporation provide that Directors may only be removed for cause, provided however, such Director shall not be removed if the Corporation states in its Articles of Incorporation that its Directors shall be elected by cumula- tive voting and there are a sufficient number of shares cast against his or her removal, which if cumulatively voted at an election of Directors would be suffi- cient to elect him or her. If a Director was elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove that Director.

Section 11 - Compensation: (Section 78.140)

The Board of Directors may authorize and establish reasonable compensation of the Directors for services to the Corporation as Directors, including, but not limited to attendance at any annual or special meeting of the Board.

Section 12 - Committees: (Section 78.125)

Unless otherwise provided for by the Articles of Incorporation of the Corporation, the Board of Directors, may from time to time designate from among its members one or more committees, and alternate members thereof, as they deem desirable, each consisting of one or more members, with such powers and authority (to the extent permitted by law and these Bylaws) as may be provided in such resolution. Unless the Articles of Incorporation or Bylaws state otherwise, the Board of Directors may appoint natural persons who are not Directors to serve on such committees authorized herein. Each such committee shall serve at the pleasure of the Board and, unless otherwise stated by law, the Certificate of Incorporation of the Corporation or these Bylaws, shall be governed by the rules and regulations stated herein regarding the Board of Directors.

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ARTICLE IV - OFFICERS

Section 1 - Number, Qualifications, Election and Term of Office: (Section 78.130)

(a) The Corporation's officers shall have such titles and duties as shall be stated in these Bylaws or in a resolution of the Board of Directors which is not inconsistent with these Bylaws. The officers of the Corporation shall consist of a president, secretary and treasurer, and also may have one or more vice presidents, assistant secretaries and assistant treasurers and such other officers as the Board of Directors may from time to time deem advisable. Any officer may hold two or more offices in the Corporation.

(b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.

(c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor shall have been duly elected and qualified, subject to earlier termination by his or her death, resignation or removal.

Section 2 - Resignation:

Any officer may resign at any time by giving written notice of such resignation to the Corporation.

Section 3 - Removal:

Any officer elected by the Board of Directors may be removed, either with or without cause, and a successor elected by the Board at any time, and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

Section 4 - Vacancies:

(a) A vacancy, however caused, occurring in the Board and any newly created Directorships resulting from an increase in the authorized number of Directors may be filled by the Board of Directors.

Section 5 - Bonds:

The Corporation may require any or all of its officers or Agents to post a bond, or otherwise, to the Corporation for the faithful performance of their positions or duties.

Section 6 - Compensation:

The compensation of the officers of the Corporation shall be fixed from time to time by the Board of Directors.

ARTICLE V - SHARES OF STOCK

Section 1 - Certificate of Stock: (Section 78.235)

(a) The shares of the Corporation shall be represented by certificates or shall be uncertificated shares.

(b) Certificated shares of the Corporation shall be signed, (either manually or by facsimile), by officers or agents designated by the Corporation for such purposes, and shall certify the number of shares owned by him in the Corporation. Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, and by a registrar, then a facsimile of the signatures of the officers or agents, the transfer agent or transfer clerk or the registrar of the Corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. If the Corporation uses facsimile signatures of its officers and agents on its stock certificates, it cannot act as registrar of its own stock, but its transfer agent and registrar may be identical if the institution acting in those dual capacities countersigns or otherwise authenticates any stock certificates in both capacities. If any officer who has signed or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

(c) If the Corporation issues un-certificated shares as provided for in these Bylaws, within a reasonable time after the issuance or transfer of such un- certificated shares, and at least annually thereafter, the Corporation shall send the shareholder a written statement certifying the number of shares owned by such shareholder in the Corporation.

(d) Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

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Section 2 - Lost or Destroyed Certificates: (Section 104.8405)

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed if the owner:

(a) So requests before the Corporation has notice that the shares have been acquired by a bona fide purchaser,
(b) Files with the Corporation a sufficient indemnity bond; and
(c) Satisfies such other requirements, including evidence of such loss, theft or destruction, as may be imposed by the Corporation.

Section 3 - Transfers of Shares: (Section 104.8401, 104.8406 & 104.8416)

(a) Transfers or registration of transfers of shares of the Corporation shall be made on the stock transfer books of the Corporation by the registered holder thereof, or by his attorney duly authorized by a written power of attorney; and in the case of shares represented by certificates, only after the surrender to the Corporation of the certificates representing such shares with such shares properly endorsed, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and the payment of all stock transfer taxes due thereon.

(b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as other- wise expressly provided by law.

Section 4 - Record Date: (Section 78.215 & 78.350)

(a) The Board of Directors may fix, in advance, which shall not be more than sixty days before the meeting or action requiring a determination of shareholders, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for shareholders entitled to notice of meeting shall be at the close of business on the day preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held, or if notice is waived, at the close of business on the day before the day on which the meeting is held.

(b) The Board of Directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted for shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights of shareholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action.

(c) A determination of shareholders entitled to notice of or to vote at a shareholders'meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 5 - Fractions of Shares/Scrip: (Section 78.205)

The Board of Directors may authorize the issuance of certificates or payment of money for fractions of a share, either represented by a certificate or un- certificated, which shall entitle the holder to exercise voting rights, receive dividends and participate in any assets of the Corporation in the event of liquidation, in proportion to the fractional holdings; or it may authorize the payment in case of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or it may authorize the issuance, subject to such conditions as may be permitted by law, of scrip in registered or bearer form over the manual or facsimile signature of an officer or agent of the Corporation or its agent for that purpose, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of shareholder, except as therein provided. The scrip may contain any provisions or conditions that the Corporation deems advisable. If a scrip ceases to be exchangeable for full share certificates, the shares that would otherwise have been issuable as provided on the scrip are deemed to be treasury shares unless the scrip contains other provisions for their disposition.

Section 6 - Class or Series of Stock: (Section 78.195 - 78.196)

The Company shall be formed with one class or series of common and one class or series of preferred stock.

Common stock: The rights of common stockholders shall be that they are entitled to vote on matters pertaining to the corporation. Any preferred stock issued may be cancelled and reissued as common stock on a one share for one share basis unless the articles of incorporation designate different rights and privileges. Each share of common stock is entitled to one vote.

Preferred stock: The rights of preferred stockholders shall rank, as to dividends and upon liquidation, senior and prior to the Corporation's common stock and to all other classes or class of stock issued by the Corporation, except as otherwise approved by the

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affirmative vote or consent of the holders of a majority of the shares of the Preferred stock. Each share of preferred stock is entitled to one vote. Any preferred stock issued may be cancelled and reissued as common stock on a one share for one share basis unless the articles of incorporation designate different rights and privileges.

The Board of Directors may establish one or more classes or series of common and preferred stock by filing a certificate of amendment to a certificate of designation with the Secretary of State. The amendment must state that no shares of the newly formed class or series has been issued and must state the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series, as amended.

ARTICLE VI - DIVIDENDS (Section 78.215 & 78.288)

(a) Dividends may be declared and paid out of any funds available therefore, as often, in such amounts, and at such time or times as the Board of Directors may determine and shares may be issued pro rata and without consideration to the Corporation's shareholders or to the shareholders of one or more classes or series.

(b) Shares of one class or series may not be issued as a share dividend to shareholders of another class or series unless:
(i) So authorized by the Articles of Incorporation;
(ii) A majority of the shareholders of the class or series to be issued approve the issue; or
(iii) There are no outstanding shares of the class or series of shares that are authorized to be issued.

ARTICLE VII - FISCAL YEAR

The fiscal year of the Corporation shall be fixed, and shall be subject to change by the Board of Directors from time to time, subject to applicable law.

ARTICLE VIII - CORPORATE SEAL (Section 78.065)

The corporate seal, if any, shall be in such form as shall be prescribed and altered, from time to time, by the Board of Directors. The use of a seal or stamp by the Corporation on corporate documents is not necessary and the lack thereof shall not in any way affect the legality of a corporate document.

ARTICLE IX - AMENDMENTS

Section 1 - By Shareholders:

All Bylaws of the Corporation shall be subject to alteration or repeal, and new Bylaws may be made, by a majority vote of the shareholders at the time entitled to vote in the election of Directors even though these Bylaws may also be altered, amended or repealed by the Board of Directors.

Section 2 - By Directors: (Section 78.120)

The Board of Directors shall have power to make, adopt, alter, amend and repeal from time to time, Bylaws of the Corporation.

ARTICLE X - WAIVER OF NOTICE: (Section 78.375)

Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws, a written waiver signed by the person or persons entitled to such notice, whether before or after the meeting by any person, shall constitute a waiver of notice of such meeting.

ARTICLE XI - INTERESTED DIRECTORS: (Section 78.140)

No contract or transaction shall be void or void able if such contract or transaction is between the corporation and one or more of its Directors or Officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or Officers, are directors or officers, or have a financial interest, when such Director or Officer is present at or participates in the meeting of the Board, or the committee of the shareholders which authorizes the contract or transaction or his, her or their votes are counted for such purpose, if:

(a) The material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee and are noted in the minutes of such meeting, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

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(b) The material facts as to his, her or their relationship or relationships or interest or interests and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee of the shareholders; or

(d) The fact of the common directorship, office or financial interest is not disclosed or known to the Director or Officer at the time the transaction is brought before the Board of Directors of the Corporation for such action.

Such interested Directors may be counted when determining the presence of a quorum at the Board of Directors' or committee meeting authorizing the contract or transaction.

ARTICLE XII - ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT:
(Section 78.150 & 78.165)

The Corporation shall, within sixty days after the filing of its Articles of Incorporation with the Secretary of State, and annually thereafter on or before the last day of the month in which the anniversary date of incorporation occurs each year, file with the Secretary of State a list of its president, secretary and treasurer and all of its Directors, along with the post office box or street address, either residence or business, and a designation of its resident agent in the state of Nevada. An officer of the Corporation shall certify such list.

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Filed # C30068-03

August 2, 2004

AMENDMENT # 1 TO

ARTICLES OF INCORPORATION

OF

INNOVATIVE ENERGY SOLUTIONS, INC.

ARTICLE III

CAPITAL STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is eighty-five million (85,000,000) shares of which seventy-five million (75,000,000) shares shall be designated common stock, having a par value of one tenth of one cent ($.001) each, and of which ten million (10,000,000) shares shall be designated preferred stock of the Corporation, having a par value of one cent ($.001) each.

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued.

Ronald Foster

Ronald Foster, Incorporator

BY-LAWS Section 6 - Class or Series of Stock: (NRS Section 78.195 - 78.196)

The Company shall be formed with one class or series of common and one class or series of preferred stock.

Common stock: The rights of common stockholders shall be that they are entitled to vote on matters pertaining to the corporation. Any preferred stock issued may be cancelled and reissued as common stock on a one share for one share basis unless the articles of incorporation designate different rights and privileges. Each share of common stock is entitled to one vote.

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EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made this 21st day of June 2004, by and between Ronald C. Foster ("Executive"), who resides at 301 Firetower Road, Leesburg, GA 31763, United States, and Innovative Energy Solutions, Inc. ("iESi", or "Company."), 41 North Mojave Road, Las Vegas, Nevada 89101, United States, effective July 1, 2004 ("Effective Date").

RECITALS

Company wishes to retain the services of Executive pursuant to this Employment Agreement, the terms and provisions of which are set forth below.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. POSITION AND DUTIES.

During the Term (as defined in Section 5) Executive will continue to be employed by Company as its Secretary and Vice President of Business Development, and shall perform those duties as described in Job Description, (attached as Exhibit A), and as determined from time to time determined by the Board of Directors of Company ("Board") in accordance with the policies, practices and bylaws of Company. During the Term, the Board may, in its sole discretion, appoint Executive as a member of the Board.

Executive shall serve Company faithfully, loyally, honestly, and to the best of Executive's ability. Executive will devote Executive's best efforts and substantially all of the Executive's business time to the performance of Executive's duties for, and in the business and affairs of, Company.

Subject to Section 7, the Board reserves the right, in its sole discretion, to change or modify Executive's position, title, and duties during the Term of this Agreement.

2. BASE SALARY.

Commencing on the Effective Date and during the remaining Term of this Agreement, Executive's annual base salary will be One Hundred Sixty-five Thousand U.S. Dollars ($165,000), payable in accordance with Company's customary payroll practice. Executive's base salary will be reviewed annually by the Board in accordance with Company's compensation review policies and practices, all as determined by Company in its discretion.

However, Executive agrees that Company shall have no obligation to pay any salary to Executive until such time as the Company has received unrestricted equity investments from persons other than the Company's incorporators of $1,500,000 (One Million Five Hundred Thousand U.S. Dollars) or more and those funds are on hand and available in the Company's bank account for payment at the direction of the Board (the "Outside Funds"). Within ten
(10) business days after the Outside Funds are on hand as aforesaid, Company shall pay to Executive all earned but unpaid salary attributable to Executive's employment with Company from the Effective Date until the date of payment, and shall thereafter pay, so long as this Agreement continues, payable in accordance with Company's customary payroll practice.

3. INCENTIVE COMPENSATION.

Company has or will develop a performance-based compensation program for members of its senior executive management team that is discretionary in nature and based on among other things the financial performance of Company and the Executive's value in achieving this performance. Executive shall be eligible to participate in any and all performance-based incentive compensation program that the Board has established or may in the future establish for Executive, as well as any performance-based incentive compensation program established from time to time for other members of Company's senior management.

4. OTHER AGREEMENTS.

Other Agreements. Company and Executive may, from time to time, enter into one or more agreements relating to specific benefit and/or compensation programs including without limitation, a change of control agreement, stock option agreements, stock purchase agreements, and stock grant agreements. Nothing in this Agreement is intended to alter or modify any of such agreements, which are now referred to as "Ancillary Agreements."

5. TERM AND TERMINATION.

This Agreement will continue in full force and effect until terminated by the parties. This Agreement may be terminated in any of the following ways: (a) it may be negotiated and replaced by a written agreement signed by both parties; (b) Company may elect to

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terminate this Agreement, with or without "Cause," as defined below; (c) Executive may elect to terminate this Agreement with or without "Good Reason," as defined below; or (d) either party may serve notice on the other of its or his desire to terminate this Agreement at the end of the Term.

The "Term" of this Agreement shall begin on the Effective Date and shall expire by its terms in sixty (60) months, on June 30, 2009, unless sooner terminated in accordance with the provisions of this Agreement. Thereafter, the "Term" of this Agreement shall renew automatically for additional twelve
(12) month periods unless terminated accordance with the provisions of this Agreement.

6. TERMINATION BY COMPANY.

A. Termination for Cause. Company may terminate this Agreement and Executive's employment for Cause at any time upon written notice. For purposes of this Agreement, "Cause" shall be limited to discharge resulting from a determination by Company that within the period of time contemplated by this agreement the Executive has: (i) been convicted of a felony involving dishonesty, fraud, theft or embezzlement; (ii) failed or refused, in a material respect, to follow reasonable policies or directives established by Company and after written notice thereof from Company, and a reasonable opportunity by Executive to cure such failures or refusals after having been given reasonable written notice of such failures or refusals; (iii) willfully and persistently failed to attend to the material duties or obligations imposed upon Executive under this Agreement after reasonable written notice from Company and a reasonable opportunity by Executive to cure such failure; (iv) performed an act or failed to act, which, if Executive were prosecuted and convicted, would constitute a felony involving $1,000 or more of money or property of Company, or (v) committed other acts constituting intentional misconduct or dishonesty that in the reasonable discretion of the Board are likely to have a material adverse effect on the Company.

If this Agreement and Executive's employment are terminated by Company for Cause, Executive shall receive no Severance Benefits.

B. Termination Without Cause. Company also may terminate this Agreement and Executive's employment at any time or elect to not renew this Agreement at the end of any Term without Cause by giving at least 60 days prior written notice to Executive. In the event (i) this Agreement and Executive's employment are terminated by Company, or (ii) Company elects not to renew this Agreement at the end of any Term, without Cause, Executive shall be entitled to receive Severance Benefits pursuant to Section 9.

7. TERMINATION BY EXECUTIVE.

Executive may terminate this Agreement and his employment with or without "Good Reason" in accordance with the provisions of this Section 7.

A. Termination For Good Reason. Executive may terminate this Agreement and Executive's employment for "Good Reason" by giving written notice to Company within 60 days (or such longer period as may be agreed to in writing by Company) of Executive's reason(s) for believing that "Good Reason" for his termination of employment exists.

Executive shall have "Good Reason" to terminate his Agreement and Executive's employment upon the occurrence of any of the following events: (i) the assignment to Executive of any duties that are inconsistent with, or the reduction of powers or functions associated with, Executive's position, duties, or responsibilities with Company, or an adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment, (ii) the Executive's base salary is reduced or the potential incentive compensation (or bonus) to which Executive may become entitled to at any level of performance by the Executive or Company is reduced, (iii) the failure of Company to cause any successor to expressly assume and agree to be bound by the terms of this Agreement, (iv) any purported termination by Company of Executive's employment for grounds other than for "Cause," (v) Company relieving the Executive of Executive's duties other than for "Cause," or (vi) Executive is required to relocate.

If Executive terminates this Agreement and his employment for Good Reason, Executive shall be entitled to receive Severance Benefits pursuant to
Section 9.

B. Termination Without Good Reason. Executive also may terminate this Agreements and Executive's employment without Good Reason at any time by giving 60 days notice to Company. If Executive terminates this Agreement and Executive's employment without Good Reason, Executive shall not be entitled to receive Severance Benefits pursuant to Section 9.

8. DEATH OR DISABILITY

This Agreement will terminate automatically on Executive's death. Any salary or other amounts due to Executive for services rendered prior to Executive's death shall be paid to Executive's surviving spouse, or if Executive does not leave a surviving spouse, to Executive's estate. No other benefits shall be payable to Executive's estate or heirs pursuant to this Agreement, but amounts may be payable pursuant to any life insurance or other benefit plans maintained in whole or in part by Company for the benefit of Executive,

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his estate or heirs.

In the Executive becomes "Disabled," Executive's employment hereunder and Company's obligation to pay Executive's salary shall continue for a period of eighteen (18) months from the date of such Disability, at which time Executive's employment hereunder shall automatically cease and terminate. Executive shall be considered "Disabled" or to be suffering from a "Disability" for purposes of this Section 8 if, in the reasonable, good faith judgment of a licensed physician selected by the Board, Executive is unable for a period of ninety (90) consecutive business days to perform the essential functions of Executive position required under this Agreement, with or without reasonable accommodations, because of a physical or mental impairment. Any dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Board, provided, however, that if Executive does not accept the opinion of the licensed physician selected by Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by Executive; provided further, however, that if Company does not accept the opinion of the licensed physician selected by Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by Company and Executive, respectively.

9. SEVERANCE BENEFITS

If this Agreement and Executive's employment are terminated without Cause pursuant to Section 6(B) hereof or if Executive elects to terminate this Agreement for Good Reason pursuant to Section 7(A) hereof, Executive shall receive the "Severance Benefits" as provided by this Section. The Severance Benefits shall be payable in a single lump sum within ten (10) days following termination of employment and shall equal the greater of (i) sum of (a) the Executive's base salary for the unexpired Term, and (b) the average of incentive compensation paid to the Executive for the two (2) years prior to the date of termination multiplied by a fraction, the numerator of which is the number of months remaining from the date of termination to the end of the Term and the denominator of which is twelve (12), and (ii) the sum of (x) Executive's base salary for a twenty-four (24) month period as in effect on the date of termination and (y) the average on an annual basis of incentive compensation paid to the Executive for the two years prior to the date of termination. In addition, the Executive shall continue to receive life, disability, accident and group health insurance benefits substantially similar to those which he was receiving immediately prior to his termination of employment until the earlier of the end of the period of eighteen (18) months following his termination of employment or the day on which he becomes eligible to receive any substantially similar continuing health care benefits under any Plan or program of any other employer. If a particular insurance benefit may not be continued for any reason, Company shall pay Executive the amount necessary to permit Executive to purchase the same insurance benefits as were provided by Company, such payment to be made to Executive in a single lump sum. The benefits provided pursuant to this Section shall be provided on substantially the same terms and conditions as they were provided prior to the termination of employment, except that the full cost of such benefits shall be paid by the Company. The Executive's right to receive continued coverage under the Company's group health plans pursuant to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as it may be amended or replaced from time to time, shall commence following the expiration of his right to receive continued benefits under this Agreement.

Executive shall have no duty to mitigate damages in order to receive the benefits provided by this Section.

If Company terminates the Agreement and Executive's employment for Cause, or if Executive voluntarily terminates this Agreement and Executive's employment without Good Reason prior to the end of the Term, no Severance Benefits shall be paid to Executive. No Severance Benefits are payable in the event of Executive's death or disability while in the active employ of Company.

10.BENEFITS

Executive will be entitled to participate in all employee benefit plans, including, but not limited to, retirement plans, stock option plans, life insurance plans, and health and dental plans available to other Company employees, subject to restrictions (including waiting periods) specified in the applicable Plan. Executive is entitled to six (6) weeks of paid vacation per calendar year, with such vacation to be scheduled and taken in accordance with Company's standard vacation policies. In addition to the compensation and benefits provided above, the Company shall, upon receipt of appropriate documentation, reimburse Executive for his reasonable travel, lodging, entertainment, promotion, and other ordinary and necessary business expenses consistent with Company policies.

11.CONFIDENTIALITY AND NON-DISCLOSURE

During the course of Executive's employment, Executive has and will become exposed to a substantial amount of confidential and proprietary information, including, but not limited to trade secrets, intellectual property, patent applications, copyright applications, technical drawings, financial information, annual report, audited and unaudited financial reports, strategic plans, business plans, marketing strategies, new business strategies, personnel and compensation information, and other such reports, documents or information. In the event Executive's employment is terminated by either party for any, reason, Executive will return to Company and Executive will not take, any copies of such documents, computer print-outs, computer tapes, floppy disks, CD ROMs, DVDs, etc., in any form, format or manner whatsoever, nor will Executive disclose the same in whole or in part to any person or entity, in any manner either directly or indirectly. Excluded from this Agreement is information that is already disclosed to third parties and is in the public

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domain or that Company consents to be disclosed, with such consent to be in writing. The provisions of this Section 11 shall survive the termination of this Agreement.

