

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

924 SCOMM32: AK GENERAL STOCK OWNERSHIP CORP. 1979-80 924



SUMMARY AND COMMENTS

1. What are shareholders intending to do on Aug. 7
when trading commences: Hold or sell?

It is clear from the qualitative and quantitative phases that virtually all shareholders intend to HOLD their shares for the next few months in spite of anticipated fluctuations in the market price above or below the initial \$6 purchase price. This is in anticipation of long term gains which are expected to flow from development of B. C. resources.

While most shareholders expect fluctuations in the \$ 5 - \$7 range, they are unconcerned because they are convinced that this venture cannot fail.



2. What motivated people to buy additional shares?

The underlying reason for the purchase of BCRIC shares is PROFIT.

Shareholders are apparently not looking for short term gain. They view BCRIC as a long term investment which will grow at a better than average rate over the next 5 - 10 years. There is little understanding of whether this growth will come in the form of capital appreciation or dividends. They have little concept of profit levels except that they feel BCRIC will perform better than some investments like term deposits and Canada Savings Bonds.

The assurance of profit derives from an unquestioning faith in B. C. resources development and concomitant government sponsorship and support.



3. The perceived risk in buying BCRIC shares

There appear to be no risks associated with the purchase of these shares because of the underlying government sponsorship and support, the resource base, and the perceived good management of the Corporation. In particular, the Board of Directors is seen to be a group of "go ahead people with solid reputations".

These factors were further enhanced by the momentum of interest generated by the advertising, publicity, "word-of-mouth" and "last minute stampede to buy". In sum, there was a band wagon effect "to get in on a good deal"; "a fantastic investment"; one in which "you can't lose".

The overwhelming faith in the venture is further exemplified by the point of view that "if BCRIC goes down the tube, then B. C. goes too".

The one area of risk associated with the purchase concerns those people who may have over-extended themselves in order to buy in anticipation of short term gain. The consensus is that this was "a foolish thing to do".



Borrowing is considered acceptable by those who recognize that some investors could write off the interest expense as a tax deduction and as a possible contribution to a self-administered RRSP. Further, there is evidence that bank promotion and credit also stimulated demand.



4. The role of the B. C. government

Most shareholders reacted to the original share offer with some degree of skepticism because they feel it was politically motivated.

"Political gimmick, giving (us) back what we already own."

"You're crazy not to apply for free shares, you're paying for it anyway"

This cynicism may still remain amongst some of those who hold free shares only; however, for those who actually purchased shares, such an attitude has been offset by the unqualified faith in B. C. It is seen to be a chance to parallel the Alberta experience.

There is very little understanding of the role of government and its legal and financial relationship to the Corporation.

Many believe that the Provincial government still directly controls the Corporation. Most of these are in the free share only category although some who have purchased shares are also of this belief.

(7)

A few individuals who are relatively better informed and have an understanding of BCRIC as a private corporation still exhibit surprising information gaps with regard to the legal and financial relationship between the government and BCRIC.

There is a general feeling that the Social Credit government will "watchdog" the corporation because of a heavy moral and political commitment to the success of the project.

"Socreds have got to make this work, they'll throw the government out if it doesn't."

Government intervention is not desirable; however, if "things go wrong" it would be expected.

There is some sentiment that if government were involved in the day to day management Directors wouldn't stay, shareholders would sell out etc. Interference would be counter-productive.

5. Perceptions of the Dollar Value of the subscription:
the size and its leverage potential.

Virtually, no one understands the term or the concept of dilution - in general or with specific reference to BCRIC.

There is a universal awareness that the subscription for shares was substantially larger than projected and this is viewed positively. It is interpreted as support by B. C. residents for the development of their province.

The approximate amount of cash raised by the subscription, although well known, has little meaning to these shareholders. They recognize it as "a lot of money" but they have no idea of what it will buy. The only context it has, if it has one at all, is analagous to the Alberta Heritage Fund.

There is no understanding at all of the concept of leverage.

Further, with regard to the current portfolio, there is limited knowledge and much confusion. As would be expected, the purchasers generally know more than the free share holders.



6. Opinions regarding the investment of the funds.

The name, B. C. Resources Investment Corporation itself, inherently sums up the company's mandate. The first priority has to be investment in British Columbia.

People participated because they were able "to have a piece of (valuable) B. C.". There is resistance to any suggestions of investment outside Canada. The priorities are clear: B. C., followed by Alberta. "At least we've got the money. Let's use it here in B. C."

Holders of the free shares have few ideas about the types of development that would be suitable and profitable. Purchasers by enlarge, seem to have more ideas on the subject.

Overall, they consider the best opportunities for development to be oil and gas, coal and alternate forms of energy. They also see the development of secondary industry in B. C. to be very important. There should be more processing of local resources prior to export.



Sugnestions for secondary industry activities include steel mill, fish processing plants, furniture, automobiles, an airline ("Alberta bought P.W.A.").

Underlying these suggestions is a desire for B. C. (or Western) self-sufficiency - even to the extent of some reduction in profit. Also, some consider that profitability can be measured in terms other than BCRIC's bottom line i.e., in job creation, additional tax base, reduction in welfare costs etc.

None of these opportunities are viewed as having any degree of substantial risk, including oil and gas exploration. Undoubtedly, this is a reflection of the overall lack of sophistication exhibited by the general public on this topic.



7. Conclusions

In general, there is a very low level of valid information; there is, instead, misinformation, confusion, conflicting opinions and real information gaps. Perhaps, this has been due to, in part, the absence of the major daily newspapers in the Lower Mainland during the sale period. Nonetheless, the shareholders are not well informed.

There is however, a tremendous belief in the future of British Columbia. Participation in BCRIC appears therefore to be an act of faith rationalized on the basis of "there's gold in them thar hills".

DETAILED TABLES
Telephone Survey

TABLE 1

RA675

FINANCIAL INSTITUTIONS USED

Q. 2 Which of the following types of financial institutions
do you, yourself use?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Financial Institutions Used:</u>			
Banks	(128) 85	(64) 85	(64) 85
Trust Companies	(17) 11	(11) 15	(6) 8
Credit Unions	(59) 39	(31) 41	(28) 37
Other	(3) 2	(1) 1	(2) 3
Refused	(1) 1	(1) 1	(0) -

TABLE 2

RA675

PERSONAL INVESTMENTS

Q. 3 And which, if any, of the following types of investments do you personally have?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Personal Investments:</u>			
Bonds	(49) 33	(29) 39	(20) 27
Term Deposits From Banks/ Trust Companies/Credit Unions	(46) 31	(21) 28	(25) 33
Stocks/Shares	(47) 31	(26) 35	(21) 28
Other	(8) 5	(6) 8	(2) 3
None Of The Above	(52) 35	(25) 33	(27) 36
Don't Know	(1) 1	(0) -	(1) 1
Refused	(8) 5	(3) 4	(5) 7

TABLE 3

RA675

RESPONDENT APPLIED FOR THE
FIVE FREE SHARES RECENTLY OFFERED
BY THE B. C. RESOURCES INVESTMENT CORPORATION

Q. 4 (a) Did you, yourself apply for the five free shares recently offered to B. C. residents by the B. C. Resources Investment Corporation?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Applied For Five Free Shares:</u>			
Yes	(119) 79	(57) 76	(62) 83
No	(30) 20	(17) 23	(13) 17
Refused	(1) 1	(1) 1	(0) -

REASONS FOR NOT APPLYING FOR THE
FIVE FREE SHARES

Q. 4 (b) Why did you not apply for these shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(31) 100%	(18) 100%	(13) 100%
<u>Reasons:</u>			
Did Not Qualify	(13) 42	(6) 33	(7) 54
Never Got Around To It	(3) 10	(1) 6	(2) 15
Couldn't Afford To Buy	(2) 6	(0) -	(2) 15
Not Interested	(2) 6	(0) -	(2) 15
Thought A Lot Of Money Was Wasted	(1) 3	(0) -	(1) 8
I Don't Need Them	(1) 3	(0) -	(1) 8
Waste Of Time	(1) 3	(0) -	(1) 8
I Don't Believe In Them	(1) 3	(0) -	(1) 8
It's A Political Game/Will Not Support The Social Credit Party In Any Shape Or Form	(1) 3	(0) -	(1) 8
Too Lazy To Get Them/It Seemed Like A Bunch Of Sacred Bullshit	(1) 3	(0) -	(1) 8
Figured It Was A Hoax	(1) 3	(0) -	(1) 8
Did Not Know More Than One Person In Household Could Get Them	(1) 3	(1) 6	(0) -
Didn't Know About It	(1) 3	(0) -	(1) 8
Don't Know	(2) 6	(2) 11	(0) -
Refused	(1) 3	(1) 6	(0) -

TABLE 5

RA675

OUTLET APPLIED FOR BCRIC SHARES AT

Q. 4 (c) At which of the following did you apply for your BCRIC shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Outlet Applied For</u> <u>BCRIC Shares At:</u>			
Bank	(84) 71	(40) 70	(44) 71
Trust Company	(6) 5	(2) 4	(4) 6
Credit Union	(24) 20	(14) 25	(10) 16
Investment Dealer	(3) 3	(1) 2	(2) 3
Other	(2) 2	(0) -	(2) 3
Don't Know/Don't Remember	(0) -	(0) -	(0) -

TABLE 6

RA675

PURCHASED ADDITIONAL BCRIC SHARES

Q. 5 (a) You just mentioned that you did apply for the five free shares. Did you also buy any additional BCRIC shares? (or were additional shares purchased for you?)

