

Mr. J. S. Poyen, Director
 Economics and Planning Division
 Dept. of Mines and Petroleum Resources

March 14

74

Giant Mascot Mines Limited is experiencing financial problems. They had a disastrous fire a few years ago; their marketing arrangements for concentrates have become less favourable; the Giant nickel mine may be phased out of production later this year; and the Company has been forced to make bank borrowings to meet its financial commitments to Pan Arctic Oils Limited. Giant Mascot has a 4.484% interest in Pan Arctic and is required to share capital outlays on a pro rata basis.

The expected return of Pan Arctic's northern gas play, as shown below, is not unattractive. However, the capital expenditures are large and the delay before returns are realized is long. This is not a venture for an infirm, almost insolvent company like Giant Mascot.

A well financed investor may be interested in buying out Giant Mascot on the strength of their potential metal production (I am attempting now to place a value on Giant Mascot's potential mining properties) and share in Pan Arctic, but this is not a fantastic opportunity.

VALUE OF PAN ARCTIC OILS LIMITED NORTHERN GAS

Assumptions

Reserves:

1981	20 TCF
1986	30 TCF

Production:

1981	2 BCF/day
1986	3 BCF/day

Crown Royalty:

1981 - 85	5%
1986 - 90	10%
1991 - 95	15%
1995 - on	20%

Mr. J. S. Poyen
 Page 2
 March 14, 1974

Wellhead Gas Price:

1981	30c/MCF
1990	42.7c/MCF
2000	63.2c/MCF
2010	93.6c/MCF

Operating Cost:

1981	9.5c/MCF with annual increase of 3%
------	-------------------------------------

Income Tax:

46% of taxable income

Capital Expenditures:

1968	\$ 5.75 million	1975	\$30.00 million
1969	15.72	1976	31.00
1970	16.54	1977	32.00
1971	11.09	1978	33.00
1972	18.76	1979	34.00
1973	25.00	1980	<u>35.00</u>
1974	25.00	TOTAL	\$312.86

Dividends:

(Gross Production - Crown Royalty) x (Wellhead Price) - (Operating Cost) - (Depletion) - (Tax) = Operating Cash Flow After Tax - Gas Group Repayment (\$150 million + 7% of remaining balance in 1985 -- then in 1986 this group receives 1% equity) - Sproule and Associates share (10% of income after all payments and recovery of all capital expenditures and carried interest) = Total Income Available for Dividends.

That is:

1981	\$29.81 million	1990	\$152.98 million
1982	31.63	1991	130.99
1983	33.56	1992	137.99
1984	35.58	1993	143.69
1985	63.21	1994	150.38
1986	122.50	1995	157.40
1987	115.56	1996	154.49
1988	121.17	1997	161.68
1989	126.95	1998	169.95 (con'd next page)

Mr. J. S. Poyen
Page 3
March 14, 1974

1999	\$176.97 million
2000	180.93
2001	193.59
2002	202.46
2003	211.68
2004	221.29
2005	231.33
2006	241.78
2007	252.63
2008	264.00
2009	275.83
2010	<u>180.47</u>
TOTAL	\$4,488.88 million

Transportation:

Pipeline financed and built by an independent group.

Profitability:

Case I

50% of income available for dividends paid out as dividends, DCF return = 9.8%; dividends per dollar invested = \$7.18.

Case II

75% of income available for dividends paid out as dividends, DCF return = 12.3%; dividends per dollar invested = \$10.77.

Case III

100% of income available for dividends paid out as dividends, DCF return = 14.3%; dividends per dollar invested = \$14.36.

Value of Giant Mascot Share in Pan Arctic:

Giant Mascot interest = 4.484%

Value =

*Share of Dividends = \$201.3 million
Share of Capital Expenditures = \$14.0 million

*Assumes 100% of income available for dividends is paid out as dividends.

Mr. J. S. Foyen
Page 4
March 14, 1974

Present value of dividends at 15% discount = \$11.4 million.

Present value of capital expenditures at 15% discount = \$13.0 million.

Net Present value of Giant Mascot interest at 15% discount = \$ -1.6 million.

L. E. Sivertson,
Assistant Director,
Economics and Planning Division.

LES:ps

cc: Mr. J. E. McMynn

THIRD FOLD HERE

INSTRUMENT OF PROXY
FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING

of
GIANT MASCOT MINES LIMITED
to be held on MARCH 28, 1974

THIS PROXY IS SOLICITED ON BEHALF OF MANAGEMENT

The undersigned member of **GIANT MASCOT MINES LIMITED** (hereinafter called 'the Company') hereby appoints Louis P. Starck, the President, of West Vancouver, British Columbia, or, failing him, John L. Gibson, a Director, of Langley, British Columbia, or failing him, _____ of _____, as the proxy for and on behalf of the undersigned to attend the Annual General Meeting of the Company to be held on the 28th day of March, 1974, and any adjournment or adjournments thereof, and thereat to act for and on behalf of the undersigned, and to vote the shares in the capital stock of the Company registered in the name of the undersigned with respect to the matters set forth in items (a) to (h) inclusive hereof as follows:

Item (a) To approve the Annual Report of the President on behalf of the Directors to the Members of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the fiscal year ended September 30, 1973:

IN FAVOUR [] AGAINST []

Item (b) In respect of the appointment of Auditors:
either: (i) to vote such shares for the appointment of the Auditors proposed in the accompanying Information Circular []
or: (ii) to withhold such shares from voting for the appointment of the Auditors proposed in the accompanying Information Circular []

Item (c) To authorize the Directors to fix the remuneration to be paid to the Auditors:

IN FAVOUR [] AGAINST []

Item (d) For the ratification, confirmation and approval of the acts and deeds of the Directors and Officers of the Company as referred to in Item (d) of the accompanying Notice of Meeting:

IN FAVOUR [] AGAINST []

Item (e) Special Business:

RESOLUTION (1)

To approve the deletion of the restriction as to the maximum price at which the Company's shares can be issued by amending the Memorandum of Association of the Company to delete the sixth paragraph thereof, as more particularly set out in Item (e) - Resolution (1) of the accompanying Notice of Meeting:

IN FAVOUR [] AGAINST []

Mr. J.T. Fyles
Deputy Minister of Mines
Parliament Bldg.
Victoria, B.C.

GM

RESOLUTION (2)

To approve the elimination of the restrictions on the businesses to be carried out by the Company by amending the Memorandum of Association of the Company to delete the third paragraph thereof, as more particularly set out in Item (e) - Resolution (2) of the accompanying Notice of Meeting:

IN FAVOUR [] AGAINST []

RESOLUTION (3)

To approve the form of the Memorandum of Association of the Company as altered by the provisions of the "Companies Act", S.B.C. 1973. Chapter 18, as more particularly set out in Item (e) - Resolution (3) of the accompanying Notice of Meeting:

IN FAVOUR [] AGAINST []

RESOLUTION (4)

To ratify, confirm and approve the Camp Financing Guarantee agreement, as more particularly set out in Item (e) - Resolution (4) of the accompanying Notice of Meeting:

IN FAVOUR [] AGAINST []

Item (f) To fix the number of Directors for the ensuing year at five (5) and, as set out in Item (f) of the accompanying Notice of Meeting, to authorize the Board of Directors, in their discretion, to appoint, at any time, up to two (2) additional Directors to hold office until the next Annual General Meeting of the Company, unless their office be earlier vacated:

IN FAVOUR [] AGAINST []

Item (g) In respect of the election of Directors:

(i) to vote such shares for the election of the Directors proposed in the accompanying Information Circular: []

or: (ii) to withhold such shares from voting for the election as a Director of:

(a) Kenneth G. Bream []
Rupert B. Carleton []
Nathan Gesser []
John L. Gibson []
Louis P. Starck []

(NOTE: "X" is placed in the box opposite one or more of the names listed above, the shares represented by this proxy will not be voted for that person or persons).

Item (h) With respect to all other matters which may properly be transacted at such meeting, or any adjournment thereof, with or without notice:

OR, IF NO CHOICE IS SPECIFIED IN THE BOXES SET OUT ABOVE FOR THAT PURPOSE, AND IN THE CASE OF THAT ITEM FOR WHICH NO CHOICE CAN BE INDICATED HEREIN, AND WITH RESPECT TO ANY AMENDMENTS TO OR VARIATIONS IN ANY OF THE ITEMS SET OUT ABOVE, TO VOTE THE SHARES OF THE UNDERSIGNED AS THE PROXY HEREBY APPOINTED IN HIS SOLE DISCRETION MAY SEE FIT, all in the same manner and to the same power as the undersigned could do if the undersigned were personally present at such meeting.

The undersigned hereby revokes any proxy previously given.
AS WITNESS my hand this _____ day of _____, A.D. 1974.

Signature of Member

SEE NOTES ON REVERSE SIDE.

FIRST FOLD HERE

NOTES TO INSTRUMENT OF PROXY

1. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED ON ITEMS a, b, c, d, e: RESOLUTION (1), (2), (3) AND (4), f and g, ALL AS THE MEMBER MAY HAVE SPECIFIED BY MAKING AN "X" IN THE BOXES PROVIDED FOR THAT PURPOSE. IF NO CHOICE IS SPECIFIED, THE SHARES WILL BE VOTED AS IF THE MEMBER HAD SPECIFIED AN AFFIRMATIVE VOTE IN FAVOUR OF OR FOR THE VOTING OF HIS SHARES WITH RESPECT TO SUCH ITEM OR ITEMS.
2. IF THE MEMBER DOES NOT WANT TO APPOINT EITHER OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY, HE SHOULD STRIKE OUT THEIR NAMES AND INSERT IN THE BLANK SPACE PROVIDED THE NAME OF THE PERSON HE WISHES TO ACT AS HIS PROXY. SUCH OTHER PERSON NEED NOT BE A MEMBER OF THE COMPANY. THE MEMBER MAY ALSO APPOINT AN ALTERNATIVE PROXY HOLDER TO ACT IN THE PLACE AND STEAD OF AN ABSENT PROXY HOLDER.
3. The Instrument of Proxy will not be valid unless it is dated and signed by the member or by his attorney duly authorized by him in writing, or, where the member is a corporation, by an officer or officers or attorney for the corporation duly authorized. If the Instrument of Proxy is executed by an attorney for an individual member of joint members or by an officer or officers or attorney of a corporate member not under its corporate seal, the instrument so empowering the officer or officers or the attorney, as the case may be, or a notarial copy thereof, should accompany the proxy instrument.
4. The Instrument of Proxy to be effective must be deposited at the offices of the Registrar and Transfer Agent of the Company, Canada Permanent Trust Company, 455 Granville Street, Vancouver, British Columbia, V6C 1V2, not less than twenty-four (24) hours before the time for holding the meeting, or any adjournment thereof.
5. If the instructions of the member are certain the shares represented by the Instrument of Proxy will be voted on any poll, and, where the person whose proxy is solicited makes a choice with respect to any matter to be acted upon, the shares will be voted on any poll in accordance with the choice so made.

SECOND FOLD HERE → |

BUSINESS REPLY MAIL

No Postage Stamp Necessary if mailed in Canada

POSTAGE WILL BE PAID BY

CANADA PERMANENT TRUST COMPANY

455 GRANVILLE STREET

VANCOUVER, B.C.