12.COVENANT-NOT-TO-COMPETE

A. Interests to be Protected. The parties acknowledge that during the Term, Executive will perform essential for Company, its employees and shareholders, and for customers of Company. Therefore, Executive will be given an opportunity to meet, work with and develop close working relationships with Company's clients on a first-hand basis and will gain valuable insight as to the clients' operations, personnel and need for services. In addition, Executive will be to, have access to, and be required to work with, a considerable amount of Company's confidential and proprietary information, including but not limited to information concerning Company's methods of operation, financial information, strategic planning, operational budgets and strategies, payroll data, management systems programs, computer systems, marketing plans and strategies, merger and acquisition strategies and customer lists.

The parties also expressly recognize and acknowledge that the personnel of Company have been trained by, and are valuable to Company, and that if Company must hire new personnel or retrain existing personnel to fill vacancies Company will incur substantial expense in recruiting and training such personnel. The parties expressly recognize that should Executive compete with Company in any manner whatsoever, it would seriously impair the goodwill and diminish the value of Company's business.

The parties acknowledge that this covenant has an extended duration; however, they agree that this covenant is reasonable and that it is necessary for the protection of Company, its shareholders and employees.

For these and other reasons, and the fact that there are many other employment opportunities available to Executive if Executive should terminate, the parties are in full and complete agreement that the following restrictive covenants (which together are referred to as the "Covenant-Not-To-Compete") are fair and reasonable and are freely, voluntarily and knowingly entered into. Further, each party has been given the opportunity to consult with independent legal counsel before entering into this Agreement.

B. Devotion to Employment. Executive shall devote substantially all of Executive's business time and best efforts to the performance of Executive's duties on behalf of Company. During the term of employment, Executive shall not at any time or place or to any extent whatsoever, either directly or indirectly, engage in any activity competitive with or adverse to Company's business, practice or affairs, whether alone or as partner, officer, director, employee, shareholder of any corporation or as a trustee, fiduciary, consultant or other representative. This is not intended to prohibit Executive from engaging in nonprofessional activities such as personal investments or conducting private business affairs which may include other boards of directors' activity, as long as they do not conflict with Company. Participation to a reasonable extent in civic, social or community activities is encouraged.

C. Non-Solicitation of Customer or Suppliers. During the term of Executive's employment with Company and for a period of twelve (12) months after the expiration or termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, call upon, contact encourage, handle or solicit, or cause others to solicit, any person or other entity that is, or was within the twelve (12) month period immediately prior to the date of Executive's termination, a customer or supplier of Company or any of its subsidiaries or affiliates, for the purpose of soliciting, selling or purchasing from such customer or supplier the same, similar, or related services or products that are provided by, or purchased by, Company or any of its subsidiaries or affiliates. Notwithstanding the foregoing, the obligations of Executive under this Section 12(C), shall terminate only if the employment of Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this
Section 12(C), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

D. Non-Solicitation of Employees. During the term of Executive's employment with Company and for a period of twelve (12) months after the termination of employment with Company, regardless of who initiates the termination, Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, seek to hire, and/or hire any person who, on the date hereof, or on the date of Executive's termination, is an employee of Company or any of its subsidiaries or affiliates, and that receives annual compensation in excess of $25,000, for employment or as an independent contractor with any person or entity (other than Company or any of its subsidiaries or affiliates), unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. If Executive violates Executive's obligations wider this Section 12(D), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

E. Competing Business. During the term of Executive's employment and for a period of twelve (12) months after the termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly,

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(including, without limitation, as a partner, director, officer or employee of, or lender or consultant to, any other personal entity, or shareholder (other than as the holder of less than five percent of the stock of a corporation the securities of which are traded on a national securities exchange or in the over-the-counter market), for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, or in any other capacity, within, into or from the Restricted Territory (as defined below) engage or cause others to engage in the same or similar business as Company and its subsidiaries (i.e., Motorsports internet- related business), or any aspect thereof, unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. For purposes of this Section 12(E), the term "Restricted Territory" shall mean any geographical service area where Company or any of its subsidiaries and affiliates is engaged in business, sells products or performs services or was considering engaging in business at any time, prior to the termination or at the time of termination. Notwithstanding the foregoing, the obligations of Executive under this Section 12(E), shall terminate only if Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this Section 12(E), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

F. Judicial Amendment. If the scope of any provision of this Section 12 is found by a court of competent jurisdiction to be too broad to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law. The parties agree that the scope of any provision of this Agreement may be modified by a judge in any proceeding to enforce this Agreement, so that such provision can be enforced to the maximum extent permitted by law. If any provision of this Agreement is found to be invalid or unenforceable for any reason, it shall not affect the validity of the remaining provisions of this Agreement.

G. Injunctive Relief Damages and Forfeiture. Due to the nature of Executive's position with Company, and with full realization that a violation of this Agreement will cause immediate and irreparable injury and damage, which is not readily measurable, and to protect Company's interests, Executive understands and agrees that in addition to instituting legal proceedings to recover damages resulting from a breach of this Agreement, Company may seek to enforce this Agreement with an action for injunctive relief to cease or prevent any actual or threatened violation of this Agreement on the part of Executive.

H. Survival. The provisions of this Section 12, shall survive the termination of this Agreement.

13.AMENDMENTS

This Agreement constitutes the entire agreement between the parties as to the subject matter hereof. Accordingly, there are no side agreements or verbal agreements other than those that are stated in this agreement. Any amendment, modification or change in said Agreements must be done so in writing and signed by both parties.

14.SEVERABILITY

In the event a court or arbitrator declares that any provision of this Agreement is invalid or unenforceable, it shall not affect or invalidate any of the remaining provisions. Further, the court shall have the authority to re-write that portion of the Agreement it deems unenforceable, to make it enforceable.

15.GOVERNING LAW

The law of the State of Nevada shall govern the interpretation and application of all of the provisions of this Agreement.

16.SUCCESSORS AND ASSIGNS

It is expressly understood that this Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation or organization with which or into which the Company may be merged or acquired by or which may succeed to its assets or business, provided, however, that the obligations of the Executive are personal and shall not be assigned by him.

17.INDEMNITY

General. Company shall, to the fullest extent authorized by the Delaware General Company Law, as amended, indemnify and hold harmless Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by Executive in connection therewith.

Expenses. This right to indemnification includes the right to be paid by Company the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if Nevada law requires, an advancement of

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expenses incurred by Executive shall be made only upon delivery to Executive of an undertaking, by or on behalf of Executive, to repay all amounts so advanced if it is ultimately determined by final judicial decision from which there is no further right to appeal that Executive is not entitled to be indemnified for such expenses. The rights to indemnification and to the advancement of expenses shall be contract rights and such rights shall continue as to Executive after his termination of employment and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Claims for Indemnification or Expenses. If a claim under either A or B above is not paid in full by Company within sixty (60) days after Company receives a written claim, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, Executive may at any time thereafter bring suit against Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, shall be on Company.

18.DISPUTE RESOLUTION

A. Mediation. Any and all disputes arising under, pertaining to or touching upon this Agreement (excepting the confidentiality and non-disclosure provisions of Section 11 hereof, and the Covenant-Not-To-Compete provisions of
Section 12 hereof), or the statutory rights or obligations of either party hereto, shall, if not settled by negotiation, be subject to non-binding mediation before an independent mediator selected by the parties pursuant to
Section below writing and served upon the other. Any demand for mediation shall be made in writing party to the dispute, by certified mail, return receipt requested, at the business address of or at the last known residence address of Executive respectively. The demand shall set forth with reasonable specificity the basis of the dispute and the relief sought. The mediation learning will occur at a time and place convenient to the parties in Las Vegas, Nevada, Arizona, within thirty (30) days of the date of selection or appointment of the mediator and shall be governed by the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA").

B. Arbitration. In the event that the dispute is not settled through mediation, the parties shall then proceed to binding arbitration before a single independent arbitrator selected pursuant to Section 18(A). The mediator shall not serve as arbitrator. ALL DISPUTES INVOLVING ALLEGED UNLAWFUL EMPLOYMENT DISCRIMINATION TERMINATION BY ALLEGED BREACH OF CONTRACT OR POLICY, OR ALLEGED EMPLOYMENT TORT COMMITTED BY COMPANY OR A REPRESENTATIVE OF COMPANY INCLUDING CLAIMS OF VIOLATIONS OF FEDERAL OR STATE DISCRIMINATION STATUTES OR PUBLIC POLICY, SHALL BE RESOLVED PURSUANT TO THIS POLICY AND THERE SHALL BE NO RECOURSE TO COURT, WITH OR WITHOUT A JURY TRIAL. The arbitration hearing shall occur at a time and place convenient to the parties in Las Vegas, Nevada, within thirty (30) days of selection or appointment of the arbitrator. If Company has adopted a policy that is applicable to arbitrations with executives, the arbitration shall be conducted in accordance with said policy to the extent that the policy is consistent with this Agreement and the Federal Arbitration Act, 9 U.S.C. ** 1-16. If no such policy has been adopted, the arbitration shall be governed by the National Rules for the Resolution of Employment Disputes of the AAA. The arbitrator shall issue written findings of fact and conclusions of law, and an award, within fifteen (15) days of the date of the hearing unless the parties otherwise agree.

C. Damages. In cases of breach of contract or policy, damages shall be limited to contract damages. In cases of intentional discrimination claims prohibited by statute, the arbitrator may direct payment consistent with 42 U.S.C. * 1981(a) and the Civil Rights Act of 1991. In cases of employment tort, the arbitrator may award punitive damages if proved by clear and convincing evidence. Any award of punitive damages shall not exceed two times any compensatory award and in any event, shall not exceed Two Hundred Fifty Thousand Dollars ($250,000). The arbitrator may award fees to the prevailing party and assess costs of the arbitration to the non-prevailing party. Issues of procedure, arbitrability, or confirmation of award shall be governed by the Federal Arbitration Act, 9 U.S.C. ** 1-16, except that court review of the arbitrator's award shall be that of an appellate court reviewing a decision of a trial judge sitting without a jury.

D. Selection of Mediators or Arbitrators. The parties shall select the mediator or arbitrator form a panel list made available by the AAA. If the parties are unable to agree to a mediator or arbitrator within ten (10) days of receipt of a demand for mediation or arbitration, the mediator or arbitrator will be chosen by alternatively striking from a list of five (5) mediators or arbitrators obtained by Company from AAA. Executive shall have the first strike.

19.NOTICES

Notices. Any notice delivered under this Agreement shall be deemed duly delivered four (4) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next-business day delivery via a reputable international overnight courier service, in each case to the address of the recipient set forth in the introductory paragraph hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party.

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THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, Company and Executive have executed this Agreement effective on the date set forth above.

Innovative Energy Solutions, Inc. "Executive"

By: ____________________________

____

Patrick J. Cochrane Ronald C. Foster

Chief Executive Officer

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EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made this 21st day of June 2004, by and between Terry Dingwall ("Executive"), who resides at 4721 50th Avenue, Rocky Rapids, Alberta, T0E 1Z0, Canada, and Innovative Energy Solutions, Inc. ("iESi", or "Company."), 41 North Mojave Road, Las Vegas, Nevada 89101, United States, effective July 1, 2004 ("Effective Date").

R E C I T A L S

Company wishes to retain the services of Executive pursuant to this Employment Agreement, the terms and provisions of which are set forth below.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. POSITION AND DUTIES.

During the Term (as defined in Section 5) Executive will continue to be employed by Company as its President and shall perform those duties as described in Job Description, (attached as Exhibit A), and as determined from time to time determined by the Board of Directors of Company ("Board") in accordance with the policies, practices and bylaws of Company. During the Term, the Board may, in its sole discretion, appoint Executive as a member of the Board.

Executive shall serve Company faithfully, loyally, honestly, and to the best of Executive's ability. Executive will devote Executive's best efforts and substantially all of the Executive's business time to the performance of Executive's duties for, and in the business and affairs of, Company.

Subject to Section 7, the Board reserves the right, in its sole discretion, to change or modify Executive's position, title, and duties during the Term of this Agreement.

2. BASE SALARY.

Commencing on the Effective Date and during the remaining Term of this Agreement, Executive's annual base salary will be One Hundred Forty-four Thousand U.S. Dollars ($144,000), payable in accordance with Company's customary payroll practice. Executive's base salary will be reviewed annually by the Board in accordance with Company's compensation review policies and practices, all as determined by Company in its discretion.

However, Executive agrees that Company shall have no obligation to pay any salary to Executive until such time as the Company has received unrestricted equity investments from persons other than the Company's incorporators of $1,500,000 (One Million Five Hundred Thousand U.S. Dollars) or more and those funds are on hand and available in the Company's bank account for payment at the direction of the Board (the "Outside Funds"). Within ten
(10) business days after the Outside Funds are on hand as aforesaid, Company shall pay to Executive all earned but unpaid salary attributable to Executive's employment with Company from the Effective Date until the date of payment, and shall thereafter pay, so long as this Agreement continues, payable in accordance with Company's customary payroll practice.

3. INCENTIVE COMPENSATION.

Company has or will develop a performance-based compensation program for members of its senior executive management team that is discretionary in nature and based on among other things the financial performance of Company and the Executive's value in achieving this performance. Executive shall be eligible to participate in any and all performance-based incentive compensation program that the Board has established or may in the future establish for Executive, as well as any performance-based incentive compensation program established from time to time for other members of Company's senior management.

4. OTHER AGREEMENTS.

Other Agreements. Company and Executive may, from time to time, enter into one or more agreements relating to specific benefit and/or compensation programs including without limitation, a change of control agreement, stock option agreements, stock purchase agreements, and stock grant agreements. Nothing in this Agreement is intended to alter or modify any of such agreements, which are now referred to as "Ancillary Agreements."

5. TERM AND TERMINATION.

This Agreement will continue in full force and effect until terminated by the parties. This Agreement may be terminated in any of the following ways: (a) it may be negotiated and replaced by a written agreement signed by both parties; (b) Company may elect to

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terminate this Agreement, with or without "Cause," as defined below; (c) Executive may elect to terminate this Agreement with or without "Good Reason," as defined below; or (d) either party may serve notice on the other of its or his desire to terminate this Agreement at the end of the Term.

The "Term" of this Agreement shall begin on the Effective Date and shall expire by its terms in sixty (60) months, on June 30, 2009, unless sooner terminated in accordance with the provisions of this Agreement. Thereafter, the "Term" of this Agreement shall renew automatically for additional twelve
(12) month periods unless terminated accordance with the provisions of this Agreement.

6. TERMINATION BY COMPANY.

A. Termination for Cause. Company may terminate this Agreement and Executive's employment for Cause at any time upon written notice. For purposes of this Agreement, "Cause" shall be limited to discharge resulting from a determination by Company that within the period of time contemplated by this agreement the Executive has: (i) been convicted of a felony involving dishonesty, fraud, theft or embezzlement; (ii) failed or refused, in a material respect, to follow reasonable policies or directives established by Company and after written notice thereof from Company, and a reasonable opportunity by Executive to cure such failures or refusals after having been given reasonable written notice of such failures or refusals; (iii) willfully and persistently failed to attend to the material duties or obligations imposed upon Executive under this Agreement after reasonable written notice from Company and a reasonable opportunity by Executive to cure such failure; (iv) performed an act or failed to act, which, if Executive were prosecuted and convicted, would constitute a felony involving $1,000 or more of money or property of Company, or (v) committed other acts constituting intentional misconduct or dishonesty that in the reasonable discretion of the Board are likely to have a material adverse effect on the Company.

If this Agreement and Executive's employment are terminated by Company for Cause, Executive shall receive no Severance Benefits.

B. Termination Without Cause. Company also may terminate this Agreement and Executive's employment at any time or elect to not renew this Agreement at the end of any Term without Cause by giving at least 60 days prior written notice to Executive. In the event (i) this Agreement and Executive's employment are terminated by Company, or (ii) Company elects not to renew this Agreement at the end of any Term, without Cause, Executive shall be entitled to receive Severance Benefits pursuant to Section 9.

7. TERMINATION BY EXECUTIVE.

Executive may terminate this Agreement and his employment with or without "Good Reason" in accordance with the provisions of this Section 7.

A. Termination For Good Reason. Executive may terminate this Agreement and Executive's employment for "Good Reason" by giving written notice to Company within 60 days (or such longer period as may be agreed to in writing by Company) of Executive's reason(s) for believing that "Good Reason" for his termination of employment exists.

Executive shall have "Good Reason" to terminate his Agreement and Executive's employment upon the occurrence of any of the following events: (i) the assignment to Executive of any duties that are inconsistent with, or the reduction of powers or functions associated with, Executive's position, duties, or responsibilities with Company, or an adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment, (ii) the Executive's base salary is reduced or the potential incentive compensation (or bonus) to which Executive may become entitled to at any level of performance by the Executive or Company is reduced, (iii) the failure of Company to cause any successor to expressly assume and agree to be bound by the terms of this Agreement, (iv) any purported termination by Company of Executive's employment for grounds other than for "Cause," or (v) Company relieving the Executive of Executive's duties other than for "Cause."

If Executive terminates this Agreement and his employment for Good Reason, Executive shall be entitled to receive Severance Benefits pursuant to
Section 9.

B. Termination Without Good Reason. Executive also may terminate this Agreements and Executive's employment without Good Reason at any time by giving 60 days notice to Company. If Executive terminates this Agreement and Executive's employment without Good Reason, Executive shall not be entitled to receive Severance Benefits pursuant to Section 9.

8. DEATH OR DISABILITY

This Agreement will terminate automatically on Executive's death. Any salary or other amounts due to Executive for services rendered prior to Executive's death shall be paid to Executive's surviving spouse, or if Executive does not leave a surviving spouse, to Executive's estate. No other benefits shall be payable to Executive's estate or heirs pursuant to this Agreement, but amounts may be payable pursuant to any life insurance or other benefit plans maintained in whole or in part by Company for the benefit of Executive,

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his estate or heirs.

In the Executive becomes "Disabled," Executive's employment hereunder and Company's obligation to pay Executive's salary shall continue for a period of eighteen (18) months from the date of such Disability, at which time Executive's employment hereunder shall automatically cease and terminate. Executive shall be considered "Disabled" or to be suffering from a "Disability" for purposes of this Section 8 if, in the reasonable, good faith judgment of a licensed physician selected by the Board, Executive is unable for a period of ninety (90) consecutive business days to perform the essential functions of Executive position required under this Agreement, with or without reasonable accommodations, because of a physical or mental impairment. Any dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Board, provided, however, that if Executive does not accept the opinion of the licensed physician selected by Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by Executive; provided further, however, that if Company does not accept the opinion of the licensed physician selected by Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by Company and Executive, respectively.

9. SEVERANCE BENEFITS

If this Agreement and Executive's employment are terminated without Cause pursuant to Section 6(B) hereof or if Executive elects to terminate this Agreement for Good Reason pursuant to Section 7(A) hereof, Executive shall receive the "Severance Benefits" as provided by this Section. The Severance Benefits shall be payable in a single lump sum within ten (10) days following termination of employment and shall equal the greater of (i) sum of (a) the Executive's base salary for the unexpired Term, and (b) the average of incentive compensation paid to the Executive for the two (2) years prior to the date of termination multiplied by a fraction, the numerator of which is the number of months remaining from the date of termination to the end of the Term and the denominator of which is twelve (12), and (ii) the sum of (x) Executive's base salary for a twenty-four (24) month period as in effect on the date of termination and (y) the average on an annual basis of incentive compensation paid to the Executive for the two years prior to the date of termination. In addition, the Executive shall continue to receive life, disability, accident and group health insurance benefits substantially similar to those which he was receiving immediately prior to his termination of employment until the earlier of the end of the period of eighteen (18) months following his termination of employment or the day on which he becomes eligible to receive any substantially similar continuing health care benefits under any Plan or program of any other employer. If a particular insurance benefit may not be continued for any reason, Company shall pay Executive the amount necessary to permit Executive to purchase the same insurance benefits as were provided by Company, such payment to be made to Executive in a single lump sum. The benefits provided pursuant to this Section shall be provided on substantially the same terms and conditions as they were provided prior to the termination of employment, except that the full cost of such benefits shall be paid by the Company. The Executive's right to receive continued coverage under the Company's group health plans pursuant to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as it may be amended or replaced from time to time, shall commence following the expiration of his right to receive continued benefits under this Agreement.

Executive shall have no duty to mitigate damages in order to receive the benefits provided by this Section.

If Company terminates the Agreement and Executive's employment for Cause, or if Executive voluntarily terminates this Agreement and Executive's employment without Good Reason prior to the end of the Term, no Severance Benefits shall be paid to Executive. No Severance Benefits are payable in the event of Executive's death or disability while in the active employ of Company.

10.BENEFITS

Executive will be entitled to participate in all employee benefit plans, including, but not limited to, retirement plans, stock option plans, life insurance plans, and health and dental plans available to other Company employees, subject to restrictions (including waiting periods) specified in the applicable Plan. Executive is entitled to six (6) weeks of paid vacation per calendar year, with such vacation to be scheduled and taken in accordance with Company's standard vacation policies. In addition to the compensation and benefits provided above, the Company shall, upon receipt of appropriate documentation, reimburse Executive for his reasonable travel, lodging, entertainment, promotion, and other ordinary and necessary business expenses consistent with Company policies.

11.CONFIDENTIALITY AND NON-DISCLOSURE

During the course of Executive's employment, Executive has and will become exposed to a substantial amount of confidential and proprietary information, including, but not limited to trade secrets, intellectual property, patent applications, copyright applications, technical drawings, financial information, annual report, audited and unaudited financial reports, strategic plans, business plans, marketing strategies, new business strategies, personnel and compensation information, and other such reports, documents or information. In the event Executive's employment is terminated by either party for any, reason, Executive will return to Company and Executive will not take, any copies of such documents, computer print-outs, computer tapes, floppy disks, CD ROMs, DVDs, etc., in any form, format or manner whatsoever, nor will Executive disclose the same in whole or in part to any person or entity, in any manner either directly or indirectly. Excluded from this Agreement is information that is already disclosed to third parties and is in the public

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domain or that Company consents to be disclosed, with such consent to be in writing. The provisions of this Section 11 shall survive the termination of this Agreement.

(a) No Use of Name. I shall not at any time use the Company's name or any of the Company trademark(s) or trade name(s) in any advertising or publicity without the prior written consent of the Company.