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Purchased Additional BCRIC Shares:</u>			
Yes	(20) 17	(15) 26	(5) 8
No	(97) 82	(41) 72	(56) 90
Refused	(2) 2	(1) 2	(1) 2

TABLE 7

RA675

PURCHASE OF BCRIC SHARES NOW IF
HAD THE OPPORTUNITY

Q. 5 (b) Would you buy additional BCRIC shares now if you had the opportunity?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(97) 100%	(41) 100%	(56) 100%
<u>Purchase Of BCRIC Shares Now If Had The Opportunity:</u>			
Yes	(27) 28	(12) 29	(15) 27
No	(52) 54	(20) 49	(32) 57
Don't Know	(18) 19	(9) 22	(9) 16

TABLE 8

RA675

REASONS FOR PURCHASING OR NOT
PURCHASING BCRIC SHARES

Q. 5 (c) Why do you say that?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(27) 100%	(12) 100%	(15) 100%
<u>Yes Reasons:</u>			
Good Investment	(13) 48	(3) 25	(10) 67
Faith In B. C./Canada	(4) 15	(3) 25	(1) 7
Expect To Trade	(3) 11	(2) 17	(1) 7
I Would Like To Own As Many Shares As Possible	(1) 4	(1) 8	(0) -
Would Like To Get A 100 So I Could Be A Stock Holder	(1) 4	(1) 8	(0) -
Add To What I Have Now	(1) 4	(1) 8	(0) -
For The Chance	(1) 4	(1) 8	(0) -
Had Money/Hope Worth Something	(1) 4	(0) -	(1) 7
Have Only Got A Pension And Not Much Money	(1) 4	(1) 8	(0) -
Future Investment For Children	(1) 4	(0) -	(1) 7
Don't Know	(1) 4	(0) -	(1) 7

TABLE 8 (CONTINUED)

RA675

REASONS FOR PURCHASING OR NOT
PURCHASING BCRIC SHARES

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(52) 100%	(20) 100%	(32) 100%
<u>No Reasons:</u>			
Can't Afford	(14) 27	(5) 25	(9) 28
It's A Long Term Investment	(6) 12	(2) 10	(4) 13
Waiting To See How They Do On The Market	(6) 12	(4) 20	(2) 6
I Don't Think It's A Feasible Thing	(1) 2	(1) 5	(0) -
I'm Not Too Sure About It Yet	(1) 2	(1) 5	(0) -
It's Not A Sure Thing	(1) 2	(1) 5	(0) -
I Don't Feel It's A Good Investment	(1) 2	(1) 5	(0) -
Other Things To Invest In	(4) 8	(0) -	(4) 13
Too Many Holders That It Wouldn't Be Worth Much	(2) 4	(1) 5	(1) 3

TABLE 8 (CONTINUED)

RA675

REASONS FOR PURCHASING OR NOT
PURCHASING BCRIC SHARES

	Total	Sex	
		Male	Female
<u>Total Respondents</u>	(52) 100%	(20) 100%	(32) 100%
<u>No Reasons: (Continued)</u>			
When Prices Drop	(1) 2	(0) -	(1) 3
No Use To Me	(2) 4	(0) -	(2) 6
I Have Other Things To Do With My Money	(1) 2	(1) 5	(0) -
I Don't Agree With Them - It's A Way Of Selling Off Resources To A Wealthy Section Of The Population	(1) 2	(1) 5	(0) -
Bunch Of Baloney/It's All Our Money Anyways So Why Are They Selling Them To Us	(1) 2	(1) 5	(0) -
It Was A Gimmick And The Only Ones Who Made Any Money Were Agents	(1) 2	(1) 5	(0) -
It All Depends On Our Income	(1) 2	(0) -	(1) 3
We Don't Go In For Buying Shares	(1) 2	(0) -	(1) 3
Not Interested	(3) 6	(0) -	(3) 9
Don't Trust It	(1) 2	(0) -	(1) 3
Don't Know	(4) 8	(0) -	(4) 12

TABLE 8 (CONTINUED)

RA675

REASONS FOR PURCHASING OR NOT
PURCHASING BCRIC SHARES

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(18) 100%	(9) 100%	(9) 100%
<u>Don't Know Reasons:</u>			
Have To Know More About It	(5) 28	(2) 22	(3) 33
Couldn't Afford It	(1) 6	(0) -	(1) 11
Depends On Price	(2) 11	(2) 22	(0) -
They're Pretty High/Everyone Has Them/ Too Many On Market	(1) 6	(1) 11	(0) -
Depends On What Is Involved In Buying Them	(1) 6	(0) -	(1) 11
If Young Would Go Out And Buy More	(1) 6	(0) -	(1) 11
People Say They May Go Up In Price	(1) 6	(0) -	(1) 11
Maybe A Person Should Cause They Might Go Up	(1) 6	(0) -	(1) 11
Going Down In Value, So I'd Have To Think About It	(1) 6	(1) 11	(0) -
Haven't Decided Yet	(1) 6	(1) 11	(0) -
Not Sure	(1) 6	(1) 11	(0) -
Don't Know	(3) 17	(2) 22	(1) 11

TABLE 9

RA675

INVESTMENT RATIONALE

Q. 5 (d) Would you say you bought these additional shares in
anticipation of an immediate gain or of a long-term gain?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(20) 100%	(15) 100%	(5) 100%
Immediate Gain	(0) 0	(0) 0	(0) 0
Long Term Gain	(20) 100	(15) 100	(5) 100

TABLE 10

RA675

APPROXIMATE DOLLAR VALUE OF EACH
BCRIC SHARE

Q. 6 What do you think the approximate dollar value of each share is?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Value Of BCRIC Share:</u>			
\$2.00 Or Less	(0) -	(0) -	(0) -
\$3.00 Or Less	(2) 2	(0) -	(2) 3
\$4.00 Or Less	(1) 1	(1) 2	(0) -
\$5.00 Or Less	(14) 12	(8) 14	(6) 10
\$6.00 Or Less	(34) 29	(14) 25	(20) 32
\$7.00 Or Less	(7) 6	(4) 7	(3) 5
\$8.00 Or Less	(5) 4	(4) 7	(1) 2
\$9.00 Or Less	(2) 2	(0) -	(2) 3
\$10.00 Or Less	(1) 1	(0) -	(1) 2
\$11.00 Or Less	(1) 1	(1) 2	(0) -
\$12.00 Or Less	(3) 3	(0) -	(3) 5
Over \$12.00	(3) 3	(1) 2	(2) 3

TABLE 10 (CONTINUED)

RA675

APPROXIMATE DOLLAR VALUE OF EACH
BCRIC SHARE

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Value Of BCRIC Share:</u>			
Between \$5.00 To \$6.00	(2) 2	(2) 4	(0) -
Between \$6.00 To \$7.00	(7) 6	(7) 12	(0) -
Between \$7.00 To \$8.00	(1) 1	(1) 2	(0) -
Don't Know	(35) 29	(14) 25	(21) 34
Nothing	(1) 1	(0) -	(1) 2

TABLE 11

RA675

INTENTION TO HOLD ONTO OR SELL
BCRIC SHARES IN NEXT FEW MONTHS

Q. 7 (a) Do you intend to hold onto or sell your BCRIC shares in the next few months?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Intention Of Shares In The Next Few Months:</u>			
Hold Onto All	(102) 86	(47) 82	(55) 89
Sell All	(4) 3	(3) 5	(1) 2
Sell Some	(1) 1	(1) 2	(0) -
Don't Know/Depends	(11) 9	(5) 9	(6) 10
Refused	(0) -	(0) -	(0) -
Give Them To My Wife	(1) 1	(1) 2	(0) -

TABLE 12

RA675

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

Q. 7 (b) Why do you say that?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(102) 100%	(47) 100%	(55) 100%
<u>Hold Onto/All Reasons:</u>			
Think They Will Increase	(15) 15	(9) 19	(6) 11
Wait And See What They Do Later- If Go Up	(19) 19	(5) 11	(14) 25
Long Term Investment	(13) 13	(6) 13	(7) 13
Plan To Give To Grandson/ Son/Kids One Day	(7) 7	(1) 2	(6) 11
Government Gives Something Free Take It/They Were Free/Nothing To Lose	(8) 8	(6) 13	(2) 4
Believe In B. C./Support The Province	(4) 4	(2) 4	(2) 4
Didn't Need The Money	(7) 7	(2) 4	(5) 9
Money Value Not That Great	(4) 4	(2) 4	(2) 4
Good Investment To Invest In	(2) 2	(1) 2	(1) 2
What's The Point In Buying If You Don't Hang Onto Them	(1) 1	(0) -	(1) 2
Couldn't Be Bothered To Sell For \$30.00	(1) 1	(0) -	(1) 2

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

Q. 7 (b) Why do you say that?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(102) 100%	(47) 100%	(55) 100%
<u>Hold Onto All Reasons:</u>			
My Money's Tied Up In Them	(1) 1	(0) -	(1) 2
Still Have Stocks From Years Ago/ Don't Play The Stock Market	(1) 1	(0) -	(1) 2
Would Not Buy Any If I Was Going To Sell	(1) 1	(1) 2	(0) -
They Would Be Just Cashed At The Banks And Finally It Would Be The Banks That Control BCRIC	(1) 1	(1) 2	(0) -
They Are Shares In The Government And I Would Like To Have My Foot Somewhere In There	(1) 1	(1) 2	(0) -
Want To Keep Them Out Of The Hands Of Small Minorities	(1) 1	(1) 2	(0) -
It's A Souvenir	(1) 1	(1) 2	(0) -
Like Having Shares	(1) 1	(0) -	(1) 2
I Wouldn't Make No Money If I Sold Them Now	(1) 1	(1) 2	(0) -
I Am Trying To Collect Some For My Brothers And Sisters To Become A Full Member - So The Family Is A Member	(1) 1	(1) 2	(0) -

TABLE 12 (CONTINUED)

RA675

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(102) 100%	(47) 100%	(55) 100%
<u>Hold Onto/All Reasons:</u>			
Not Costing Me Anything To Keep Them	(1) 1	(1) 2	(0) -
It Keeps Up The Empty Space In The Drawer	(1) 1	(1) 2	(0) -
Just Keep Them	(1) 1	(0) -	(1) 2
That's What I Want To Do	(1) 1	(1) 2	(0) -
In No Hurry To Get Rid Of Them	(1) 1	(1) 2	(0) -
Don't Have To Do Anything About It	(1) 1	(0) -	(1) 2
Don't Want To Sell	(2) 2	(0) -	(2) 4
No Reason To Sell	(4) 4	(1) 2	(3) 5
Don't Know Anyone Who Wants To Buy Them	(2) 2	(0) -	(2) 4
Seems Like An Easy Answer	(1) 1	(0) -	(1) 2
Don't Know	(2) 2	(2) 4	(0) -

TABLE 12 (CONTINUED)

RA675

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(4) 100%	(3) 100%	(1) 100%
<u>Sell/All Reasons:</u>			
Do Not Feel It Is A Good Investment	(1) 25	(1) 33	(0) -
I Wanted A 100 Of Them So They Could Be Registered But Pretty Soon They Will Be Flooding The Market	(1) 25	(1) 33	(0) -
If Could Make A Buck Or Two Would Sell	(1) 25	(1) 33	(0) -
Don't Want Them	(1) 25	(0) -	(1) 100

TABLE 12 (CONTINUED)

RA675

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

	Sex		
	<u>Total</u>	<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(1) 100%	(1) 100%	(0) 100%
<u>Sell Some/Reasons:</u>			
In Anticipation Of Any Gain- I Will Buy Some More When The Price Drops	(1) 100	(1) 100	(0) -

TABLE 12 (CONTINUED)

RA675

REASONS FOR HOLDING ONTO OR SELLING
BCRIC SHARES IN THE NEXT FEW MONTHS

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(11) 100%	(5) 100%	(6) 100%
<u>Don't Know/Depends Reasons:</u>			
If Go Up In Price	(1) 9	(0) -	(1) 17
They May Go Up Or They May Go Down	(1) 9	(1) 20	(0) -
Depends On Market If Price Was Rising I Would Not Sell	(1) 9	(1) 20	(0) -
Depends On Market	(1) 9	(1) 20	(0) -
If I Could Make A Profit On Them I Would Sell Them	(1) 9	(1) 20	(0) -
Be Interesting To Hold And See If They Become Valuable	(1) 9	(0) -	(1) 17
Haven't Studied The Facts Of It	(1) 9	(0) -	(1) 17
Haven't Discussed With Husband	(1) 9	(0) -	(1) 17
I Don't Know If I Will Be Alive Tomorrow	(1) 9	(1) 20	(0) -
Not Stated	(1) 9	(0) -	(1) 17
Don't Know	(1) 9	(0) -	(1) 17

