NANOPIERCE TECHNOLOGIES INC
Form 424B3
August 17, 2005

Filed pursuant to Rule 424(b)(3)
Registration No. 333-113071

Prospectus Supplement No. 1 dated August 15, 2005 To Prospectus dated January 28, 2005

You should read this prospectus supplement No. 1 dated August 15, 2005 ("prospectus supplement") in connection with the accompanying prospectus dated January 28, 2005 ("prospectus"). The purpose of this prospectus supplement primarily is to reflect a reduction in the exercise price of certain of our warrants and related matters. This prospectus supplement is qualified by reference to the prospectus, except to the extent the information in this prospectus supplement supersedes the information contained in the accompanying prospectus.

PROSPECTUS SUMMARY

The section of the prospectus titled "**PROSPECTUS SUMMARY**" is amended to insert a new subsection titled "**Recent Developments**" immediately before the last paragraph of the subsection titled "The Company" and to revise that last paragraph to delete the last two sentences of that paragraph and to replace them with the following:

Our participation in the joint venture depended on our ability to contribute cash in the amount of $1.5 million. Pursuant to the letter agreement, as of August 14, 2005, we have advanced $405,000 to Xact Resources. See "THE COMPANY." As a result of the exercise of a number of our outstanding warrants described later in this prospectus supplement, on August 15, 2005, we completed the funding of our $1.5 million capital contribution for the joint venture and formed a limited liability company with Xact Resources named BioAgra, LLC.

THE COMPANY

The section of the prospectus titled "**THE COMPANY**" is amended to revise the second paragraph of the subsection titled "**Current Developments**" to delete the sixth, seventh and eighth sentences of that paragraph and to replace them with the following:

Our participation in the joint venture depended on our ability to contribute cash in the amount of $1.5 million. Pursuant to the letter agreement, as of August 14, 2005 we have advanced $405,000 to Xact Resources. See "THE COMPANY." As a result of the exercise of a number of our outstanding warrants described below, on August 15, 2005, we completed the funding of our $1.5 million capital contribution for the joint venture and formed a limited liability company with Xact Resources named BioAgra, LLC. The investment in BioAgra, LLC was made from the proceeds we received from the exercise of a number of our outstanding warrants that were recently re-priced by us as described herein under "SELLING STOCKHOLDERS."

USE OF PROCEEDS

The section of the prospectus titled "USE OF PROCEEDS" is amended to delete the reference to "8,455,000" in the last paragraph of that section and to replace it with "$4,470,000."

SELLING STOCKHOLDERS

The section of the prospectus titled "SELLING STOCKHOLDERS" is amended as follows:

1. The subsection titled “Background” is amended to revise the second and third paragraphs as indicated in *italics* below:

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On November 16, 2004, we voluntarily reduced the exercise price of the $0.25 investor warrants to $0.15 per share (the “$0.15 investor warrants”). *On August 12, 2005, we voluntarily reduced the exercise price of the $0.15 warrants issued to Platinum Partners Value Arbitrage Fund LP, Peekskill, LLC, M/S Family Foundation, Jules Nordlicht and Laura Huberfeld / Naomi Bodner Partnership (each named as selling stockholders below under “—Selling Stockholders Table”) to $0.05 per share (the “$.05 re-priced investor warrants”). On August 12, 2005, we also voluntarily reduced the exercise price of the $0.10 warrants issued to Platinum Partners Value Arbitrage Fund LP, Peekskill, LLC, M/S Family Foundation, Jules Nordlicht and Laura Huberfeld / Naomi Bodner Partnership and the $0.10 investor warrants that were previously assigned to Arizcan Properties, Ltd. (each named as selling stockholders below under “—Selling Stockholders Table”) to $0.05 per share (also the “$.05 re-priced investor warrants”).* All of the these warrants will expire on January 20, 2009 unless exercised earlier.

Pursuant to the securities purchase agreement between us and the first ten selling stockholders named below under “—Selling Stockholders Table,” we are obligated to register under the Securities Act of 1933, all the shares of our common stock purchased by each of these selling stockholders, as well as the shares of our common stock that will be held by each of these stockholders assuming these stockholders exercise all of the $0.10 investor warrants, $0.15 investor warrants *and $0.05 re-priced investor warrants*. We are obligated to keep the registration statement of which this prospectus forms a part effective until the earliest of the date on which the warrants have all been exercised and January 20, 2009.