12.COVENANT-NOT-TO-COMPETE

A. Interests to be Protected. The parties acknowledge that during the Term, Executive will perform essential for Company, its employees and shareholders, and for customers of Company. Therefore, Executive will be given an opportunity to meet, work with and develop close working relationships with Company's clients on a first-hand basis and will gain valuable insight as to the clients' operations, personnel and need for services. In addition, Executive will be to, have access to, and be required to work with, a considerable amount of Company's confidential and proprietary information, including but not limited to information concerning Company's methods of operation, financial information, strategic planning, operational budgets and strategies, payroll data, management systems programs, computer systems, marketing plans and strategies, merger and acquisition strategies and customer lists.

The parties also expressly recognize and acknowledge that the personnel of Company have been trained by, and are valuable to Company, and that if Company must hire new personnel or retrain existing personnel to fill vacancies Company will incur substantial expense in recruiting and training such personnel. The parties expressly recognize that should Executive compete with Company in any manner whatsoever, it would seriously impair the goodwill and diminish the value of Company's business.

The parties acknowledge that this covenant has an extended duration; however, they agree that this covenant is reasonable and that it is necessary for the protection of Company, its shareholders and employees.

For these and other reasons, and the fact that there are many other employment opportunities available to Executive if Executive should terminate, the parties are in full and complete agreement that the following restrictive covenants (which together are referred to as the "Covenant-Not-To-Compete") are fair and reasonable and are freely, voluntarily and knowingly entered into. Further, each party has been given the opportunity to consult with independent legal counsel before entering into this Agreement.

B. Devotion to Employment. Executive shall devote substantially all of Executive's business time and best efforts to the performance of Executive's duties on behalf of Company. During the term of employment, Executive shall not at any time or place or to any extent whatsoever, either directly or indirectly, without the express written consent of Company, engage in any outside employment, or in any activity competitive with or adverse to Company's business, practice or affairs, whether alone or as partner, officer, director, employee, shareholder of any corporation or as a trustee, fiduciary, consultant or other representative. This is not intended to prohibit Executive from engaging in nonprofessional activities such as personal investments or conducting to a reasonable extent private business affairs which may include other boards of directors' activity, as long as they do not conflict with Company. Participation to a reasonable extent in civic, social or community activities is encouraged.

C. Non-Solicitation of Customer or Suppliers. During the term of Executive's employment with Company and for a period of twelve (12) months after the expiration or termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, call upon, contact encourage, handle or solicit, or cause others to solicit, any person or other entity that is, or was within the twelve (12) month period immediately prior to the date of Executive's termination, a customer or supplier of Company or any of its subsidiaries or affiliates, for the purpose of soliciting, selling or purchasing from such customer or supplier the same, similar, or related services or products that are provided by, or purchased by, Company or any of its subsidiaries or affiliates. Notwithstanding the foregoing, the obligations of Executive under this Section 12(C), shall terminate only if the employment of Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this
Section 12(C), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

D. Non-Solicitation of Employees. During the term of Executive's employment with Company and for a period of twelve (12) months after the termination of employment with Company, regardless of who initiates the termination, Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, seek to hire, and/or hire any person who, on the date hereof, or on the date of Executive's termination, is an employee of Company or any of its subsidiaries or affiliates, and that receives annual compensation in excess of $25,000, for employment or as an independent contractor with any person or entity (other than Company or any of its subsidiaries or affiliates), unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. If Executive violates Executive's obligations wider this Section 12(D), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending

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when the activities constituting such violation terminated.

E. Competing Business. During the term of Executive's employment and for a period of twelve (12) months after the termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, (including, without limitation, as a partner, director, officer or employee of, or lender or consultant to, any other personal entity, or shareholder (other than as the holder of less than five percent of the stock of a corporation the securities of which are traded on a national securities exchange or in the over-the-counter market), for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, or in any other capacity, within, into or from the Restricted Territory (as defined below) engage or cause others to engage in the same or similar business as Company and its subsidiaries (i.e., Motorsports internet- related business), or any aspect thereof, unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. For purposes of this Section 12(E), the term "Restricted Territory" shall mean any geographical service area where Company or any of its subsidiaries and affiliates is engaged in business, sells products or performs services or was considering engaging in business at any time, prior to the termination or at the time of termination. Notwithstanding the foregoing, the obligations of Executive under this Section 12(E), shall terminate only if Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this Section 12(E), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

F. Judicial Amendment. If the scope of any provision of this Section 12 is found by a court of competent jurisdiction to be too broad to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law. The parties agree that the scope of any provision of this Agreement may be modified by a judge in any proceeding to enforce this Agreement, so that such provision can be enforced to the maximum extent permitted by law. If any provision of this Agreement is found to be invalid or unenforceable for any reason, it shall not affect the validity of the remaining provisions of this Agreement.

G. Injunctive Relief Damages and Forfeiture. Due to the nature of Executive's position with Company, and with full realization that a violation of this Agreement will cause immediate and irreparable injury and damage, which is not readily measurable, and to protect Company's interests, Executive understands and agrees that in addition to instituting legal proceedings to recover damages resulting from a breach of this Agreement, Company may seek to enforce this Agreement with an action for injunctive relief to cease or prevent any actual or threatened violation of this Agreement on the part of Executive.

H. Survival. The provisions of this Section 12, shall survive the termination of this Agreement.

13.AMENDMENTS

This Agreement constitutes the entire agreement between the parties as to the subject matter hereof. Accordingly, there are no side agreements or verbal agreements other than those that are stated in this agreement. Any amendment, modification or change in said Agreements must be done so in writing and signed by both parties.

14.SEVERABILITY

In the event a court or arbitrator declares that any provision of this Agreement is invalid or unenforceable, it shall not affect or invalidate any of the remaining provisions. Further, the court shall have the authority to re-write that portion of the Agreement it deems unenforceable, to make it enforceable.

15.GOVERNING LAW

The law of the State of Nevada shall govern the interpretation and application of all of the provisions of this Agreement.

16.SUCCESSORS AND ASSIGNS

It is expressly understood that this Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation or organization with which or into which the Company may be merged or acquired by or which may succeed to its assets or business, provided, however, that the obligations of the Executive are personal and shall not be assigned by him.

17.INDEMNITY

General. Company shall, to the fullest extent authorized by the Delaware General Company Law, as amended, indemnify and hold harmless Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts

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paid in settlement) reasonably incurred or suffered by Executive in connection therewith.

Expenses. This right to indemnification includes the right to be paid by Company the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if Nevada law requires, an advancement of expenses incurred by Executive shall be made only upon delivery to Executive of an undertaking, by or on behalf of Executive, to repay all amounts so advanced if it is ultimately determined by final judicial decision from which there is no further right to appeal that Executive is not entitled to be indemnified for such expenses. The rights to indemnification and to the advancement of expenses shall be contract rights and such rights shall continue as to Executive after his termination of employment and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Claims for Indemnification or Expenses. If a claim under either A or B above is not paid in full by Company within sixty (60) days after Company receives a written claim, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, Executive may at any time thereafter bring suit against Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, shall be on Company.

18.DISPUTE RESOLUTION

A. Mediation. Any and all disputes arising under, pertaining to or touching upon this Agreement (excepting the confidentiality and non-disclosure provisions of Section 11 hereof, and the Covenant-Not-To-Compete provisions of
Section 12 hereof), or the statutory rights or obligations of either party hereto, shall, if not settled by negotiation, be subject to non-binding mediation before an independent mediator selected by the parties pursuant to
Section below writing and served upon the other. Any demand for mediation shall be made in writing party to the dispute, by certified mail, return receipt requested, at the business address of or at the last known residence address of Executive respectively. The demand shall set forth with reasonable specificity the basis of the dispute and the relief sought. The mediation learning will occur at a time and place convenient to the parties in Las Vegas, Nevada, Arizona, within thirty (30) days of the date of selection or appointment of the mediator and shall be governed by the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA").

B. Arbitration. In the event that the dispute is not settled through mediation, the parties shall then proceed to binding arbitration before a single independent arbitrator selected pursuant to Section 18(A). The mediator shall not serve as arbitrator. ALL DISPUTES INVOLVING ALLEGED UNLAWFUL EMPLOYMENT DISCRIMINATION TERMINATION BY ALLEGED BREACH OF CONTRACT OR POLICY, OR ALLEGED EMPLOYMENT TORT COMMITTED BY COMPANY OR A REPRESENTATIVE OF COMPANY INCLUDING CLAIMS OF VIOLATIONS OF FEDERAL OR STATE DISCRIMINATION STATUTES OR PUBLIC POLICY, SHALL BE RESOLVED PURSUANT TO THIS POLICY AND THERE SHALL BE NO RECOURSE TO COURT, WITH OR WITHOUT A JURY TRIAL. The arbitration hearing shall occur at a time and place convenient to the parties in Las Vegas, Nevada, within thirty (30) days of selection or appointment of the arbitrator. If Company has adopted a policy that is applicable to arbitrations with executives, the arbitration shall be conducted in accordance with said policy to the extent that the policy is consistent with this Agreement and the Federal Arbitration Act, 9 U.S.C. ** 1-16. If no such policy has been adopted, the arbitration shall be governed by the National Rules for the Resolution of Employment Disputes of the AAA. The arbitrator shall issue written findings of fact and conclusions of law, and an award, within fifteen (15) days of the date of the hearing unless the parties otherwise agree.

C. Damages. In cases of breach of contract or policy, damages shall be limited to contract damages. In cases of intentional discrimination claims prohibited by statute, the arbitrator may direct payment consistent with 42 U.S.C. * 1981(a) and the Civil Rights Act of 1991. In cases of employment tort, the arbitrator may award punitive damages if proved by clear and convincing evidence. Any award of punitive damages shall not exceed two times any compensatory award and in any event, shall not exceed Two Hundred Fifty Thousand Dollars ($250,000). The arbitrator may award fees to the prevailing party and assess costs of the arbitration to the non-prevailing party. Issues of procedure, arbitrability, or confirmation of award shall be governed by the Federal Arbitration Act, 9 U.S.C. ** 1-16, except that court review of the arbitrator's award shall be that of an appellate court reviewing a decision of a trial judge sitting without a jury.

D. Selection of Mediators or Arbitrators. The parties shall select the mediator or arbitrator form a panel list made available by the AAA. If the parties are unable to agree to a mediator or arbitrator within ten (10) days of receipt of a demand for mediation or arbitration, the mediator or arbitrator will be chosen by alternatively striking from a list of five (5) mediators or arbitrators obtained by Company from AAA. Executive shall have the first strike.

19.NOTICES

Notices. Any notice delivered under this Agreement shall be deemed duly delivered four (4) business days after it is sent by registered

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or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next-business day delivery via a reputable international overnight courier service, in each case to the address of the recipient set forth in the introductory paragraph hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, Company and Executive have executed this Agreement effective on the date set forth above.

Innovative Energy Solutions, Inc.	"Executive"
By: ___________________________	
___________________________	
Ronald C. Foster	Terry Dingwall

Chairman of the Board of Directors

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EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made this 18th day of June 2004, by and between Stephen P. Monaco ("Executive"), who resides at 13205 Cedar Street, Leawood, KS 66209, United States, and Innovative Energy Solutions, Inc. ("iESi", or "Company."), 41 North Mojave Road, Las Vegas, Nevada 89101, United States, effective July 1, 2004 ("Effective Date").

RECITALS

Company wishes to retain the services of Executive pursuant to this Employment Agreement, the terms and provisions of which are set forth below.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. POSITION AND DUTIES.

During the Term (as defined in Section 5) Executive will continue to be employed by Company as its Vice President and Chief Marketing Officer, and shall perform those duties as described in Job Description, (attached as Exhibit A), and as determined from time to time determined by the Board of Directors of Company ("Board") in accordance with the policies, practices and bylaws of Company. During the Term, the Board may, in its sole discretion, appoint Executive as a member of the Board.

Executive shall serve Company faithfully, loyally, honestly, and to the best of Executive's ability. Executive will devote Executive's best efforts and substantially all of the Executive's business time to the performance of Executive's duties for, and in the business and affairs of, Company.

Subject to Section 7, the Board reserves the right, in its sole discretion, to change or modify Executive's position, title, and duties during the Term of this Agreement.

2. BASE SALARY.

Commencing on the Effective Date and during the remaining Term of this Agreement, Executive's annual base salary will be One Hundred Fifty Thousand U.S. Dollars ($150,000), payable in accordance with Company's customary payroll practice. Executive's base salary will be reviewed annually by the Board in accordance with Company's compensation review policies and practices, all as determined by Company in its discretion.

However, Executive agrees that Company shall have no obligation to pay any salary to Executive until such time as the Company has received unrestricted equity investments from persons other than the Company's incorporators of $1,500,000 (One Million Five Hundred Thousand U.S. Dollars) or more and those funds are on hand and available in the Company's bank account for payment at the direction of the Board (the "Outside Funds"). Within ten
(10) business days after the Outside Funds are on hand as aforesaid, Company shall pay to Executive all earned but unpaid salary attributable to Executive's employment with Company from the Effective Date until the date of payment, and shall thereafter pay, so long as this Agreement continues, payable in accordance with Company's customary payroll practice.

3. INCENTIVE COMPENSATION.

Company has or will develop a performance-based compensation program for members of its senior executive management team that is discretionary in nature and based on among other things the financial performance of Company and the Executive's value in achieving this performance. Executive shall be eligible to participate in any and all performance-based incentive compensation program that the Board has established or may in the future establish for Executive, as well as any performance-based incentive compensation program established from time to time for other members of Company's senior management.

4. OTHER AGREEMENTS.

Other Agreements. Company and Executive may, from time to time, enter into one or more agreements relating to specific benefit and/or compensation programs including without limitation, a change of control agreement, stock option agreements, stock purchase agreements, and stock grant agreements. Nothing in this Agreement is intended to alter or modify any of such agreements, which are now referred to as "Ancillary Agreements."

5. TERM AND TERMINATION.

This Agreement will continue in full force and effect until terminated by the parties. This Agreement may be terminated in any of the following ways: (a) it may be negotiated and replaced by a written agreement signed by both parties; (b) Company may elect to

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terminate this Agreement, with or without "Cause," as defined below; (c) Executive may elect to terminate this Agreement with or without "Good Reason," as defined below; or (d) either party may serve notice on the other of its or his desire to terminate this Agreement at the end of the Term.

The "Term" of this Agreement shall begin on the Effective Date and shall expire by its terms in sixty (60) months, on June 30, 2009, unless sooner terminated in accordance with the provisions of this Agreement. Thereafter, the "Term" of this Agreement shall renew automatically for additional twelve
(12) month periods unless terminated accordance with the provisions of this Agreement.

6. TERMINATION BY COMPANY.

A. Termination for Cause. Company may terminate this Agreement and Executive's employment for Cause at any time upon written notice. For purposes of this Agreement, "Cause" shall be limited to discharge resulting from a determination by Company that within the period of time contemplated by this agreement the Executive has: (i) been convicted of a felony involving dishonesty, fraud, theft or embezzlement; (ii) failed or refused, in a material respect, to follow reasonable policies or directives established by Company and after written notice thereof from Company, and a reasonable opportunity by Executive to cure such failures or refusals after having been given reasonable written notice of such failures or refusals; (iii) willfully and persistently failed to attend to the material duties or obligations imposed upon Executive under this Agreement after reasonable written notice from Company and a reasonable opportunity by Executive to cure such failure; (iv) performed an act or failed to act, which, if Executive were prosecuted and convicted, would constitute a felony involving $1,000 or more of money or property of Company, or (v) committed other acts constituting intentional misconduct or dishonesty that in the reasonable discretion of the Board are likely to have a material adverse effect on the Company.

If this Agreement and Executive's employment are terminated by Company for Cause, Executive shall receive no Severance Benefits.

B. Termination Without Cause. Company also may terminate this Agreement and Executive's employment at any time or elect to not renew this Agreement at the end of any Term without Cause by giving at least 60 days prior written notice to Executive. In the event (i) this Agreement and Executive's employment are terminated by Company, or (ii) Company elects not to renew this Agreement at the end of any Term, without Cause, Executive shall be entitled to receive Severance Benefits pursuant to Section 9.

7. TERMINATION BY EXECUTIVE.

Executive may terminate this Agreement and his employment with or without "Good Reason" in accordance with the provisions of this Section 7.

A. Termination For Good Reason. Executive may terminate this Agreement and Executive's employment for "Good Reason" by giving written notice to Company within 60 days (or such longer period as may be agreed to in writing by Company) of Executive's reason(s) for believing that "Good Reason" for his termination of employment exists.

Executive shall have "Good Reason" to terminate his Agreement and Executive's employment upon the occurrence of any of the following events: (i) the assignment to Executive of any duties that are inconsistent with, or the reduction of powers or functions associated with, Executive's position, duties, or responsibilities with Company, or an adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment, (ii) the Executive's base salary is reduced or the potential incentive compensation (or bonus) to which Executive may become entitled to at any level of performance by the Executive or Company is reduced, (iii) the failure of Company to cause any successor to expressly assume and agree to be bound by the terms of this Agreement, (iv) any purported termination by Company of Executive's employment for grounds other than for "Cause," (v) Company relieving the Executive of Executive's duties other than for "Cause," or (vi) Executive is required to relocate.

If Executive terminates this Agreement and his employment for Good Reason, Executive shall be entitled to receive Severance Benefits pursuant to
Section 9.

B. Termination Without Good Reason. Executive also may terminate this Agreements and Executive's employment without Good Reason at any time by giving 60 days notice to Company. If Executive terminates this Agreement and Executive's employment without Good Reason, Executive shall not be entitled to receive Severance Benefits pursuant to Section 9.

8. DEATH OR DISABILITY

This Agreement will terminate automatically on Executive's death. Any salary or other amounts due to Executive for services rendered prior to Executive's death shall be paid to Executive's surviving spouse, or if Executive does not leave a surviving spouse, to Executive's estate. No other benefits shall be payable to Executive's estate or heirs pursuant to this Agreement, but amounts may be payable pursuant to any life insurance or other benefit plans maintained in whole or in part by Company for the benefit of Executive,

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his estate or heirs.

In the Executive becomes "Disabled," Executive's employment hereunder and Company's obligation to pay Executive's salary shall continue for a period of eighteen (18) months from the date of such Disability, at which time Executive's employment hereunder shall automatically cease and terminate. Executive shall be considered "Disabled" or to be suffering from a "Disability" for purposes of this Section 8 if, in the reasonable, good faith judgment of a licensed physician selected by the Board, Executive is unable for a period of ninety (90) consecutive business days to perform the essential functions of Executive position required under this Agreement, with or without reasonable accommodations, because of a physical or mental impairment. Any dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Board, provided, however, that if Executive does not accept the opinion of the licensed physician selected by Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by Executive; provided further, however, that if Company does not accept the opinion of the licensed physician selected by Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by Company and Executive, respectively.

9. SEVERANCE BENEFITS

If this Agreement and Executive's employment are terminated without Cause pursuant to Section 6(B) hereof or if Executive elects to terminate this Agreement for Good Reason pursuant to Section 7(A) hereof, Executive shall receive the "Severance Benefits" as provided by this Section. The Severance Benefits shall be payable in a single lump sum within ten (10) days following termination of employment and shall equal the greater of (i) sum of (a) the Executive's base salary for the unexpired Term, and (b) the average of incentive compensation paid to the Executive for the two (2) years prior to the date of termination multiplied by a fraction, the numerator of which is the number of months remaining from the date of termination to the end of the Term and the denominator of which is twelve (12), and (ii) the sum of (x) Executive's base salary for a twenty-four (24) month period as in effect on the date of termination and (y) the average on an annual basis of incentive compensation paid to the Executive for the two years prior to the date of termination. In addition, the Executive shall continue to receive life, disability, accident and group health insurance benefits substantially similar to those which he was receiving immediately prior to his termination of employment until the earlier of the end of the period of eighteen (18) months following his termination of employment or the day on which he becomes eligible to receive any substantially similar continuing health care benefits under any Plan or program of any other employer. If a particular insurance benefit may not be continued for any reason, Company shall pay Executive the amount necessary to permit Executive to purchase the same insurance benefits as were provided by Company, such payment to be made to Executive in a single lump sum. The benefits provided pursuant to this Section shall be provided on substantially the same terms and conditions as they were provided prior to the ermination of employment, except that the full cost of such benefits shall be paid by the Company. The Executive's right to receive continued coverage under the Company's group health plans pursuant to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as it may be amended or replaced from time to time, shall commence following the expiration of his right to receive continued benefits under this Agreement.

Executive shall have no duty to mitigate damages in order to receive the benefits provided by this Section.

If Company terminates the Agreement and Executive's employment for Cause, or if Executive voluntarily terminates this Agreement and Executive's employment without Good Reason prior to the end of the Term, no Severance Benefits shall be paid to Executive. No Severance Benefits are payable in the event of Executive's death or disability while in the active employ of Company.

10.BENEFITS

Executive will be entitled to participate in all employee benefit plans, including, but not limited to, retirement plans, stock option plans, life insurance plans, and health and dental plans available to other Company employees, subject to restrictions (including waiting periods) specified in the applicable Plan. Executive is entitled to six (6) weeks of paid vacation per calendar year, with such vacation to be scheduled and taken in accordance with Company's standard vacation policies. In addition to the compensation and benefits provided above, the Company shall, upon receipt of appropriate documentation, reimburse Executive for his reasonable travel, lodging, entertainment, promotion, and other ordinary and necessary business expenses consistent with Company policies.

11.CONFIDENTIALITY AND NON-DISCLOSURE

During the course of Executive's employment, Executive has and will become exposed to a substantial amount of confidential and proprietary information, including, but not limited to trade secrets, intellectual property, patent applications, copyright applications, technical drawings, financial information, annual report, audited and unaudited financial reports, strategic plans, business plans, marketing strategies, new business strategies, personnel and compensation information, and other such reports, documents or information. In the event Executive's employment is terminated by either party for any, reason, Executive will return to Company and Executive will not take, any copies of such documents, computer print-outs, computer tapes, floppy disks, CD ROMs, DVDs, etc., in any form, format or manner whatsoever, nor will Executive disclose the same in whole or in part to any person or entity, in any manner either directly or indirectly. Excluded from this Agreement is information that is already disclosed to third parties and is in the public

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domain or that Company consents to be disclosed, with such consent to be in writing. The provisions of this Section 11 shall survive the termination of this Agreement.