TABLE 13

RA675

INTENTION TO SELL BCRIC SHARES IF
RISE ABOVE THE \$6.00 PRICE

Q. 8 (a) If in the near future, the value of BCRIC shares rise above the \$6.00 price that people have just paid per share, would you sell your shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Intention To Sell BCRIC Shares If Rise Above \$6.00 Price:</u>			
Yes	(13) 11	(10) 18	(3) 5
Depends On How High It Rises	(9) 8	(4) 7	(5) 8
No	(88) 74	(43) 75	(45) 73
Don't Know	(9) 8	(0) -	(9) 15

PRICE AT WHICH WOULD SELL
SHARE AT

Q. 8 (b) At what price per share do you think you would sell?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(22) 100%	(14) 100%	(8) 100%
<u>Price At Which Would Sell Share At:</u>			
Between \$6.00 To \$7.00	(2) 9	(1) 7	(1) 13
\$ 7.00	(3) 14	(2) 14	(1) 13
\$ 8.00	(1) 5	(1) 7	(0) -
\$ 9.00	(0) -	(0) -	(0) -
\$10.00	(3) 14	(3) 21	(0) -
\$11.00	(0) -	(0) -	(0) -
\$12.00	(0) -	(0) -	(0) -
\$13.00	(0) -	(0) -	(0) -
\$14.00	(0) -	(0) -	(0) -
\$15.00 Or More	(2) 9	(1) 7	(1) 13
Don't Know	(11) 50	(6) 43	(5) 63

TABLE 15

RA675

INTENTION TO SELL BCRIC SHARES
IF DROPPED BELOW THE \$6.00 PRICE

Q. 9 (a) And, in the near future, if the value of BCRIC shares decreases below the \$6.00 price per share, would you sell your shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(119) 100%	(57) 100%	(62) 100%
<u>Intention To Sell BCRIC Shares If Dropped Below The \$6.00 Price:</u>			
Yes	(5) 4	(3) 5	(2) 3
Depends On How Low It Decreases	(3) 3	(0) -	(3) 5
No	(103) 87	(53) 93	(50) 81
Don't Know	(8) 7	(1) 2	(7) 11

TABLE 16

RA675

PRICE AT WHICH WOULD SELL SHARES

Q. 9 (b) At what price per share do you think you would sell?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(8) 100%	(3) 100%	(5) 100%
<u>Price At Which Would Sell Shares:</u>			
Between \$ 5.00 To \$6.00	(3) 38	(1) 33	(2) 40
\$5.00	(2) 25	(1) 33	(1) 20
\$4.00	(1) 13	(0) -	(1) 20
\$3.00	(0) -	(0) -	(0) -
\$2.00	(0) -	(0) -	(0) -
\$1.00	(1) 13	(1) 33	(0) -
Less Than \$1.00	(0) -	(0) -	(0) -
Don't Know	(1) 13	(0) -	(1) 20

TABLE 17

RA675

BASIC DATA

Q. 10 (a) Not counting yourself, how many other people in your immediate household applied for the five free BCRIC shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Number Of Other Members Of Immediate Family Who Applied For Five Free BCRIC Shares:</u>			
None	(40) 27	(17) 23	(23) 31
One	(50) 33	(27) 36	(23) 31
Two	(18) 12	(12) 16	(6) 8
Three	(20) 13	(9) 12	(11) 15
Four	(7) 5	(2) 3	(5) 7
Five	(7) 5	(2) 3	(5) 7
Six	(2) 1	(1) 1	(1) 1
Don't Know	(4) 3	(3) 4	(1) 1
Refused	(2) 1	(2) 3	(0) -

TABLE 18

RA675

BASIC DATA

Q. 10 (b) Did anyone else in your household buy any additional BCRIC shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Anyone Else In Household Buy Additional BCRIC Shares:</u>			
Yes	(14) 9	(7) 9	(7) 9
No	(127) 85	(60) 80	(67) 89
Don't Know	(7) 5	(6) 8	(1) 1
Refused	(2) 1	(2) 3	(0) -

TABLE 19

RA675

BASIC DATA

Q. 10 (c) Is there anyone in your household, including yourself, who will be a registered owner of BCRIC shares, that is, has at least 100 shares?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Member in Household Who Owns At Least 100 BCRIC Shares:</u>			
Yes	(17) 11	(11) 15	(6) 8
No	(123) 82	(58) 77	(65) 87
Don't Know	(8) 5	(4) 5	(4) 5
Refused	(2) 1	(2) 3	(0) -

TABLE 20

RA675

BASIC DATA

Q. 11 SEX: DO NOT ASK

Q. 12 Into which of the following age categories may I place you?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100 %	(75) 100 %	(75) 100 %
<u>Sex:</u>			
Male	(75) 50	(75) 100	(0) -
Female	(75) 50	(0) -	(75) 100
<u>Age:</u>			
Under 25 Years	(24) 16	(10) 13	(14) 19
25 To 34 Years	(45) 30	(26) 35	(19) 25
35 To 44 Years	(31) 21	(13) 17	(18) 24
45 To 54 Years	(11) 7	(5) 7	(6) 8
55 To 64 Years	(18) 12	(6) 8	(12) 16
65 Years Or Over	(17) 11	(12) 16	(5) 7
Refused	(4) 3	(3) 4	(1) 1

BASIC DATA

Q. 1 First of all,

(a) What is your occupation?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Occupation:</u>			
Professional	(15) 10	(8) 11	(7) 9
Business Executive (Owners-Managers)	(10) 7	(7) 9	(3) 4
Salespeople	(9) 6	(6) 8	(3) 4
Clerical Workers	(21) 14	(7) 9	(14) 19
Skilled Labourer	(24) 16	(21) 28	(3) 4
Unskilled Labourer	(11) 7	(9) 12	(2) 3
Farmer	(0) -	(0) -	(0) -
Homemaker	(29) 19	(0) -	(29) 39
Retired, Pension	(24) 16	(13) 17	(11) 15
Unemployed	(5) 3	(2) 3	(3) 4
Students	(2) 1	(2) 3	(0) -

TABLE 20 (CONTINUED)

RA675

BASIC DATA

Q. 1 (c) Is there anyone else in the household who is employed?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Occupation:</u>			
Professional	(10) 7	(3) 4	(7) 9
Business Executive (Owners-Managers)	(4) 3	(1) 1	(3) 4
Salespeople	(10) 7	(5) 7	(5) 7
Clerical Workers	(16) 11	(14) 19	(2) 3
Skilled Labourer	(29) 19	(8) 11	(21) 28
Unskilled Labourer	(7) 5	(3) 4	(4) 5
Farmer	(0) -	(0) -	(0) -
Homemaker	(0) -	(0) -	(0) -
Retired, Pension	(0) -	(0) -	(0) -
Unemployed	(0) -	(0) -	(0) -
Students	(0) -	(0) -	(0) -
No One Else Works	(74) 49	(41) 55	(33) 44

TABLE 20 (CONTINUED)

RA675

BASIC DATA

Q. 13 And finally, into which of the following broad categories, does your total annual family income fall before taxes?

	<u>Total</u>	<u>Sex</u>	
		<u>Male</u>	<u>Female</u>
<u>Total Respondents</u>	(150) 100%	(75) 100%	(75) 100%
<u>Annual Family Income:</u>			
Under \$ 8,000	(18) 12	(8) 11	(10) 13
\$ 8,000 To \$11,999	(19) 13	(6) 8	(13) 17
\$12,000 To \$14,999	(14) 9	(7) 9	(7) 9
\$15,000 To \$19,999	(21) 14	(15) 20	(6) 8
\$20,000 To \$24,999	(19) 13	(8) 11	(11) 15
\$25,000 Or More	(32) 21	(18) 24	(14) 19
Refused	(21) 14	(12) 16	(9) 12
Don't Know	(6) 4	(1) 1	(5) 7

APPENDIX

1. Group Discussion Guide
2. Screening Questionnaire for Group Discussions
3. Survey Questionnaire

B. C. R. I. C.

Group Discussion Guide

- I. Introduction to Canadian Facts
Who we are
What we do.
- II. Nature of group discussion/Role of moderator
- III. Purpose of discussion
 - (a) to obtain (your) opinions and/or point of view about personal and family financial planning ...
 - (b) what it means to you, over both the short term and the long term.
- IV. Discussion of "the economy"
 - (a) world influences/factors
 - (b) Canadian/North American influences/factors
 - (c) British Columbian (Canadian regional) influences/factors
 - *probe impact of oil pricing
 - (*Note: mention of B.C. generally and BRIC specifically will be held in abeyance until such time that wide point of view or expressed by everyone who wishes to do so.
- V. Role of Banks, Credit Unions, Trust Companies, in the context of the above plus new points of reference as they arise.

probe:
 - where do the respondents obtain investment counsel
 - what is their personal attitude to investment per se and how do they define it in terms of actual practice. Do their stated arguments support their practice?
 - who has "investments", ask for examples of same. Amounts?
- VI. Introduce BCRIC
"What about the recent share offering to residents of B. C."
probe: Who sponsored it?
What is the governments role?
What should be the governments role?
- VII. Lets talk about this further now.
What are (your) expectations of BCRIC?
Do they know the size of the subscription?
What are the advantages/disadvantages to the size?

VIII. Role of BCRIC in before mentioned economic areas, generally.
Role BCRIC might take in oil and gas development.
Attendent impact on oil pricing domestically.

IX. Probe:

Is BCRIC a secure investment
How safe is it/How risky?
(If not already mentioned) "Who is managing BCRIC"
Is it a good team? Why/Who not? How competent?
if not, who should it be?
Is there a guarantor (the government)

Role of the government in

- A. Security
- B. Day to day management
- C. Intervention

(Probe: do they care about the above, does it matter to them?)

X. A. Has August 7 any significance?

Probe: What will happen: Dilution/factor, opportunities to invest
the "bag"

- (i) short term
 - (ii) long term
- What can it do/buy
- (a) in B.C.
 - (b) in Canada
 - (c) in foreign areas

B. Probe: comfort/discomfort index

- (i) if value remains same
- (ii) goes up
- (iii) goes down
- (iv) projections/on each, above, if time permits

In other words probe:

(Is a price increase/decrease perceived to be significant
in the longer or shorter term)

XI. BCRIC

Probe if possible

Segmentation of expectations according to the quantity of shares
bought.

Long term vs quick turn around

(capital appreciation or income via earnings.

XII. "Overall the mandate is to make a profit through B.C. Resources
Does it matter if the development (and control of same) is
exclusively in B. C. and must it be resource oriented?"

Probe: attitudes toward risk ventures, social benefit programmes.

Screening Questionnaire

Hello. We are conducting a survey among B. C. adults 18 years of age and over about financial services and planning.