2. The subsection titled “Selling Stockholders Table” is amended to revise certain of the footnotes as indicated in *italics* below. This revised information does not add any selling stockholders or change the number of shares subject to the prospectus. Footnotes that are not listed below remain unchanged.

(3a) Assumes the exercise of all of the *$0.05 re-priced investor warrants (that were* $0.15 investor warrants*)* purchased by the named selling stockholder as part of the 20,000,000 units we sold to a number of accredited investors as described under “PLAN OF DISTRIBUTION—Private Placement” and the remaining *$0.05 re-priced investor warrants (that were* $0.10 investor warrants*)* were not exercised by such selling stockholder as a result of the grant of the option to exercise these *$0.05 re-priced investor warrants (that were* $0.10 investor warrants*)* by each named selling stockholder to Arizcan Properties, Ltd. See footnote 19 to this table.
(3b) Assumes the exercise of all of the $0.15 investor warrants and 2,200,000 of the $0.10 investor warrants purchased by the named selling stockholder as part of the 20,000,000 units we sold to a number of accredited investors as described under “PLAN OF DISTRIBUTION—Private Placement.” Assumes the remaining 2,200,000 *$0.05 re-priced investor warrants (that were* $0.10 investor warrants*)* purchased by the named selling stockholder were not exercised by such selling stockholder as a result of the grant of the option to exercise such *$0.05 re-priced investor warrants (that were* $0.10 investor warrants*)* by such selling stockholder to Arizcan Properties, Ltd. See footnote 19 to this table.
(19) As disclosed in footnotes *3a and 3b* to this table, the named selling stockholders granted an option to Arizcan Properties, Ltd. to exercise *$0.05 re-priced investor warrants (that were previously* $0.10 investor warrants*)* to purchase 15,700,000 shares of our common stock initially issued as part of the 20,000,000 units that we previously sold to a number of accredited investors as described under “PLAN OF DISTRIBUTION—Private Placement.” Assumes the exercise of all *$0.05 re-priced investor warrants (that were previously* $0.10 investor warrants*)* previously assigned to Arizcan Properties, Ltd.

DESCRIPTION OF COMMON STOCK

The section of the prospectus titled “DESCRIPTION OF COMMON STOCK” is amended to revise the first paragraph as indicated in *italics* below:

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Our authorized capital stock consists of 200,000,000 shares of common stock, $.0001 par value per share, and 5,000,000 shares of preferred stock, $.0001 par value per share. As of *August 15, 2005* we had *133,059,033* shares of common stock and no shares of preferred stock issued and outstanding. We have outstanding warrants and options which, if exercised, would total *45,471,877* shares of common stock. We have also reserved 11,919,120 shares of our common stock in connection with our ongoing litigation with Harvest Court, LLC described in our annual report on Form 10-KSB for the year ended June 30, 2004. Overall, we would have a total of *190,450,030* shares of common stock issued and outstanding if all of our outstanding warrants and options were exercised and all of our reserved shares of common stock were issued.

PLAN OF DISTRIBUTION

The subsection titled “Private Placement” to the section of the prospectus titled “PLAN OF DISTRIBUTION” is amended as follows. The revised information does not change the plan of distribution as described in the prospectus.

1. The second paragraph up to and excluding the portion of the second paragraph beginning with “These warrants will expire,” is revised as indicated in *italics* below:

In January of 2004, we sold 20,000,000 units for a total of $2,000,000 to a limited number of accredited investors in a private placement transaction exempt from registration under Section 4(2) of the Securities Act of 1933 and Regulation D promulgated under the Securities Act of 1933. Each unit consists of:

- one share of our common stock;
- a warrant to purchase one share of our common stock at an exercise price of $0.10 per share (the “$0.10 investor warrants”); and
- a warrant to purchase two shares of our common stock at an exercise price of $0.25 per share (the “$0.25 investor warrants”).