12.COVENANT-NOT-TO-COMPETE

A. Interests to be Protected. The parties acknowledge that during the Term, Executive will perform essential for Company, its employees and shareholders, and for customers of Company. Therefore, Executive will be given an opportunity to meet, work with and develop close working relationships with Company's clients on a first-hand basis and will gain valuable insight as to the clients' operations, personnel and need for services. In addition, Executive will be to, have access to, and be required to work with, a considerable amount of Company's confidential and proprietary information, including but not limited to information concerning Company's methods of operation, financial information, strategic planning, operational budgets and strategies, payroll data, management systems programs, computer systems, marketing plans and strategies, merger and acquisition strategies and customer lists.

The parties also expressly recognize and acknowledge that the personnel of Company have been trained by, and are valuable to Company, and that if Company must hire new personnel or retrain existing personnel to fill vacancies Company will incur substantial expense in recruiting and training such personnel. The parties expressly recognize that should Executive compete with Company in any manner whatsoever, it would seriously impair the goodwill and diminish the value of Company's business.

The parties acknowledge that this covenant has an extended duration; however, they agree that this covenant is reasonable and that it is necessary for the protection of Company, its shareholders and employees.

For these and other reasons, and the fact that there are many other employment opportunities available to Executive if Executive should terminate, the parties are in full and complete agreement that the following restrictive covenants (which together are referred to as the "Covenant-Not-To-Compete") are fair and reasonable and are freely, voluntarily and knowingly entered into. Further, each party has been given the opportunity to consult with independent legal counsel before entering into this Agreement.

B. Devotion to Employment. Executive shall devote substantially all of Executive's business time and best efforts to the performance of Executive's duties on behalf of Company. During the term of employment, Executive shall not at any time or place or to any extent whatsoever, either directly or indirectly, engage in any activity competitive with or adverse to Company's business, practice or affairs, whether alone or as partner, officer, director, employee, shareholder of any corporation or as a trustee, fiduciary, consultant or other representative. This is not intended to prohibit Executive from engaging in nonprofessional activities such as personal investments or conducting private business affairs which may include other boards of directors' activity, as long as they do not conflict with Company. Participation to a reasonable extent in civic, social or community activities is encouraged.

C. Non-Solicitation of Customer or Suppliers. During the term of Executive's employment with Company and for a period of twelve (12) months after the expiration or termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, call upon, contact encourage, handle or solicit, or cause others to solicit, any person or other entity that is, or was within the twelve (12) month period immediately prior to the date of Executive's termination, a customer or supplier of Company or any of its subsidiaries or affiliates, for the purpose of soliciting, selling or purchasing from such customer or supplier the same, similar, or related services or products that are provided by, or purchased by, Company or any of its subsidiaries or affiliates. Notwithstanding the foregoing, the obligations of Executive under this Section 12(C), shall terminate only if the employment of Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this
Section 12(C), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

D. Non-Solicitation of Employees. During the term of Executive's employment with Company and for a period of twelve (12) months after the termination of employment with Company, regardless of who initiates the termination, Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, seek to hire, and/or hire any person who, on the date hereof, or on the date of Executive's termination, is an employee of Company or any of its subsidiaries or affiliates, and that receives annual compensation in excess of $25,000, for employment or as an independent contractor with any person or entity (other than Company or any of its subsidiaries or affiliates), unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. If Executive violates Executive's obligations wider this Section 12(D), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

E. Competing Business. During the term of Executive's employment and for a period of twelve (12) months after the termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly,

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(including, without limitation, as a partner, director, officer or employee of, or lender or consultant to, any other personal entity, or shareholder (other than as the holder of less than five percent of the stock of a corporation the securities of which are traded on a national securities exchange or in the over-the-counter market), for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, or in any other capacity, within, into or from the Restricted Territory (as defined below) engage or cause others to engage in the same or similar business as Company and its subsidiaries (i.e., Motorsports internet- related business), or any aspect thereof, unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. For purposes of this Section 12(E), the term "Restricted Territory" shall mean any geographical service area where Company or any of its subsidiaries and affiliates is engaged in business, sells products or performs services or was considering engaging in business at any time, prior to the termination or at the time of termination. Notwithstanding the foregoing, the obligations of Executive under this Section 12(E), shall terminate only if Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this Section 12(E), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

F. Judicial Amendment. If the scope of any provision of this Section 12 is found by a court of competent jurisdiction to be too broad to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law. The parties agree that the scope of any provision of this Agreement may be modified by a judge in any proceeding to enforce this Agreement, so that such provision can be enforced to the maximum extent permitted by law. If any provision of this Agreement is found to be invalid or unenforceable for any reason, it shall not affect the validity of the remaining provisions of this Agreement.

G. Injunctive Relief Damages and Forfeiture. Due to the nature of Executive's position with Company, and with full realization that a violation of this Agreement will cause immediate and irreparable injury and damage, which is not readily measurable, and to protect Company's interests, Executive understands and agrees that in addition to instituting legal proceedings to recover damages resulting from a breach of this Agreement, Company may seek to enforce this Agreement with an action for injunctive relief to cease or prevent any actual or threatened violation of this Agreement on the part of Executive.

H. Survival. The provisions of this Section 12, shall survive the termination of this Agreement.

13.AMENDMENTS

This Agreement constitutes the entire agreement between the parties as to the subject matter hereof. Accordingly, there are no side agreements or verbal agreements other than those that are stated in this agreement. Any amendment, modification or change in said Agreements must be done so in writing and signed by both parties.

14.SEVERABILITY

In the event a court or arbitrator declares that any provision of this Agreement is invalid or unenforceable, it shall not affect or invalidate any of the remaining provisions. Further, the court shall have the authority to re-write that portion of the Agreement it deems unenforceable, to make it enforceable.

15.GOVERNING LAW

The law of the State of Nevada shall govern the interpretation and application of all of the provisions of this Agreement.

16.SUCCESSORS AND ASSIGNS

It is expressly understood that this Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation or organization with which or into which the Company may be merged or acquired by or which may succeed to its assets or business, provided, however, that the obligations of the Executive are personal and shall not be assigned by him.

17.INDEMNITY

General. Company shall, to the fullest extent authorized by the Delaware General Company Law, as amended, indemnify and hold harmless Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by Executive in connection therewith.

Expenses. This right to indemnification includes the right to be paid by Company the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if Nevada law requires, an advancement of

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expenses incurred by Executive shall be made only upon delivery to Executive of an undertaking, by or on behalf of Executive, to repay all amounts so advanced if it is ultimately determined by final judicial decision from which there is no further right to appeal that Executive is not entitled to be indemnified for such expenses. The rights to indemnification and to the advancement of expenses shall be contract rights and such rights shall continue as to Executive after his termination of employment and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Claims for Indemnification or Expenses. If a claim under either A or B above is not paid in full by Company within sixty (60) days after Company receives a written claim, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, Executive may at any time thereafter bring suit against Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, shall be on Company.

18.DISPUTE RESOLUTION

A. Mediation. Any and all disputes arising under, pertaining to or touching upon this Agreement (excepting the confidentiality and non-disclosure provisions of Section 11 hereof, and the Covenant-Not-To-Compete provisions of
Section 12 hereof), or the statutory rights or obligations of either party hereto, shall, if not settled by negotiation, be subject to non-binding mediation before an independent mediator selected by the parties pursuant to
Section below writing and served upon the other. Any demand for mediation shall be made in writing party to the dispute, by certified mail, return receipt requested, at the business address of or at the last known residence address of Executive respectively. The demand shall set forth with reasonable specificity the basis of the dispute and the relief sought. The mediation learning will occur at a time and place convenient to the parties in Las Vegas, Nevada, Arizona, within thirty (30) days of the date of selection or appointment of the mediator and shall be governed by the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA").

B. Arbitration. In the event that the dispute is not settled through mediation, the parties shall then proceed to binding arbitration before a single independent arbitrator selected pursuant to Section 18(A). The mediator shall not serve as arbitrator. ALL DISPUTES INVOLVING ALLEGED UNLAWFUL EMPLOYMENT DISCRIMINATION TERMINATION BY ALLEGED BREACH OF CONTRACT OR POLICY, OR ALLEGED EMPLOYMENT TORT COMMITTED BY COMPANY OR A REPRESENTATIVE OF COMPANY INCLUDING CLAIMS OF VIOLATIONS OF FEDERAL OR STATE DISCRIMINATION STATUTES OR PUBLIC POLICY, SHALL BE RESOLVED PURSUANT TO THIS POLICY AND THERE SHALL BE NO RECOURSE TO COURT, WITH OR WITHOUT A JURY TRIAL. The arbitration hearing shall occur at a time and place convenient to the parties in Las Vegas, Nevada, within thirty (30) days of selection or appointment of the arbitrator. If Company has adopted a policy that is applicable to arbitrations with executives, the arbitration shall be conducted in accordance with said policy to the extent that the policy is consistent with this Agreement and the Federal Arbitration Act, 9 U.S.C. ** 1-16. If no such policy has been adopted, the arbitration shall be governed by the National Rules for the Resolution of Employment Disputes of the AAA. The arbitrator shall issue written findings of fact and conclusions of law, and an award, within fifteen (15) days of the date of the hearing unless the parties otherwise agree.

C. Damages. In cases of breach of contract or policy, damages shall be limited to contract damages. In cases of intentional discrimination claims prohibited by statute, the arbitrator may direct payment consistent with 42 U.S.C. * 1981(a) and the Civil Rights Act of 1991. In cases of employment tort, the arbitrator may award punitive damages if proved by clear and convincing evidence. Any award of punitive damages shall not exceed two times any compensatory award and in any event, shall not exceed Two Hundred Fifty Thousand Dollars ($250,000). The arbitrator may award fees to the prevailing party and assess costs of the arbitration to the non-prevailing party. Issues of procedure, arbitrability, or confirmation of award shall be governed by the Federal Arbitration Act, 9 U.S.C. ** 1-16, except that court review of the arbitrator's award shall be that of an appellate court reviewing a decision of a trial judge sitting without a jury.

D. Selection of Mediators or Arbitrators. The parties shall select the mediator or arbitrator form a panel list made available by the AAA. If the parties are unable to agree to a mediator or arbitrator within ten (10) days of receipt of a demand for mediation or arbitration, the mediator or arbitrator will be chosen by alternatively striking from a list of five (5) mediators or arbitrators obtained by Company from AAA. Executive shall have the first strike.

19.NOTICES

Notices. Any notice delivered under this Agreement shall be deemed duly delivered four (4) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next-business day delivery via a reputable international overnight courier service, in each case to the address of the recipient set forth in the introductory paragraph hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party.

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THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, Company and Executive have executed this Agreement effective on the date set forth above.

Innovative Energy Solutions, Inc.   "Executive"

By: ____________________________

____

Ronald C. Foster   Stephen P. Monaco

Chairman of the Board of Directors

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EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made this 21st day of June 2004, by and between Patrick J. Cochrane ("Executive"), who resides at 36 Fountain Creek Drive, Sherwood Park, Alberta, T8B 1C9, Canada, and Innovative Energy Solutions, Inc. ("iESi", or "Company."), 41 North Mojave Road, Las Vegas, Nevada 89101, United States, effective July 1, 2004 ("Effective Date").

R E C I T A L S

Company wishes to retain the services of Executive pursuant to this Employment Agreement, the terms and provisions of which are set forth below.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. POSITION AND DUTIES.

During the Term (as defined in Section 5) Executive will continue to be employed by Company as its Chief Executive Officer and shall perform those duties as described in Job Description, (attached as Exhibit A), and as determined from time to time determined by the Board of Directors of Company ("Board") in accordance with the policies, practices and bylaws of Company. During the Term, the Board may, in its sole discretion, appoint Executive as a member of the Board.

Executive shall serve Company faithfully, loyally, honestly, and to the best of Executive's ability. Executive will devote Executive's best efforts and substantially all of the Executive's business time to the performance of Executive's duties for, and in the business and affairs of, Company.

Subject to Section 7, the Board reserves the right, in its sole discretion, to change or modify Executive's position, title, and duties during the Term of this Agreement.

2. BASE SALARY.

Commencing on the Effective Date and during the remaining Term of this Agreement, Executive's annual base salary will be One Hundred Eighty Thousand U.S. Dollars ($180,000), payable in accordance with Company's customary payroll practice. Executive's base salary will be reviewed annually by the Board in accordance with Company's compensation review policies and practices, all as determined by Company in its discretion.

However, Executive agrees that Company shall have no obligation to pay any salary to Executive until such time as the Company has received unrestricted equity investments from persons other than the Company's incorporators of $1,500,000 (One Million Five Hundred Thousand U.S. Dollars) or more and those funds are on hand and available in the Company's bank account for payment at the direction of the Board (the "Outside Funds"). Within ten
(10) business days after the Outside Funds are on hand as aforesaid, Company shall pay to Executive all earned but unpaid salary attributable to Executive's employment with Company from the Effective Date until the date of payment, and shall thereafter pay, so long as this Agreement continues, payable in accordance with Company's customary payroll practice.

3. INCENTIVE COMPENSATION.

Company has or will develop a performance-based compensation program for members of its senior executive management team that is discretionary in nature and based on among other things the financial performance of Company and the Executive's value in achieving this performance. Executive shall be eligible to participate in any and all performance-based incentive compensation program that the Board has established or may in the future establish for Executive, as well as any performance-based incentive compensation program established from time to time for other members of Company's senior management.

4. OTHER AGREEMENTS.

Other Agreements. Company and Executive may, from time to time, enter into one or more agreements relating to specific benefit and/or compensation programs including without limitation, a change of control agreement, stock option agreements, stock purchase agreements, and stock grant agreements. Nothing in this Agreement is intended to alter or modify any of such agreements, which are now referred to as "Ancillary Agreements."

5. TERM AND TERMINATION.

This Agreement will continue in full force and effect until terminated by the parties. This Agreement may be terminated in any of the

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following ways: (a) it may be negotiated and replaced by a written agreement signed by both parties; (b) Company may elect to terminate this Agreement, with or without "Cause," as defined below; (c) Executive may elect to terminate this Agreement with or without "Good Reason," as defined below; or (d) either party may serve notice on the other of its or his desire to terminate this Agreement at the end of the Term.

The "Term" of this Agreement shall begin on the Effective Date and shall expire by its terms in sixty (60) months, on June 30, 2009, unless sooner terminated in accordance with the provisions of this Agreement. Thereafter, the "Term" of this Agreement shall renew automatically for additional twelve
(12) month periods unless terminated accordance with the provisions of this Agreement.

6. TERMINATION BY COMPANY.

A. Termination for Cause. Company may terminate this Agreement and Executive's employment for Cause at any time upon written notice. For purposes of this Agreement, "Cause" shall be limited to discharge resulting from a determination by Company that within the period of time contemplated by this agreement the Executive has: (i) been convicted of a felony involving dishonesty, fraud, theft or embezzlement; (ii) failed or refused, in a material respect, to follow reasonable policies or directives established by Company and after written notice thereof from Company, and a reasonable opportunity by Executive to cure such failures or refusals after having been given reasonable written notice of such failures or refusals; (iii) willfully and persistently failed to attend to the material duties or obligations imposed upon Executive under this Agreement after reasonable written notice from Company and a reasonable opportunity by Executive to cure such failure; (iv) performed an act or failed to act, which, if Executive were prosecuted and convicted, would constitute a felony involving $1,000 or more of money or property of Company, or (v) committed other acts constituting intentional misconduct or dishonesty that in the reasonable discretion of the Board are likely to have a material adverse effect on the Company.

If this Agreement and Executive's employment are terminated by Company for Cause, Executive shall receive no Severance Benefits.

B. Termination Without Cause. Company also may terminate this Agreement and Executive's employment at any time or elect to not renew this Agreement at the end of any Term without Cause by giving at least 60 days prior written notice to Executive. In the event (i) this Agreement and Executive's employment are terminated by Company, or (ii) Company elects not to renew this Agreement at the end of any Term, without Cause, Executive shall be entitled to receive Severance Benefits pursuant to Section 9.

7. TERMINATION BY EXECUTIVE.

Executive may terminate this Agreement and his employment with or without "Good Reason" in accordance with the provisions of this Section 7.

A. Termination For Good Reason. Executive may terminate this Agreement and Executive's employment for "Good Reason" by giving written notice to Company within 60 days (or such longer period as may be agreed to in writing by Company) of Executive's reason(s) for believing that "Good Reason" for his termination of employment exists.

Executive shall have "Good Reason" to terminate his Agreement and Executive's employment upon the occurrence of any of the following events: (i) the assignment to Executive of any duties that are inconsistent with, or the reduction of powers or functions associated with, Executive's position, duties, or responsibilities with Company, or an adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment, (ii) the Executive's base salary is reduced or the potential incentive compensation (or bonus) to which Executive may become entitled to at any level of performance by the Executive or Company is reduced, (iii) the failure of Company to cause any successor to expressly assume and agree to be bound by the terms of this Agreement, (iv) any purported termination by Company of Executive's employment for grounds other than for "Cause," or (v) Company relieving the Executive of Executive's duties other than for "Cause."

If Executive terminates this Agreement and his employment for Good Reason, Executive shall be entitled to receive Severance Benefits pursuant to
Section 9.

B. Termination Without Good Reason. Executive also may terminate this Agreements and Executive's employment without Good Reason at any time by giving 60 days notice to Company. If Executive terminates this Agreement and Executive's employment without Good Reason, Executive shall not be entitled to receive Severance Benefits pursuant to Section 9.

8. DEATH OR DISABILITY

This Agreement will terminate automatically on Executive's death. Any salary or other amounts due to Executive for services rendered prior to Executive's death shall be paid to Executive's surviving spouse, or if Executive does not leave a surviving spouse, to Executive's estate. No other benefits shall be payable to Executive's estate or heirs pursuant to this Agreement, but amounts may be

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payable pursuant to any life insurance or other benefit plans maintained in whole or in part by Company for the benefit of Executive, his estate or heirs.

In the Executive becomes "Disabled," Executive's employment hereunder and Company's obligation to pay Executive's salary shall continue for a period of eighteen (18) months from the date of such Disability, at which time Executive's employment hereunder shall automatically cease and terminate. Executive shall be considered "Disabled" or to be suffering from a "Disability" for purposes of this Section 8 if, in the reasonable, good faith judgment of a licensed physician selected by the Board, Executive is unable for a period of ninety (90) consecutive business days to perform the essential functions of Executive position required under this Agreement, with or without reasonable accommodations, because of a physical or mental impairment. Any dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Board, provided, however, that if Executive does not accept the opinion of the licensed physician selected by Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by Executive; provided further, however, that if Company does not accept the opinion of the licensed physician selected by Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by Company and Executive, respectively.

9. SEVERANCE BENEFITS

If this Agreement and Executive's employment are terminated without Cause pursuant to Section 6(B) hereof or if Executive elects to terminate this Agreement for Good Reason pursuant to Section 7(A) hereof, Executive shall receive the "Severance Benefits" as provided by this Section. The Severance Benefits shall be payable in a single lump sum within ten (10) days following termination of employment and shall equal the greater of (i) sum of (a) the Executive's base salary for the unexpired Term, and (b) the average of incentive compensation paid to the Executive for the two (2) years prior to the date of termination multiplied by a fraction, the numerator of which is the number of months remaining from the date of termination to the end of the Term and the denominator of which is twelve (12), and (ii) the sum of (x) Executive's base salary for a twenty-four (24) month period as in effect on the date of termination and (y) the average on an annual basis of incentive compensation paid to the Executive for the two years prior to the date of termination. In addition, the Executive shall continue to receive life, disability, accident and group health insurance benefits substantially similar to those which he was receiving immediately prior to his termination of employment until the earlier of the end of the period of eighteen (18) months following his termination of employment or the day on which he becomes eligible to receive any substantially similar continuing health care benefits under any Plan or program of any other employer. If a particular insurance benefit may not be continued for any reason, Company shall pay Executive the amount necessary to permit Executive to purchase the same insurance benefits as were provided by Company, such payment to be made to Executive in a single lump sum. The benefits provided pursuant to this Section shall be provided on substantially the same terms and conditions as they were provided prior to the termination of employment, except that the full cost of such benefits shall be paid by the Company. The Executive's right to receive continued coverage under the Company's group health plans pursuant to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as it may be amended or replaced from time to time, shall commence following the expiration of his right to receive continued benefits under this Agreement.

Executive shall have no duty to mitigate damages in order to receive the benefits provided by this Section.

If Company terminates the Agreement and Executive's employment for Cause, or if Executive voluntarily terminates this Agreement and Executive's employment without Good Reason prior to the end of the Term, no Severance Benefits shall be paid to Executive. No Severance Benefits are payable in the event of Executive's death or disability while in the active employ of Company.

10.BENEFITS

Executive will be entitled to participate in all employee benefit plans, including, but not limited to, retirement plans, stock option plans, life insurance plans, and health and dental plans available to other Company employees, subject to restrictions (including waiting periods) specified in the applicable Plan. Executive is entitled to six (6) weeks of paid vacation per calendar year, with such vacation to be scheduled and taken in accordance with Company's standard vacation policies. In addition to the compensation and benefits provided above, the Company shall, upon receipt of appropriate documentation, reimburse Executive for his reasonable travel, lodging, entertainment, promotion, and other ordinary and necessary business expenses consistent with Company policies.

11.CONFIDENTIALITY AND NON-DISCLOSURE

During the course of Executive's employment, Executive has and will become exposed to a substantial amount of confidential and proprietary information, including, but not limited to trade secrets, intellectual property, patent applications, copyright applications, technical drawings, financial information, annual report, audited and unaudited financial reports, strategic plans, business plans, marketing strategies, new business strategies, personnel and compensation information, and other such reports, documents or information. In the event Executive's employment is terminated by either party for any, reason, Executive will return to Company and Executive will not take, any copies of such documents, computer print-outs, computer tapes, floppy disks, CD ROMs, DVDs, etc., in any form, format or manner whatsoever, nor will Executive disclose the same in whole or in part to any person or entity, in any manner

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either directly or indirectly. Excluded from this Agreement is information that is already disclosed to third parties and is in the public domain or that Company consents to be disclosed, with such consent to be in writing. The provisions of this Section 11 shall survive the termination of this Agreement.

(a) No Use of Name. I shall not at any time use the Company's name or any of the Company trademark(s) or trade name(s) in any advertising or publicity without the prior written consent of the Company.