1. Do you or anyone in your household work in an occupation related to any form of media such as radio, T.V., newspaper, advertising, public relations, marketing research or in a financial field such as banking or investments.

YES..... ☐ END INTERVIEW

NO..... ☐

2. Which of the following financial institutions do you use: (READ LIST)

Banks..... ☐

Trust Companies..... ☐

Credit Unions..... ☐

Loan Co's..... ☐

- 3 (a) Do you have any investments at all?

NO..... ☐ END INTERVIEW

YES..... ☐ CONTINUE

- (b) Which of the following types of investments do you have: (READ LIST)

Bank term deposit..... ☐

Stocks/Shares..... ☐ END INT. IF DO NOT MENTION

Loans..... ☐

Other..... ☐

- (c) Which of the following companies do you have any investments in: (READ LIST)

MacMillan Bloedel ☐

B. C. Tel..... ☐

B. C. Resources Investment Corporation.....
(pronounced BRIC)

☐

- (d) Do you have just the 5 free shares in BRIC or have you bought shares in BRIC?

5 shares only..... ☐ Recruit for Gr. 1 & 2.

Bought shares..... ☐ Recruit for Gr. 3 & 4

A. In which of the following age categories may I place you? (READ LIST)

Under 18 years.....	14	1	END INTERVIEW
18 - 24 years.....		2	
25 - 34 years.....		3	
35 - 44 years.....		4	WATCH QUOTAS
45 - 54 years.....		5	
55 - 64 years.....		6	
65 years or over.....		7	

B. SEX: (DO NOT ASK)

MALE.....	15	1
FEMALE.....		2

WATCH QUOTAS

C. Into which of the following broad categories, does your total annual family income fall before taxes?

Under \$ 8,000.....	☐	
\$ 8,000 - \$11,999.....	☐	
\$12,000 - \$14,999.....	☐	WATCH QUOTAS
\$15,000 - \$19,999.....	☐	
\$20,000 - \$24,999.....	☐	
\$25,000 or more.....	☐	
REFUSED.....	☐	

INVITATION

The Company I work for is interested in learning more about people's involvement with financial services and institutions. In order to do this, we will be holding a group discussion with people like yourself. About 10 people will meet with our moderator to participate in a discussion which will take approximately an hour and a half.

In appreciation of your assistance, our company gives each participant in this discussion a small gift of \$15.00.

Would you be willing to participate in this group discussion?

Yes..... ☐

No..... ☐

It will be held on: (WRITE IN DATE AND TIME FOR WHICH RESPONDENT QUALIFIES)

PLACE: Canadian Facts
4th Floor
1112 West Pender St.
Vancouver, B. C.

DATE OF GROUP: _____ TIME: _____

RESPONDENT'S NAME: _____

ADDRESS: _____

CITY: _____ TEL NO.: _____

Recruited by: _____ Date: _____

Confirmed by: _____ Date: _____

Study No. 1 - A
2 - 6
3 - 7
4 - 5
5 -
6 -
Serial No. 7 -
Version 8 -

ASK TO SPEAK TO MALE/FEMALE HEAD OF HOUSEHOLD.

Hello. I'm _____ of Canadian Facts, a market research firm. We are conducting a survey on financial services and planning including investments and we'd like to ask you a few questions.

1. First of all,

(a) What is your occupation?

(TYPE OF JOB) IN _____
(TYPE OF COMPANY) 9 -
10 -

☐ HOMEMAKER ONLY - GO TO 1 (c)

(b) What type of product or service does this involve?

(c) Is there anyone else in the household who is employed?

YES..... ☐ NO..... ☐

What type of product or service (does this) (do these) position/s involve?

IF THERE IS ANY INDICATION OF ASSOCIATION WITH AN ADVERTISING AGENCY, FINANCIAL INSTITUTION, MARKETING RESEARCH, RADIO, TELEVISION, NEWSPAPER OR MAGAZINES IN Q. 1 (a) (b) (c), END INTERVIEW, ERASE. THIS IS VERY IMPORTANT. INTERVIEWS WITH PEOPLE IN THESE BUSINESSES CANNOT BE USED.

2. Which of the following types of financial institutions do you, yourself, use?
(READ LIST)

Banks..... 11 - 1
Trust Companies..... 2
Credit Unions..... 3
OTHER..... 4

3. And which, if any, of the following types of investments do you personally have?
(READ LIST)

Bonds..... 12 - 1
Term deposits from
Banks/Trust Companies/
Credit Unions..... 2
Stocks/Shares..... 3
OTHER..... 4
NONE OF THE ABOVE.... 5

- 4 (a) Did you, yourself apply for the five free shares recently offered to B. C. residents by the B. C. Resources Investment Corporation?
(ALSO PRONOUNCED BRIK)

Yes..... 13 - 1 - Go to Q. 4 (c)

No..... 2

- (b) Why did you not apply for these shares? (PROBE FULLY)

_____ 14 -
_____ 15 -

☐ DID NOT QUALIFY NOW GO TO BASIC DATA

- (c) At which of the following did you apply for your BCRIC shares? (READ LIST)

Bank..... 16 - 1
Trust Company..... 2
Credit Union..... 3
Investment Dealer..... 4
Other..... 5
DON'T KNOW/DON'T REMEMBER. 6

- 5 (a) You just mentioned that you did apply for the five free shares. Did you also buy any additional BCRIC shares? (or were additional shares purchased for you?)

Yes..... 17 - 1 - Go To Q. 5 (d)

No..... 2 - Go To Q. 5 (b) & c)

REFUSED..... 3 - Go To Q. 6

- (b) Would you buy additional BCRIC shares now if you had the opportunity?

Yes 18 - 1

No..... 2 - Go to Q. 5 (c)

Don't Know ... 3

- (c) Why do you say that? (PROBE FULLY)

_____ 19 -
_____ 20 -
NOW GO TO Q. 6

- (d) Would you say you bought these additional shares in anticipation of an immediate gain or of a long-term gain?

IMMEDIATE GAIN..... 21 - 1

LONG TERM GAIN..... 2

6. What do you think the approximate dollar value of each BCRIC share is?

\$2.00 or less.....	22 - 1
\$3.00	2
\$4.00	3
\$5.00	4
\$6.00	5
\$7.00	6
\$8.00	7
\$9.00	8
\$10.00	9
\$11.00	0
\$12.00	X
Over \$12.00.....	Y
OTHER (SPECIFY) _____	23 -

7 (a) Do you intend to hold onto or sell your BCRIC shares in the next few months?

HOLD ONTO ALL.....	24 - 1
SELL ALL.....	2
SELL SOME.....	3
DON'T KNOW/DEPENDS.....	4
REFUSED.....	5 - Go to Q. 8

(b) Why do you say that? (PROBE FULLY)

_____ 25 -

_____ 26 -

8 (a) If in the near future the value of BCRIC shares rises above the \$6.00 price that people have just paid per share, would you sell your shares?

Yes.....	27 - 1
Depends on how high it rises.....	2
No.....	3
DON'T KNOW.....	4

Go to 8 (b)

Go to Q. 9

(b) At what price per share do you think you would sell?

Between \$ 6 - \$ 7.....	28 - 1
\$ 7.....	2
\$ 8.....	3
\$ 9.....	4
\$10.....	5
\$11.....	6
\$12.....	7
\$13.....	8
\$14.....	9
\$15 or more.	0
DON'T KNOW..	X

- 9 (a) And, if in the near future the value of BCRIC shares decreases below the \$ 6.00 price per share, would you sell your shares?

Yes.....	29 - 1
Depends on how low it decreases.....	2 Go to 9 (b)
No.....	3
DON'T KNOW.....	4 Go To Q. 10

- (b) At what price per share do you think you would sell?

Between \$ 5 - \$ 6.....	30 - 1
\$ 5.....	2
\$ 4.....	3
\$ 3.....	4
\$ 2.....	5
\$ 1.....	6
Less than \$ 1.....	7

BASIC DATA

- 10 (a) Not counting yourself, how many other people in your immediate household applied for the five free BCRIC shares?

_____ WRITE IN NO. 31 -

- (b) Did anyone else in your household buy any additional BCRIC shares?

Yes.....	32 - 1
No.....	2
DON'T KNOW..	3

- (c) Is there anyone in your household, including yourself, who will be a registered owner of BCRIC shares, that is, has at least 100 shares?

Yes.....	33 - 1
No.....	2
DON'T KNOW....	3

Now, just a few more questions to help us classify our data.

11. SEX: DO NOT ASK:

MALE.....	34 - 1
FEMALE.....	2

12. Into which of the following age categories may I place you? Are you:

Under 25 years.....	35 - 1
25 - 34 years.....	2
35 - 44 years.....	3
45 - 54 years.....	4
55 - 64 years.....	5
65 years or over.....	6
REFUSED.....	7

13. And finally, into which of the following broad categories, does your total annual family income fall before taxes?

Under \$ 8,000.....	36 - 1
\$ 8,000 - \$11,999.....	2
\$12,000 - \$14,999.....	3
\$15,000 - \$19,999.....	4
\$20,000 - \$24,999.....	5
\$25,000 or more.....	6
REFUSED.....	7

Thank you for your co-operation.

Name: _____ Tel. No.: _____

Address: _____ Date: _____

Interviewed by: _____

BRANCH TRANSFER AGENT

(Where Shareholders' ledger is not maintained)

Minimum annual fee for maintenance of Agency\$350.00

Issuing certificates:

This service includes the examination of certificates for endorsement, transfer tax and guarantees, the preparation of new share certificates, recording certificates cancelled and issued, delivering to and receiving certificates from the Registrar where applicable and effecting over-the-counter deliveries, etc., each certificate\$ 1.15

Examining of documents supporting transfer of certificate(s) (i.e. estates or the replacing of lost certificates), each transaction\$ 7.50

Examining of documents supporting the transfer of certificates other than estates or replacements (i.e. legals), each transaction\$ 2.50

The placement and maintenance of stop transfer orders, each transaction\$ 1.00

Removal of stop transfer orders, each transaction\$ 1.00

Certificates received for transfer and returned through the mail, each transaction\$ 1.00

Dispatching daily reports of transfers, annual fee per addressee (depending on volume)\$75.00-\$150.00

REGISTRAR SERVICES

Annual retainer fee for maintenance of registrar agency and general services including enquiries, correspondence, etc. per annum\$250.00

For registering each certificate, dispatching daily reports of registrations, the placement and maintenance of stop transfer orders, removal of stop transfer orders.

An all inclusive fee for the above services, each certificate registered\$ 0.25

Closing of an Agency or retiring of stock an appropriate charge will be made.

EXPENSES

All out-of-pocket expenses, including printing and stationery, postage, telephone, telegraph charges, storage of records, cost of material for new accounts, etc., are assessed at cost.

Appropriate charges will be made for the preparation of statistical returns and for information required by government authorities, stock exchanges, etc.

