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The reports of S.W. Hatfield, CPA, for the past two fiscal years did not contain any adverse opinion or disclaimer of opinion and, except for a "going concern" qualification, were not qualified or modified as to any uncertainty, audit scope or accounting principle. In connection with its audits for the two most recent fiscal years and through June 30, 2003, there have been no disagreements with S.W. Hatfield, CPA, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of S.W. Hatfield, CPA, would have caused them to make reference thereto in their report on the financial statements for such years.

On December 18, 2003, the Board of Directors appointed the firm of Ellis Foster, Chartered Accountants, 1650 West 1st Avenue, Vancouver, British Columbia V6J 1G1, independent auditors of the Company for the transition period ending September 30, 2003.

Prior to the engagement of Ellis Foster Charter Accountants, neither the Company nor anyone on its behalf consulted with such firm regarding the application of accounting principles to a specified transaction whether completed or uncompleted, the type of audit opinion that might be rendered on the Company's financial statements or as to any matter that was either the subject of a disagreement with the previous independent auditor or was a reportable event. The decision to change accountants was recommended and approved by the Company's Board of Directors.

On December 18, 2003, the Company provided a draft copy of the report on Form 8K to S.W. Hatfield, CPA, requesting their comments on the information contained therein. The responsive letter from S.W. Hatfield, CPA, will be filed as an exhibit to an amended report on Form 8K as soon as it is available.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHALLBETTER INDUSTRIES, INC.

By: /S/ TERRY W. WONG
Terry W. Wong, President

Date: December 19, 2003