12.COVENANT-NOT-TO-COMPETE

A. Interests to be Protected. The parties acknowledge that during the Term, Executive will perform essential for Company, its employees and shareholders, and for customers of Company. Therefore, Executive will be given an opportunity to meet, work with and develop close working relationships with Company's clients on a first-hand basis and will gain valuable insight as to the clients' operations, personnel and need for services. In addition, Executive will be to, have access to, and be required to work with, a considerable amount of Company's confidential and proprietary information, including but not limited to information concerning Company's methods of operation, financial information, strategic planning, operational budgets and strategies, payroll data, management systems programs, computer systems, marketing plans and strategies, merger and acquisition strategies and customer lists.

The parties also expressly recognize and acknowledge that the personnel of Company have been trained by, and are valuable to Company, and that if Company must hire new personnel or retrain existing personnel to fill vacancies Company will incur substantial expense in recruiting and training such personnel. The parties expressly recognize that should Executive compete with Company in any manner whatsoever, it would seriously impair the goodwill and diminish the value of Company's business.

The parties acknowledge that this covenant has an extended duration; however, they agree that this covenant is reasonable and that it is necessary for the protection of Company, its shareholders and employees.

For these and other reasons, and the fact that there are many other employment opportunities available to Executive if Executive should terminate, the parties are in full and complete agreement that the following restrictive covenants (which together are referred to as the "Covenant-Not-To-Compete") are fair and reasonable and are freely, voluntarily and knowingly entered into. Further, each party has been given the opportunity to consult with independent legal counsel before entering into this Agreement.

B. Devotion to Employment. Executive shall devote substantially all of Executive's business time and best efforts to the performance of Executive's duties on behalf of Company. During the term of employment, Executive shall not at any time or place or to any extent whatsoever, either directly or indirectly, without the express written consent of Company, engage in any outside employment, or in any activity competitive with or adverse to Company's business, practice or affairs, whether alone or as partner, officer, director, employee, shareholder of any corporation or as a trustee, fiduciary, consultant or other representative. This is not intended to prohibit Executive from engaging in nonprofessional activities such as personal investments or conducting to a reasonable extent private business affairs which may include other boards of directors' activity, as long as they do not conflict with Company. Participation to a reasonable extent in civic, social or community activities is encouraged.

C. Non-Solicitation of Customer or Suppliers. During the term of Executive's employment with Company and for a period of twelve (12) months after the expiration or termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, call upon, contact encourage, handle or solicit, or cause others to solicit, any person or other entity that is, or was within the twelve (12) month period immediately prior to the date of Executive's termination, a customer or supplier of Company or any of its subsidiaries or affiliates, for the purpose of soliciting, selling or purchasing from such customer or supplier the same, similar, or related services or products that are provided by, or purchased by, Company or any of its subsidiaries or affiliates. Notwithstanding the foregoing, the obligations of Executive under this Section 12(C), shall terminate only if the employment of Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this
Section 12(C), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

D. Non-Solicitation of Employees. During the term of Executive's employment with Company and for a period of twelve (12) months after the termination of employment with Company, regardless of who initiates the termination, Executive shall not, directly or indirectly, for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, seek to hire, and/or hire any person who, on the date hereof, or on the date of Executive's termination, is an employee of Company or any of its subsidiaries or affiliates, and that receives annual compensation in excess of $25,000, for employment or as an independent contractor with any person or entity (other than Company or any of its subsidiaries or affiliates), unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. If Executive violates Executive's obligations wider this Section 12(D), then the time periods hereunder shall be

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extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

E. Competing Business. During the term of Executive's employment and for a period of twelve (12) months after the termination of employment with Company for Cause or without Good Reason (if initiated by Executive), Executive shall not, directly or indirectly, (including, without limitation, as a partner, director, officer or employee of, or lender or consultant to, any other personal entity, or shareholder (other than as the holder of less than five percent of the stock of a corporation the securities of which are traded on a national securities exchange or in the over-the-counter market), for Executive, or on behalf of, or in conjunction with, any other person(s), company, partnership, corporation, or governmental entity, in any manner whatsoever, or in any other capacity, within, into or from the Restricted Territory (as defined below) engage or cause others to engage in the same or similar business as Company and its subsidiaries (i.e., Motorsports internet- related business), or any aspect thereof, unless first authorized in writing by Company, which authorization may be withheld in the sole and absolute discretion of Company. For purposes of this Section 12(E), the term "Restricted Territory" shall mean any geographical service area where Company or any of its subsidiaries and affiliates is engaged in business, sells products or performs services or was considering engaging in business at any time, prior to the termination or at the time of termination. Notwithstanding the foregoing, the obligations of Executive under this Section 12(E), shall terminate only if Executive is terminated by Company without Cause or if Executive terminates his employment for Good Reason. If Executive violates Executive's obligations under this Section 12(E), then the time periods hereunder shall be extended by the period of time equal to that period beginning when the activities constituting such violation commenced and ending when the activities constituting such violation terminated.

F. Judicial Amendment. If the scope of any provision of this Section 12 is found by a court of competent jurisdiction to be too broad to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law. The parties agree that the scope of any provision of this Agreement may be modified by a judge in any proceeding to enforce this Agreement, so that such provision can be enforced to the maximum extent permitted by law. If any provision of this Agreement is found to be invalid or unenforceable for any reason, it shall not affect the validity of the remaining provisions of this Agreement.

G. Injunctive Relief Damages and Forfeiture. Due to the nature of Executive's position with Company, and with full realization that a violation of this Agreement will cause immediate and irreparable injury and damage, which is not readily measurable, and to protect Company's interests, Executive understands and agrees that in addition to instituting legal proceedings to recover damages resulting from a breach of this Agreement, Company may seek to enforce this Agreement with an action for injunctive relief to cease or prevent any actual or threatened violation of this Agreement on the part of Executive.

H. Survival. The provisions of this Section 12, shall survive the termination of this Agreement.

13.AMENDMENTS

This Agreement constitutes the entire agreement between the parties as to the subject matter hereof. Accordingly, there are no side agreements or verbal agreements other than those that are stated in this agreement. Any amendment, modification or change in said Agreements must be done so in writing and signed by both parties.

14.SEVERABILITY

In the event a court or arbitrator declares that any provision of this Agreement is invalid or unenforceable, it shall not affect or invalidate any of the remaining provisions. Further, the court shall have the authority to re-write that portion of the Agreement it deems unenforceable, to make it enforceable.

15.GOVERNING LAW

The law of the State of Nevada shall govern the interpretation and application of all of the provisions of this Agreement.

16.SUCCESSORS AND ASSIGNS

It is expressly understood that this Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation or organization with which or into which the Company may be merged or acquired by or which may succeed to its assets or business, provided, however, that the obligations of the Executive are personal and shall not be assigned by him.

17.INDEMNITY

General. Company shall, to the fullest extent authorized by the Delaware General Company Law, as amended, indemnify and hold harmless Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or

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investigative against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by Executive in connection therewith.

Expenses. This right to indemnification includes the right to be paid by Company the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if Nevada law requires, an advancement of expenses incurred by Executive shall be made only upon delivery to Executive of an undertaking, by or on behalf of Executive, to repay all amounts so advanced if it is ultimately determined by final judicial decision from which there is no further right to appeal that Executive is not entitled to be indemnified for such expenses. The rights to indemnification and to the advancement of expenses shall be contract rights and such rights shall continue as to Executive after his termination of employment and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Claims for Indemnification or Expenses. If a claim under either A or B above is not paid in full by Company within sixty (60) days after Company receives a written claim, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, Executive may at any time thereafter bring suit against Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, shall be on Company.

18.DISPUTE RESOLUTION

A. Mediation. Any and all disputes arising under, pertaining to or touching upon this Agreement (excepting the confidentiality and non-disclosure provisions of Section 11 hereof, and the Covenant-Not-To-Compete provisions of Section 12 hereof), or the statutory rights or obligations of either party hereto, shall, if not settled by negotiation, be subject to non-binding mediation before an independent mediator selected by the parties pursuant to Section below writing and served upon the other. Any demand for mediation shall be made in writing party to the dispute, by certified mail, return receipt requested, at the business address of or at the last known residence address of Executive respectively. The demand shall set forth with reasonable specificity the basis of the dispute and the relief sought. The mediation learning will occur at a time and place convenient to the parties in Las Vegas, Nevada, Arizona, within thirty (30) days of the date of selection or appointment of the mediator and shall be governed by the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA").

B. Arbitration. In the event that the dispute is not settled through mediation, the parties shall then proceed to binding arbitration before a single independent arbitrator selected pursuant to Section 18(A). The mediator shall not serve as arbitrator. ALL DISPUTES INVOLVING ALLEGED UNLAWFUL EMPLOYMENT DISCRIMINATION TERMINATION BY ALLEGED BREACH OF CONTRACT OR POLICY, OR ALLEGED EMPLOYMENT TORT COMMITTED BY COMPANY OR A REPRESENTATIVE OF COMPANY INCLUDING CLAIMS OF VIOLATIONS OF FEDERAL OR STATE DISCRIMINATION STATUTES OR PUBLIC POLICY, SHALL BE RESOLVED PURSUANT TO THIS POLICY AND THERE SHALL BE NO RECOURSE TO COURT, WITH OR WITHOUT A JURY TRIAL. The arbitration hearing shall occur at a time and place convenient to the parties in Las Vegas, Nevada, within thirty (30) days of selection or appointment of the arbitrator. If Company has adopted a policy that is applicable to arbitrations with executives, the arbitration shall be conducted in accordance with said policy to the extent that the policy is consistent with this Agreement and the Federal Arbitration Act, 9 U.S.C. ** 1-16. If no such policy has been adopted, the arbitration shall be governed by the National Rules for the Resolution of Employment Disputes of the AAA. The arbitrator shall issue written findings of fact and conclusions of law, and an award, within fifteen (15) days of the date of the hearing unless the parties otherwise agree.

C. Damages. In cases of breach of contract or policy, damages shall be limited to contract damages. In cases of intentional discrimination claims prohibited by statute, the arbitrator may direct payment consistent with 42 U.S.C. * 1981(a) and the Civil Rights Act of 1991. In cases of employment tort, the arbitrator may award punitive damages if proved by clear and convincing evidence. Any award of punitive damages shall not exceed two times any compensatory award and in any event, shall not exceed Two Hundred Fifty Thousand Dollars ($250,000). The arbitrator may award fees to the prevailing party and assess costs of the arbitration to the non-prevailing party. Issues of procedure, arbitrability, or confirmation of award shall be governed by the Federal Arbitration Act, 9 U.S.C. ** 1-16, except that court review of the arbitrator's award shall be that of an appellate court reviewing a decision of a trial judge sitting without a jury.

D. Selection of Mediators or Arbitrators. The parties shall select the mediator or arbitrator form a panel list made available by the AAA. If the parties are unable to agree to a mediator or arbitrator within ten (10) days of receipt of a demand for mediation or arbitration, the mediator or arbitrator will be chosen by alternatively striking from a list of five (5) mediators or arbitrators obtained by Company from AAA. Executive shall have the first strike.

19.NOTICES

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Notices. Any notice delivered under this Agreement shall be deemed duly delivered four (4) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next-business day delivery via a reputable international overnight courier service, in each case to the address of the recipient set forth in the introductory paragraph hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, Company and Executive have executed this Agreement effective on the date set forth above.

Innovative Energy Solutions, Inc. "Executive"

By: ___________________________

____

Ronald C. Foster Patrick J. Cochrane

Chairman of the Board of Directors

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Employment Agreement

This Employment Agreement (the "Agreement") is made effective as of the 1st day of July 2004, by and between Innovative Energy Solutions, Inc., a Nevada corporation (the "Corporation") and Trevor Park, ____ SS # _____________ ("Employee").

WHEREAS, in conjunction with the effectuation of its future plans, the Corporation desires to assure itself of the continuing services of Employee during the term hereof, and

WHEREAS, employee is agreeable to such arrangement on the terms and conditions hereinafter set forth and Employee desires to insure his continued employment by the Corporation.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Employment. The Corporation hereby employs Employee and Employee hereby accepts such employment by the Corporation upon the terms and conditions hereinafter set forth, all other agreements, arrangements and undertakings between the Corporation and Employee with respect to employment being superseded hereby for all purposes.

2. Term. The term of said employment shall be for one (3) year, beginning on July 1, 2004 and, subject to Paragraph 8, terminating on July 1, 2007, unless extended pursuant to Paragraph 9.

3. Compensation. As compensation for all services he may render to the Corporation, the Corporation shall pay to Employee:

3.1. Employee shall be paid an annual salary of $60,000. USD and bonus to be determined based on performance. A ninety (90) evaluation period is part of this agreement.

3.2 Such bonus that may, but need not be, be declared and paid from time to time in the sole and absolute discretion of the Board of Directors of the Corporation or duly - authorized Compensation Committee thereof, after taking into consideration the performance of the Corporation, profitability, working capital requirements and such other factors as shall be determined by the Board of Directors of the Corporation or the duly-authorized Compensation Committee thereof.

a. Employee shall receive stock options for service render at the end of each employed year.
b. Employee shall be reimbursed for approved expenses
c. Vacation awarded as per the employee manual
d. Health insurance as provided in the employee manual.

4. Duties. For the entire term of this Employment Agreement, Employee shall be employed in the capacity of Vice President of finance of new business overseeing and management of all daily activities of funding the Company's project and facility. Other duties as instructed by management of the Corporation. Employee shall do and perform all services or acts necessary or advisable, subject to the policies set by management of the Corporation. Employee shall have such powers and authorities as shall be conferred by management of the Corporation.

5. Extent of Services.

5.1. For the full terms of this Employment Agreement, Employee shall devote substantially all of this attention, abilities and energies to the business of the Corporation during regular business hours.

5.2. Employee shall not, without the prior written consent of the Corporation or unless otherwise permitted pursuant to this Paragraph 5, directly or indirectly, during the term of this Employment Agreement, engage in any activity competitive with or adverse to the Corporations business or welfare, whether alone, as a partner, or as an officer, director, employee or shareholder of any other business entity, except that the ownership of not more than five percent (5%) of the equity securities of any publicly traded corporation shall not be deemed a violation of this paragraph 5.2.

6. Benefits.

6.1. Employee shall receive medical and disability insurance and other fringe benefits on a basis not less favorable as the same are extended to other key employees of the Corporation.

6.2. Employee shall be entitled in each year of the term of this Employment Agreement to such vacation and sick leave as shall be determined by the Board of Directors, during which time his compensation pursuant to Paragraph 3 hereof, shall be paid in full.

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7. Expenses. Subject to written policies, which may be established from time to time by the Board of Directors of the Corporation, Employee is authorized to incur reasonable expenses in performing his obligations hereunder, including expenses for entertainment, travel and similar items. The Corporation agrees to reimburse Employee for all such expenses upon presentation from time to time of itemized accounts of such expenditures.

8. Termination.

8.1. The employment of Employee hereunder may be terminated at any time by action of the Corporation's Board of Directors for any of the following:

8.1.1. Upon thirty (30) days prior written notice in the event f illness or permanent disability of Employee resulting in a failure to discharge ubstantially his duties under this Employment Agreement for a period of six (6) consecutive months r a total of two hundred ten (210) days during any calendar year, and upon such termination, Employee shall e entitled to receive and shall be paid all compensation ursuant to Paragraph 3 hereof through and including the date of termination; or

8.1.2. At any time pon the occurrence of any one or more of the following events:

8.1.2.1. Employee's repeated intentional ailure or refusal o perform such duties consistent with her capacity as sales assistance of the Corporation;

8.1.2.2. Employee's raud, dishonesty or other willful misconduct in the performance of services on behalf of the Corporation; or

8.1.2.3. A material breach of any provision of his Employment Agreement that has not been corrected by Employee within hirty (30) days after receipt by him of written notice of such breach, in which case the Corporation shall not be required to pay any further compensation o Employee. Termination of Employee's employment under this Paragraph 8 shall not be in limitation of any other right or remedy that the Corporation may have under this Employment Agreement or otherwise.

8.1.2.4 Employee failure or unable to fulfill the responsibilities of the position in which she was employed.

8.2 Employee may terminate this Employment Agreement upon a material breach of any provision of this Employment Agreement by the Corporation that has not been corrected by the Corporation within thirty (30) days after receipt by it of written notice of such breach.

8.3 This Employment Agreement shall not be terminated by any of the following:

8.3.1 Merger or consolidation where the Corporation is not the resulting or surviving corporation or entity; or

8.3.2 Transfer of substantially all of the assets of the Corporation. In the event of any such merger, consolidation or transfer of assets, the surviving or resulting corporation or entity or the transferee of the Corporation's assets shall remain bound by and shall continue to obtain the benefits of the provisions of this Agreement.

9. Renewal. This Employment Agreement shall be automatically renewed for successive one (1) year periods, unless written notice of termination is given by one party to the other party not less than three (1) months prior to the end of the term hereof or any renewal hereof. For any renewal period, the compensation to be paid by the Corporation to Employee shall be as mutually determined by the Corporation and Employee but is to be not less than the amount paid pursuant to Paragraph 3.1.

10. Nondisclosure Covenant. During the term of employment, Employee will have access to and acquire various confidential knowledge, including without limitation compilations of information, which are owned by the Corporation and which are regularly used by the Corporation in the operation of its business. During the term of employment and for two (2) years after termination of employment, Employee agrees to safeguard and, except for the benefit of the Company, not to disclose, directly or indirectly, to anyone outside the Company any proprietary or confidential information acquired while working for the Company. Such information includes, without limitation, business plans, customer lists, operating procedures, trade secrets, design formulas, know-how and processes, computer programs and inventions, discoveries, and improvements of any kind. All files, records, documents and other items relating to the business of the Corporation, whether prepared by Employee or otherwise coming into his possession, shall remain the exclusive property of the Corporation.

11. Sever-able Provisions. The provisions of this Employment Agreement are sever-able, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

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12. Waiver. Either party's failure to enforce any provision or provisions of this Employment Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violation thereof, nor prevent that party thereafter from enforcing each and every other provision of this Employment Agreement. The rights granted to both parties hereunder are cumulative and waiver of any single remedy shall not constitute a waiver of either party's right to assert all other legal remedies available to him or it under the circumstances.

13. Merger Clause. This Employment Agreement supersedes all prior agreements and understandings between the parties and may not be modified, waived or terminated orally. No attempted modification, waiver or termination shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

14. Governing Law. This Employment Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

15. Attorney's Fees. In any action brought to enforce any provision of this Agreement, the losing party shall pay the prevailing party's reasonable attorney's fees and costs.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement effective as of the date and year first set forth above.

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Employee                                  Innovative Energy Solutions,
Inc.


______________________________            By: ________________________
Trevor Park                               Patrick Cochrane,  It's CEO
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Employment Agreement

This Employment Agreement (the "Agreement") is made effective as of the 1st day of July 2004, by and between Innovative Energy Solutions, Inc., a Nevada corporation (the "Corporation") and Alain Liberty, 36 Fountain Creek Drive, Sherwood Park, Alberta, Canada SS # 270-166-614 ("Employee").

WHEREAS, in conjunction with the effectuation of its future plans, the Corporation desires to assure itself of the continuing services of Employee during the term hereof, and

WHEREAS, employee is agreeable to such arrangement on the terms and conditions hereinafter set forth and Employee desires to insure his continued employment by the Corporation.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Employment. The Corporation hereby employs Employee and Employee hereby accepts such employment by the Corporation upon the terms and conditions hereinafter set forth, all other agreements, arrangements and undertakings between the Corporation and Employee with respect to employment being superseded hereby for all purposes.

2. Term. The term of said employment shall be for three (3) year, beginning on July 1, 2004 and, subject to Paragraph 8, terminating on July 1, 2007, unless extended pursuant to Paragraph 9.

3. Compensation. As compensation for all services he may render to the Corporation, the Corporation shall pay to Employee:

3.1. Employee shall be paid an annual salary of $60,000 and bonus to be determined based on performance. A ninety (90) evaluation period is part of this agreement. Also, $25,000. in common stock to be issued at the end of each term.

3.2 Such bonus that may, but need not be, be declared an d paid from time to time in the sole and absolute discretion of the Board of Directors of the Corporation or duly - authorized Compensation Committee thereof, after taking into consideration the performance of the Corporation, profitability, working capital requirements and such other factors as shall be determined by the Board of Directors of the Corporation or the duly-authorized Compensation Committee thereof.

a. Employee shall receive stock options for service render at the end of each employed year.
b. Employee shall be reimbursed for approved expenses
c. Vacation awarded as per the employee manual
d. Health insurance as provided in the employee manual.

4. Duties. For the entire term of this Employment Agreement, Employee shall be employed in the capacity of Project Manager overseeing and management of all daily activities at the Company's facility. Other duties as instructed by management of the Corporation. Employee shall do and perform all services or acts necessary or advisable, subject to the policies set by management of the Corporation. Employee shall have such powers and authorities as shall be conferred by management of the Corporation.

5. Extent of Services.

5.1. For the full terms of this Employment Agreement, Employee shall devote substantially all of this attention, abilities and energies to the business of the Corporation during regular business hours.

5.2. Employee shall not, without the prior written consent of the Corporation or unless otherwise permitted pursuant to this Paragraph 5, directly or indirectly, during the term of this Employment A greement, engage inany activity competitive with or adverse to the Corporation's business orwelfare, whether alone, as a partner, or as an officer, director, employee or shareholder of any other business entity, except that the ownership of not more than five percent (5%) of the equity securities of any publicly traded corporation shall not be deemed a violation of this paragraph 5.2.

6. Benefits.

6.1. Employee shall receive medical and disability insurance and other fringe benefits on a basis not less favorable as the same are extended to other key employees of the Corporation.

6.2. Employee shall be entitled in each year of the term of this Employment Agreement to such vacation and sick leave as shall be determined by the Board of Directors, during which time his compensation pursuant to Paragraph 3 hereof, shall be paid in full.

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7. Expenses. Subject to written policies, which may be established from time to time by the Board of Directors of the Corporation, Employee is authorized to incur reasonable expenses in performing his obligations hereunder, including expenses for entertainment, travel and similar items. The Corporation agrees to reimburse Employee for all such expenses upon presentation from time to time of itemized accounts of such expenditures.