DIVIDEND DISBURSING

Computing, preparing and mailing dividend cheques to shareholders, checking bank statements, reconciling negotiated cheques, computing tax deduction from the gross dividend paid to non-resident shareholders, and the remitting of non-resident tax.

first 5,000\$ 0.40
next 5,000\$ 0.35
balance\$ 0.30

Minimum charge for disbursing any one dividend\$ 50.00

Maintenance of tax records reflecting names, addresses and amounts of dividends disbursed to shareholders during calendar year, including preparation of returns, each account\$ 0.35

LISTINGS AND MAILINGS

Preparing list of shareholders showing names, addresses and number of shares held,

1st copy each name ..\$ 0.05
2nd copy each name ..\$ 0.02
3rd copy each name ..\$ 0.01

An appropriate charge will be made for any additional copies.

Preparing a selective list of shareholders, i.e. only those shareholders holding more than a specified number of shares registered in their names.

Maximum charge half of total cost of a full shareholders' list.

Preparing shareholders' list segregated by geo. code, postal code or classification code, selective or full list. An appropriate charge will be made.

Minimum charge for shareholders' list\$ 50.00

Addressing envelopes and like material (name and address only),

Each\$ 0.05

Addressing proxies, recording share holdings, and, if possible, related punched information,

each proxy\$ 0.07¹/₂

Inserting one enclosure (no matching), including stamping and mailing, up to and including size #10 envelope,

each\$ 0.03

Over size #10 envelope, each\$ 0.05

Additional enclosure (no matching), up to and including size #10 envelope,

each\$ 0.02

Over size #10 envelope, each\$ 0.03

Inserting one enclosure and matching, including stamping and mailing,

each\$ 0.10

When duplicate names of holders of more than one class of stock are to be eliminated, an extra charge above the normal charge may be made.

SHAREHOLDERS' MEETINGS

Receiving, examining and tabulating of proxies, covering one election,

punch card\$ 0.20
paper\$ 0.40

Each additional election\$ 0.05

Scrutineer Services, one scrutineer\$100.00

Additional scrutineers, each\$ 50.00

Clerical assistance, per hour\$ 15.00

OR

Inclusive fee re annual or special meeting—mailing of material, receiving examining and tabulating proxies, preparing voting list of shareholders, preparation and filing of affidavits, filling brokers requests for additional material, and providing for the service of two scrutineers plus necessary clerical assistants, an appropriate charge will be made.

TRANSFER AGENT

(Where Shareholders'
ledger is maintained)

A special assessment will
be made to cover initial
service on new appoint-
ments or underwritings.

Minimum annual retainer
fee for maintenance of an
Agency\$350.00

Issuing certificates:

This service includes the
examination of certificates
for endorsement, transfer
tax and guarantees, the
preparation of new share
certificates, recording cer-
tificates cancelled and
issued, delivering to and
receiving certificates from
the Registrar where
applicable and effecting
over-the-counter deliveries,
etc.,

each certificate\$ 1.15

Examining of documents
supporting transfer of
certificate(s) (i.e. estates
or the replacing of lost
certificates),

each transaction\$ 7.50

Examining of documents
supporting the transfer of
certificates other than
estates or replacements
(i.e. legals),

each transaction\$ 2.50

The placement and
maintenance of stop trans-
fer orders,

each transaction\$ 3.00

Removal of stop transfer
orders,

each transaction \$ 3.00

Certificates received for
transfer and returned
through the mails,

each transaction\$ 1.00

Dispatching daily reports
of transfers:

annual fee per

addressee

(depending on

volume)\$75.00-\$150.00

MAINTAINING SHAREHOLDERS' LEDGER ACCOUNTS

On the first 5,000,
each account\$ 0.80

on the next 5,000,
each account\$ 0.75

on the next 5,000,
each account\$ 0.70

on the balance
(over 15,000),
each account\$ 0.60

This service includes
checking and balancing of
the records.

Posting fee,
each certificate

posted\$ 0.25

Receipt and application of
shareholder's change of
address and/or dividend
instructions, including
confirmation to

the shareholder,

each transaction\$ 1.00



Montreal Trust

FEES FOR SERVICES AS TRANSFER AGENT OR REGISTRAR

STOCK TRANSFER SERVICES

General Services:

Maintenance of
shareholders' records
Issuance of certificates
Dividend disbursing agent
Tax reporting
Co-transfer agent
Mailing services
Registrar
Co-registrar
Shareholders' meetings

Special Services:

Full and integrated services
re acquisitions
Redemption agent
Stock splits
Stock exchanges
Stock dividends
Right issues
Proxy solicitations
Trustee under a purchase
warrant indenture
Escrow agent
Analytical reports
Dividend re-investment
services

LOCATION OF OFFICES

Head Office:

MONTREAL, Que.

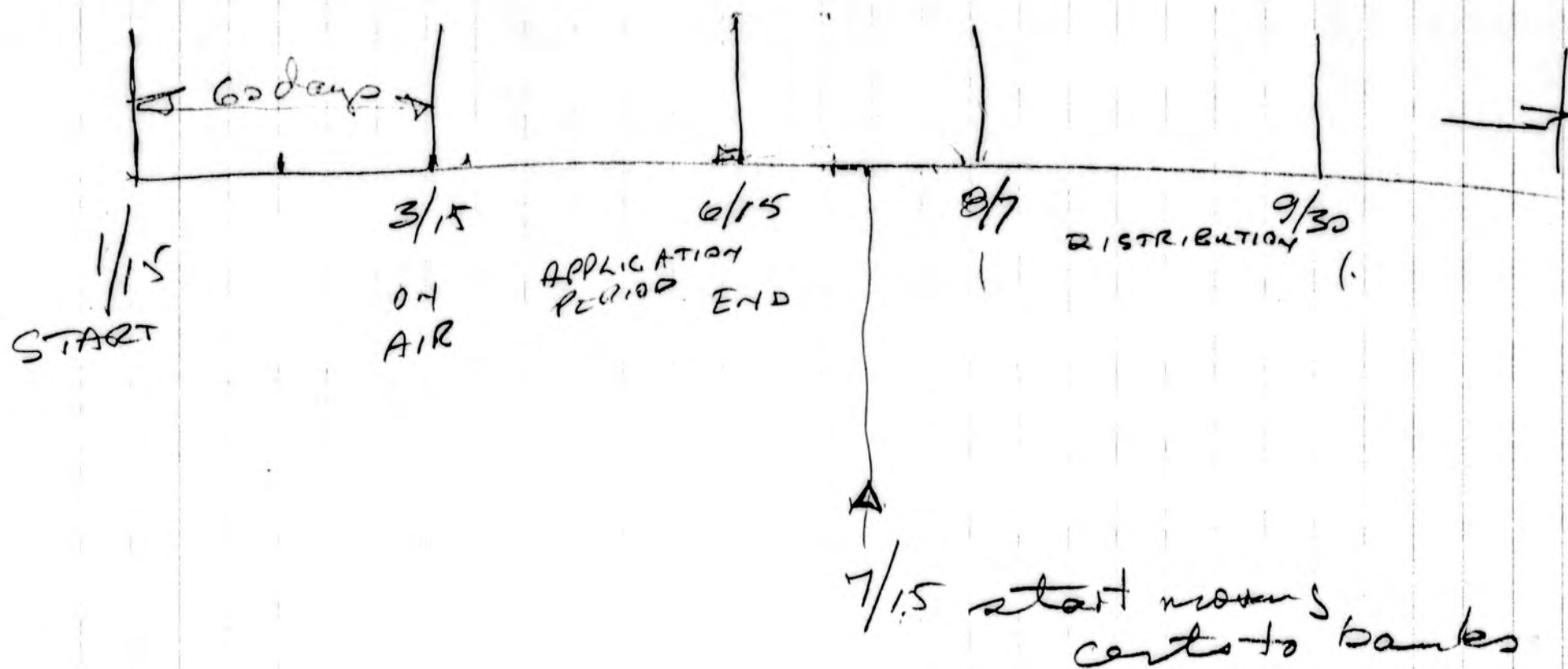
Other Offices:

BROCKVILLE, Ont.
CALGARY, Alta.
CHARLOTTETOWN, P.E.I.
EDMONTON, Alta.
HALIFAX, N.S.
HAMILTON, Ont.
KELOWNA, B.C.
KINGSTON, Ont.
KITCHENER, Ont.
LONDON, Ont.
MONTREAL, Que.
OTTAWA, Ont.
QUEBEC, Que.
REGINA, Sask.
SAINT JOHN, N.B.
ST. JOHN'S, Nfld.
SASKATOON, Sask.
SUDBURY, Ont.
TORONTO, Ont.
TRURO, N.S.
VANCOUVER, B.C.
VICTORIA, B.C.
WINDSOR, Ont.
WINNIPEG, Man.

Overseas

HAMILTON, Bermuda
NASSAU, Bahamas

1979



British Columbia Resources Investment
Corporation Act

[Consolidated for convenience only, August 24, 1979.]

Interpretation

1. In this Act

"agent"

means,

- (i) in respect of the Crown in right of the Province, or in right of Canada, or in right of another province, an agent of the Crown in that right, and includes a municipal or public body empowered to perform a function of government in Canada, a corporation empowered to perform a function or duty on behalf of the Crown in that right, or a corporation controlled directly or indirectly by the Crown in that right; but does not include a member of the Executive Council or a person performing a function or duty in connection with
 - (A) the administration or management of an estate or property of an individual, or
 - (B) the administration, management, or investment of a fund established to provide compensation, hospitalization, medical care, annuity, pension, or similar benefits to an individual or particular classes of individuals, or money derived from that fund, and
- (ii) in respect of the government of a foreign state or a political subdivision of it, a person empowered to perform a function or duty on behalf of the government of the foreign state or political subdivision;

"articles"

means the articles of the company;

"board"

means the board of directors of the company;

"business day"

means a day on which a stock exchange designated by the board is open for trading in securities;

"charter",

in relation to the company, means this Act together with the memorandum and articles of the company;

"company"

means the company incorporated pursuant to section 2;

"free shares"

means the shares of the company disposed of by gift by the Minister of Finance pursuant to section 17 (3);

"member" means a subscriber of the memorandum of the company and includes every other person who agrees to become a member and whose name is registered in its register of members or a branch register of members;

"minister"

means that member of the Executive Council charged by order of the Lieutenant-Governor in Council with the administration of this Act;

"non-resident of the Province"

means

- (i) an individual who is not ordinarily resident in the Province, or
- (ii) a corporation having its head office outside the Province, or
- (iii) the Crown or its agent in right of a province outside the Province, the Crown or its agent in right of Canada, or the government of a foreign state or a political subdivision of it or an agent of either, or
- (iv) a corporation controlled directly or indirectly by non-residents of the Province as defined in this section, or
- (v) a trust
 - (A) established by a non-resident of the Province as defined in this section, other than a trust for the administration of a pension fund for the benefit of individuals, a majority of whom are residents of the Province, or
 - (B) in which non-residents of the Province as defined in this section have more than 50% of the beneficial interest, or
- (vi) a corporation of which the majority of the directors, or persons occupying the position of directors by whatever name called, are non-residents of the Province as defined in this section, or
- (vii) a corporation that is controlled directly or indirectly by a trust defined in this section as a non-resident of the Province;

"non-resident of Canada"

means

- (i) an individual who is not ordinarily resident in Canada, or
- (ii) a corporation incorporated, formed, or otherwise organized elsewhere than in Canada, or
- (iii) the government of a foreign state or a political subdivision of it, or an agent of either, or
- (iv) a corporation that is controlled directly or indirectly by non-residents of Canada as defined in this section, or
- (v) a trust
 - (A) established by a non-resident of Canada as defined in this section, other than a trust for the administration of a pension fund for the benefit of individuals, a majority of whom are residents of Canada, or
 - (B) in which non-residents of Canada as defined in this section have more than 50% of the beneficial interest, or
- (vi) a corporation of which the majority of the directors, or persons occupying the position of directors by whatever name called, are non-residents of Canada as defined in this section, or
- (vii) a corporation that is controlled directly or indirectly by a trust defined in this section as a non-resident of Canada;

"person"

includes the Government of the Province, any other government, and their respective agents;

"resident of the Province"

means a person who is not a non-resident of the Province;

"resident of Canada"

means a person who is not a non-resident of Canada;

"securities"

means bonds, debentures, notes, or other evidences of indebtedness;

"shares of the company"

means shares in the authorized share capital of the company;

"voting share"

means a share of the company that has attached to it a right to vote, whether on the happening of a stated event or otherwise, but does not include a share represented by a bearer share certificate. 1977, c. 47, s. 1; 1979, c. 5, s. 1 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

PART I

BRITISH COLUMBIA RESOURCES INVESTMENT CORPORATION

Company established

2. (1) The Lieutenant-Governor in Council may appoint 5 individuals to incorporate a company under the Companies Act.