On November 16, 2004, we voluntarily reduced the exercise price of the $0.25 investor warrants to $0.15 per share (the “$0.15 investor warrants”). *On August 12, 2005, we voluntarily reduced the exercise price of the $0.15 warrants issued to Platinum Partners Value Arbitrage Fund LP, Peekskill, LLC, M/S Family Foundation, Jules Nordlicht and Laura Huberfeld / Naomi Bodner Partnership (each named as selling stockholders above under “—Selling Stockholders Table”) to $0.05 per share (the “$.05 re-priced investor warrants”). On August 12, 2005, we also voluntarily reduced the exercise price of the $0.10 warrants issued to Platinum Partners Value Arbitrage Fund LP, Peekskill, LLC, M/S Family Foundation, Jules Nordlicht and Laura Huberfeld / Naomi Bodner Partnership and the $0.10 investor warrants that were previously assigned to Arizcan Properties, Ltd. (each named as selling stockholders above under “—Selling Stockholders Table”) to $0.05 per share (also the “$.05 re-priced investor warrants”).*

2. The fourth and fifth sentences in the fifth paragraph are revised as indicated in *italics* below:

We are also required to issue to Jason Lyons additional warrants to purchase a total of 4.9999% of the total number of shares issued as a result of the exercise of the $0.10 investor warrants *(including the $0.05 re-priced investor warrants that were previously $0.10 investor warrants)* described above. If all of the $0.10 investor warrants *(including the $0.05 re-priced investor warrants that were previously $0.10 investor warrants)* are exercised, we will be required to issue to Jason Lyons additional warrants to purchase 1,000,000 shares of our common stock.

3. The third and fourth sentences in the sixth paragraph are revised as indicated in *italics* below:

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We are also required to issue to GRQ Consultants additional warrants to purchase a total of 5% of the total number of shares issued as a result of the exercise of the $0.10 investor warrants *(including the $0.05 re-priced investor warrants that were previously $0.10 investor warrants)* described above. If all of the $0.10 investor warrants *(including the $0.05 re-priced investor warrants that were previously $0.10 investor warrants)* are exercised, we will be required to issue to GRQ Consultants additional warrants to purchase 1,000,000 shares of our common stock.

4. The first sentence of the last paragraph is revised as indicated in *italics* below:

If all of the $0.10 warrants *(including the $0.05 re-priced investor warrants that were previously $0.10 investor warrants)* and $0.15 warrants *(including the $0.05 re-priced investor warrants that were previously $0.15 investor warrants)* issued or to be issued in connection with the private placement transaction were exercised, we expect to receive an additional *$4,470,000*.

This prospectus supplement No. 1 should be retained with the prospectus for future reference.

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PROSPECTUS

NANOPIERCE TECHNOLOGIES, INC.

370 17th Street, Suite 3640
Denver, Colorado 80202

82,600,000 shares of common stock, including:
20,000,000 shares currently outstanding
62,600,000 shares issuable upon exercise of warrants

The sellers:	All of our common stock offered by this prospectus is offered from time to time by the selling stockholders identified in this prospectus. We will not receive any proceeds from the sale of our common stock offered by the selling stockholders.
Market for securities:	Our common stock is presently quoted on the over-the-counter bulletin board under the symbol "NPCT." Our common stock also is traded on the Frankfurt Stock Exchange and on the Hamburg Stock Exchange under the symbol "NPI." On January 27, 2005, the last reported sale price of our common stock on the over-the-counter bulletin board was $0.16 per share (rounded to the nearest penny). See "DESCRIPTION OF COMMON STOCK—Common Stock."
Risk factors:	**Investing in our common stock involves a high degree of risk. See "RISK FACTORS" beginning on page 5.**

As of January 27, 2005, we have 91,259,033 shares of our common stock issued and outstanding. The shares of common stock offered by this prospectus represent about 46.05% of our issued and outstanding common stock as of January 27, 2005, assuming that, as of that date, all of our outstanding warrants and options were exercised and all of our reserved shares of common stock were issued.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 28, 2005.

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FORWARD-LOOKING STATEMENTS

This prospectus includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We base these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about our company, including:

- the rate of market development and acceptance of the interconnect technology in the industry within which we are concentrating our business activities;
- the limited revenues and significant operating losses generated to date;
- the possibility of significant ongoing capital requirements and our ability to secure financing as and when necessary;
- our ability to compete successfully with the other providers of interconnect technologies or other lines of business that we may enter into;
- our ability to retain the services of our key management, and to attract new members of the management team; and
- our ability to obtain and retain appropriate patent, copyright and trademark protection of our intellectual properties and any of our products.