V6C 1V2



GIANT MASCOT MINES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of GIANT MASCOT MINES LIMITED ('the Company') will be held in the York Room of the Hotel Georgia, 800 West Georgia Street, Vancouver, British Columbia, on Thursday, the 28th day of March, 1974, at the hour of 11:00 in the forenoon, for the following purposes:

- (a) to receive and approve the Annual Report of the President on behalf of the Directors to the Members and the Consolidated Financial Statements of the Company and its subsidiaries for the fiscal year ended September 30, 1973, together with the report of the Auditors thereon;
- (b) to appoint Auditors;
- (c) to authorize the Directors to fix the remuneration to be paid to the Auditors;
- (d) to ratify, confirm and approve all acts, deeds and things done by and the proceedings of Directors and Officers of the Company as referred to in the Annual Report of the President on behalf of the Directors to the Members and the Consolidated Financial Statements of the Company and its subsidiaries for the fiscal year ended September 30, 1973;
- (e) by way of Special Business, to consider and, if thought fit, to approve, with or without modification, the following as Special Resolutions:

RESOLUTION (1)

"RESOLVED, as a Special Resolution, that the Memorandum of Association of Giant Mascot Mines Limited ('the Company') be amended, pursuant to Section 251(h) of the "Companies Act", S.B.C. 1973, Chapter 18 ('the Act') by the deletion of the sixth paragraph of the Memorandum of the Company, as amended, which reads as follows:

'6. The maximum price or consideration at or for which the shares without nominal or par value may be sold is Three Dollars (\$3.00) each.'

RESOLUTION (2)

"RESOLVED, as a Special Resolution, that, pursuant to Section 242 of the "Companies Act, 1973" ('the Act'), Giant Mascot Mines Limited ('the Company') no longer be restricted to carrying out the businesses set out in the third paragraph of its Memorandum; AND FURTHER that the third paragraph of the Memorandum of the Company (as altered by the operation of Section 25 of the Act on the coming into force of the Act) be deleted."

RESOLUTION (3)

"RESOLVED, as a Special Resolution, that, the Memorandum of Association of Giant Mascot Mines Limited ('the Company') having been altered by the provisions of the "Companies Act", S.B.C. 1973, Chapter 18 ('the Act'), be in the following form:

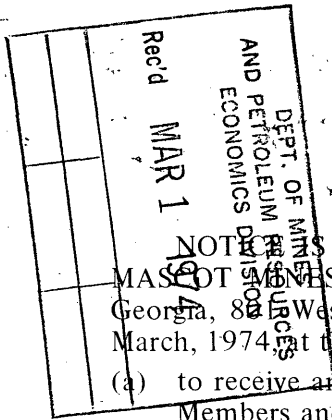
MEMORANDUM

1. The name of the Company is GIANT MASCOT MINES LIMITED.
2. The authorized capital of the Company is Fifteen Million (15,000,000) shares without nominal or par value."

RESOLUTION (4)

"RESOLVED, as a Special Resolution, that the agreement dated the 15th day of February, 1974 ('the Cemp Financing Guarantee'), entered into (subject to the ratification thereof by the members of the Company) by the Company with Cemp Investments Ltd. ('Cemp'), being the major shareholder of the Company, for the guarantee by Cemp:

- (a) of the receipt by the Company of not less than the sum of \$2,000,000:
 - (i) by way of Cemp fully exercising the rights to which it would be entitled pursuant to an offering ('the Rights Offering') proposed to be made pro rata by the Company to its members after the adoption of this Resolution and thereafter following the acceptance of the offering material by the Provincial Securities



Commissions having jurisdiction and by the Toronto and Vancouver Stock Exchanges (which acceptance must be obtained not later than the 30th day of April, 1974, or the date of termination of the Cemp Financing Guarantee, as therein provided, whichever shall last occur), of such number of rights to purchase additional common shares of the Company which, if fully exercised, at a price per share ('the Offering Price') to be determined immediately prior to the Rights Offering being made as would result in the receipt by the Company of gross subscriptions (subject to normal brokerage commissions for solicitation) in an aggregate amount of \$3,675,000; and

- (ii) by way of Cemp, to such extent as might be required if other members of the Company had not exercised a sufficient number of such rights to yield the Company not less than \$2,000,000 in gross subscriptions, subscribing for additional common shares of the Company at the Offering Price forthwith after the closing of the Rights Offering, thereby assuring the Company of receiving not less than the said sum of \$2,000,000;
- (b) to the extent that the Company (being assured of \$2,000,000 by virtue of the provisions set out in paragraph (a) hereof) receives less than the total sum of \$3,675,000 by way of such gross subscriptions from the Rights Offering, that Cemp, if and to the extent that it is called upon by the Company and not otherwise, will subscribe at the Offering Price for additional common shares of the Company from time to time after the close of the Rights Offering an amount equivalent to the difference between:
- (A) the amount of gross subscriptions actually received by the Company pursuant to the Rights Offering and, if applicable, any additional monies subscribed by Cemp pursuant to the provisions set out in paragraph (a) of this Resolution; and
 - (B) the said sum of \$3,675,000,

PROVIDED, however, that Cemp shall only be called upon by the Company to subscribe and pay additional monies to the Company pursuant to this paragraph (b), if the monies so subscribed:

- (i) constitute reimbursement to the Company up to the full amount of the contributions made by it during the period from the first day of October, 1973, to the date of the closing of the Rights Offering, pursuant to the agreement dated the 2nd day of November, 1972 (known and hereinafter referred to as 'the Panarctic Fourth Expansion Agreement') between Panarctic Oils Ltd. ('Panarctic'), and shareholders of Panarctic, including the Company, and certain parties as Guarantors, including Cemp as the Guarantor for the Company, or pursuant to an agreement proposed to be entered into by the Company, as of the 2nd day of March, 1974 (known and hereinafter referred to as 'the Panarctic Fifth Expansion Agreement') with Panarctic and other shareholders of Panarctic for the further financing of Panarctic's exploration program;

or

- (ii) are required by the Company to pay any part of its commitments under the Panarctic Fourth Expansion Agreement or under the Panarctic Fifth Expansion Agreement after the closing of the Rights Offering;

be ratified, confirmed and approved."

- (f) to fix the number of Directors for the ensuing year at five (5) and to authorize the Board of Directors, in their discretion, to appoint, from time to time, up to two (2) additional Directors to hold office until the next Annual General Meeting of the Company, unless their office be earlier vacated, and to empower the Board of Directors, if, as and when any such appointment be made, to fix the number of Directors accordingly at such number as may be required to give effect to such appointment or appointments;

- (g) to elect Directors;

- (h) to transact such other business as may properly be transacted at such meeting, or at any adjournment thereof, without notice.

Copies of the Annual Report of the President on behalf of the Directors to the Members, the audited Consolidated Financial Statements for the fiscal year ended September 30, 1973, and of an Information Circular accompany this Notice.

If you are unable to attend the Annual General Meeting in person, kindly read the Notes on the reverse side of the Instrument of Proxy enclosed herewith and then complete and return the proxy within the time set out in the Notes. As set out in the Notes, the enclosed proxy is solicited by management but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the meeting.

DATED at Vancouver, British Columbia, this 20th day of February, 1974.

ON BEHALF OF THE BOARD

"Allan H. Ainsworth"
Secretary

GIANT MASCOT MINES LIMITED

Executive Office:

Suite 2410, Toronto-Dominion Bank Tower,
Pacific Centre, 700 West Georgia Street,
Vancouver, British Columbia V7Y 1A1

Registered Office and Records Office:

Suite 2260, Toronto-Dominion Bank Tower,
Pacific Centre, 700 West Georgia Street,
Vancouver, British Columbia V7Y 1A9

INFORMATION CIRCULAR

as at February 20, 1974, issued in connection
with the solicitation of proxies for the
Twenty-Third Annual General Meeting to be held on
March 28, 1974

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with solicitation by the management of GIANT MASCOT MINES LIMITED ('the Company') of proxies to be used at the Twenty-Third Annual General Meeting of Members of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors of the Company. A member desiring to appoint some other person to represent him at the meeting may do so either by striking out the printed names and inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the offices of Canada Permanent Trust Company, the Registrar and Transfer Agent of the Company, at 455 Granville Street, Vancouver, British Columbia, not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.

A member who has given a proxy may revoke it either:

- (a) by signing a proxy bearing a later date and depositing it as aforesaid; or
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing and dating a written notice of such revocation in the same manner as the Instrument of Proxy is required to be executed (as set out in the Notes to the Instrument of Proxy herewith) and depositing the same either at Suite 2260, The Toronto-Dominion Bank Tower, Pacific Centre, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1A9, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or with the Chairman of the meeting on the day of the meeting or on the day of any adjournment thereof; or
- (c) by attending the meeting in person and registering with the scrutineers thereat as a member personally present.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote, or refrain from voting, the shares in respect of which they are appointed in accordance with the direction of the member appointing them. In the absence of such direction, it is intended that such shares will be voted:

- (a) for the approval of the Annual Report and Consolidated Financial Statements of the Company and its subsidiaries;
- (b) for the appointment of Auditors, as stated under that heading in this circular;
- (c) in favour of authorizing the Directors to fix the remuneration to be paid to the Auditors;
- (d) for the ratification, confirmation and approval of all acts, deeds and things done by and proceedings of the Directors and Officers of the Company on its behalf, as more particularly set out in Item (d) of the accompanying Notice of Meeting;
- (e) in favour of the four resolutions by way of Special Business, as more particularly set out in Item (e): Resolutions (1), (2), (3) and (4) of the accompanying Notice of Meeting and as referred to in this circular under the heading "Other Matters to be Acted Upon";

- (f) to fix the number of Directors at five (5) and to empower the Board of Directors to appoint up to two (2) additional directors, as more particularly set out in Item (f) of the accompanying Notice of Meeting;
- (g) for the election of Directors, as stated under that heading in this circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to, or variations in, matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or matters to come before the meeting other than those referred to in the Notice of Meeting.

VOTING SHARES

On the date of the accompanying Notice of Meeting the Company had outstanding 8,693,728 shares without nominal or par value, each carrying the right to one vote so that the aggregate number of votes attaching to all the outstanding shares is 8,693,728.

There are no persons who, or company which, beneficially owns, directly or indirectly, more than 10% of the voting shares of the Company other than Cemp Investments Ltd., which is beneficially entitled to 3,662,527 shares, being some 42% of the total shares of the Company presently issued and outstanding.

Members entitled to Notice of the Annual General Meeting will be entitled to attend and vote thereat. The person duly appointed under an instrument of proxy, however, will only be entitled to vote the shares represented thereby if the instrument of proxy (together with any instrument which may be required as set out in Note 3 of the Notes to the Instrument of Proxy) is deposited at the offices of Canada Permanent Trust Company at 455 Granville Street, Vancouver, British Columbia, not less than twenty-four (24) hours before the time for holding the meeting, or any adjournment thereof.

ELECTION OF DIRECTORS

Pursuant to s. 133 of the "Companies Act, 1973", advance notice that Directors were to be elected at the Annual General Meeting was published on January 30th, 1974 in the Vancouver Daily Province, a daily newspaper circulated in the County of Vancouver.

The Board presently consists of seven (7) Directors, all of whom are deemed to retire at the Annual General Meeting, and, although all of them would be eligible for re-election, two will not be standing for re-election. The persons named in the enclosed form of proxy intend to vote in favour of the resolution to fix the number of Directors for the ensuing year at five (5) and to authorize the Board of Directors, in their discretion, to appoint, from time to time, up to two (2) additional Directors. If such resolution is adopted, the persons named in the enclosed form of proxy intend to vote for the election of the five nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated.