(2) The name of the company shall be "British Columbia Resources Investment Corporation".

(3) The individuals appointed under subsection (1) shall, in accordance with this Act and the Companies Act,

- (a) determine the contents of the memorandum and articles of the company,
 - (b) be the first directors of the company,
 - (c) while they remain in office, each be deemed to be the holder of one common share of the company on behalf of the Crown in right of the Province, and
 - (d) cease to hold office when the board is elected unless they are elected or appointed under this Act.
- 1977, c. 47, s. 2.

Company not Crown agent

3. The company is not an agent of the Crown.
1977, c. 47, s. 3.

4. [Repealed. 1979, c. 5, s. 2 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).]

PART II

CONDITIONS AFFECTING ACQUISITION
AND HOLDING OF VOTING SHARESCanadians to hold shares

5. No person other than a Canadian citizen or a person who is a resident of Canada is eligible to purchase, own, or hold voting shares of the company.

1977, c. 47, s. 5.

No trust for
non-Canadians

6. No person shall purchase or hold voting shares of the company in right of or for the use or benefit of a non-resident of Canada unless the non-resident is a Canadian citizen.

1977, c. 47, s. 6.

Total share entitlement

7. (1) The total number of voting shares that may be held
- (a) in the name or right of or for the use or benefit of a person, or
 - (b) in the name or right of or for the use or benefit of that person and either or both of the following:
 - (i) members associated with that person;
 - (ii) any other persons who are associated, or who would be deemed under this Part to be associated, with that person, if both he and the other persons were members,

shall not exceed 1% of the total number of the issued and outstanding voting shares of the company or such other percentage as may be prescribed by the Lieutenant-Governor in Council.

(2) Subsection (1) does not apply in respect of voting shares held by or on behalf of the Government.

- (3) The total number of voting shares of the company that may be held

- (a) in the name or right of or for the use or benefit of the Crown in right of Canada, or
- (b) in the name or right of or for the use or benefit of the Crown in right of Canada and either or both of the following:
 - (i) an agent of the Crown in right of Canada;
 - (ii) a person associated with the Crown in right of Canada or with that agent,

shall not exceed 1% of the total number of the issued and outstanding voting shares of the company or such other percentage as may be prescribed by the Lieutenant-Governor in Council.

- (4) The total number of voting shares of the company that may be held

- (a) in the name or right of or for the use or benefit of the Crown in right of a province other than British Columbia, or
- (b) in the name or right of or for the use or benefit of the Crown in right of a province other than British Columbia and either or both of the following:
 - (i) an agent of the Crown in right of that other province;
 - (ii) a person associated with the Crown in right of that other province or with that agent,

shall not exceed 1% of the total number of the issued and outstanding voting shares of the company or such other percentage as may be prescribed by the Lieutenant-Governor in Council.

(5) Notwithstanding subsection (1), the total number of voting shares that may be held

- (a) in the name or right of or for the use or benefit of a mutual fund trust or mutual fund corporation, each as defined in the Income Tax Act (Canada), or a person investing money derived from funds established to provide compensation, hospitalization, medical care, annuity, pension, or similar benefits to an

- individual or particular classes of individuals, or
- (b) in the name or right of or for the use or benefit of such trust, corporation, or person and either or both of the following:
- (i) members associated with that trust, corporation, or person;
 - (ii) any other persons who are associated, or who would be deemed under this Part to be associated, with the trust, corporation, or person, if both the trust, corporation, or person and the other person were members,

shall not exceed 3% of the total number of the issued and outstanding voting shares or such other percentage as may be prescribed by the Lieutenant Governor in Council.

1977, c. 47, s. 7; 1978, c. 28, s. 2.1 (proc. eff. Aug. 24, 1978).

Crown agent not
to hold shares

8. No voting shares of the company shall be held in the name or right of or for the use or benefit of an agent of the Crown in right of the Province.

1977, c. 47, s. 8.

Associated members

9. (1) For the purposes of this Part, a member shall, except as provided in section 10, be deemed to be associated with another member if

- (a) one member is a corporation of which the other member is an officer or director, or
- (b) one member is a partnership of which the other member is a partner, or
- (c) one member is a corporation that is controlled directly or indirectly by the other member, or
- (d) both members are corporations and one member is controlled directly or indirectly by the same individual or corporation or the same government in Canada that controls directly or indirectly the other member, or
- (e) both members are members of a voting trust where the trust relates to voting shares of the company, or
- (f) both members are agents of the Crown in right of Canada, or
- (g) both members are persons performing on behalf of the Crown in right of Canada a function or duty in connection with the administration, management, or investment of a fund or money referred to in subparagraph (i) (B) of the definition of "agent", or
- (h) both members are agents of the Crown in right of the same province, or
- (i) both members are persons performing on behalf of the Crown in right of another province a function or duty in connection with the administration, management, or investment of a fund or money referred to in subparagraph (i) (B) of the definition of "agent", or

- (j) both members are associated with the same member within the meaning of paragraphs (a) to (i), or
- (k) both members are parties to an agreement or arrangement a purpose of which, in the opinion of the board, is to require the members to act in concert with respect to their interests in the company.

(2) For the purposes of this Part, where a share of the company is held jointly and one or more of the joint holders is a non-resident of Canada, the share shall be deemed to be held by a non-resident of Canada.

(3) For the purposes of this Part, a corporation shall be deemed to be controlled by another corporation, individual, trust, or government if at any time, in the opinion of the board, it is at that time in fact effectively controlled by the other corporation, individual, trust, or government either directly or indirectly through the holding of shares of the corporation or any other corporation, through the holding of a significant portion of the outstanding debt of a corporation, trust, or individual, or by any other means whether of the same or a different nature.

(4) For the purposes of this Act, where a corporation or trust that was at any time a resident of Canada becomes a non-resident of Canada, shares of the company acquired by the corporation or the trust while it was a resident of Canada and held by it while it is a non-resident of Canada shall be deemed to be shares held by a resident of Canada for the use or benefit of a non-resident of Canada.

(5) For the purposes of this Act, a person is associated with another person if, by agreement or arrangement, both act in concert with respect to their interests in the company.

1977, c. 47, s. 9; 1978, c. 28, s. 2.1 (proc. eff. Aug. 24, 1978);
1979, c. 5, s. 3 (eff. Mar. 1, 1979 for certain purposes; see 1979,
c. 5, s. 10).

Declaration of non-association

10. Notwithstanding section 9 (1),

- (a) where one member who is a resident of Canada and who, but for this section, would be deemed to be associated with another member, submits to the company a declaration stating that none of the voting shares of the company held by him or to be held by him, is or will be, to his knowledge, held in the right of or for the use or benefit of himself or a person with whom, but for this section, he would be deemed to be associated, neither member shall be deemed to be associated with the other so long as the voting shares of the company from time to time held by the member who made the declaration are not held contrary to the statements made in the declaration, or
- (b) 2 members that are corporations and residents of Canada shall not be deemed to be associated with each other under section 9 (1) (j) by reason only that each is deemed under section 9 (1) (a) to be associated with the same member, or
- (c) where it appears from the register of members of the company that not more than 20 000 of the voting shares of the company are held by a member, he shall not be deemed to be associated

with any other members, and no other members shall be deemed to be associated with him.

1977, c. 47, s. 10; 1978, c. 28, s. 2.1 (proc. eff. Aug. 24, 1978); 1979, c. 5, s. 3.1 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Stock depositories

10.1 (1) A stock depository approved by and on terms specified by the board may, during such period as the board authorizes and notwithstanding section 7 (1), hold in its name for the use and benefit of others voting shares in excess of the percentage prescribed in or under section 7 (1), of the total number of the issued and outstanding voting shares of the company.

(2) Where the shares held in the name of the stock depository exceed the percentage referred to in subsection (1), the voting rights attached to those shares shall not be exercised.

1979, c. 5, s. 4 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

PART III

TRANSFER, VOTING AND REDEMPTION OF SHARES

Transfer of shares

11. (1) Subject to this section and the charter, the shares of the company are transferable in accordance with the Companies Act.

(2) A member of the company shall, on the request of the board made in accordance with the articles, submit a declaration to the company with respect to

- (a) his direct or indirect ownership of shares of the company,
- (b) whether or not he and the person in whose right or for whose use or benefit the share is held are residents of Canada or Canadian citizens,
- (c) whether or not he is associated with another shareholder,
- (d) whether or not he is a Canadian citizen,
- (e) if the member is a corporation or trust, information establishing that it is a resident of Canada, and
- (f) such other matters as the board may consider relevant for the purposes of determining whether the member complies with the conditions contained in Part II.

(3) Where

- (a) a declaration has been requested by the board from a member under this section, and
- (b) the member fails or neglects to submit to the board a declaration satisfactory to it within 30 days after the day the declaration was sent to the member,

the shares of the company held by that member shall be deemed to be held in contravention of the charter until a declaration satisfactory to the board has been submitted to it.

(4) It is a condition of

- (a) every subscription for a share of the company,
- (b) registration of shares represented by a bearer share certificate, and
- (c) every transfer of a share to be made or recorded in a register of members of the company,

that the subscriber, bearer or transferee shall, at the request of the board, submit to it a declaration to the same effect as the declaration referred to in subsection (2).