You should only rely on the information contained in this prospectus. We have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

The following summary highlights certain information contained throughout this prospectus. It is not complete and may not contain all of the information that you should consider before investing in the securities offered by this prospectus. To understand this offering fully, you should read this entire prospectus carefully, including the risk factors. Before you make your investment decision, you should also carefully read our attached annual report on Form 10-KSB for our fiscal year ended June 30, 2004 and our quarterly report on Form 10-QSB for the fiscal quarter ended September 30, 2004.

The Company

We were incorporated on June 22, 1996 as a Nevada corporation. Our corporate offices are located at 370 - 17th Street, Suite 3640, Denver, Colorado 80202, and our telephone number is (303) 592-1010. We maintain a website at www.nanopierce.com.

On February 26, 1998, we acquired the intellectual property rights related to our patented Particle Interconnect Technology (the “particle technology”) from Particle Interconnect Corporation, a Colorado corporation, a wholly-owned subsidiary of Intercell Corporation (now known as Intercell International Corporation), a Nevada corporation that was our affiliate at the time of the acquisition. We acquired the particle technology to pursue a more focused, strategic application and development of the particle technology. We have designated and are commercializing our particle technology as NCS™. Since our acquisition of the particle technology, we have focused on providing the electronics industry with possible solutions to their “connection” problems.

On October 1, 2004, we signed a letter agreement (the “letter agreement”) with Xact Resources International, Inc. to provide for the development of a joint venture between the company and Xact Resources International. The purpose of the joint venture would be to produce, market and sell YBG-2000, a biotech yeast beta glucan product which has been developed by Xact Resources. Our participation in the joint venture depends on our ability to contribute cash in the amount of $1.5 million and we cannot assure you that we will be successful in raising the necessary capital. Pursuant to the letter agreement we have advanced $225,000 to Xact Resources. See “THE COMPANY.”

The Offering

This offering includes 82,600,000 shares of our common stock, including:

- 20,000,000 shares outstanding as of the date of this prospectus
- 62,600,000 shares issuable upon the exercise of warrants owned by the stockholders identified later in this prospectus

Use of Proceeds

We will not receive any proceeds from the sale of the shares of our common stock offered by this prospectus. See “USE OF PROCEEDS” for more information.

Risk Factors

Your investment in our common stock offered by this prospectus involves a high degree of risk. See “RISK FACTORS” beginning on page 5.

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Summary Consolidated Financial Data

The summary consolidated financial data shown below as of and for the three months ended September 30, 2004 and 2003, have been derived from the unaudited financial statements appearing in our quarterly report on Form 10-QSB for the quarter ended September 30, 2004, which is incorporated by reference into and accompanying this prospectus. The summary consolidated financial data shown below for fiscal years ended June 30, 2004 and 2003 have been derived from, and should be read in conjunction with, the consolidated financial statements, related notes, and "MANAGEMENT'S DISCUSSION AND ANALYSIS" appearing in our annual report on Form 10-KSB for the year ended June 30, 2004, which is incorporated by reference into and accompanying this prospectus.

	Three Months Ended September 30,		Year Ended June 30,	
	2004	**2003**	**2004**	**2003**
Revenues	$ -	25,051	34,258	37,017
Operating expenses:				
General and administrative	213,843	414,075	1,312,519	2,414,077
Research and development	-	46,655	41,849	316,403
Selling and marketing	-	24,180	37,033	238,817
Impairment of intellectual property and equipment (Note 1)	-	-	608,061	210,000
	213,843	484,910	1,999,462	3,179,297
Loss from operations	(213,843)	(459,859)	(1,965,204)	(3,142,280)
Other income (expense):				
Other income	10,186	-	-	-
Interest income	1,936	3,418	2,550	7,251
Extinguishment of liabilities (Note 7)	-	-	52,500	-
Equity (loss) income of affiliates (Note 6)	(4,905)	3,794	(99,922)	-
Interest expense	-	(297)	(2,889)	(38)
	7,217	6,915	(47,761)	7,213