The management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected, and any additional Director subsequently appointed by the Board of Directors, will hold office until his successor is elected at the next Annual General Meeting of the Company, or any adjournment thereof, unless his office is earlier vacated under any of the relevant provisions of the Articles of Association of the Company or the "Companies Act", S.B.C. 1973, Chapter 18.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupation or employment, the dates upon which they became Directors of the Company, and the approximate number of shares of the Company beneficially owned, directly or indirectly, by each of them as of the date of the accompanying Notice of Meeting:

Name and Office	Principal Occupation or Employment	Date of Appointment as Director	Shares Owned
Kenneth G. Bream Director	Real Estate Executive: Vice-President and Director, The Fairview Corporation and Pacific Centre Limited; Director, Giant Explorations Limited (N.P.L.).	*January 20, 1969	25,000
Rupert B. Carleton Chairman of the	Barrister and Solicitor: Vice-President and General	April 7, 1970	40,500

Board	Counsel, Cemp Investments Ltd.; Chairman of the Board, Giant Explorations Limited (N.P.L.); Director, Panarctic Oils Ltd.		
Nathan Gesser Vice-President, Finance and Director	Chartered Accountant: Vice-President, Finance, Cemp Investments Ltd.; Director, Giant Explorations Limited (N.P.L.).	April 30, 1971	43,000
John L. Gibson Director	Lumberman and Mining Executive: previously President, now Chairman of the Board, Torwest Resources (1962) Ltd. (N.P.L.) and Highmont Mining Corp. Ltd. (N.P.L.); Director, Giant Explorations Limited (N.P.L.).	January 29, 1959	37,825
Louis P. Starck President and Managing Director	Professional Mining Engineer: President and Managing Director, Giant Explorations Limited (N.P.L.).	January 29, 1965	29,300

* Mr. Bream has served as a Director since January 30, 1969, save for the period from April 29th to May 21st, 1970, during which time he acted as an alternate Director, becoming once again a full Director on the latter date.

NOTES

- (a) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective Directors individually.
- (b) Unless otherwise stated above, each of the above-named persons has held the first named principal occupation or employment indicated for at least five years.

APPOINTMENT OF AUDITORS

The persons named in the enclosed proxy, unless otherwise directed by the member completing the proxy, intend to vote for the reappointment of Price Waterhouse & Co., Chartered Accountants, Vancouver, British Columbia, as Auditors of the Company, to hold office until the next Annual General Meeting of the Members of the Company. Price Waterhouse & Co. have been Auditors of the Company since February 4, 1971.

REMUNERATION OF MANAGEMENT AND OTHERS

1. During the twelve month period from the commencement of the last completed fiscal year of the Company on October 1, 1972, to September 30, 1973, the total aggregate direct remuneration paid by the Company to its Directors and Senior Officers (including not only officers as such but also, by statutory definition, certain management personnel) was \$158,709. No direct remuneration has been paid or is payable by any of the Company's subsidiaries to any of the Directors and Senior Officers of the Company, or any of its subsidiaries.
2. No pension or retirement benefit plans have been instituted by the Company or any of its subsidiaries in which any Director or Senior Officer of the Company or any of its subsidiaries participates and none is proposed at this time.
3. Save as set out in paragraph 1 hereof, no remuneration has been paid, directly or indirectly, to any Senior Officers or Directors by the Company or its subsidiaries pursuant to any plan or arrangement, and none is intended to be paid in the ensuing year other than fees to the Directors of the Company in an amount to be determined by the Board and salaries to certain of its officers and other management personnel in the normal course of business and not pursuant to any management contract, plan or other like arrangement, all in an estimated amount of some \$165,000. It is not contemplated at this time that any remuneration will be paid by any of the Company's subsidiaries to its Directors or Senior Officers.
4. No option to purchase securities of the Company has been granted to any Senior Officer or Director since the commencement of the last completed fiscal year on October 1, 1972, and no option has been exercised during the year and none is presently outstanding. No options have ever been granted by any of the Company's subsidiaries.
5. None of the Directors or Senior Officers of the Company nor any person associated with them has been indebted to the Company or any of its subsidiaries since the commencement of the last completed fiscal year on October 1, 1972.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the Directors or Senior Officers of the Company or any shareholder owning more than 10% of the issued shares of the Company, nor any of their respective associates or affiliates, had any material interest, direct or indirect, in any transaction during the fiscal period from October 1, 1972 to September 30, 1973, which has materially affected the Company or any of its subsidiaries and, save as hereinafter set out, no such transaction is presently proposed.

Subsequent to September 30, 1973, the Company, which had earlier arranged a non-revolving bank loan for certain purposes, primarily, of a capital nature, in anticipation of a rights offering to its shareholders which was previously proposed and then deferred, has agreed to pay to Cemp Investment Ltd. ("Cemp"), in consideration for Cemp's guarantee of such capital bank loan, a fee of 2% per annum payable monthly on the basis of the amount of the line of credit so guaranteed which is drawn down by the Company at the beginning of each calendar month. Although not material in terms of the aggregate amount which it is presently anticipated will be paid by the Company by way of such fee, the first payment thereof made as of February 1, 1974, having amounted to \$1,232.88 on the basis of the Company's capital bank loan then outstanding in an amount of some \$1,500,000, reference is made herein to such fee payable by the Company to Cemp for its guarantee in view of the relationship between the Company and Cemp as the principal shareholder of the Company.

Pending the completion of the proposed rights offering by the Company which is referred to in Item (e) - Resolution (4) of the accompanying Notice of Meeting, and in this circular under the heading "Other Matters To Be Acted Upon", the Company anticipates that the outstanding amount of its capital loan will increase. In the Agreement dated February 15, 1974, which is referred to in Resolution (4), Cemp has undertaken to guarantee the Company's capital bank loan up to an amount equivalent to the aggregate of \$2,000,000 and the total of all payments made by the Company to or on behalf of Panarctic Oils Ltd. ("Panarctic") during the period from October 1, 1973 to the date of the closing of the Company's rights offering. It is a condition of Cemp's agreement to furnish such guarantee that the Company's capital bank loan is to be repaid out of the proceeds of the rights offering and, if the rights offering is not fully subscribed and to the extent that the amount received by the Company therefrom is less than the then outstanding balance of its capital bank loan, out of the proceeds of the further subscriptions by Cemp, after the closing of the rights offering, for which provision has been made as set out in Resolution (4), and that, upon repayment in full of the Company's capital bank loan, Cemp's guarantee is to be surrendered to it.

As set out in Resolution (4), both in the accompanying Notice of Meeting and in the section of this circular relating to it under the heading "Other Matters To Be Acted Upon", Cemp has furnished a partial guarantee of the rights of offering up to \$2,000,000 and has undertaken, if and when called upon by the Company, after the closing of the rights offering, but only in that event, to subscribe further monies for additional common shares of the Company at the same price at which such shares were offered pursuant to the rights offering, but only to the extent that the monies so subscribed are required by the Company either to reimburse it for payments already made to or on behalf of Panarctic or to permit the Company to make certain payments to Panarctic during a period which it is estimated may extend until the end of March, 1975.

MANAGEMENT CONTRACTS

The Company has not entered into any management contracts.

OTHER MATTERS TO BE ACTED UPON

By way of special business, it is proposed, as set out in Item (e) of the accompanying Notice of Meeting, to present for approval by the members at the Annual General Meeting three special resolutions to amend the Memorandum of Association of the Company, and a fourth special resolution to ratify the provisions relating to the guarantees as to the proposed financing of the Company by way of the issue and sale of common shares contained in an agreement between the Company and Cemp Investments Ltd.

RESOLUTION (1)

Under the former "Companies Act" of the Province of British Columbia, which was repealed as of October 1, 1973, it was advisable, simply for the purpose of the fees payable to the Registrar of Companies, to fix a maximum price for no par value shares in a company's Memorandum. Such maximum price, however, could be increased, from time to time, on payment of additional fees to the Registrar, whenever the company wished to sell shares at a price higher than the maximum. Under the new "Companies Act" ("the new Act"), which became effective on October 1, 1973, there is no longer any provision for increasing such maximum price as was stipulated in the Memorandum at the time the new Act came into force, but only one which permits the deletion of the provision in the Memorandum relating to maximum price. Therefore, although the Board of Directors presently knows of no circumstances which would give rise to the Company issuing shares at a price greater than \$3.00, the deletion of the provision in the Company's Memorandum fixing the maximum price at \$3.00 is

necessary if the Company is not to be forever restricted to selling its shares for that price or less. If Resolution (1) is adopted, the price at which the Company's shares could be issued or sold thereafter could be determined by the Board of Directors, who presently have the power to set such price, up to the present maximum price, in any event.

RESOLUTION (2)

The new Act permits a limited company such as the Company as distinct from a specially limited company such as the Company's affiliate, Giant Explorations Limited (Non-Personal Liability) to alter its Memorandum of Association to delete any restrictions on the businesses which it may carry on. Upon such an alteration being made, a limited company incorporated in British Columbia, like an Ontario or Federal corporation, then effectively has the same power and capacity to carry on any business which an individual could do, subject only to certain statutory restrictions.

If Resolution (2) is adopted, the Company would then be no longer restricted solely to carrying on the businesses which are presently set out in its Memorandum of Association. The Company was originally incorporated in 1950 as a specially limited company and, therefore, was restricted by statute to mining and petroleum and natural gas undertakings and certain related or ancillary business activities. On February 9, 1968, with the approval of the members, the Company was converted from a specially limited into a limited company, but no change was made in the Company's objects as set out in its Memorandum, the only effect of such conversion having been that the Company was relieved from certain ancillary restrictions applicable to a specially limited company which would have prevented it from guaranteeing contracts, or aiding in the financing, of other companies, including its own subsidiaries or otherwise related companies. Thus, the Company is presently still restricted to carrying on business in the extractive sector of the natural resource industry, and, if it was to engage in some quite unrelated business, any contract which it might enter into might be declared to be ultra vires, that is to say, beyond its powers. If Resolution (2) is adopted, however, the Company would then be under no such disability, and could then carry on any business which might appear beneficial to its future growth other than, of course, those in which limited companies generally are precluded by statute from engaging such as operating a railway as a common carrier, insurance, banking, the trust business and others. If the Company wishes to diversify its activities by entering into fields other than mining and the exploration for petroleum and natural gas, in which it is presently engaged, the adoption of Resolution (2) is essential.

RESOLUTION (3)

If the Memorandum of Association of the Company is to be amended to delete the provisions relating to maximum price and the restriction on the businesses which the Company is permitted to carry on, the Company, under the new Act, is required to adopt a Memorandum in a new form which complies with the requirements of the new Act. When the new Act came into force it automatically changed the manner in which the objects of a company were expressed without substantially altering the substance of such objects. The purpose of Resolution (3) is simply to adopt the new form of Memorandum, appropriate to a limited company, as set out in Item (e) - Resolution (3) of the accompanying Notice of Meeting, which would also give effect to the deletion of the restrictions on the Company's objects resulting from the adoption of Resolution (2).

RESOLUTION (4)

The purpose of Resolution (4) is to ratify an agreement between the Company and its major shareholder, Cemp Investments Ltd. ('Cemp'), relating to Cemp's guarantee in respect of a proposed rights offering by the Company to its shareholders for various corporate purposes, and, if and to the extent that such rights offering were not fully subscribed, Cemp's further guarantee, if called upon by the Company but not otherwise, to subscribe, at the same price at which common shares were offered pursuant to the rights offering, for additional common shares of the Company in respect of payments made or to be made by the Company to or upon the direction of the Exploration Committee of Panarctic Oils Ltd. ('Panarctic'), or to Panarctic itself.