8. Termination.

8.1. The employment of Employee hereunder may be terminated at any time by action of the Corporation's Board of Directors for any of the following:

8.1.1. Upon thirty (30) days prior written notice in the event f illness or permanent disability of Employee resulting in a failure to discharge ubstantially his duties under this Employment Agreement for a period of six (6) consecutive months r a total of two hundred ten (210) days during any calendar year, and upon such termination, Employee shall e entitled to receive and shall be paid all compensation ursuant to Paragraph 3 hereof through and including the date of termination; or

8.1.2. At any time pon the occurrence of any one or more of the following events:

8.1.2.1. Employee's repeated intentional ailure or refusal o perform such duties consistent with her capacity as sales assistance of the Corporation;

8.1.2.2. Employee's raud, dishonesty or other willful misconduct in the performance of services on behalf of the Corporation; or

8.1.2.3. A material breach of any provision of his Employment Agreement that has not been corrected by Employee within hirty (30) days after receipt by him of written notice of such breach, in which case the Corporation shall not be required to pay any further compensation o Employee. Termination of Employee's employment under this Paragraph 8 shall not be in limitation of any other right or remedy that the Corporation may have under this Employment Agreement or otherwise.

8.1.2.4 Employee failure or unable to fulfill the responsibilities of the position in which she was employed.

8.2 Employee may terminate this Employment Agreement upon a material breach of any provision of this Employment Agreement by the Corporation that has not been corrected by the Corporation within thirty (30) days after receipt by it of written notice of such breach.

8.3 This Employment Agreement shall not be terminated by any of the following:

8.3.1 Merger or consolidation where the Corporation is not the resulting or surviving corporation or entity; or

8.3.2 Transfer of substantially all of the assets of the Corporation. In the event of any such merger, consolidation or transfer of assets, the surviving or resulting corporation or entity or the transferee of the Corporation's assets shall remain bound by and shall continue to obtain the benefits of the provisions of this Agreement.

9. Renewal. This Employment Agreement shall be automatically renewed for successive one (1) year periods, unless written notice of termination is given by one party to the other party not less than three (1) months prior to the end of the term hereof or any renewal hereof. For any renewal period, the compensation to be paid by the Corporation to Employee shall be as mutually determined by the Corporation and Employee but is to be not less than the amount paid pursuant to Paragraph 3.1.

10. Nondisclosure Covenant. During the term of employment, Employee will have access to and acquire various confidential knowledge, including without limitation compilations of information, which are owned by the Corporation and which are regularly used by the Corporation in the operation of its business. During the term of employment and for two (2) years after termination of employment, Employee agrees to safeguard and, except for the benefit of the Company, not to disclose, directly or indirectly, to anyone outside the Company any proprietary or confidential information acquired while working for the Company. Such information includes, without limitation, business plans, customer lists, operating procedures, trade secrets, design formulas, know-how and processes, computer programs and inventions, discoveries, and improvements of any kind. All files, records, documents and other items relating to the business of the Corporation, whether prepared by Employee or otherwise coming into his possession, shall remain the exclusive property of the Corporation.

11. Sever-able Provisions. The provisions of this Employment Agreement are sever-able, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

12. Waiver. Either party's failure to enforce any provision or provisions of this Employment Agreement shall not in any way be

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construed as a waiver of any such provision or provisions as to any future violation thereof, nor prevent that party thereafter from enforcing each and every other provision of this Employment Agreement. The rights granted to both parties hereunder are cumulative and waiver of any single remedy shall not constitute a waiver of either party's right to assert all other legal remedies available to him or it under the circumstances.

13. Merger Clause. This Employment Agreement supersedes all prior agreements and understandings between the parties and may not be modified, waived or terminated orally. No attempted modification, waiver or termination shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

14. Governing Law. This Employment Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. Attorney's Fees. In any action brought to enforce any provision of this Agreement, the losing party shall pay the prevailing party's reasonable attorney's fees and costs.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement effective as of the date and year first set forth above.

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          Employee                            Innovative Energy Solutions,
          Inc.


          ______________________________      By: ________________________
          Alain Liberty                       Patrick Cochrane,  It's CEO
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INNOVATIVE ENERGY SOLUTIONS, INC.
2004 INCENTIVE AND NONSTATUTORY
STOCK OPTION PLAN

1. Purpose of the Plan.

This 2004 Stock Option Plan (the "Plan") is intended to attract and retain the best available personnel for positions with Innovative Energy Solutions, Inc. or any of its subsidiary corporations (collectively, the "Company"), and to provide additional incentive to such employees and others to exert their maximum efforts toward the success of the Company. The above aims will be effectuated through the granting of certain stock options. Under the Plan, options may be granted which are intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code of 1986 (the "Code"), or"Nonstatutory stock options".

2. Definitions.

As used herein, the following definitions shall apply:

(a) "Board" shall mean the Board of Directors of the Company, or if a Committee is appointed, "Board shall" refer to the Committee if the context so requires.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the common stock of the Company.

(d) "Company" shall mean Innovative Energy Solutions, Inc., a Nevada corporation.

(e) "Committee" shall mean the Committee appointed by the Board of Directors in accordance with paragraph (a) of Section 3(b) of the Plan, if one is appointed, or the Board if no committee is appointed.

(f) "Consultant" shall mean any person who is engaged by the Company or any Subsidiary to render consulting services and is compensated for such consulting services.

(g) "Continuous Status as an Employee" shall mean the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(h) "Employee" shall mean any person, including officers and directors, employed by the Company or any Parent or Subsidiary of the Company.

(i) "Incentive Stock Option" or "ISO" shall mean an Option which is intended to qualify as an incentive stock option within the meaning of
Section 422 of the Code and which shall be clearly identified as such in the written Stock Option Agreement provided by the Company to each Optionee granted an Incentive Stock Option under the Plan.

(j) "Non-Employee Director" shall mean a director who:

(i) Is not currently an officer (as defined in Section 16a-1 of the Securities Exchange Act of 1934, as amended) of the Company or a Parent or Subsidiary of the Company, or otherwise currently employed by the Company or a Parent or Subsidiary of the Company;

(ii) Does not receive compensation, either directly or indirectly, from the Company or a Parent or Subsidiary of the Company, for services rendered as a Consultant or in any capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Item 404(a) of Regulation S-K adopted by the United States Securities and Exchange Commission; and

(iii) Does not possess an interest in any other transaction for which disclosure would be required pursuant to Item 404(a) of Regulation S-K adopted by the United States Securities and Exchange Commission.

(k) "Nonstatutory Stock Option" or "Non-ISO" shall mean an Option granted under this Plan which does not qualify as an Incentive Stock Option and which shall be clearly identified as such in the written Stock Option Agreement provided by the Company to each Optionee granted a Nonstatutory Stock Option under this Plan. To the extent that the aggregate fair market value of Optioned Stock to which Incentive Stock Options granted under Options to an Employee are exercisable for the first time during any calendar year (under

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the Plan and all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options under the Plan. The aggregate fair market value of the Optioned Stock shall be determined as of the date of grant of each Option and the determination of which Incentive Stock Options shall be treated as qualified incentive stock options under
Section 422 of the Code and which Incentive Stock Options exercisable for the first time in a particular year in excess of the $100,000 limitation shall be treated as Nonstatutory Stock Options shall be determined based on the order in which such Options were granted in accordance with
Section 422(d) of the Code.

(l) "Option" shall mean an Incentive Stock Option, a Nonstatutory Stock Option or both as identified in a written Stock Option Agreement representing such stock option granted pursuant to the Plan.

(m) "Optioned Stock" shall mean the Common Stock subject to an Option.

(n) "Optionee" shall mean an Employee or other person who is granted an Option.

(o) "Parent" shall mean a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(p) "Plan" shall mean this 2004 Incentive and Nonstatutory Stock Option Plan.

(q) "Share" shall mean a share of the Common Stock of the Company, as adjusted in accordance with Section 9 of the Plan.

(r) "Stock Option Agreement" shall mean the agreement to be entered into between the Company and each Optionee which shall set forth the terms and conditions of each Option granted to each Optionee, including the number of Shares underlying such Option and the exercise price of each Option granted to such Optionee under such agreement.

(s) "Subsidiary" shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Administration of the Plan

(a) The Plan shall be administered by the Board of Directors of the Company (the "Board of Directors"), as the Board of Directors may be composed from time to time, except as provided in subparagraph (b) of this Paragraph 2. The determinations of the Board of Directors under the Plan, including without limitation as to the matters referred to in this Paragraph 2, shall be conclusive. Any determination by a majority of the members of the Board of Directors at any meeting, or by written consent in lieu of a meeting, shall be deemed to have been made by the whole Board of Directors. Within the limits of the express provisions of the Plan, the Board of Directors shall have the authority, in its discretion, to take the following actions under the Plan:

(i) to determine the individuals to whom, and the time or times at which, ISOs to purchase the Company's shares of Common Stock, par value $.001 per share ("Common Shares"), shall be granted, and the number of Common Shares to be subject to each ISO,

(ii) to determine the individuals to whom, and the time or times at which, Non-ISOs to purchase the Common Shares, shall be granted, and the number of Common Shares to be subject to each Non-ISO,

(iii) to determine the terms and provisions of the respective stock option agreements granting ISOs and Non-ISOs (which need not be identical),

(iv) to interpret the Plan,

(v) to prescribe, amend and rescind rules and regulations relating to the Plan, and

(vi) to make all other determinations and take all other actions necessary or advisable for the administration of the Plan. In making such determinations, the Board of Directors may take into account the nature of the services rendered by such individuals, their present and potential contributions to the Company's success and such other factors as the Board of Directors, in its discretion, shall deem relevant. An individual to whom an option has been granted under the Plan is referred to herein as an "Optionee."

(b) Notwithstanding anything to the contrary contained herein, the Board of Directors may at any time, or from time to time, appoint a committee (the "Committee") of at least two members of the Board of Directors, and delegate to the Committee the authority of the Board of Directors to administer the Plan. Upon such appointment and delegation, the Committee shall have all the powers, privileges and duties of the Board of Directors, and shall be substituted for the Board of Directors, in the administration of the Plan, except that the power to appoint members of the Committee and to terminate, modify or amend the Plan shall be retained by the Board of Directors. In the event that any member of the Board of Directors is at any time not a "disinterested person," as defined in Rule 16b-3(c)(3)(i) promulgated pursuant to the Securities Exchange Act of 1934, the Plan shall not be administered by the Board of Directors, and may

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only by administered by a Committee, all the members of which are disinterested persons, as so defined. The Board of Directors may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may discharge the Committee. A majority of the Committee shall constitute a quorum and all determinations shall be made by a majority of its members. Any determination reduced to writing and signed by a majority of the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. Members of the Committee shall not be eligible to participate in this Plan.

4. Shares Subject to the Plan

The total number of Common Shares which may be optioned and sold under the Plan shall be 2,500,000 in the aggregate, subject to adjustment as provided in Paragraph 9. The Company shall at all times while the Plan is in force reserve such number of Common Shares as will be sufficient to satisfy the requirements of outstanding Options. The Common Shares to be issued upon exercise of Options shall in whole or in part be authorized and un-issued or reacquired Common Shares. The unexercised portion of any expired, terminated or canceled Option shall again be available for the grant of Options under the Plan.

5. Eligibility

(a) Subject to subparagraphs (b) and (c) of this Paragraph 5, Options may be granted to key employees, officers, directors or consultants of the Company, as determined by the Board of Directors.

(b) An ISO may be granted, consistent with the other terms of the Plan, to an individual who owns (within the meaning of Sections 422(b)(6) and 424(d) of the Code), more that ten (10%) percent of the total combined voting power or value of all classes of stock of the Company or a subsidiary corporation (any such person, a "Principal Stockholder") only if, at the time such ISO is granted, the purchase price of the Common Shares subject to the ISO is an amount which equals or exceeds one hundred ten percent (110%) of the fair market value of such Common Shares, and such ISO by its terms is not exercisable more than two and one-half (2 1/2) years after it is granted.

(c) A director or an officer of the Company who is not also an employee of the Company and consultants to the Company shall be eligible to receive Non- ISOs but shall not be eligible to receive ISOs.

(d) Nothing contained in the Plan shall be construed to limit the right to the Board of Directors to grant an ISO and Non-ISO concurrently under a single stock option agreement so long as each Option is clearly identified as to its status. Furthermore, if an Option has been granted under the Plan, additional Options may be granted from time to time to the Optionee holding such Options, and Options may be granted from time to time to one or more employees, officers or directors who have not previously been granted Options.

(e) The Plan Plan shall not confer upon any Optionee any right with respect to continuation of employment or other relationship with the Company nor shall it interfere in any way with his right or the Company's right to terminate his employment or other relationship at any time.

6. Terms of Options The term of each Option granted under the Plan shall be contained in a stock option agreement between the Optionee and the Company and such terms shall be determined by the Board of Directors consistent with the provisions of the Plan, including the following:

(a) The purchase price of the Common Shares subject to each ISO shall not be less than the fair market value (or in the case of the grant of an ISO to a Principal Stockholder, not less that 110% of fair market value) of such Common Shares at the time such Option is granted. Such fair market value shall be determined by the Board of Directors and, if the Common Shares are listed on a national securities exchange or traded on the over-the-counter market, the fair market value shall be the mean of the highest and lowest trading prices or of the high bid and low asked prices of the Common Shares on such exchange, or on the over-the-counter market as reported by the NASDAQ system or the National Quotation Bureau, Inc., as the case may be, on the day on which the ISO is granted or, if there is no trading or bid or asked price on that day, the mean of the highest and lowest trading or high bid and low asked prices on the most recent day preceding the day on which the ISO is granted for which such prices are available.

(b) The purchase price of the Common Shares subject to each Non-ISO shall not be less than 85% of the fair market value of such Common Shares at the time such Option is granted. Such fair market value shall be determined by the Board of Directors in accordance with subparagraph (a) of this Paragraph 5. The purchase price of the Common Shares subject to each Non-ISO shall be determined at the time such Option is granted.

(c) The dates on which each Option (or portion thereof) shall be exercisable and the conditions precedent to such exercise, if any, shall be fixed by the Board of Directors, in its discretion, at the time such Option is granted.

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(d) The expiration of each Option shall be fixed by the Board of Directors, in its discretion, at the time such Option is granted; however, unless otherwise determined by the Board of Directors at the time such Option is granted, an Option shall be exercisable for five (5) years after the date on which it was granted (the "Grant Date"). Each Option shall be subject to earlier termination as expressly provided in Paragraph 7 hereof or as determined by the Board of Directors, in its discretion, at the time such Option is granted.

(e) Options shall be exercised by the delivery by the Optionee thereof to the Company at its principal office, or at such other address as may be established by the Board of Directors, of written notice of the number of Common Shares with respect to which the Option is being exercised accompanied by payment in full of the purchase price of such Common Shares. Payment for such Common Shares may be made (as determined by the Board of Directors) (i) in cash, (ii) by certified check or bank cashier's check payable to the order of the Company in the amount of such purchase price, (iii) by a promissory note issued by the Optionee in favor of the Company in the amount equal to such purchase price and payable on terms prescribed by the Board of Directors, which provides for the payment of interest at a fair market rate, as determined by the Board of Directors, (iv) by delivery of capital stock to the Company having a fair market value (determined on the date of exercise in accordance with the provisions of subparagraph (a) of this Paragraph 5) equal to said purchase price, or (v) by any combination of the methods of payment described in clauses
(i) through (iv) above.

(f) An Optionee shall not have any of the rights of a stockholder with respect to the Common Shares subject to his Option until such shares are issued to him upon the exercise of his Option as provided herein.

(g) No Option shall be transferable, except by will or the laws of descent and distribution, and any Option may be exercised during the lifetime of the Optionee only by him. No Option granted under the Plan shall be subject to execution, attachment or other process. In the case of a nonstatutory stock option, an Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner during the period ending one year from the date of grant and thereafter only (i) after written notice to the Board and (ii) in a manner which is in compliance with all applicable provisions of the Securities Act of 1933, as amended (?1933 Act?) and the 1934 Act to the reasonable satisfaction of the Company. Upon any permitted sale or other transfer, the transferee shall remain subject to all terms and conditions of the Plan and the Stock Option Agreement.

7. Death or Termination of Employment

(a) If employment or other relationship of an Optionee with the Company shall be terminated voluntarily by the Optionee and without the consent of the Company or for "Cause" (as hereinafter defined), and immediately after such termination such Optionee shall not then be employed by the Company, any Options granted to such Optionee to the extent not theretofore exercised shall expire forthwith. For purposes of the Plan, "Cause" shall mean "Cause" as defined in any employment agreement ("Employment Agreement") between Optionee and the Company, and, in the absence of an Employment Agreement or in the absence of a definition of "Cause" in such Employment Agreement, "Cause" shall mean (i) any continued failure by the Optionee to obey the reasonable instructions of the President or any member of the Board of Directors, (ii) continued neglect by the Optionee of his duties and obligations as an employee of the Company, or a failure to perform such duties and obligations to the reasonable satisfaction of the President or the Board of Directors, (iii) willful misconduct of the Optionee or other actions in bad faith by the Optionee which are to the detriment of the Company, including without limitation commission of a felony, embezzlement or misappropriation of funds or commission of any act of fraud or (iv) a breach of any material provision of any Employment Agreement not cured within 10 days after written notice thereof.

(b) If such employment or other relationship shall terminate other than (i) by reason of death, (ii) voluntarily by the optionee and without the consent of the Company, or (iii) for Cause, and immediately after such termination such Optionee shall not then be employed by the Company, any Options granted to such Optionee may be exercised at any time within three months after such termination, subject to the provisions of subparagraph (d) of this Paragraph 6. After such three-month period, the unexercised Options shall expire. For the purposes of the Plan, the retirement of an Optionee either pursuant to a pension or retirement plan adopted by the Company or on the normal retirement date prescribed from time to time by the Company, and the termination of employment as a result of a disability (as defined in Section 22(e) (3) of the Code) shall be deemed to be a termination of such Optionee's employment or other relationship other than voluntarily by the Optionee or for Cause.

(c) If an Optionee dies (i) while employed by, or engaged in such other relationship with, the Company or (ii) within three months after the termination of his employment or other relationship other than voluntarily by the Optionee and without the consent of the Company or for Cause, any options granted to such Optionee may be exercised at any time within twelve months after such Optionee's death, subject to the provisions of subparagraph (d) of this Paragraph 6. After the three month period, the unexercised Options shall expire.

(d) An Option may not be exercised pursuant to this paragraph 7 except to the extent that the Optionee was entitled to exercise the Option at the time of termination of employment or Such other relationship, or death, and in any event may not be exercised after the expiration of the earlier of (i) the term of the option or (ii) five (5) years from the date the Option was granted, or two and one-half (21/2) years from the date an ISO was granted if the optionee was a Principal Stockholder at that date.

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(e) The Nonstatutory Stock Options granted to, and held by, any person under this Plan, may be deemed canceled and forfeited by the Board, if the Board, in its sole discretion, determines that the conduct of the holder of such nonstatutory Stock Option has been contrary to the best interests of the Company and could reasonably be deemed by the Board to have a material adverse effect on the Company or the business of the Company.

8. Leave of Absence.

For purposes of the Plan, an individual who is on military or sick leave or other bona fide leave of absence (such temporary employment by the United States or any state government) shall be considered as remaining in the employ of the Company for 90 days or such longer period as shall be determined by the Board of Directors.

9. Option Adjustments.

(a) The aggregate number and class of shares as to which Options may be granted under the Plan, the number and class shares covered by each outstanding Option and the exercise price per share thereof (but not the total price), and all such Options, shall each be proportionately adjusted for any increase decrease in the number of issued Common Shares resulting from split-up spin-off or consolidation of shares or any like Capital adjustment or the payment of any stock dividend.

(b) Except as provided in subparagraph (c) of this Paragraph 9, upon a merger, consolidation, acquisition of property or stock, separation, reorganization (other than a merger or reorganization of the Company in which the holders of Common Shares immediately prior to the merger or reorganization have the same proportionate ownership of Common Shares in the surviving corporation immediately after the merger or reorganization) or liquidation of the Company, as a result of which the stockholders of the Company receive cash, stock or other property in exchange for their Common Shares, any Option granted hereunder shall terminate, but, provided that the Optionee shall have the right immediately prior to any such merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation to exercise his Option in whole or in part whether or not the vesting requirements set forth in the stock option agreement have been satisfied.

(c) If the stockholders of the Company receive capital stock of another corporation ("Exchange Stock") in exchange for their Common Shares in any transaction involving a merger, consolidation, acquisition of property or stock, separation or reorganization (other than a merger or reorganization of the Company in which the holders of Common Shares immediately prior to the merger or reorganization have the same proportionate ownership of Common Shares in the surviving corporation immediately after the merger or reorganization), all options granted hereunder shall terminate in accordance with the provision of subparagraph (b) of this Paragraph 8 unless the of Directors and the corporation issuing the Exchange Stock in their sole and arbitrary discretion and subject to any required action by the stockholders of the Company and such corporation, agree that all such Options granted hereunder are converted into options to purchase shares of Exchange Stock. The amount and price of such options shall be determined by adjusting the amount and price of the Options granted hereunder in the same proportion as used for determining the number of shares of Exchange Stock the holders of the Common Shares receive in such merger, consolidation, acquisition of property or stock, separation or reorganization. The vesting schedule set forth in the stock option agreement shall continue to apply to the options granted for the Exchange Stock.

(d) All adjustments pursuant to this Paragraph 9 shall be made by the Board of Directors and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

10. Further Conditions of Exercise.

(a) Unless prior to the exercise of an Option the Common Shares issuable upon such exercise are the subject of a registration statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and there is then in effect a prospectus filed as part of such registration statement meeting the Requirements of Section 10(a)(3) of the Securities Act, the notice of exercise with respect to such Option shall be accompanied by a representation or agreement of the individual exercising the Option to the Company to the effect that such shares are being acquired for investment only and not with a view to the resale or distribution thereof, or such other, documentation as may be required by the Company, unless, in the opinion of counsel to the Company, such representation, agreement or documentation is not necessary to comply with the Securities Act.

(b) Anything in the Plan to the contrary notwithstanding, the Company shall not be obligated to issue or sell any Common Shares until they have been listed on each securities exchange on which the Common Shares may then be listed and until and unless, in the opinion of counsel to the Company, the Company may issue such shares pursuant to a qualification or an effective registration statement, or an exemption from registration, under such state and federal laws, rules or regulations as such counsel may deem applicable. The Company shall use reasonable efforts to effect such listing, qualification and registration, as the case may be.