(5) Subject to subsection (7), where the board has requested a declaration under subsection (4), it shall not accept a subscription for a share of the company, register shares represented by a bearer share certificate or allow a transfer to be made or recorded in a register of members of the company unless

- (a) the declaration has been submitted to the board, and
- (b) it appears from the declaration that the subscriber, bearer or transferee would not, by the acceptance of the subscription for the shares being subscribed for, the registration of the shares represented by the bearer share certificate or the entry in a register of members of the shares being transferred, hold those shares in contravention of the charter.

(6) Where, in the case of a subscription for, registration of or transfer of shares of the company, it appears to the board that the total number of shares held by the subscriber, bearer or transferee, as shown by a register of members of the company, would not exceed 20 000 if the subscription were accepted, the registration completed or the transfer allowed, the board is entitled to assume

- (a) that the subscriber, bearer or transferee is not and will not be associated or deemed to be associated with another holder of shares of the company, and
- (b) unless the address to be recorded in the register of members of the company for the subscriber, bearer or transferee is outside Canada, that the shares will not be held in contravention of the charter.

(7) Where there is a subscription for shares of the company pursuant to an offer of shares by way of rights granted by the company to holders of its shares to purchase additional shares, the company may count as shares issued and outstanding all the shares included in the offer.

1977, c. 47, s. 11; 1978, c. 28, s. 2.1 (proc. eff. Aug. 24, 1978);
1979, c. 5, s. 5 (eff. Mar. 1, 1979 for certain purposes; see 1979,
c. 5, s. 10).

No voting rights if excess share holdings

12. (1) Where any of the shares of the company are held in contravention of the charter, the voting rights attaching to those shares shall not be exercised.

(2) Shares held in contravention of the charter include shares that are deemed to be so held.

(3) The validity of

- (a) a transfer of shares of the company that has been made or recorded in a register of members of the company,
- (b) the acceptance of a subscription for shares of the company, or

(c) the registration of shares that were represented by a bearer share certificate is not affected by the fact that those shares are held in contravention of the charter.

(4) Where voting rights pertaining to shares of the company held in contravention of the charter are exercised at a general meeting of the shareholders of the company, no proceeding, matter, or thing at the meeting is void for that reason; but the proceeding, matter, or thing is, at any time within one year after the commencement of the general meeting at which the voting rights were exercised, voidable at the option of the board by a resolution of the board.

1977, c. 47, s. 12; 1979, c. 5, s. 6 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Order for disposal of
excess share holdings

13. (1) Where voting shares of the company are held in contravention of the charter, the company may, on notice to such persons and in such manner as may be directed by the board, require the holder of the voting share to dispose of it to another person who may hold voting shares of the company, within such period, not less than 60 days, as may be limited by the notice.

(2) Where voting shares referred to in subsection (1) have not been disposed of within the time limited by the notice, the company may, at its option and at any time while those shares continue to be held in contravention of the charter, redeem them for cancellation on

(a) deposit by the company of the amount of their redemption price in a special account with a savings institution, and

(b) giving notice of redemption to the persons and in the manner prescribed by the articles, including notice of the deposit referred to in paragraph (a),

and, on the giving of the notice, the rights of the holder and beneficial owner of them shall cease, except the right of a beneficial owner to receive out of the amount so deposited, without interest, the redemption price payable with respect to the shares on presentation and surrender of the certificates representing the shares.

(3) Interest payable by the savings institution on the deposit made under subsection (2) (a) shall be paid to the company.

(4) Notwithstanding the Companies Act, the company

(a) is not bound to see to the application of the amount deposited or to the execution of a trust, whether express, implied, or constructive in respect of voting shares redeemed for cancellation under this section, and

(b) is not estopped by certificates outstanding in respect of voting shares redeemed for cancellation.

(5) The powers of the company under this section may be exercised at its option; but where voting shares of the company have, to its knowledge, been held in contravention of the charter for 10 years or such lesser period as may be fixed by the articles, the company shall, in the manner provided by this section, redeem those voting shares for cancellation.

(6) For the purposes of this section, the redemption of voting shares of the company shall be the lesser of

(a) the issue price per share on the initial issue of shares of that class, or

- (b) the closing price per share of the shares of that class on the stock exchange designated by the board on the business day immediately preceding the date of giving notice of redemption, or
- (c) if there is no sale of them on that stock exchange on that business day, the average of the closing asked price and the closing bid price of them on that exchange on that business day, or
- (d) if no bid price and asked price of them on that exchange are quoted for that business day, the last closing sale price of them on that exchange recorded before that business day.

(7) This section and section 7 shall be set out in each share certificate issued by the company representing a voting share or by a writing attached to the share certificate.

(8) Shares redeemed under this section do not reduce the total number of issued and outstanding voting shares for the purposes of sections 7 and 16.

1977, c. 47, s. 13.

Determination of excess
share holdings

14. In determining for the purposes of this Act whether or not
- (a) shares are held in contravention of the charter, or
 - (b) a person is a resident of Canada, or
 - (c) an individual is a Canadian citizen, or
 - (d) a member is associated with another member, or
 - (e) a corporation is directly or indirectly controlled by persons who are not residents of Canada,
- or any other circumstances relevant to the performance of the duties of the board under this Act, the company and a director, officer, employee, or agent of the company may rely on
- (f) a statement made in a declaration submitted under section 11, or
 - (g) the knowledge of a director or officer of the circumstances, and the company, directors, officers, employees, or agents are not liable in an action for anything done or omitted by them in good faith as a result of conclusions made by them on the basis of the statement or knowledge.

1977, c. 47, s. 14.

PART IV

DIRECTORS

Director to be
Canadian citizen

15. (1) Subject to the Companies Act, an individual who
- (a) is a Canadian citizen, and
 - (b) otherwise qualifies under the articles,
- is qualified to be a director of the company.

(2) An individual ceases to be a director if he ceases to be qualified under subsection (1).

(3) At least 60% of the members of the board shall at all times be residents of the Province.

(4) No member of the Legislative Assembly is eligible to be appointed as a senior officer, as defined in the Companies Act, or to be elected or appointed or to act as a director of the company.

1977, c. 47, s. 15.

Crown appointment of directors

16. (1) So long as the Government owns or controls 10% or more of the issued and outstanding voting shares of the company, notwithstanding the Companies Act or the charter, the Government shall not vote its shares for the election of directors; but the minister may annually, with the approval of the Lieutenant-Governor in Council and effective at the time the annual general meeting is held, by notice in writing to the company, appoint

(a) one director if the number of directors on the board is 4 or less,

(b) 2 directors if the number of directors on the board is 5, 6, 7, or 8, and

(c) 3 directors if the number of directors on the board is more than 8,

and may, by similar notice, remove those persons so appointed.

(2) An appointment under subsection (1) shall be made by notice in writing to the company at least 45 days before the date of the annual general meeting.

(3) Where a director appointed to the board under this section ceases to be a director the minister may, by notice in writing, appoint a person to replace that director.

(4) Directors appointed under this section cease to hold office, unless reappointed for a further term, at the time the directors elected at the next annual general meeting assume office.

(5) For the purpose of this section, the board shall notify the minister at least 56 days before the date of the annual general meeting.

(6) If the Government holds less than 10% of the voting shares, it may vote its shares in the ordinary way for the election of directors.

1977, c. 47, s. 16.

PART V

TRANSFER OF GOVERNMENT ASSETS AND REDEMPTION OF SHARES

Transfer of property for shares

17. (1) The Government shall transfer, convey and dispose of to the company on the coming into force of this section the assets and rights in

the Schedule, on the terms and conditions and at the price, if any, prescribed by the Lieutenant-Governor in Council, and shall accept the equivalent value in shares or securities of the company.

(2) A share or security held by or for the Government other than those referred to in section 2 (3) shall be registered in the records of the company in the name of Her Majesty the Queen in the right of British Columbia, and the voting rights attached to the shares or securities shall be exercised by the minister or his proxy in accordance with this Act and the regulations.

(3) The Minister of Finance may, with the approval of the Lieutenant-Governor in Council, dispose of a share or security held by or for the Government.

1977, c. 47, s. 17.

Government share holdings

18. The company may, notwithstanding the Companies Act, redeem for cancellation voting shares of the company held by or on behalf of the Government at a price per share agreed on between the company and the Minister of Finance and approved by the Lieutenant-Governor in Council.

1977, c. 47, s. 18.

Part VI

BEARER SHARE CERTIFICATES AND COMPANY PROCEEDINGS

Bearer shares

18.1 (1) The company, if so authorized by its articles, and in accordance with their terms, may issue a bearer share certificate certifying that the bearer of the certificate is the holder of the shares specified in it, and may provide, by legend, coupon or otherwise, for the payment of dividends on the shares specified in the certificate.

(2) A bearer share certificate issued by the company and signed as required by subsection (4) is proof of due allotment and issue of the shares specified in it as fully paid and nonassessable and of the title of the bearer to the shares.

(3) The articles may also provide that the bearer of a bearer share certificate, if not prohibited under Part II of this Act from purchasing, owning or holding shares of the company, is entitled, on surrendering share certificates, in bearer or registered form, representing at least a minimum number of shares specified in the articles or such lesser number as may be authorized by the board, to have his name entered as a member in a register of members and to receive a registered share certificate representing such shares held by him.

(4) Every bearer share certificate shall contain

(a) the name of the company and the words "Incorporated in the Province of British Columbia" or, if such is the case, "Amalgamated in the Province of British Columbia",

- (b) the number and class and, if applicable, series of shares and whether the shares are with or without par value and, if with par value, their par value,
- (c) the date of issue of the bearer share certificate,
- (d) the number or other designation by which the bearer share certificate is identified, and
- (e) a reference to a place where the bearer may inspect the Companies Act and charter,

and shall be signed by the facsimile signature of at least one officer or director of the company, and if so signed shall be valid as if signed manually, and in addition to bearing the facsimile signature may be signed manually by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the company.

(5) The bearer of a bearer share certificate shall not by reason of being the bearer of the certificate be or be deemed to be a member of the company under this Act or the Companies Act and in particular shall not be entitled as such to receive notice of or to attend, any meeting of members or to vote as a member.

(6) Notwithstanding subsection (5), sections 27, 37B (4), 43, 53, 82, 149 (5), 187 (2), 201 (5), 221 (1), (2), (3) and (5), 222, 227 (1), 230, 243, 262 (1), 273, 274, 275, 283, 292, 293, 303 (d), 307 (1) (b), 310, 311 and 361 of the Companies Act apply in respect of the bearer of a bearer share certificate in the same way as they apply in respect of a member, but

- (a) the bearer may only exercise a right given by those sections where he proves that at the relevant time he owned the shares represented by the certificate, and
- (b) this subsection does not give the bearer any voting right.

(7) Notwithstanding subsection (5), sections 15, 254 and 272 of the Companies Act apply in respect of the bearer of a bearer share certificate as if he were a member.

(8) Subject to this Act, section 14 of the Companies Act applies in respect of the bearer of a bearer share certificate as if he were a member.

(9) Sections 46 to 52, 56 to 68 and 303 (c) of the Companies Act do not apply in respect of bearer share certificates of the company or the shares specified in them and section 47 (1) does not apply in respect of additional shares of the company purchased for delivery with the free shares.