By an agreement dated the 2nd day of November, 1972, between Panarctic and shareholders of Panarctic and certain other parties as guarantors for certain of such shareholders, including the Company as a shareholder of Panarctic, and Cemp as the Company's Guarantor ('the Panarctic Fourth Expansion Agreement'), the Company acquired a further 112,936 common shares in the capital stock of Panarctic. Such shares were issued to the Company as fully paid in consideration for its commitment to expend \$1,129,360 in a continuing exploration program on Panarctic Lands (as therein defined) which was to be carried out by a consortium formed by shareholders of Panarctic, including the Company. Prior to the 30th day of September, 1973, the Company, pursuant to the Panarctic Fourth Expansion Agreement, contributed in the aggregate the sum of \$566,736. Since the 1st day of October, 1973, the Company has paid in the aggregate a further \$383,984 by way of instalments on the 15th days of October, 1973 and January, 1974, leaving a balance at the date hereof in the amount of

\$178,640 remaining to be called up under the Panarctic Fourth Expansion Agreement. Panarctic has indicated informally that the Company will be required to pay the final instalment in that amount in March, 1974. Thus, the total of the payments made by the Company under the Panarctic Fourth Expansion Agreement since the 1st day of October, 1973, and the balance of the Company's commitment thereunder presently remaining outstanding amounts to \$562,624 in the aggregate.

The Company proposes to, and, if it is to participate, must shortly, enter into a Fifth Expansion Agreement with Panarctic and other shareholders of Panarctic to which neither Cemp as the Company's previous Guarantor nor any of the former Guarantors for certain of the other shareholders of Panarctic are required to be parties. Under this new agreement which is to be dated as of the 2nd day of March, 1974 ('the Panarctic Fifth Expansion Agreement'), the Company will commit to furnish a pro rata portion, based on its present 4.484% interest in Panarctic, of a total sum of \$25,000,000 ('the Fifth Financing') to be expended in further exploration of Panarctic Lands (as therein defined). In consideration for such commitment the Company is to receive additional common shares of Panarctic as fully paid at and for a price of \$12.50 per share.

However, the precise amount of the Company's commitment under the Panarctic Fifth Expansion Agreement (which it is anticipated will not exceed an amount of some \$1,129,360) and, accordingly, the exact number of additional common shares of Panarctic which the Company will receive at the price of \$12.50 per share in consideration for such commitment, will not be finally determined until some time after the execution of the Panarctic Fifth Expansion Agreement. The extent to which the Company's commitment and the number of additional shares of Panarctic which the Company receives therefor may be reduced below its pro rata portion will depend upon the extent to which certain parties ('the Farmers'), with whom Panarctic entered into farm-in agreements in or about 1966, elect to exercise their right to furnish up to 25% of the Fifth Financing for expenditure on Panarctic Lands under the Panarctic Fifth Expansion Agreement and to receive common shares of Panarctic at the price aforesaid in consideration for their respective commitments to incur such expenditures, and also, to a lesser degree, the extent to which Her Majesty the Queen in right of Canada ('the Canadian Government'), which proposes to contribute its pro rata portion of the Fifth Financing, acquires, in order to maintain the equity interest of the Canadian Government in Panarctic at 45%, but only to that extent, additional common shares of Panarctic offered under the Panarctic Fifth Expansion Agreement and not subscribed for by the Farmers or any of them or by any of the present shareholders of Panarctic other than the Canadian Government.

The period of time during which, following the execution of the Panarctic Fifth Expansion Agreement, the parties thereto will be called upon to make their contributions in discharge of their respective commitments thereunder is not stated therein. However, the approximate date for the commencement and termination of such period can reasonably be estimated for the time being on the basis of a number of factors. The agreement proposed to be entered into between the Canadian Government and Panarctic relating to the former's contribution to the Fifth Financing contemplates, in a recital thereto, that the amount of the Fifth Financing will be expended in the conduct of Panarctic's exploration program during the period of twelve to fifteen months commencing approximately on the first day of March, 1974. Furthermore, in the light of previous experience on the part of the Company in respect of prior agreements with Panarctic of a like nature and on the basis of present informal indications by Panarctic, the Company currently anticipates that it may be called upon to make its first contribution under the Panarctic Fifth Expansion Agreement by the 15th day of April, 1974, and will be required to contribute the balance of its commitment thereunder on or about the 15th day of January, 1975. The time within which such contributions will have to be made by the Company is subject always, on the one hand, to any decision which Panarctic might make hereafter to accelerate its exploration program during 1974 and the rate at which monies committed under the Panarctic Fifth Expansion Agreement are to be expended (to the extent that all factors affecting such exploration program might reasonably permit), and, on the other hand, to any delay in the conduct of Panarctic's exploration program occasioned by weather or other conditions beyond the control of Panarctic. It is not expected, however, that any such delay would in any event defer the calling up of the balance of the Company's commitment under the Panarctic Fifth Expansion Agreement beyond March, 1975.

Panarctic may call upon the Company to contribute monies in discharge of its commitment under the Panarctic Fifth Expansion Agreement pro rata with the contributions to be made from time to time by other parties in the discharge of their respective commitments thereunder. Such contributions may have to be made either by the payment to Panarctic by the 15th day of the calendar month next succeeding the receipt of a monthly statement from Panarctic, of the Company's share of the costs and expenses incurred as set out in such monthly statement, or by advancing to Panarctic, within twenty (20) days from a date to be specified in a notice from Panarctic, the Company's proportionate share of all costs and expenses anticipated by Panarctic to be incurred for the account of all the parties to the Panarctic Fifth Expansion Agreement during a period not exceeding three (3) consecutive calendar months' duration.

The Company, subject only to the adoption of Resolution (4) by its members at the Annual General Meeting, proposes, forthwith thereafter but only upon receiving the acceptance by the Provincial Securities Commissions having jurisdiction and the Toronto and Vancouver Stock Exchanges of the offering material, to distribute pro rata to the shareholders of the Company such number of rights to purchase additional common shares of the Company which, if fully exercised, at the price per share ('the Offering Price') to be determined immediately prior to such offering, would result in the receipt by the Company of subscriptions in the aggregate amount of \$3,675,000, subject always to brokerage commissions at rates not exceeding those recognized by the Exchanges for the solicitation of the exercise of such rights by shareholders other than Cemp.

The various purposes for which it will be proposed that the proceeds of such rights offering will be used by the Company will be fully set out in the offering material which will be sent out to the members of the Company, if Resolution (4) is adopted, as soon thereafter as such material has been accepted by all the securities regulatory bodies concerned. The offering will be open for acceptance for a period of approximately 30 days. One of the purposes, of course, as set out in this circular under the heading "Interest of Management and Others In Material Transactions", will be the repayment of the Company's capital bank loan indebtedness. Another purpose of the rights offering will be to provide for the Company's commitment under the Panarctic Fifth Expansion Agreement and to replenish the Company's working capital to the extent of at least the aggregate of the payments made by the Company for Panarctic purposes since the 1st day of October, 1973.

As set out in Resolution (4) in the accompanying Notice of Meeting, Cemp has agreed to exercise fully all the rights to which, as a member of the Company, it will be entitled. Cemp has further agreed that forthwith after the closing of the rights offering, to the extent, if such is the case, that rights are not exercised by other members, Cemp will subscribe for such additional number of common shares of the Company at the rights offering price as may be requisite to ensure that the Company receives not less than \$2,000,000 in gross subscriptions from the exercise of rights and by way of such additional monies as Cemp may be called upon to subscribe to make up such amount. To the extent that the Company, being thus assured of not less than \$2,000,000, were to receive less than the total sum of \$3,675,000 by way of gross subscriptions from the rights offering, Cemp has also undertaken, subject to the adoption of Resolution (4), to subscribe, from time to time after the closing of the rights offering, for additional common shares of the Company at the rights offering price. The aggregate amount of any such additional subscriptions by Cemp, however, will not exceed the amount by which the gross subscriptions received by the Company pursuant to the rights offering and, if applicable, any additional monies subscribed by Cemp to make up the sum of \$2,000,000, is less than the sum of \$3,675,000, and thus could be any amount up to \$1,675,000. The amount of such further subscriptions by Cemp from time to time would be entirely dependent, of course, upon the extent to which other members of the Company exercised their rights pursuant to the rights offering. Furthermore, Cemp could only be called upon by the Company to make such additional subscriptions to the extent that the monies so subscribed either represented reimbursement to the Company up to the full amount of the aggregate of all payments made by it under the Panarctic Fourth Expansion Agreement and the Panarctic Fifth Expansion Agreement during the period from the 1st day of October, 1973, to the date of the closing of the Company's rights offering, or were required by the Company, from time to time, after the closing of the rights offering, to pay, when called upon by or on behalf of Panarctic, the final balance of its commitment under the Panarctic Fourth Expansion Agreement (which, as already noted herein, it is not expected would be outstanding by the time of the rights offering) and the whole, or if the first instalment thereof is paid prior to the closing of the rights offering as is presently anticipated, the remainder of, the Company's commitment under the Panarctic Fifth Expansion Agreement.

Any such additional subscriptions in excess of the \$2,000,000 initially guaranteed by Cemp would only be subscribed by it if and to the extent that it was called upon by the Company to do so and not otherwise. Thus, the arrangement in respect of such additional subscriptions would not constitute an option or right granted to Cemp to purchase additional common shares of the Company for the rights offering price, but rather an obligation which could continue until the final instalment of the Company's commitment under the Panarctic Fifth Expansion Agreement was paid but thereupon would terminate. As previously noted, it is presently anticipated that the Company would probably be called upon to contribute such final instalment in January, 1975, and in any event by the end of March in that year, which, therefore, so far as can presently be reasonably estimated, represents the probable date of termination of the financing arrangement with Cemp proposed to be ratified by the adoption of Resolution (4). The rights offering and financing arrangements contemplated in Resolution (4), in the normal course, would not require approval by the members of the Company, but in this instance the members are being asked to ratify the equity financing arrangements with Cemp referred to therein because of the "non-arms' length" relationship between the Company and Cemp as its principal shareholder. If Resolution (4) were not approved by the members of the Company, some other means of assuring that the Company raised sufficient funds, by way of the proposed rights offering or otherwise, to meet its obligations and to provide for its proposed programs would have to be devised, but the Board of Directors of the Company presently knows of no feasible alternatives.

February 20, 1974

Sequence of events at the Giant Mascot Mine

1. The main ultramafic body was emplaced in Chilliwack group metasedimentary and metavolcanic rocks (110 m.y. or earlier)
2. Noritic phases overlapped the emplacement of the ultramafic phases producing contact breccia zones with reversed age relationships but generally with norite younger.
3. Sulfur extracted from the ~~mix~~ from the heated Chilliwack group rocks combined with nickel from the ultramafic rocks forming nickel sulfide "pools". (by settling)
4. Partially solidified ultramafic-norite complex is sheared and faulted causing injection of silicated bearing massive sulfide bodies along faults and contacts. (*filter pressing*)
5. Sequence is engulfed in Spuzzum intrusions (90-95 m.y.) producing hornblende flooding and hornblendite skarn zones at diorite-ultramafic contacts.
6. Late hornblendite and gabbro diklets cut sequence.
7. Heating of sulfide bodies causes some redistribution of metals with chalcopyrite "halos" to orebodies and fracture fillings rich in chalcopyrite.
en
8. Late flat faults offset orebodies.
Disseminated bodies may represent original metal content, hydrothermal deposition or higher fluid content with the initial melt.

December 13, 1974
Le 13 décembre 1974

GIANT MASCOT MINES LIMITED

DEPUTY MINISTER OF MINES
& PETROLEUM RESOURCES

OFFERING TO SHAREHOLDERS OFFRE AUX ACTIONNAIRES

REC'D DEC 17 74

To the Shareholders:

GIANT MASCOT MINES LIMITED ("the Company") hereby offers to its shareholders rights ("the Rights"), represented by the Subscription Warrant in bearer form which accompanies this Offering, to subscribe at the price of \$0.58 per share ("the Rights Offering Price") for Common Shares of the Company at the rate of Seven (7) Common Shares for each Ten (10) Common Shares held by them of record on December 12, 1974.