11. Termination, Modification and Amendment

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(a) The Plan (but not Options previously granted under the Plan) shall terminate five (5) years from the earlier of the date of its adoption by the Board of Directors or the date on which the Plan is approved by the affirmative vote of the holders of a majority of the outstanding shares of capital stock of the Company entitled to vote thereon, and no Option shall be granted after termination of the Plan.

(b) The Plan may at any time be terminated and from time to time be modified or amended by the affirmative vote of the holders of a majority of the outstanding shares of the capital stock of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the State of Delaware.

(c) The Board of Directors of the Company may at any time terminate the Plan or from time to time make such modifications or amendments of the Plan as it may deem advisable; provided, however, that the Board of Directors shall not
(i) modify or amend the Plan in any way that would disqualify any ISO issued pursuant to the Plan as an Incentive Stock Option or (ii) without approval by the affirmative vote of the holders of a majority of the outstanding shares of the capital stock of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the State of Delaware, increase (except as provided by Paragraph 8) the maximum number of Common Shares as to which Options may be granted under the Plan or change the class of persons eligible to Options under the Plan.

(d) No termination, modification or amendment of the Plan may adversely affect the rights conferred by any Options the consent of the Optionee thereof.

12. Effectiveness of the Plan

The Plan shall become effective upon adoption by the Board of Directors. The Plan shall be subject to approval by the affirmative vote of the holders of a majority of the outstanding shares of the capital stock of the Company entitled to vote thereon within one year following adoption of the Plan by the Board of Directors, and all Options granted prior to such approval shall be subject thereto. In the event such approval is withheld, the Plan and all Options, which may have been granted there under, shall become null and void.

13. Not a Contract of Employment

Nothing contained in the Plan or in any stock option agreement executed pursuant hereto shall be deemed to confer upon any individual to whom an Option is or may be granted hereunder any right to remain in the employ of, or in another relationship with, the relationship with, the Company.

14. Miscellaneous

(a) If an Option has been granted under the Plan, additional Options may be granted from time to time to the Optionee, and Options may be granted from time to time to one or more individuals who have not previously been granted options.

(b) Nothing contained in the Plan shall be construed to limit the right of the Company to grant options otherwise than under the Plan in connection with the acquisition of the business and assets of any corporation, firm, person or association, including options granted to employees thereof who become employees of the Company, nor shall the provisions of the Plan be to limit the right of the Company to grant options Otherwise than under the Plan for other proper corporate purposes.

(d)(c)The Company shall have the right to require the Optionee to pay the Company the cash amount of any taxes the Company is required to withhold in connection with the exercise of an Option.

(d) No award under this Plan shall be taken into account in determining an Optionee's compensation for purposes of an employee benefit plan of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its behalf by one of its officers and sealed by its corporate seal, as of the date set forth below, and the Employee has hereunto set his hand on or as of said date, which date is the date such option rights were approved for grant, with Employee by his aid execution hereof hereby representing that the residence indicated below his (or her) name is his (or her) bona fide residence and domicile.

Adopted by Directors:December 22, 2003
Approved by Shareholders: December 22, 2003

Innovative Energy Solutions, Inc.

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/s/ Ron Foster

____

Ron Foster, Chairman

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Ex 10.8
PURCHASE AGREEMENT

This purchase agreement ("Agreement") is made and entered into as of this 15th day of May 2004, by and between Innovative Energy Solutions, Inc., a Alberta, Canada Corporation, (hereinafter "IESIAC") whose address is Innovative Energy Solutions, Inc.

1903-121 Avenue North East, Edmonton Alberta, Canada T6S 1B2, Telephone: (780) 475-0023 Fax: (780) 475-9921, E-mail: iESi@telus.net ("Company") and Innovative Energy Solutions, Inc., (hereinafter "iESi") whose address is 41 North Mojave Road, Las Vegas, Nevada 89101, with reference to the following facts:

RECITALS

WHEREAS, iESi desires to purchase 100% of the Patents, Licenses, Trademarks, Assignments and all other intellectual properties, including the equipment and goodwill ("Operations") of IESIAC of Alberta, Canada Corporation, 1903-121 Avenue North East, Edmonton Alberta, Canada T6S 1B2 ("Property").

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, and for valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties to this Agreement (collectively "parties" and individually a "party") agree as follows:

AGREEMENT

1. iESi agrees to purchase all the assets and intellectual properties as listed in Exhibit "A" of IESIAC for a total purchase price of $15,800,000. This acquisition shall include all of the equipment of IESIAC and iESi shall assume the liabilities of IESIAC as outlined on Exhibit A. The following liabilities are specifically not assumed by iESi:

a. All other liabilities owed by IESIAC, offices, operating expenses, leases and other items pertaining to the operation of IESIAC.

2. Payment of the purchase price shall be as follows:

(a) Cash of $800,000. to assume License and/or Patents Liabilities.
(b) Common Stock $ 15,000,000. or 6,000,000 common shares at $2.50 per share.
(c). To determine fair market value of the assets of IESIAC, an Determination of Estimated Enterprise Value appraisal will be provided by an independent professional appraisal company, the cost of which is to be borne by iESi.
(d) Employment agreement to be issued to the following; Patrick Cochrane Terry Dingwall Alain Liberty Trevor Park

3. iESi agrees to issue 6,000,000 shares of common stock to IESIAC or its shareholders upon iESi execution of the Agreement. IESIAC shall provide all documents, patents, license agreements, licenses, plans, proposal and all other items pertaining to the purchased properties.

4. Company represents and warrants that:

IESIAC is a corporation duly formed and validly existing in good standing under the laws of the Alberta, Canada and has the full right, power, legal capacity and authority to enter into and carry out the terms of this Agreement.
(i) Company has good and marketable title to all of the assets and properties now carried on its books, including those reflected in the most recent balance sheet contained in the Company Financial Statements, free and clear of all liens, claims, security interests or other encumbrances except as those described in the Company Financial; Statements or arising thereafter in the ordinary course of business (none of which will be material).
(ii) To the best of Company's knowledge there is no claim, proceeding, litigation or investigation, whether civil or criminal in nature, pending or threatened against IESIAC or its principals, in any court or by or before any governmental body or agency, including without limitation any claim, proceeding or litigation for the purpose of challenging, enjoining or prevention the execution, delivery or consummation of this Agreement other than disclosed in Exhibit A.

5. Company represents and warrants that:
(i) Company is a corporation duly formed and validly existing in good standing under the laws of Alberta Canada and has the full right, power, legal capacity and authority to enter into and carry out the terms of this Agreement.

6. Each party ("Indemnifying Party") hereby indemnifies, defends and holds harmless the other party and its successors, licensees, assigns, and employees, officers, directors (collectively for the purposes of this Paragraph "Indemnified Party") from and against any and all liability, loss, damage, cost and expense, including, without limitation, reasonable attorney's fees, arising out of any breach, or claim by a third party with respect to any warranty, representation or agreement made by the Indemnifying Party herein. The Indemnified Party shall promptly notify the Indemnifying Party of any claim to which the foregoing indemnification applies and the Indemnifying Party shall undertake, at its own cost and expense, engage its own counsel. If the Indemnifying Party fails to promptly

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appoint competent and experienced counsel, the Indemnified Party may engage its own counsel and the reasonable charges in connection therewith shall promptly be paid by the Indemnifying Party. If the Indemnified Party settles or compromises any such suit, claim or proceeding, the amount thereof shall be charged to the Indemnifying Party, provided that the Indemnifying Party's reasonable prior approval has been secured.

7. The parties hereto agree to execute such further and other documents and to enter into such further undertakings as may be reasonably necessary to carry out the full force and intent of this Agreement.

8. The provisions of this Agreement shall enure to the benefit of and be binding upon the legal representatives of the Company, Foster, Cochrane, Dingwall and upon their respective heirs executors, administrators, successors and permitted assigns.

9. Any notice required or permitted to be given hereunder may be delivered, sent by registered mail, postage prepaid, or sent by facsimile, addressed to the proposed recipient of the notice at the address set out on the first page hereof or to such other address or addresses as the parties may indicate from time to time by notice in writing to the others.

10. This Agreement shall in all respects be interpreted, enforced and governed under the laws of the state of Nevada. The language and all parts of this Agreement shall be in all cases construed as a whole according to its very meaning and not strictly for or against any individual party.

11. This Agreement memorializes and constitutes the entire agreement and understanding between the parties regarding the subject matter hereof, and supersedes all prior negotiations, proposed agreements and agreements, whether written or unwritten. The parties acknowledge that no other party, nor any agent or attorney of any other party, has made any promises, representations, or warranties whatsoever, expressly or impliedly, which are not expressly contained in this Agreement, and the parties further acknowledge that they have not executed this Agreement in reliance upon any collateral promise, representation, warranty, or in reliance upon any belief as to any fact or matter not expressly recited in this Agreement. Any modification to this Agreement shall be made in writing.

12. Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and, in lieu of such illegal or invalid provision, there shall be added a provision as similar in terms and amount to such illegal or invalid provision as may be possible and, if such illegal or invalid provision cannot be so modified, then it shall be deemed not to be a part of this Agreement.

13. For the convenience of the parties, this Agreement may be executed by facsimile signatures and in counterparts that shall together constitute the agreement of the parties as one and the same instrument. It is the intent of the parties that a copy of this Agreement signed by any party shall be fully enforceable against that party.

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

```
     Innovative Energy Solutions, Inc.       Innovative Energy Solutions,
     Inc.
     A Canadian Corporation                  A Nevada Corporation

     /s/ Fred Dornan                         /s/ Patrick Cochrane

                                                Patrick Cochrane
     President                                  President & CEO
     Date: May 15th, 2004__                     Date: May 15th, 2004_
```

EXHIBIT "A"

Patents

All the listed patents have only been filed in Romania and have been assigned to IESIAC in a Licensing Agreement from Transterm and Dimitru Fectu:

1. Patent No. 110986 "Process and Installation for Ammonia Heat Pipe Manufacture"

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2. Patent No. 112312 "Heat Pipe Heat Exchanger"
3. Patent No. 114040 "Heat Pipe Heat Exchange"
4. Patent No. 114038 "Heat Pipe, Manufacture Process and Installation for Manufacture"
5. Patent No. 112313 "Heat Pipe Heat Exchanger"
6. Patent No. 114041 "Centrifugal Heat Pipe Heat Exchanger"
7. Patent No. 114039 "Multi-tublar Heat Pipe"
8. Patent No. 102341 "Process and Installation for Heat Manufacture"
9. Patent No. 114510 "Multi-tublar Heat Pipe Heat Exchanger" 10. Patent No. 114810 "Process and Installation for Pipes Cleaning" 11. Patent No. 17284 "Heat Pipes Steam Generator"

Patents Under Licensing Agreements to IESIAC from Hyunik Yang & HY-EN Research

1. Korean No. 10-2002-0026277 "Energy Generating Device"

2. Korean Patent No. 10-2002-006931 "Apparatus for Generating Hydrogen Gas" PCT Patent No. KR2003/002395

Oil Remediation, Centrifuge and Boiler Equipment

See attached Equipment List Schedule "B"

Agreements

(a) A Licensing Agreement dated October 24, 2003 from Hyunik Yang and HY-EN Research Ltd to IESI Canada. These Agreements conveyed the marketing rights to the Hydrogen Technology.
(b) Memorandum of Understanding & Temporary Licensing Agreement dated May 13, 2004 from Delta-Enviro Tech, Inc. to IESI Canada. These Agreements gave an exclusive marketing agreement to Delta-Enviro Tech, Inc. for the Mid-East Arabaic world for both the Heat Pipe and Hydrogen Technology.
(c) Licensing Agreement with Intellectual Property Assignments dated September 8, 2003 from Transterm Corporation and Dumitru Fetcu to IESI Canada. These Agreements conveyed ownership of eleven patents and all marketing rights to the Heat Pipe Technology.
(d) A Memorandum of Understanding and Temporary Licensing Agreement dated May 9, 2004 with Omipex Group to retrofit the Steaua Romana Refinery in Romania with the Heat Pipe Technology.

SCHEDULE "B"

Oil Reclamation Equipment List
As at May 07, 2004

1.	One Only Super Sharples Centrifuge, Serial #P3400	$	179,075.00
2.	One Only Centrifuge Stand	$	5,557.50
3.	One Only Westfalia OSA 35 Centrifuge Skid, Serial # 1648035	$	203,775.00
4.	Two Only Stainless Steel Heat Exchanges, @ $8,027.50 each	$	16,055.00
5.	One Only Double Screen Pot	$	4,322.50
6.	One Only Trash Pump	$	3,705.00
7.	One Only Viking Feed Pump	$	4,569.50
8.	One Only Viking Centrifugal Pump	$	2,470.00
9.	One Only Wilden Diaphragm Pump	$	2,311.40
10.	One Only Viking L120 Pump	$	2,311.92
11.	One Only Stand Alone 200 Amp Main Control Centre	$	8,645.00
12.	One Only Portable Lincoln Ranger Welder	$	4,875.00
13.	One Only High Pressure Steam Plant, Serial # S-33384	$	132,600.00
14.	One Only Flat Deck Tamdem Trailer, Serial # 2AS9PF4828FB015323	$	5,590.00
15.	One Only Swaco High Speed ALS II Shale Shaker, Serial # 72376	$	20,895.00
16.	One Only Site Office & Parts Skid Trailer	$	22,750.00
17.	Miscellaneous Parts and Spares	$	13,000.00
Total		$	632,477.82

PURCHASE AGREEMENT

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AMENDMENT NUMBER ONE (1)
September 22, 2004

This purchase agreement ("Agreement") is made and entered into as of this 15th day of May 2004, by and between Innovative Energy Solutions, Inc., a Alberta, Canada Corporation, (hereinafter "IESIAC") whose address is Innovative Energy Solutions, Inc.

1903-121 Avenue North East, Edmonton Alberta, Canada T6S 1B2 , Telephone: (780) 475-0023 Fax: (780) 475-9921, E-mail: iESi@telus.net ("Company") and Innovative Energy Solutions, Inc., (hereinafter "iESi") whose address is 41 North Mojave Road, Las Vegas, Nevada 89101, with reference to the following facts:

Agreement Section

Item #2 (a)

Is hereby amended as follows;

(a) Cash of $629,088.74 to assume License and/or Patents Liabilities

IN WITNES S WHEREOF the parties have executed this Agreement as of the date first above written.

Innovative Energy Solutions, Inc. Inc.	*Innovative Energy Solutions,*
A Canadian Corporation	*A Nevada Corporation*
/s/ Fred Dornan	*/s/ Patrick Cochrane*
	Patrick Cochrane
President	*President & CEO*
Date:___________	*Date:_____________*

#

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Exhibit 10.9

Employment Agreement

This Employment Agreement (the "Agreement") is made effective as of the 1st day of July 2004, by and between Innovative Energy Solutions, Inc., a Nevada corporation (the "Corporation") and Norman L Arrison, 11412-102 Avenue, Edmonton, Alberta, Canada T5K-0P9 SS # 610-82-9830 ("Employee").

WHEREAS, in conjunction with the effectuation of its future plans, the Corporation desires to assure itself of the continuing services of Employee during the term hereof, and

WHEREAS, employee is agreeable to such arrangement on the terms and conditions hereinafter set forth and Employee desires to insure his continued employment by the Corporation.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Employment. The Corporation hereby employs Employee and Employee hereby accepts such employment by the Corporation upon the terms and conditions hereinafter set forth, all other agreements, arrangements and undertakings between the Corporation and Employee with respect to employment being superseded hereby for all purposes.

2. Term. The term of said employment shall be for one (3) year, beginning on July 1, 2004 and, subject to Paragraph 8, terminating on July 1, 2007, unless extended pursuant to Paragraph 9.

3. Compensation. As compensation for all services he may render to the Corporation, the Corporation shall pay to Employee:

3.1. Employee shall be paid an annual salary of $100,000. C.A. and bonus to be determined based on performance. A ninety (90) evaluation period is part of this agreement.

3.2 Such bonus that may, but need not be, be declared and paid from time to time in the sole and absolute discretion of the Board of Directors of the Corporation or duly-authorized Compensation Committee thereof, after taking into consideration the performance of the Corporation, profitability, working capital requirements and such other factors as shall be determined by the Board of Directors of the Corporation or the duly-authorized Compensation Committee thereof.

a.Employee shall receive stock option for service render at the end of each employed year.
b.Employee shall be reimbursed for approved expenses
c.Vacation awarded as per the employee manual
d.Health insurance as provided in the employee manual.

4. Duties. For the entire term of this Employment Agreement, Employee shall be employed in the capacity of Project Manager overseeing and management of all daily activities at the Company's facility. Other duties as instructed by management of the Corporation. Employee shall do and perform all services or acts necessary or advisable, subject to the policies set by management of the Corporation. Employee shall have such powers and authorities as shall be conferred by management of the Corporation.

5. Extent of Services.

5.1. For the full terms of this Employment Agreement, Employee shall devote substantially all of this attention, abilities and energies to the business of the Corporation during regular business hours.

5.2. Employee shall not, without the prior written consent of the Corporation or unless otherwise permitted pursuant to this Paragraph 5, directly or indirectly, during the term of this Employment Agreement, engage in any activity competitive with or adverse to the Corporation's business or welfare, whether alone, as a partner, or as an officer, director, employee or shareholder of any other business entity, except that the ownership of not more than five percent (5%) of the equity securities of any publicly traded corporation shall not be deemed a violation of this paragraph 5.2.

6. Benefits.

6.1. Employee shall receive medical and disability insurance and other fringe benefits on a basis not less favorable as the same are extended to other key employees of the Corporation.

6.2. Employee shall be entitled in each year of the term of this Employment Agreement to such vacation and sick leave as shall be

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determined by the Board of Directors, during which time his compensation pursuant to Paragraph 3 hereof, shall be paid in full.

7. Expenses. Subject to written policies, which may be established from time to time by the Board of Directors of the Corporation, Employee is authorized to incur reasonable expenses in performing his obligations hereunder, including expenses for entertainment, travel and similar items. The Corporation agrees to reimburse Employee for all such expenses upon presentation from time to time of itemized accounts of such expenditures.

8. Termination.

8.1. The employment of Employee hereunder may be terminated at any time by action of the Corporation's Board of Directors for any of the following:

8.1.1. Upon thirty (30) days prior written notice in the event of illness or permanent disability of Employee resulting in a failure to discharge substantially his duties under this Employment Agreement for a period of six (6) consecutive months or a total of two hundred ten (210) days during any calendar year, and upon such termination, Employee shall be entitled to receive and shall be paid all compensation pursuant to Paragraph 3 hereof through and including the date of termination; or

8.1.2. At any time upon the occurrence of any one or more of the following events:

8.1.2.1. Employee's repeated intentional failure or refusal to perform such duties consistent with her capacity as sales assistance of the Corporation;

8.1.2.2. Employee's fraud, dishonesty or other willful misconduct in the performance of services on behalf of the Corporation; or

8.1.2.3. A material breach of any provision of this Employment Agreement that has not been corrected by Employee within thirty (30) days after receipt by him of written notice of such breach, in which case the Corporation shall not be required to pay any further compensation to Employee. Termination of Employee's employment under this Paragraph 8 shall not be in limitation of any other right or remedy that the Corporation may have under this Employment Agreement or otherwise.

8.1.2.4 Employee failure or unable to fulfill the responsibilities of the position in which she was employed.

8.2 Employee may terminate this Employment Agreement upon a material breach of any provision of this Employment Agreement by the Corporation that has not been corrected by the Corporation within thirty (30) days after receipt by it of written notice of such breach.

8.3 This Employment Agreement shall not be terminated by any of the following:

8.3.1 Merger or consolidation where the Corporation is not the resulting or surviving corporation or entity; or

8.3.2 Transfer of substantially all of the assets of the Corporation. In the event of any such merger, consolidation or transfer of assets, the surviving or resulting corporation or entity or the transferee of the Corporation's assets shall remain bound by and shall continue to obtain the benefits of the provisions of this Agreement.

9. Renewal. This Employment Agreement shall be automatically renewed for successive one (1) year periods, unless written notice of termination is given by one party to the other party not less than three (1) months prior to the end of the term hereof or any renewal hereof. For any renewal period, the compensation to be paid by the Corporation to Employee shall be as mutually determined by the Corporation and Employee but is to be not less than the amount paid pursuant to Paragraph 3.1.

10. Nondisclosure Covenant. During the term of employment, Employee will have access to and acquire various confidential knowledge, including without limitation compilations of information, which are owned by the Corporation and which are regularly used by the Corporation in the operation of its business. During the term of employment and for two (2) years after termination of employment, Employee agrees to safeguard and, except for the benefit of the Company, not to disclose, directly or indirectly, to anyone outside the Company any proprietary or confidential information acquired while working for the Company. Such information includes, without limitation, business plans, customer lists, operating procedures, trade secrets, design formulas, know-how and processes, computer programs and inventions, discoveries, and improvements of any kind. All files, records, documents and other items relating to the business of the Corporation, whether prepared by Employee or otherwise coming into his possession, shall remain the exclusive property of the Corporation.

11. Sever-able Provisions. The provisions of this Employment Agreement are sever-able, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

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12. Waiver. Either party's failure to enforce any provision or provisions of this Employment Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violation thereof, nor prevent that party thereafter from enforcing each and every other provision of this Employment Agreement. The rights granted to both parties hereunder are cumulative and waiver of any single remedy shall not constitute a waiver of either party's right to assert all other legal remedies available to him or it under the circumstances.

13. Merger Clause. This Employment Agreement supersedes all prior agreements and understandings between the parties and may not be modified, waived or terminated orally. No attempted modification, waiver or termination shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

14. Governing Law. This Employment Agreement hall be governed by and construed in accordance with the laws of the State of California.

15. Attorney's Fees. In any action brought to enforce any provision of this Agreement, the losing party shall pay the prevailing party's reasonable attorney's fees and costs.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement effective as of the date and year first set forth above.

Employee *Innovative Energy Solutions,*
Inc.

/s/ Norman L. Arrison */s/ Patrick Cochrane*
By:______________________________ *By: _________________________*
Dr:Norman L Arrison *Patrick Cochrane,It's*
CEO

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Ex 10.10

Research & Development

And Intellectual Property Assignment Agreement

This Research & Development and Intellectual Property Assignment Agreement

("Agreement") is made and entered into as of this 26th day of June 2004, by

and between Innovative Energy Solutions, Inc., a Nevada Corporation, organized

and existing under the laws of Nevada, having its principle office at 41 North

Mojave Road, Las Vegas, Nevada, USA 89101 (hereinafter "the COMPANY"), and Dr.