The accompanying Subscription Warrant ("Warrant") represents one (1) Right for each Common Share held by a shareholder on the record date. Ten (10) Rights and Four Dollars and Six Cents (\$4.06) are required to subscribe for Seven (7) additional Common Shares. A Warrant may be divided by sending it to Canada Permanent Trust Company at one or other of its addresses listed below which will issue a new Warrant or Warrants, representing the same aggregate number of Rights. No subscription will be accepted by the Company for any fraction of a Common Share, and subscriptions will only be accepted for a unit of Seven (7) Common Shares, or multiples thereof.

Rights required to make up a total of Ten (10) Rights (or a multiple thereof) may be purchased or, alternatively, any Rights not used for subscription may be sold through usual investment channels.

The Rights may be traded on the Toronto and Vancouver Stock Exchanges until shortly before they expire. The Company will pay to brokers commission at the applicable rate under the regulations of the Toronto and Vancouver Stock Exchanges in respect of the exercise of Rights.

To accept this offer to purchase Common Shares of the Company:

1. The Subscription Form appearing on the face of the Warrant must be completed, dated and signed by the subscriber or his agent.
2. The Warrant, accompanied by payment in Canadian funds of the subscription price for the Common Shares subscribed for pursuant to the exercise of Rights (by cash, if delivered, or by certified cheque, bank draft or money order payable to Canada Permanent Trust Company at par in the City in which the subscription is tendered), must be delivered or mailed to:

CANADA PERMANENT TRUST COMPANY at:

either: 455 Granville Street
Vancouver, British Columbia
V6C 1V2

or: 315 - 8th Avenue S.W.
Calgary, Alberta
T2P 1C8

Aux actionnaires :

GIANT MASCOT MINES LIMITED (la "Compagnie") offre par les présentes à ses actionnaires des droits (les "Droits"), représentés par le Certificat de Souscription au porteur qui est joint à la présente Offre, de souscrire au prix de \$0.58 par action (le "Prix d'Offre en vertu des Droits") des actions ordinaires de la Compagnie à raison de sept (7) actions ordinaires pour chaque groupe de dix (10) actions ordinaires qu'ils détiennent à la date d'inscription au 12 décembre 1974.

Le Certificat de Souscription ci-joint (le "Certificat") atteste un (1) Droit pour chaque action ordinaire détenue par un actionnaire à la date d'inscription. Une souscription de sept (7) actions ordinaires additionnelles exige dix (10) Droits et une somme de quatre dollars et six cents (\$4.06). Un certificat peut être divisé en l'envoyant à La Compagnie de Fiducie Canada Permanent, à l'une ou l'autre de ses adresses dont la liste apparaît ci-dessous, laquelle émettra un ou plusieurs nouveaux Certificats attestant le même nombre global de Droits. La Compagnie n'acceptera aucune souscription de toute fraction d'action ordinaire, et des souscriptions ne seront acceptées que pour une unité de sept (7) actions ordinaires ou des multiples de ce chiffre.

Les Droits nécessaires pour former un total de dix (10) Droits (ou un total étant un multiple de 10) pourront être achetés ou, alternativement, tout Droit non utilisé pour une souscription pourra être vendu par l'intermédiaire des moyens de placements habituels.

Les Droits pourront être négociés aux Bourses de Toronto et de Vancouver jusqu'à peu avant leur expiration. La Compagnie paiera aux courtiers une commission au taux applicable en vertu des règlements des Bourses de Toronto et de Vancouver relativement à l'exercice de Droits.

Pour accepter la présente offre d'acheter des actions ordinaires de la Compagnie :

1. La Formule de Souscription apparaissant au recto du Certificat doit être complétée, datée et signée par le souscripteur ou son agent.
2. Le Certificat, joint au paiement en devises canadiennes du prix de souscription des actions ordinaires souscrites en vertu de l'exercice de Droits (en espèces si le paiement est remis, ou par chèque certifié, mandat bancaire ou mandat-poste payable à l'ordre de La Compagnie de Fiducie Canada Permanent, au pair dans la ville où la souscription est soumise), doit être remis ou posté à :

LA COMPAGNIE DE FIDUCIE CANADA PERMANENT à :

soit : 455 Granville Street
Vancouver, Colombie-Britannique
V6C 1V2

ou : 315 - 8th Avenue S.W.
Calgary, Alberta
T2P 1C8

or: 20 Eglinton Avenue West
Toronto, Ontario
M4R 2E2

or: 600 Dorchester Boulevard West
Montreal, Quebec
H3B 1N6

UNLESS THE SUBSCRIPTION WARRANT IS SURRENDERED AND THE PAYMENT IS MADE TO CANADA PERMANENT TRUST COMPANY AS AFORESAID BEFORE 4:30 O'CLOCK IN THE AFTERNOON (TIME IN EFFECT AT PLACE OF EXERCISE) ON JANUARY 13, 1975, THE SUBSCRIPTION WARRANT SHALL BECOME VOID AND ALL RIGHTS EVIDENCED THEREBY WILL EXPIRE.

The terms and conditions with respect to the Rights are fully set forth in the Warrant enclosed herewith.

The Company is authorized to issue 15,000,000 Common Shares without par value, of which 8,693,728 of such shares are issued and outstanding. The Rights now issued by the Company to its shareholders of record represent the right to purchase in the aggregate 6,085,604 of such shares.

The following is a summary of the purposes for which the proceeds of this Offering will be used (based on amounts budgeted as of October 28, 1974):

To pay the balance of the Company's commitment to Panarctic Oils Ltd. ("Panarctic") under the Fifth Expansion Agreement.....	\$ 452,505
To repay the Company's Capital Bank Loan and for working capital	<u>3,077,145</u>
Total:	<u>\$3,529,650</u>

The Company has again participated in providing financing for further exploration for petroleum and natural gas in Canada's Arctic Islands by entering into an agreement dated as of March 2, 1974 ("the Fifth Expansion Agreement") with Panarctic, other existing shareholders of Panarctic and, for the first time, certain of the Farmers with whom Panarctic had entered into farm-in agreements in or about 1966 who had been granted the right to participate to the extent of up to 25% in the first financing of Panarctic after it had earned its interests under certain farm-in agreements. Pursuant to this financing, Panarctic has issued a total of 2,000,000 of its Common Shares at a price of \$12.50 per share to some 40 subscribers, including the Crown. Of these shares, the Company has received 72,550, being the pro rata portion to which it was entitled after provision was made for the issuance of shares to certain of the Farmers and to the Government of Canada to permit the latter to maintain its 45% share interest in Panarctic. The Company's commitment to Panarctic under the Fifth Expansion Agreement, in the amount of \$906,875, will be payable to Panarctic in quarterly instalments as presently contemplated, and the first two instalments in the aggregate amount of \$454,370 have been paid. One of the purposes of this Offering is to raise the balance of the funds required to meet that commitment.

Panarctic's share capital consists of 40,000,000 Common Shares authorized of which 37,380,100 of such shares are presently issued. The Company presently owns 1,658,172 Common Shares of Panarctic, including the 72,550 shares issued to the Company pursuant to the Fifth Expansion Agreement at the price of \$12.50 per share. Of the participants in Panarctic, Giant Mascot is one of four who each hold a 4.44% share interest in Panarctic. Only two participants (other than the Government of Canada) have a larger interest, each, however, holding under 9%.

ou: 20 Eglinton Avenue West
Toronto, Ontario
M4R 2E2

ou: 600 ouest, boulevard Dorchester
Montréal, Québec
H3B 1N6

À MOINS QUE LE CERTIFICAT DE SOUSCRIPTION NE SOIT REMIS ET QUE LE PAIEMENT NE SOIT FAIT À LA COMPAGNIE DE FIDUCIE CANADA PERMANENT TEL QUE PRÉCITÉ AVANT 4:30 H. DE L'APRÈS-MIDI (HEURE LOCALE DU LIEU DE L'EXERCICE) LE 13 JANVIER 1975, LE CERTIFICAT DE SOUSCRIPTION DEVIENDRA NUL ET TOUS LES DROITS ATTESTÉS PAR LEDIT CERTIFICAT EXPIRERONT.

Les termes et conditions en rapport avec les Droits sont détaillés au Certificat joint aux présentes.

La Compagnie est autorisée à émettre 15,000,000 d'actions ordinaires sans valeur au pair, dont 8,693,728 desdites actions sont émises et en circulation. Les Droits présentement émis par la Compagnie à ses actionnaires inscrits représentent le droit d'acheter un total de 6,085,604 de ces actions.

Le sommaire des fins auxquelles les produits de la présente Offre seront employés (basé sur les montants portés au budget au 28 octobre 1974), se présente comme suit :

Paieement du solde de l'engagement de la Compagnie envers Panarctic Oils Ltd. ("Panarctic") aux termes de la Cinquième Convention d'Expansion.....	\$452,505
Remboursement de l'Emprunt bancaire en capital de la Compagnie et fonds de roulement.....	<u>3,077,145</u>
Total:	<u>\$3,529,650</u>

La Compagnie a encore une fois participé au financement d'une exploration supplémentaire de pétrole et de gaz naturel dans les îles canadiennes de l'Arctique en vertu d'une convention en date du 2 mars 1974 (la "Cinquième Convention d'Expansion") qu'elle a conclue avec Panarctic, d'autres actionnaires existants de Panarctic et, pour la première fois, certains des Concessionneurs avec qui Panarctic avait signé des concessions de droits sur des hydrocarbures en ou vers 1966 et qui s'étaient vu conférer un droit de participer dans une mesure allant jusqu'à 25% au premier financement de Panarctic, après qu'elle eut gagné ses droits aux termes de certaines concessions de droits sur des hydrocarbures. Par suite de ce financement, Panarctic a émis un total de 2,000,000 de ses actions ordinaires au prix de \$12.50 par action à quelque 40 souscripteurs, y compris la Couronne. La Compagnie a reçu 72,550 de ces actions, représentant la part proportionnelle à laquelle elle avait droit après avoir pourvu à l'émission d'actions à certains des Concessionneurs et au Gouvernement du Canada, afin de permettre à ce dernier de maintenir sa participation en actions de 45% dans Panarctic. L'engagement de la Compagnie envers Panarctic aux termes de la Cinquième Convention d'Expansion, au montant de \$906,875, sera payable à Panarctic en versements trimestriels tel qu'actuellement proposé, et les deux premiers versements au montant global de \$454,370 ont été payés. Un des buts de la présente Offre est de recueillir le solde des fonds nécessaires pour faire face à cet engagement.

Le capital-actions de Panarctic comprend 40,000,000 d'actions ordinaires autorisées dont 37,380,100 desdites actions sont présentement émises. La Compagnie possède présentement 1,658,172 actions ordinaires de Panarctic, y compris les 72,550 actions émises à la Compagnie en vertu de la Cinquième Convention d'Expansion au prix de \$12.50 par action. Giant Mascot fait partie des quatre participants détenant chacun une participation en actions de 4.44% dans Panarctic. Seuls deux

Panarctic is engaged in the largest exploration program for hydrocarbons in the Canadian Arctic Islands and is a participant in the Polar Gas Project which is investigating the technology and other prerequisites entailed in the transportation of Arctic gas to market. Five major gas discoveries have been made by Panarctic since 1969 on lands in which it holds an interest, namely, Drake Point, King Christian, Kristoffer Bay, Hecla and Thor. This year the first substantial oil discovery in Canada's Arctic Islands was made by Panarctic at a location on Cameron Island. This discovery well has a flow of 500 barrels per day of light gravity oil.

Panarctic has made no representation that it has discovered any commercially recoverable reserves of gas or oil. Furthermore, there can be no assurance that such gas and oil as have been discovered to date or any which may be discovered hereafter by Panarctic in the Canadian Arctic Islands could be economically exploited.

To carry out exploration programs at the Giant Nickel Mine and other mining properties owned or controlled by the Company and to maintain the Company's position in Panarctic, an equity offering by the Company was contemplated. In 1973 a rights offering was planned to raise funds for those purposes and to provide for diversification of the Company's mining activities. To take advantage of conditions then prevailing and available opportunities, the Company, in anticipation of such financing, subsequently undertook the initial phase of an extended exploration program at the Giant Nickel Mine and programs on several other properties, including the Motherlode-Greyhound properties which were acquired in August, 1973, together with a 2,000 ton concentrator and open pit mining plant. Interim financing for those purposes was obtained by way of a non-revolving bank loan ("the Capital Bank Loan"). The second purpose of this Offering is to retire the Capital Bank Loan, which as of October 28, 1974, amounted to \$2.6 million, and to provide working capital for general corporate purposes, including the expenses incurred in this Offering.

The Capital Bank Loan is guaranteed by Cemp Investments Ltd. ("Cemp") which is entitled to receive for its guarantee a fee of 2% per annum payable monthly on the basis of the amount of the line of credit so guaranteed which is drawn down by the Company at the beginning of each calendar month. It is a condition of Cemp's agreement to furnish such guarantee that the Company's Capital Bank Loan is to be repaid out of the proceeds of this Offering. Should this Offering not be fully subscribed and to the extent that the proceeds received by the Company are less than the balance of its Capital Bank Loan outstanding at the closing of this Offering, the balance of the Capital Bank Loan is to be repaid out of the proceeds of the further subscriptions by Cemp after the closing of this Offering for which provision has been made, as hereinafter set out. Upon repayment of the Company's Capital Bank Loan, Cemp's bank guarantee is to be surrendered to it.

The Board of Directors of the Company have determined that a minimum amount of some \$3,529,650 (before allowing for applicable brokerage commissions on subscriptions other than by Cemp) is required for the purposes hereinbefore set out in the statement herein relating to the proposed use of the proceeds from this Offering. In order to ensure that the Company would have available to it equity financing in the amount then estimated as being required and to permit the Company to enter into the Fifth Expansion Agreement with Panarctic et al, the Company entered into an agreement dated February 15, 1974, with Cemp ("the Cemp Financing Guarant

participants (autres que le Gouvernement du Canada) ont une participation plus importante, chacun détenant par contre moins de 9%.

Panarctic est engagée dans le plus important programme d'exploration d'hydrocarbures dans les îles canadiennes de l'Arctique et participe au Polar Gas Project qui étudie la technologie et les autres conditions préalables impliquées dans le transport du gaz arctique au marché. Depuis 1969, Panarctic a fait cinq découvertes de gaz d'une importance capitale sur des terrains dans lesquels elle détient une participation, notamment, Drake Point, King Christian, Kristoffer Bay, Hecla et Thor. Cette année, la première grande découverte d'huile dans les îles canadiennes de l'Arctique a été faite par Panarctic, à un emplacement situé sur l'île Cameron. Cette découverte consiste en un puits possédant un débit quotidien de 500 barils d'huile de densité légère.

Panarctic n'a fait aucune représentation à l'effet qu'elle aurait découvert quelque réserve de gaz ou d'huile commercialement récupérable. De plus, il ne peut y avoir de certitude que l'huile et le gaz tels que découverts jusqu'à ce jour ou pouvant éventuellement être découverts par Panarctic dans les îles canadiennes de l'Arctique pourraient être exploités sur le plan économique.

Afin de poursuivre des programmes d'exploration à la Giant Nickel Mine et à d'autres propriétés minières détenues et contrôlées par la Compagnie et pour maintenir sa position dans Panarctic, la Compagnie a projeté une offre d'actions. Une offre de droits a été planifiée en 1973 pour recueillir les fonds nécessaires aux fins précitées et pourvoir à la diversification des activités minières de la Compagnie. En prévision de ce financement, et pour profiter des conditions alors en vigueur ainsi que des occasions alors disponibles, la Compagnie a par la suite entrepris la phase initiale d'un programme d'exploration prolongé à la Giant Nickel Mine et des programmes sur plusieurs autres propriétés, y compris les propriétés Motherlode-Greyhound qui furent acquises en août 1973 avec un concentrateur de 2,000 tonnes et des installations d'exploitation à ciel ouvert. A ces fins, un financement provisoire fut obtenu en vertu d'un emprunt bancaire non automatiquement renouvelable ("l'Emprunt bancaire en capital"). Le second but de la présente Offre est de rembourser l'Emprunt bancaire en capital, lequel s'élevait à \$2.6 millions au 28 octobre 1974, et à fournir un fonds de roulement pour les fins habituelles de l'entreprise, y compris les dépenses encourues dans la présente Offre.

L'Emprunt bancaire en capital est garanti par Cemp Investments Ltd. ("Cemp") qui a le droit de recevoir pour sa garantie des honoraires de 2% l'an, payables mensuellement sur la base du montant de la limite de crédit ainsi garantie que la Compagnie retire au début de chaque mois civil. Une des conditions de la convention de Cemp est que la garantie lui soit fournie à l'effet que l'Emprunt Bancaire en capital de la Compagnie sera remboursé à même les produits de la présente Offre. Advenant l'éventualité où la présente Offre ne serait pas entièrement souscrite et dans la mesure où les produits reçus par la Compagnie seraient inférieurs au solde de son Emprunt bancaire en capital en cours à la clôture de la présente Offre, le solde de l'Emprunt bancaire en capital devra être remboursé à même les produits des souscriptions additionnelles de Cemp après la clôture de la présente Offre, lesquelles souscriptions additionnelles ont été prévues tel que ci-après indiqué. Sur remboursement de l'Emprunt bancaire en capital de la Compagnie, la garantie bancaire de Cemp devra lui être remise.

Le conseil d'administration de la Compagnie a déterminé qu'un montant minimum de quelque \$3,529,650 (avant de tenir compte des commissions de courtage applicables sur des souscriptions par d'autres que Cemp) est nécessaire aux fins mentionnées au précédent sommaire relativement à l'utilisation proposée des

tee"). Cemp, a Company duly incorporated under the laws of Canada, is beneficially entitled to 3,662,527 shares of the Company, being some 42% of the total number of shares of the Company presently issued and outstanding. As Cemp is the principal shareholder of the Company, the Cemp Financing Guarantee was entered into subject to its ratification by the shareholders of the Company. At the Annual General Meeting of the Company held on March 28, 1974, a Special Resolution ratifying the Cemp Financing Guarantee was adopted unanimously (Cemp abstaining) on a show of hands, there having been only 112 shares represented by proxy which were to have been voted against the Special Resolution if a poll vote had been taken.

Under the Cemp Financing Guarantee, as modified by agreements dated July 23 and October 28, 1974, to provide for an extension of the Cemp Financing Guarantee, and for an increase from \$2,000,000 to \$2,060,146 of the guarantee by Cemp referred to below in paragraph 2, Cemp has agreed:

1. that it will fully exercise all of the Rights to which, as a shareholder of the Company, it is now entitled pursuant to this Offering;
2. that to the extent, if such is the case, that sufficient Common Shares are not subscribed for by other shareholders of the Company pursuant to this Offering by way of the exercise of Rights, Cemp will subscribe, forthwith after the closing of this Offering, for such additional number of Common Shares of the Company at the price at which such shares are now offered hereby ("the Rights Offering Price") as may be requisite to ensure that the Company receives not less than the sum of \$2,060,146 in gross subscriptions;
3. that, to the extent that the Company (being thus assured of not less than \$2,060,146 gross) were to receive less than the sum of \$3,529,650 by way of gross subscriptions from this Offering, Cemp will subscribe, from time to time after the closing of this Offering, for further Common Shares of the Company at the Rights Offering Price, but only if Cemp were called upon by the Company to do so and not otherwise and then only if such additional monies to be subscribed by Cemp:
 - (a) represented reimbursement to the Company of up to the full amount of the aggregate of all payments made by the Company, during the period from October 1, 1973, to the closing of this Offering:
 - (i) under the Fourth Expansion Agreement with Panarctic et al which was entered into by the Company as of November 2, 1972, the balance of which was paid by the Company in March, 1974; and
 - (ii) any payments which may be made prior to the closing of this Offering pursuant to the Fifth Expansion Agreement referred to above; or
 - (b) are required by the Company to pay any part of its commitment under the Fifth Expansion Agreement after the closing of this Offering.

The aggregate amount of any such further subscriptions by Cemp contemplated above in paragraph 3, however, will not exceed the amount by which the gross subscriptions received by the Company pursuant to this Offering and, if applicable, any additional amount subscribed by Cemp to make up the sum of \$2,060,146 is less than the sum of \$3,529,650, and thus could be any amount up to \$1,469,504. It might be noted in this

produits de la présente Offre. Dans le but de s'assurer la disponibilité d'un financement en actions au montant alors jugé nécessaire et de pouvoir conclure la Cinquième Convention d'Expansion avec Panarctic et al, la Compagnie a signé une convention en date du 15 février 1974, avec Cemp (la "Garantie de Financement de Cemp"). Cemp, qui est une compagnie dûment constituée en corporation en vertu des lois du Canada, détient un droit réel à 3,662,527 actions de la Compagnie, représentant quelque 42% du nombre total des actions de la Compagnie présentement émises et en circulation. Comme Cemp est le principal actionnaire de la Compagnie, la Garantie de Financement de Cemp a été conclue sous réserve de sa ratification par les actionnaires de la Compagnie. Lors de l'assemblée générale annuelle de la Compagnie tenue le 28 mars 1974, une résolution spéciale ratifiant la Garantie de Financement de Cemp fut adoptée unanimement à la suite d'un vote à main-levée (Cemp s'abstenant), avec 112 actions seulement, représentées par procuration, lesquelles auraient été votées contre la résolution spéciale si un scrutin avait eu lieu.