Hyunik YANG, an individual residing in the Republic of South Korea, whose

address for service is 1271 Sa 1 Dong, An San City, Kyungki Do, Republic of

South Korea, 425-791 (hereinafter "YANG") (the COMPANY and YANG are hereinafter

occasionally referred to as "Parties" in singular or plural usage, as indicated

by the context).

RECITALS

WHEREAS YANG has developed proprietary design, experimental

information, specialized Know-how, secret formulae, data and intellectual

property rights for the following technologies: "hydrogen generating device"

and "heat generating device" (collectively refer to "Technologies");

WHEREAS Yang had filed intellectual property rights for the

Technologies in Korea and filed PCT for hydrogen generating device (hydrogen

generating device: Patent Pending No. 10-2002-0026277, heat generating device:

Patent Pending No. 10-2002-0069231);

WHEREAS YANG is the absolute and beneficial owner and is entitled

to possess and dispose of the right of the Technologies in the manner set forth

herein;

WHEREAS the COMPANY has conducted market feasibility studies as to

the Technologies;

WHEREAS the COMPANY is to commercialize and exploit the

Technologies in the aforementioned Territory and/or manufacture, market and

distribute the product which will employ the Technologies;

WHEREAS YANG desires to assign the said intellectual property

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rights to the COMPANY in the Territory of Canada, USA, Mexico, South & Central America, Caribbean, Cuba, Scandinavia, Middle East, Europe excluding Russia, Africa ("Territory") under the terms of this Agreement;

WHEREAS the parties have agreed that YANG is to develop sustainable and continuous research to complement the aforementioned Technologies and to facilitate the development of the Technologies;

AND WHEREAS the parties have agreed that the COMPANY is to develop and provide funding for Research and Development for the Technologies;

NOW THEREFORE in consideration of the mutual covenants and promises contained herein, both parties agree as follows:

Article 1. ASSIGNMENT

1. YANG agrees to assign the intellectual property for the technologies of hydrogen generating device (Patent Pending No. 10-2002-0069231) and heat generating device (Patent Pending No. 10-2002-0026277) to the COMPANY in the Territory aforementioned.

2. YANG agrees to cooperate with the COMPANY to register the said patents in the Territory.

3. YANG agrees to provide to the COMPANY all proprietary design, experimental information, specialized Know-how, secret formulae, data, drawings, samples, devices, demonstrations and trade secrets relating the Technologies within sixty (60) days upon signing of this Agreement.

Article 2. R&D AND NEW TECHNOLOGY

1. YANG agrees to use its best efforts and to devote such time as is necessary to develop sustainable and continuous research to complement the Technologies and to facilitate the development for the purpose of commercialization of the Technologies.

2. YANG hereby agrees to extend this Agreement to include any and all future additions, changes, improvements, substitutions and modifications to the Technologies aforementioned ("New Technologies"). Such additions, changes, improvements, substitutions and modifications to the Technologies

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aforementioned shall be immediately disclosed to the COMPANY.

Article 3. THE OBLIGATION OF THE COMPANY

1. The COMPANY shall use its best efforts and to devote such time as is

necessary to commercialize, promote and fully exploit the Technologies in the

Territory.

2. The COMPANY shall use its best efforts and to devote such time as is

necessary to develop and provide sufficient funding for R&D.

Article 4. CONSIDERATION

The consideration for the assignment of intellectual property rights in

the Territory and R&D for the aforementioned Technologies under this Agreement

shall be FIFTEEN MILLION (15,000,000) USD.

Article 5.TERMS OF PAYMENT

1. Payment of the said consideration shall be SIX MILLION (6,000,000)

preferred shares with voting rights, at the value of USD $2.50 per share.

2. To determine fair market value of the Intellectual Property Rights for

the Technologies, a Determination of Estimated Enterprise Value appraisal will

be provided by an independent professional appraisal company, the cost of

which is to be borne by the COMPANY.

3. The COMPANY agrees to issue SIX MILLION (6,000,000) preferred shares to

YANG within SIXTY (60) business days of the Company's execution of this

Agreement. Said shares can be converted to common stock of the COMPANY for

trading purposes.

4. The COMPANY agrees to grant a position of director & officer of the

COMPANY to YANG.

Article 6.REPRESENTATIONS AND WARRANTIES

1. YANG represents and warrants that:

a. YANG has the full right, power, legal capacity and authority to

enter into and carry out the terms of this Agreement.

b. To the best of YANG's knowledge, there is no claim, proceeding,

litigation or investigation, whether civil or criminal in nature,

pending or threatened against the aforementioned Intellectual Property

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Rights for the Technologies, in any court or by or before any

governmental body or agency, including without limitation any claim,

proceeding or litigation for the purpose of challenging, enjoining or

prevention the execution, delivery or consummation of this Agreement.

2. The COMPANY represents and warrants that:

The COMPANY is a corporation duly formed and validly existing in

good standing under the laws of Nevada, USA and has the full right, power,

legal capacity and authority to enter into and carry out the terms of this

Agreement.

Article 7. TERMINATION

1. The Company's Dissolution, Bankruptcy or Receivership shall be

considered circumstances for which YANG may terminate this Agreement.

2. In the event of termination of this Agreement under this Article, the

Intellectual Property Rights for the Technologies shall automatically return to

Yang, without the consent of the COMPANY.

Article 8. NOTICE

Any notice required or permitted to be given hereunder may be

delivered, sent by registered mail, postage prepaid, or sent by facsimile,

addressed to the proposed recipient of the notice at the address set out on

the first page hereof or to such other address(s) as the parties may indicate

by notice in writing to the other party.

Article 9. GOVERNING LAW

This Agreement shall in all respects be interpreted, enforced and

governed under the laws of the state of Nevada, USA. The language and all

parts of this Agreement shall be in all cases construed as a whole according

to its very meaning and not strictly for or against any individual party.

Article 10. ENTIRE AGREEMENT

This Agreement memorializes and constitutes the entire agreement and

understanding between the parties regarding the subject matter hereof, and

supersedes all prior negotiations, proposed agreements and agreements, whether

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written or unwritten. The parties acknowledge that no other party, nor any agent or attorney of any other party, has made any promises, representations, or warranties whatsoever, expressly or impliedly, which are not expressly contained in this Agreement, and the parties further acknowledge that they have not executed this Agreement in reliance upon any collateral promise, representation, warranty, or in reliance upon any belief as to any fact or matter not expressly recited in this Agreement.

Article 11. AMENDMENT

Any modification or amendment to this Agreement shall be made in writing.

Article 12. SEVERABILITY

Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and, in lieu of such illegal or invalid provision, there shall be added a provision as similar in terms and amount to such illegal or invalid provision as may be possible and, if such illegal or invalid provision cannot be so modified, then it shall be deemed not to be a part of this Agreement.

Article 13. COUNTERPARTS

For the convenience of the parties, this Agreement may be executed by facsimile signatures and in counterparts that shall together constitute the agreement of the parties as one and the same instrument. It is the intent of the parties that a copy of this Agreement signed by any party shall be fully enforceable against that party.

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

Dr. Hyunik Yang　　　　*Innovative Energy Solutions, Inc.*

A Nevada Corporation

/s/ Hyunik Yang　　　　*/s/ Patrick J. Cochrane*

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__________________________ __________________________

Patrick J. Cochrane, CEO

#

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Dated as of ____ May, 2004

Ex 10.11

EXCLUSIVE DISTRIBUTORSHIP AGREEMENT

SUNWOO ENERGY TECHNOLOGY INC.,

A body corporate incorporated pursuant to the laws of the

Republic of Korea

(hereinafter "SUNWOO")

OF THE FIRST PART

- And -

KOO HYO HWEA,

An individual whose address is

(hereinafter "KOO")

OF THE SECOND PART

- And -

INNOVATIVE ENERGY SOLUTIONS INC.,

A body corporate incorporated pursuant to the laws of the

State of Nevada, USA (hereinafter "IESI")

OF THE THIRD PART

WITNESSETH:

WHEREAS SUNWOO has developed the Product which is set forth in

article 1.1("Product");

AND WHEREAS the parties have agreed that IESI is to market and

distribute the Product pursuant to the terms and conditions of this Agreement

in the Territory which are set forth in article 2.1 ("Territory");

NOW THEREFORE, in consideration of the mutual covenants and

agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions

(a) "Agreement" means this Exclusive Distributorship Agreement;

(b) "Product" means the Heat Pipe Heat Exchanger that SUNWOO has

developed and manufactures.

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1.2 Index and Headings

The index and headings in this Agreement have been inserted for

reference and as a mater of convenience only and in no way define, limit or

enlarge the scope or meaning of this Agreement or any provisions hereof.

ARTICLE 2 - RELATIONSHIP OF THE PARTIES

2.1 Grant

SUNWOO agrees to grant Exclusive Distributorship Right for the Product to IESI

in the Territory of Canada, USA, Mexico. SUNWOO agrees to grant IESI a (ROFER)

right of first refusal for Europe.

2.2 Obligations of IESI

(a) On execution of the Agreement, IESI will issue KOO 1,000 (Five

Thousand) share options per year for the term of this Agreement of IESI

at $2.50 USD per option.

(b) IESI shall use its best efforts and to devote such time as is

necessary to market and promote the Product.

(c) To maintain the exclusive distributorship in the Territory,

IESI shall order One Thousand (1,000) units of the Product a year.

(d) IESI shall pay Ninety Six Thousand (96,000) Canadian Dollars to

KOO as the Distributorship fee. Said fee shall be paid Four Thousand

(4,000) Canadian Dollars on a monthly basis for 24 months and said

payment shall commence in May, 2004. Both parties agree that in the

event of the termination of this Agreement within 24 months, KOO doesn't

have any responsibility to refund the said distributorship fee which is

already paid, nor IESI have any responsibility to pay KOO the balance of

distributorship fee.

0.1 Obligations of SUNWOO

(a) SUNWOO shall provide the Product to IESI at the price

described in "Schedule A" for the first year.

(b) SUNWOO shall train IESI's employees or agencies and provide

sufficient technical support.

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(a) SUNWOO will not sell the Product to distributors, subsidiaries,

subsidiaries, sub- subsidiaries, third parties, agents, or through other

licensees or distributors or license the Technology to any third party in

the Territory described herein.

(b) SUNWOO shall not allow or permit distributors, agents,

subsidiaries and any third parties outside the territory granted to IESI

and described herein, to sell or export into IESI'S territory. In the

event this should occur, SUNWOO further agrees to notify IESI and

immediately proceed with legal remedies to prevent such exports or sales

from un-authorized distributors outside of IESI's exclusive territory.

ARTICLE 3 - TERM OF AGREEMENT

The term of the Agreement will be Five (5) years from the signing date of

this Agreement. This agreement will be renewed upon both parties consent prior

to the expiration of the initial term.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

As of the date of this Agreement, SUNWOO represents and warrants to IESI that:

a.1 SUNWOO covenant that all the patents, trade secrets, know-how,

designs, all other intellectual property and all applications and

registration respecting the intellectual property are in good

standing.

a.2 SUNWOO covenant to maintain such intellectual property and

any registrations regarding such intellectual property diligently.

a.3 SUNWOO has the necessary corporate powers and authority to

execute and deliver this Agreement and any other documents required

to be executed and delivered hereunder and to perform its

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obligations hereunder; and

a.4 SUNWOO represents and warrants that it is not a party as

either licensee or licensor relating to any item of its

intellectual property rights regarding the Product.

a.5 SUNWOO's representations and warrants as found in this

Article are based on facts known to SUNWOO, or facts that have

arisen as of the signing date. In the event facts or circumstances

are changed or new facts arise after the signing date that are

inconsistent with the representations and warranties of this

Article, IESI agrees that such changes shall not be deemed to be a

breach or a default of this Agreement.

ARTICLE 5 - NEW PRODUCT

SUNWOO hereby agrees to extend this Agreement to include any and

all future additions, changes, improvements and modifications to the Product.

Such additions, changes, improvements and modifications to the Product shall be

immediately disclosed to IESI.

ARTICLE 6 - CONFIDENTIALITY

a.1 Upon the termination of this Agreement and any extension thereof,

both parties acknowledge that it will continue to obtain knowledge

confidential and proprietary information of both parties

("Confidential Information").

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a.2 Both parties acknowledge that the Confidential Information is unique

and novel, that they will take all steps necessary to protect such

Confidential Information and will not divulge the same without the

prior written consent of the counterparts.

ARTICLE 7 - TERMINATION

7.1 This Agreement may be terminated by consent of both parties prior

to the expiration of the term for just cause.

7.2 The following causes shall be considered circumstances for which

either party may terminate the Agreement:

a. Bankruptcy

b. Receivership of either party

c. Breach of obligation under this Agreement

d. IESI fails to pay the distributorship fee or to order 1,000 units

per year

ARTICLE 8 - LIMITATION OF LIABILITY

8.1 Force Majeure

If the performance of either party is made impossible by reason of

any circumstance beyond that party's reasonable control, including without

limitation, fire, explosion, power failure, acts of God, war, any law, order,

regulation, ordinance or requirement on any government or legal body or any

representative of any such government or legal body, unrest, including without

limitation. Then the party shall be excused from such performance on a day-to-

day basis to the extent of such interference, provided that that party shall

use reasonable efforts to remove such causes of non-performance or seek

alternate methods of performance.

8.2 Indemnity

(a) IESI hereby agrees that it shall be liable to SUNWOO and shall

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indemnify and save and hold SUNWOO harmless from any and all fines, claims, demands, damages, actions, causes of action, costs, expenses, legal fees on a full indemnity basis as between a solicitor and his own client, and other liabilities of every kind and nature whatsoever arising out of or in connection with or resulting directly or indirectly from the negligent or wrongful acts of IESI, its employees, officers, directors and agents.

(b) SUNWOO hereby agrees that it shall be liable to IESI for and shall indemnify and save and hold IESI harmless from any and all fines, claims, demands, damages, actions, causes of action, costs, expenses, legal fees on a full indemnify basis as between a solicitor and his own client, and other liabilities of every kind and nature whatsoever arising out of or in connection with or resulting directly or indirectly from the negligent or wrongful acts of the employees, officers, directors or agents of SUNWOO and in particular, relating to the manufacturing of the Products.

ARTICLE 9 - MISCELLANEOUS

9.1 Assignment

IESI shall have the right to assign or sell its rights under this Agreement in whole or in part with the consent of SUNWOO, and SUNWOO agrees that such consent will not be reasonably withheld.

9.2 Governing Law and Arbitration

This Agreement shall be governed by the Laws of Alberta Canada, and any litigation arising out of any breach of terms and conditions of this Agreement by either party shall be solved by the Arbitration.

9.3 Unenforceable Terms

If any terms, covenants or conditions of this Agreement or the application thereof to any party or circumstance shall be invalid or

unenforceable to any extent, the remainder of this Agreement or application of

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such terms, covenants or conditions to a party or circumstance other than those

to which it is held invalid or unenforceable shall not be affected thereby and

each remaining terms, covenants or conditions of this Agreement shall be valid

and shall be enforceable to the fullest extent permitted by law.

9.4 Amendments

This Agreement and any provision contained herein may be altered or

amended when any such changes are reduced to writing and signed by the parties

hereto.

#

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have

caused this Agreement to be executed as of the date first written above.

#

SUNWOO ENERGY TECHNOLOGY INC.

By: Koo Hyo Hwea

Title: Chief Executive Officer

/s/ Koo Hyo Hwea

Signature:

KOO HYO HWEA

Signature:

INNOVATIVE ENERGY SOLUTIONS INC.

By: Patrick J. Cochrane

Title: Chief Executive Officer

/s/ Patrick J. Cochrane

Signature:

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[Schedule A]

The Price for 24 Heat Pipe Heat Exchanger for the house:

100 order: $400 Canadian Dollars

200 order: $350 Canadian Dollars

1,000 order or more: $300 Canadian Dollars or less

Note: This price is calculated without considering the cost for the fan and delivery

Additional Agreement

SUNWOO has the right to sell the Product in the Territory for the reasonable purposes to both parties such as research, gathering data of the Product, development of new product, etc. In the event, SUNWOO shall give prior notice to IESI and follow the IESI's price for the Product.

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Ex 10.12
PURCHASE AGREEMENT

This purchase agreement ("Agreement") is made and entered into as of this 25th day of March 2004, by and between SBI Communications, Inc., a Alabama corporation, (hereinafter "SBI") whose address is 576 East US Hwy 278 Bypass, Piedmont, Alabama 36272, ("Company") and Innovative Energy Solutions, Inc., (hereinafter "iESi") whose address is 41 North Mojave Road, Las Vegas, Nevada, with reference to the following facts:

RECITALS

WHEREAS, iESi desires to purchase 100% of the common stock, including the real estate, equipment, business operations and goodwill ("Operations") of SBI Communications, Inc. of Alabama, a Alabama Corporation, located at 576 Hwy East 278 Bypass, Piedmont, Alabama 36272 ("Property").
NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, and for valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties to this Agreement (collectively "parties" and individually a "party") agree as follows:

AGREEMENT

1. iESi agrees to purchase all the outstanding stock of SBI Alabama for a total purchase price of $8,100,000. This acquisition shall include all of the equipment of SBI Communications, Inc. iESi shall assume the liabilities of SBI Communications, Inc. of Alabama as outlined on Exhibit
A. The following liabilities are specifically not assumed by iESi:
a. Utilities to date (Water, Power and Gas)
b. Insurance to date

2. Payment of the purchase price shall be as follows:
(a) First mortgage and taxes of $1,100,000 to be assumed.
(b) Preferred Stock $ 7,000,000.
(c). To determine fair market value of the assets of SBI, an appraisal will be provided by an independent appraisal company, the cost of which is to be borne by iESi.

3. SBI agrees to issue 5,000 shares (which represent all the outstanding common stock or SBI Communications, Inc) of SBI Common Stock to iESi execution of the Agreement.

4. Company represents and warrants that:
SBI Communications, Inc. is a corporation duly formed and validly existing in good standing under the laws of the State of Alabama and has the full right, power, legal capacity and authority to enter into and carry out the terms of this Agreement.
(i) Company has good and marketable title to all of the assets and properties now carried on its books, including those reflected in the most recent balance sheet contained in the Company Financial Statements, free and clear of all liens, claims, security interests or other encumbrances except as those described in the Company Financial; Statements or arising thereafter in the ordinary course of business (none of which will be material).
(ii) To the best of Company's knowledge there is no claim, proceeding, litigation or investigation, whether civil or criminal in nature, pending or threatened against SBI Communications, Inc. or its principals, in any court or by or before any governmental body or agency, including without limitation any claim, proceeding or litigation for the purpose of challenging, enjoining or prevention the execution, delivery or consummation of this Agreement other than disclosed in Exhibit A.

5. Company represents and warrants that:
(i) Company is a corporation duly formed and validly existing in good standing under the laws of the State of Alabama and has the full right, power, legal capacity and authority to enter into and carry out the terms of this Agreement.

6. Each party ("Indemnifying Party") hereby indemnifies, defends and holds harmless the other party and its successors, licensees, assigns, and employees, officers, directors (collectively for the purposes of this Paragraph "Indemnified Party") from and against any and all liability, loss, damage, cost and expense, including, without limitation, reasonable attorney's fees, arising out of any breach, or claim by a third party with respect to any warranty, representation or agreement made by the Indemnifying Party herein. The Indemnified Party shall promptly notify the Indemnifying Party of any claim to which the foregoing indemnification applies and the Indemnifying Party shall undertake, at its own cost and expense, engage its own counsel. If the Indemnifying Party fails to promptly appoint competent and experienced counsel, the Indemnified Party may engage its own counsel and the reasonable charges in connection therewith shall promptly be paid by the Indemnifying Party. If the Indemnified Party settles or compromises any such suit, claim or proceeding, the amount thereof shall be charged to the Indemnifying Party, provided that the Indemnifying Party's reasonable prior approval has been secured.

7.The parties hereto agree to execute such further and other documents and to enter into such further undertakings as may be

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reasonably necessary to carry out the full force and intent of this Agreement.

8. The provisions of this Agreement shall enure to the benefit of and be binding upon the legal representatives of the Company, Foster and upon their respective heirs executors, administrators, successors and permitted assigns.

9. Any notice required or permitted to be given hereunder may be delivered, sent by registered mail, postage prepaid, or sent by facsimile, addressed to the proposed recipient of the notice at the address set out on the first page hereof or to such other address or addresses as the parties may indicate from time to time by notice in writing to the others.

10. This Agreement shall in all respects be interpreted, enforced and governed under the laws of the state of Alabama. The language and all parts of this Agreement shall be in all cases construed as a whole according to its very meaning and not strictly for or against any individual party.

11. This Agreement memorializes and constitutes the entire agreement and understanding between the parties regarding the subject matter hereof, and supersedes all prior negotiations, proposed agreements and agreements, whether written or unwritten. The parties acknowledge that no other party, nor any agent or attorney of any other party, has made any promises, representations, or warranties whatsoever, expressly or impliedly, which are not expressly contained in this Agreement, and the parties further acknowledge that they have not executed this Agreement in reliance upon any collateral promise, representation, warranty, or in reliance upon any belief as to any fact or matter not expressly recited in this Agreement. Any modification to this Agreement shall be made in writing.

12. Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and, in lieu of such illegal or invalid provision, there shall be added a provision as similar in terms and amount to such illegal or invalid provision as may be possible and, if such illegal or invalid provision cannot be so modified, then it shall be deemed not to be a part of this Agreement.

13. For the convenience of the parties, this Agreement may be executed by facsimile signatures and in counterparts that shall together constitute the agreement of the parties as one and the same instrument. It is the intent of the parties that a copy of this Agreement signed by any party shall be fully enforceable against that party.

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

SBI Communications, Inc. *Innovative Energy*
Solutions, Inc.

/s/ Ronald Foster */s/ Patrick*
Cochrane

Ronald Foster *Patrick Cochrane,*
President & CEO *President & CEO*

EXHIBIT "A"

1. First Mortgage FDIC	$ 700,000.
2. Property Taxes	$ 400,000.
Total	$1,100,000.

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End of Filing

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