Aux termes de la Garantie de Financement de Cemp, telle que modifiée par des conventions en date du 23 juillet et du 28 octobre 1974 dans le but de prévoir une prolongation de la Garantie de Financement de Cemp et une augmentation de \$2,000,000 à \$2,060,146 de la garantie de Cemp dont il est ci-dessous question au paragraphe 2, la Compagnie a convenu de ce que :

1. elle exercera entièrement tous les Droits dont elle peut présentement se prévaloir en tant qu'actionnaire de la Compagnie en vertu de la présente Offre ;
2. si tel est le cas, dans la mesure où des actions ordinaires suffisantes ne sont pas souscrites par d'autres actionnaires de la Compagnie aux termes de la présente Offre en vertu de l'exercice de Droits, Cemp souscrira immédiatement après la clôture de la présente Offre le nombre additionnel d'actions ordinaires de la Compagnie au prix auquel ces actions sont actuellement offertes par les présentes (le "Prix d'Offre en vertu des Droits") nécessaire à la Compagnie pour s'assurer de recevoir un montant non inférieur à \$2,060,146 en souscriptions brutes ;
3. dans la mesure où la Compagnie (étant ainsi assurée d'un montant non inférieur à \$2,060,146 bruts), devait recevoir une somme inférieure au montant de \$3,529,650 à la suite de souscriptions brutes aux termes de la présente Offre, Cemp souscrira, de temps à autre après la clôture de la présente Offre, des actions ordinaires additionnelles de la Compagnie au Prix d'Offre en vertu des Droits, mais seulement si Cemp est appelée à le faire par la Compagnie et non autrement, et alors seulement si ces fonds additionnels à être souscrits par Cemp :
 - (a) représentaient un remboursement à la Compagnie jusqu'à concurrence du plein montant du total de tous les paiements effectués par la Compagnie durant la période du 1er octobre 1973 à la clôture de la présente Offre :
 - (i) aux termes de la Quatrième Convention d'Expansion avec Panarctic et al, laquelle fut conclue par la Compagnie le 2 novembre 1972, et dont le solde fut payé par la Compagnie en mars 1974 ; et
 - (ii) tout paiement qui peut être fait antérieurement à la clôture de la présente Offre aux termes de la Cinquième Convention d'Expansion précitée ; ou
 - (b) sont nécessaires à la Compagnie pour payer toute partie de son engagement aux termes de la Cinquième

connection that the Cemp Financing Guarantee and, therefore, the material relating to it sent out to the shareholders of the Company prior to the last Annual General Meeting of the Company made reference to a maximum subscription by Cemp in the aggregate amount of \$3,675,000, pursuant to a rights offering and by way of additional subscriptions after the closing of such rights offering. The difference between \$3,675,000 and the sum of \$3,529,650 referred to herein as both the minimum amount required from this Offering and as the maximum amount of subscriptions by Cemp, pursuant to and, if applicable, after the closing of the Offering, represents the reduction from the amount, as estimated prior to the Company entering into the Cemp Financing Guarantee, of the Company's commitment under the Fifth Expansion Agreement to the amount of such commitment as finally ascertained, as offset, however, by a minor adjustment in the amount of the total proceeds of this Offering for the purpose of arriving at a convenient aggregate amount in terms of the number of shares to be offered in relation to the number presently held and the price per share.

The arrangement with Cemp under the Cemp Financing Guarantee is not an option or right granted to Cemp to purchase further Common Shares of the Company at the Rights Offering Price after the closing of this Offering, but rather an obligation which could continue until the final instalment of the Company's commitment to Panarctic under the Fifth Expansion Agreement is paid but thereupon would terminate. It is presently anticipated that the Company will probably be called upon to contribute such final instalment in April, 1975, which, therefore, so far as can presently be reasonably estimated, represents the probable date of termination of the financing arrangement under the Cemp Financing Guarantee.

The last Annual Report by the Company to its shareholders, being the Twenty-third Annual Report, in which were incorporated the last audited Consolidated Financial Statements of the Company, being those made up to September 30, 1973, was mailed to all shareholders of the Company of record on February 28, 1974. Unaudited Consolidated Statements of Changes in Financial Position and of Income for the three-month period ended December 31, 1973, were also included in the Twenty-third Annual Report, and like statements made up to March 31 and June 30, 1974, accompanied by interim reports on the affairs of the Company, have subsequently been mailed to all shareholders.

There have been no material changes in the circumstances of the Company since September 30, 1973, save as follows:

1. On August 30, 1974, the Giant Nickel Mine, near Hope, B.C., which was the Company's only source of revenue, ceased production:

As set out in the Twenty-third Annual Report, detailed development of certain of the ore zones at the Giant Nickel Mine during 1973 disclosed that those zones were more irregular in shape than had previously been indicated and unusually interspersed with low-grade or barren sections. In the result and in anticipation of the effect of new Provincial mineral lands taxation and in the face of continuing increases in costs, estimated ore reserves and the number of mining areas were reduced following a revision and recategorization. By August 30, 1974, the known ore reserves as recategorized had been depleted and not replaced by new discoveries.

Since the beginning of the 1974 fiscal year on October 1, 1973, a total of 47,327 feet of diamond drilling has been carried out at the Giant Nickel Mine, including some 29,787 feet related to the extended exploration program. The total cost of the extended exploration program from

Convention d'Expansion après la clôture de la présente Offre.

Le montant global de toute souscription additionnelle par Cemp proposée au paragraphe 3 ci-dessus ne dépassera pas, par contre, le montant représentant la différence entre la somme de \$3,529,650 et le montant des souscriptions brutes reçues par la Compagnie aux termes de la présente Offre et, s'il y a lieu, de tout montant additionnel souscrit par Cemp pour atteindre la somme de \$2,060,146, signifiant ainsi qu'il pourrait s'agir de tout montant jusqu'à concurrence de \$1,469,504. A cet égard, on devrait noter le fait que la Garantie de Financement de Cemp, et par conséquent la documentation s'y rapportant qui fut envoyée aux actionnaires de la Compagnie antérieurement à la dernière assemblée générale annuelle de la Compagnie, mentionnait une souscription maximum par Cemp au montant global de \$3,675,000, aux termes d'une offre de droits et en vertu de souscriptions additionnelles après la clôture de cette offre de droits. La différence entre les sommes de \$3,675,000 et \$3,529,650 dont il est ici question comme étant à la fois le montant minimum exigé par la présente Offre et le montant maximum des souscriptions par Cemp à la suite de la clôture de la présente Offre et s'il y a lieu, après la clôture de ladite Offre, représente, tel qu'évalué antérieurement à la conclusion de la Garantie de Financement de Cemp par la Compagnie, la diminution du montant de l'engagement de la Compagnie en vertu de la Cinquième Convention d'Expansion au montant de cet engagement tel que finalement établi, et tel que compensé par contre par un ajustement mineur au montant du total des produits de la présente Offre dans le but d'en arriver à un montant global pratique quant au nombre d'actions à être offertes par rapport au nombre des actions présentement détenues et au prix par action.

L'arrangement avec Cemp aux termes de la Garantie de Financement de Cemp n'est pas une option ni un droit accordé à Cemp d'acheter des actions ordinaires additionnelles de la Compagnie au Prix d'Offre en vertu des Droits après la clôture de la présente Offre, mais plutôt une obligation qui se poursuivrait jusqu'à ce que le versement final de l'engagement de la Compagnie envers Panarctic aux termes de la Cinquième Convention d'Expansion soit payé, et qui prendrait par contre fin à ce moment. La Compagnie prévoit présentement qu'elle sera probablement appelée à payer ce versement final en avril 1975, ce qui représente par conséquent, en autant qu'on peut raisonnablement le présumer maintenant, la date probable de l'expiration de l'arrangement financier aux termes de la Garantie de Financement de Cemp.

Le dernier rapport annuel de la Compagnie à ses actionnaires, étant le vingt-troisième rapport annuel dans lequel les derniers états financiers consolidés vérifiés de la Compagnie jusqu'au 30 septembre 1973 furent insérés, a été posté le 28 février 1974 à tous les actionnaires inscrits de la Compagnie. Un état consolidé de la variation de la situation financière et des revenus pour la période de trois mois close le 31 décembre 1973, non vérifié, a aussi été incorporé au vingt-troisième rapport annuel, et des états similaires, faits jusqu'au 31 mars et jusqu'au 30 juin 1974, accompagnés de rapports provisoires sur les affaires de la Compagnie, ont été subséquemment postés à tous les actionnaires.

Aucun changement important n'est survenu dans la situation de la Compagnie depuis le 30 septembre 1973, sauf comme suit :

1. Le 30 août 1974, la Giant Nickel Mine, près de Hope en Colombie-Britannique, qui constituait la seule source de revenus de la Compagnie, a cessé sa production :

Tel qu'indiqué au vingt-troisième rapport annuel, la mise en valeur détaillée de certaines des zones de minerais à la Giant Nickel Mine durant 1973 a révélé que ces zones s'avéraient

October 1, 1973, to August 31, 1974, has amounted to some \$326,000. This exploration comprised testing of certain of the areas of interest delineated by last summer's detailed geological, geochemical and geophysical surveys and previously known mineralized occurrences and anomalies, and geologically favourable areas extended from the mine workings, including several holes at depth below the main 2600 haulage level. Valuable information was obtained from this work for the further assessment of the exploration potential of the Giant Nickel property but no mineralization was intersected of sufficient grade or tonnage to be considered economic.

As of August 31, 1974, all material exploration work at the Giant Nickel Property was terminated.

On September 5, 1974, a new zone of mineralization was exposed in the bank of a new access road being constructed by a logging company across mineral claims owned by the Company. The mineralized section was exposed in a bank over a distance of some 40 feet under some 3 to 4 feet of overburden. Company personnel took seven chip samples along its length which were then assayed in the Company's laboratory and averaged 3.50% nickel and 0.80% copper. To obtain further information in order to make some assessment of the possible significance of this discovery which lies some 2,000 feet from the existing underground workings of the mine, a preliminary exploration program for a budgeted expenditure of some \$25,000 was initiated. This program has consisted of geological, geochemical and magnetometer surveys in the immediate area of the discovery and some 1,736 feet of diamond drilling in the mineralized section itself up to October 28, 1974. Although a number of high grade sections have been encountered in the course of this drilling, the average grade of the mineralization intercepted is 0.96% nickel and 0.57% copper, and it is doubtful whether, under present conditions, this zone of mineralization would prove to be an economic concentration. However, diamond drilling is presently continuing and, subject only to site conditions, applied potential and induced polarization surveys will be carried out during 1974.

2. The Company's bank loans, consisting of an operating loan secured by assignments of concentrates and accounts receivable from concentrate sales and its Capital Bank Loan, increased from \$1,500,000 to \$3,225,000 in the aggregate as of October 28, 1974.

3. The Company incurred an operating loss during the eleven months ended August 31, 1974, in an estimated amount before audit of some \$419,969.

The indicated amount of that loss might subsequently increase as a result of the further decline in copper prices since August 31, 1974, inasmuch as the Company's inventories are valued on the basis of the estimated selling price. However, the effect of declining copper prices on inventory values may be offset, in whole or in part, by the improving nickel price.

In the Twenty-third Annual Report, reference was also made to the fact that, as of that date, discussions were proceeding with a worldwide mining group which was interested in undertaking a phased exploration program at the Giant Copper property, Allison Pass, B.C. The group in question, however, subsequently advised the Company that although they continued to be very interested in the potential of the Giant Copper property, they had decided not to proceed with exploration of it at that time.

d'une forme plus irrégulière que prévu et étaient insolitement parsemées de sections de basse teneur en minerais ou complètement stériles. En résultat et en prévision des conséquences de la nouvelle imposition provinciale des terres à minerais et face aux augmentations continues des coûts, les réserves de minerais évaluées et le nombre de régions minières ont été réduits à la suite d'une révision et reclassification. Au 30 août 1974, les réserves de minerais connues telles que reclassifiées avaient été épuisées et aucune découverte récente ne les remplaçait.

Depuis le début de l'exercice financier de 1974, c'est-à-dire le 1er octobre 1973, un total de 47,327 pieds de forage au diamant a été effectué à la Giant Nickel Mine, comprenant quelque 29,787 pieds ayant trait au programme d'exploration prolongé. Le coût total du programme d'exploration prolongé entre le 1er octobre 1973 et le 31 août 1974 s'est élevé à quelque \$326,000. Cette exploration comportait l'analyse de quelques-unes des régions d'intérêt délimitées par les rapports géologiques, géochimiques et géophysiques de l'été dernier, ainsi que par les éventualités et les anomalies minéralogiques antérieurement connues, et des régions favorables sur le plan géologique s'étendant à partir des chantiers d'exploitation, y compris plusieurs puits à une profondeur au-dessous du niveau de roulement principal 2600. Ces travaux ont fourni des renseignements d'importance pour l'évaluation supplémentaire du potentiel d'exploration de la propriété Giant Nickel, mais aucune minéralisation n'était entrecroisée d'inclinaison ou de jauge suffisantes pour être considérée comme économique.

Au 31 août 1974, tous les travaux importants d'exploration à la propriété Giant Nickel étaient terminés.

Le 5 septembre 1974, une nouvelle zone de minéralisation était exposée dans le banc d'une nouvelle route d'accès qu'une compagnie d'exploitation forestière était en train de construire en travers d'une concession minière détenue par la Compagnie. La section minéralisée était exposée dans un banc sur une distance de quelque 40 pieds sous quelque 3 à 4 pieds de terrain de recouvrement. Le personnel de la Compagnie prit sept échantillons d'éclats, et par la suite, en fit l'analyse au laboratoire de la Compagnie et dénota la présence de 3.50% de nickel et de 0.80% de cuivre en moyenne. Pour obtenir de plus amples renseignements dans le but d'évaluer l'importance éventuelle de cette découverte qui se trouve à quelque 2,000 pieds des chantiers souterrains actuels de la mine, un programme préliminaire de recherches fut entrepris pour une dépense portée au budget de quelque \$25,000. Ce programme comportait des recherches en géologie, géochimie et magnétométrie dans la région immédiate de la découverte et quelque 1,736 pieds de forage au diamant dans la section minéralisée même jusqu'au 28 octobre 1974. Même si au cours de ce forage, un certain nombre de sections de haute teneur ont été rencontrées, la teneur moyenne de la minéralisation interceptée est de 0.96% en nickel et de 0.57% en cuivre, et il est incertain que sous les conditions actuelles, cette zone de minéralisation se révèle être une concentration économique. Toutefois, le forage au diamant est présentement poursuivi et, sous réserve des conditions de l'emplacement seulement, des recherches de potentiel appliqué et de polarisation induite seront effectuées au cours de 1974.

2. Les emprunts bancaires de la Compagnie, qui comprennent un prêt d'exploitation garanti par des cessions de concentrés et des comptes à recevoir provenant de ventes de concentrés, ainsi que son Emprunt bancaire en capital, ont augmenté de \$1,500,000 à \$3,225,000 en total au 28 octobre 1974.

The diamond drilling sampling program of the base metal surface showings at the Big Missouri property near Stewart, B.C., was commenced in June of this year and completed by July 31. Eleven holes aggregating 822 feet were drilled on the Province claim. Neither this drilling nor a reconnaissance of other claims comprised in the optioned property encountered any economic mineralization. Expenditures by the Company on the property, as recorded to August 31, 1974, amounted to some \$32,000. In view of the present price of gold, an extension of the option has been obtained.

The exploration program initiated in 1973 on the Motherlode-Greyhound property, Greenwood, B.C., owned by the Company's subsidiary, Mascot Mines & Petroleum Limited, was completed in August, 1974, and the information is now being correlated. Since the commencement of the drilling program in September, 1973, a total of 6,949 feet of diamond drilling, 16,008 feet of percussion drilling and 1,035 feet of rotary drilling in 26, 87 and 10 holes, respectively, was carried out on the property and on optioned properties in the Greenwood area. The total costs relating to the property and the exploration carried out in respect of it amounted to some \$74,000 for the fiscal year ended September 30, 1973, and some \$290,000 for the period from October 1, 1973 to August 31, 1974. Subject only to the completion of engineering studies, no commercial mineralization is presently known on the property and no further exploration of it is planned at this time.

No work has been carried out since October 1, 1973, on the other properties owned by the Company or its subsidiaries, including Giant Copper, Nickel Plate, Nickel Syndicate, Giant Soo and Lead Mountain, except such work as was required to maintain them, which did not entail any material expenditures. No exploration work is planned in the immediate future on those or any other properties controlled by the Company save at the Giant Nickel Mine, where a limited program is presently in progress as previously set out.

There are no known economic concentrations of mineralization on any of the properties owned or held under option by the Company or its subsidiaries.

It must be noted that if the results of the limited exploration program presently being carried on at the Giant Nickel Mine were encouraging, the Company would then require further financing, in excess of the amount contemplated by this Offering, in order to carry out further work. Similarly, further funds would be needed if the Company were to resume exploration at any of the other properties which it owns or controls, or entered into any new venture, or proposed to participate, which it would not be obliged to do, in any future financing of Panarctic after all the contributions committed under the Fifth Expansion Agreement have been made. Finally, the Company may require additional funds for its general corporate purposes some time in 1975 or thereafter.

There have been no changes in the Directors and Officers of the Company since the last Annual General Meeting, which was held on March 28, 1974.

The five Directors and the Officers of the Company are now as follows:

Name	Office Held
Rupert B. Carleton	Chairman of the Board of Directors
Louis P. Starck	President and Managing Director
Nathan Gesser	Vice-President, Finance and Director
Kenneth G. Bream	Director
John L. Gibson	Director
Allan H. Ainsworth	Secretary and General Counsel

3. Durant les 11 mois clos le 31 août 1974, la Compagnie a subi une perte d'exploitation évaluée à quelque \$419,969 avant vérification.

Le montant indiqué pour cette perte pourrait par la suite augmenter en résultat de la baisse constante des prix du cuivre depuis le 31 août 1974, vu que les inventaires de la Compagnie sont évalués sur la base du prix de vente estimé. Par contre, l'effet de la chute des prix du cuivre sur les valeurs d'inventaire peut être compensé, en totalité ou en partie, par la hausse du prix du nickel.

Dans le vingt-troisième rapport annuel, il a été question qu'à cette date, des discussions étaient en cours avec un groupe minier mondial intéressé par l'entreprise d'un programme d'exploration par étape à la propriété de Giant Copper, Allison Pass, Colombie-Britannique. Par la suite, ce groupe a par contre avisé la Compagnie que, bien qu'étant toujours intéressé au potentiel de la propriété Giant Copper, il avait décidé de ne pas procéder à son exploration à ce moment-là.

Le programme de sondage par forage au diamant des surfaces de métaux de base dont la présence est détectée à la propriété de Big Missouri près de Stewart, C.-B., fut entrepris en juin dernier et terminé au 31 juillet. On a foré onze puits pour un total de 822 pieds dans la concession de la province. Aucun de ces forages ni la reconnaissance d'autres concessions comprises dans la propriété sous option n'a rencontré de minéralisation économique. Les dépenses de la Compagnie quant à la propriété, telles qu'inscrites au 31 août 1974, s'élevaient à quelque \$32,000. En vue du prix actuel de l'or, une prolongation de l'option a été obtenue.

Le programme d'exploration commencé en 1973 à la propriété de Motherlode-Greyhound, à Greenwood, C.-B., détenue par la filiale de la Compagnie, Mascot Minings & Petroleum Limited, a été achevé en août 1974 et les renseignements en sont présentement compilés. Depuis le commencement du programme de forage en septembre 1973, un total de 6,949 pieds de forage au diamant, 16,008 pieds de forage par percussion et 1,035 pieds de forage par rotation dans 26, 87 et 10 puits respectivement, ont été effectués sur la propriété et sur des propriétés sous option dans la région de Greenwood. Le total des frais en rapport avec la propriété et l'exploration qui y a été poursuivie s'élève à quelque \$74,000 pour l'exercice financier clos le 30 septembre 1973, et à quelque \$290,000 pour la période du 1er octobre 1973 au 31 août 1974. Sous réserve de l'achèvement des études de génie seulement, aucune minéralisation commerciale n'est actuellement connue sur la propriété et aucune exploration supplémentaire de ladite propriété n'est présentement envisagée.

Aucun travail n'a été effectué depuis le 1er octobre 1973 sur les autres propriétés détenues par la Compagnie ou ses filiales, comprenant Giant Copper, Nickel Plate, Nickel Syndicate, Giant Soo et Lead Mountain, à l'exception des travaux nécessaires à leur entretien, lesquels n'ont entraîné aucune dépense importante. Aucun travail d'exploration n'est envisagé dans un avenir rapproché sur ces dernières ni sur aucune autre propriété contrôlée par la Compagnie, sauf à la Giant Nickel Mine, où un programme restreint est actuellement en cours tel que précité.

Aucune concentration de minéralisation économique n'est connue sur l'une quelconque des propriétés détenues sous option par la Compagnie ou ses filiales, ou leur appartenant.

On doit tenir compte du fait que si les résultats du programme d'exploration restreint actuellement en cours à la Giant Nickel Mine étaient encourageants, la Compagnie demanderait alors un financement additionnel, en surplus du montant envisagé dans la présente Offre, afin de poursuivre des travaux supplémentaires. De même, des fonds additionnels seraient nécessaires, si la Compagnie décidait de cesser son exploration à l'une quelconque des propriétés qu'elle détient ou contrôle, ou contractait toute nou-

The Directors of the Company know of no transfer of shares which has materially affected the control of the Company since the last Annual General Meeting of the shareholders.

THE SHARES HEREBY OFFERED FOR SUBSCRIPTION ARE NOT REGISTERED UNDER THE "SECURITIES ACT, 1933" AND AMENDMENTS THERETO OF THE UNITED STATES OF AMERICA, AND ARE NOT BEING OFFERED IN THE UNITED STATES OF AMERICA OR ANY TERRITORY OR POSSESSION THEREOF. THE COMPANY IS INFORMED THAT THERE IS NO OBJECTION TO A RESIDENT OF THE UNITED STATES OF AMERICA OR ANY TERRITORY OR POSSESSION THEREOF SELLING HIS RIGHTS IN CANADA.

Yours very truly,



L.P. Starck,
President and Managing
Director

Bien à vous,

L.P. Starck,
Président et administrateur
gestionnaire

velle entreprise, ou projetait de participer, sans y être obligée, à tout financement supplémentaire de Panarctic après que toutes les contributions obligatoires aux termes de la Cinquième Convention d'Expansion auront été faites. Finalement, la Compagnie peut demander des fonds supplémentaires pour ses fins habituelles d'entreprise au cours de 1975 ou par la suite.

Il n'y a eu aucun changement dans les administrateurs et dirigeants de la Compagnie depuis la dernière assemblée générale annuelle, laquelle fut tenue le 28 mars 1974.

Les cinq administrateurs et dirigeants de la Compagnie sont maintenant les suivants :

NOM	FONCTION
Rupert B. Carleton	Président du conseil d'administration
Louis P. Starck	Président et administrateur gestionnaire
Nathan Gesser	Vice-président, finances, et administrateur
Kenneth G. Bream	Administrateur
John L. Gibson	Administrateur
Allan H. Ainsworth	Secrétaire et conseiller général

Les administrateurs de la Compagnie n'ont connaissance d'aucun transport d'actions qui aurait sensiblement affecté le contrôle de la Compagnie depuis la dernière assemblée générale annuelle des actionnaires.

LES ACTIONS OFFERTES PAR LES PRÉSENTES POUR SOUSCRIPTION NE SONT PAS INSCRITES EN VERTU DU "SECURITIES ACT, 1933" DES ÉTATS-UNIS D'AMÉRIQUE, ET DES AMENDEMENTS S'Y RAPPORANT, ET NE SONT PAS OFFERTES AUX ÉTATS-UNIS D'AMÉRIQUE OU DANS UN DE SES TERRITOIRES OU UNE DE SES POSSESSIONS. LA COMPAGNIE EST INFORMÉE QU'IL N'Y A AUCUNE OBJECTION À CE QU'UN RÉSIDENT DES ÉTATS-UNIS D'AMÉRIQUE OU D'UN DE SES TERRITOIRES OU D'UNE DE SES POSSESSIONS VENDE SES DROITS AU CANADA.