(10) The shares specified in a bearer share certificate may be transferred by delivery of the certificate.

(11) On the issue of a bearer share certificate in respect of shares previously entered in a register of members, the company shall remove from the register the share or shares specified in the bearer share certificate and shall enter in such register the following particulars:

- (a) the bearer share certificate number;
 - (b) the date of the bearer share certificate;
 - (c) the number of shares specified in the bearer share certificate.
- 1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Sections of Companies Act excluded

18.11 Sections 172, 194 (4), 195, 216 (2), 258 (1) and 315 of the

Companies Act do not apply to the company.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Disposal of undistrib-
uted assets

18.12 (1) In the application of section 127 of the Companies Act to the company, the reference in it to "twelve months" shall be read as a reference to 24 months.

(2) Where the company distributes among the bearers of bearer share certificates moneys or assets in specie, including dividends or the proceeds of a redemption or reduction of capital, and a bearer has not presented his bearer share certificate in order to receive the moneys or assets distributable in respect of the shares represented by it within 72 months after the date on which the distribution or payment is first available on presentation of bearer share certificates, the company shall publish

- (a) in each county in a daily or weekly newspaper published and circulating there, and
- (b) if the directors think fit elsewhere and in such manner as the directors may specify,

a statement with respect to bearer share certificates, of

- (c) the amount of money or the assets retained,
- (d) the amount of money or assets due in respect of each share represented by a bearer share certificate,
- (e) the procedure for a bearer to claim the unclaimed money or assets, and
- (f) the date, not earlier than 60 days nor later than 120 days after the publication, on which the company will pay or deliver the moneys and assets to the Minister of Finance.

(3) On the date specified under subsection (2) (f) the company shall pay or deliver the unclaimed moneys or assets to the Minister of Finance and he shall give the company a receipt for them, which shall be an effectual discharge to it in respect of them.

(4) Section 127 (2) of the Companies Act applies to moneys and assets paid or delivered to the Minister of Finance under this section.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Powers of court

18.13 (1) Where for any reason the Supreme Court determines that it is impracticable to call a general meeting or a class meeting of the company in the manner in which meetings of a company are normally called, or to conduct or continue the meeting or adjourned meeting in the manner specified by the articles or the Companies Act, or for any other reason the court considers appropriate, the court may, on application of the company, a director, a member entitled to vote at the meeting, or on its own motion, order that the business required to be transacted at such meeting or the votes to be cast at it be transacted or taken in a manner specified by the directors or that a general meeting or a class meeting of the company be called, held and conducted in such manner as the court considers appro-

priate, and may give such directions as it considers necessary.

(2) Business transacted, votes taken or meetings called, held and conducted in accordance with an order under subsection (1) shall be deemed to be transacted at, taken at or to be a general meeting or a class meeting of the company duly called, held and conducted.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Application of
sections 174 to 180
of Companies Act

18.14 (1) Where the board determines that the cost of producing and mailing the notice of meeting, information circular and form of proxy referred to in sections 174 to 180 of the Companies Act is excessive or for any other reason considers it appropriate the company may, instead of mailing the notice of meeting, information circular and form of proxy, publish them in each county of the Province, in a daily or weekly newspaper published and circulating there, or may publish or distribute them in such manner as the Supreme Court, on application of the company, orders.

(2) While 10% or more of the issued shares of any class are represented by bearer share certificates, the company shall, for the purpose of informing the bearers of proposed material changes in the capital, business or board, publish in each county, in a daily or weekly newspaper published and circulating there, extracts from information circulars sent to its members by management.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Inspection of
accounting records

18.15 Subject to the articles or an ordinary resolution, the directors may determine to what extent, at what times and places and under what conditions the accounting records of the company shall be open to the inspection of members and the bearers of bearer share certificates.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Mailing of financial
statements to members
or publication

18.16 (1) The company shall, at least 10 days before the date of its annual general meeting, either

- (a) send, by prepaid post, to the auditor and to each member at his latest address as shown on the register of members a copy of the financial statement referred to in section 168 of the Companies Act and the report of the auditor on it, and, while 10% or more of the issued shares of any class are represented by bearer share certificates, publish

- (i) in each county, in a daily or weekly newspaper published and circulating there, and
 - (ii) if the directors think fit elsewhere and in such manner as the directors may specify
- a copy of the financial statement or a summary of it and the report of the auditor on it if the report is qualified, or
- (b) publish
 - (i) in each county in a daily or weekly newspaper published and circulating there, and
 - (ii) if the directors think fit elsewhere and in such manner as the directors may specify,
- a copy of the financial statement or a summary of it and the report of the auditor on it if the report is qualified.
- (2) The company shall, on demand by a bearer of a bearer share certificate or a debentureholder of the company, furnish him with a copy of its latest financial statement and a copy of the report of the auditor on it.
- 1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Publication of interim
financial statement

18.17 The company may publish the comparative interim financial statement referred to in section 196 (2) of the Companies Act

- (a) in each county, in a daily or weekly newspaper published and circulating there, and
 - (b) if the directors think fit elsewhere and in such manner as the directors may specify
- instead of sending it to every member.
- 1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Auditor not
disqualified

18.18 Notwithstanding any other Act, the application for or the holding of free shares by any person does not make an auditor of the company not independent of the company, nor an auditor of an affiliate of the company not independent of that affiliate.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Amendment of financial
statements and report

18.19 (1) Where facts described in section 216 (1) (a) and (b) of the Companies Act come to the attention of the auditor of the company, he shall, if in his opinion it is necessary, amend his report in respect of the financial statement referred to in section 168 of the Companies Act so that it complies with Part 6 of the Companies Act and the directors shall either

- (a) send to the members by prepaid post, and, while 10% or more of the issued shares of any class are represented by bearer share certificates, publish
 - (i) in each county in a daily or weekly newspaper published and circulating there, and
 - (ii) if the directors think fit elsewhere and in such manner as the directors may specify
 - a copy of the amended report and a statement explaining the effect of the amendment on the financial position and results of the operations of the company, or
 - (b) publish the amended report and the statement referred to in paragraph (a)
 - (i) in each county, in a daily or weekly newspaper published and circulating there, and
 - (ii) if the directors think fit elsewhere and in such manner as the directors may specify.
- 1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Dissent by bearer

18.2 Section 228 of the Companies Act applies to a bearer of a bearer share certificate of the company as if he were a member except that where he gives notice of dissent he shall state in it his name and address, the number of shares in respect of which he is exercising his right and the certificate numbers of the bearer share certificates representing those shares.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Notice of meeting

18.21 A notice of a general meeting of the company to consider a resolution as a result of which a notice of dissent may be filed by a bearer of a bearer share certificate shall be published

- (a) in each county, in a daily or weekly newspaper published and circulating there, and
- (b) if the directors think fit elsewhere and in such manner as the directors may specify

with a statement advising the bearer of his right to give a notice of dissent, the procedure to be followed by him and the consequences of giving the notice.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Shares to be purchased pro rata

18.22 (1) Where a proposed purchase by the company of its shares

- (a) is not to be made through a stock exchange, or
- (b) is not to be made from a bona fide employee or bona fide former employee
 - (i) of the company, or

(ii) of an affiliate of the company,
or his personal representative, in respect of shares beneficially owned by the employee or former employee,
the company shall, subject to subsection (2), make its offer to purchase pro rata to every member who holds shares of the class or series to be purchased.

(2) Where the shares of a class or series proposed to be purchased under subsection (1) include shares represented by bearer share certificates the directors shall apportion the offer between the members and the bearers of bearer share certificates based on the respective holdings of shares of the class or series and shall

- (a) make the offer for members' shares pro rata to each member who holds shares of the class or series, and
- (b) make the offer for bearers' shares to the bearers pro rata to each bearer in the proportion that the number of shares apportioned to bearers is of the total number of shares represented by bearer share certificates outstanding at the commencement of the offer, and, if any shares remain after a stipulated expiration date, then pro rata to members.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Bearers and
court approval
of amalgamation

18.23 Section 270 of the Companies Act applies to a bearer of a bearer share certificate of the company as if he were a member, except that where he gives a notice specified in section 270 (2) of the Companies Act he shall state in it his name and address, the number of shares in respect of which he is exercising his right and the certificate numbers of the bearer share certificates representing those shares.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Unclaimed or
undistributed assets

18.24 (1) Where a liquidator has or controls any unclaimed or undistributed assets or moneys of the company that have remained unclaimed or undistributed for more than 6 months after the date on which any dividend declared by him became payable, the liquidator shall publish in one or more newspapers selected by him a statement of

- (a) the assets or moneys unclaimed or undistributed,
- (b) the assets or moneys due in respect of each share of the company,
- (c) the procedure required to claim the unclaimed or undistributed assets or moneys, and
- (d) the date, not earlier than 60 days nor later than 120 days after the publication, on which the liquidator will pay or deliver the assets or moneys to the Minister of Finance.

(2) On the date specified under subsection (1) (d) the liquidator shall forthwith pay or deliver the unclaimed assets or moneys to the Minister of Finance with a statement showing, to the extent known to him, the full

names and last known addresses of the persons appearing to be entitled to the assets or moneys and the amounts to which they appear to be respectively entitled and a list of the bearer share certificates identified by number in respect of which assets or moneys have not been claimed, and the Minister of Finance shall give him a receipt which shall be an effectual discharge to him in respect of them.

(3) The Minister of Finance may, in respect of any assets or moneys paid or delivered to him under this section, invest the moneys or realize the assets and invest the proceeds, and the moneys so received or realized by him shall be deemed to be unclaimed money deposits within the meaning of the Unclaimed Money Deposits Act, and that Act shall apply to them.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Nature of bearer shares

18.25 The rights of and restrictions on bearers of bearer share certificates are not special rights or restrictions for purposes of the Companies Act, and the shares represented by bearer share certificates shall not be a separate class of shares for the purposes of the Companies Act.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Part VII

FREE SHARES AND FIRST OFFERING

Limitation on disabilities

18.26 (1) Every individual who is authorized under a regulation passed pursuant to this Act to apply for free shares has been since March 14, 1979 and shall continue to be, notwithstanding Part II of this Act, eligible to acquire, own and hold free shares and additional shares of the company to be delivered with free shares, and has had since March 14, 1979 and shall continue to have, capacity to give a power of attorney for those purposes.

(2) Every individual has, on and after his 16th birthday, notwithstanding that he has not reached the age of majority, but subject to Part II of this Act, capacity to acquire, hold, own and dispose of shares of the company.

(3) The Lieutenant Governor in Council may make regulations respecting individuals who are, or would but for this section be, under a disability or lack capacity, and the regulations may

- (a) prescribe how and under what circumstances the individuals may exercise their rights to acquire, hold, own and dispose of shares,
- (b) provide for assistance, advice and counselling for the individuals, and

(c) authorize the Public Trustee or other persons to acquire, hold and dispose of shares on their behalf.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Validation of issue

18.27 The offer, sale, allotment and issue of shares of the company at the offered price of \$6 a share to individuals who purchase shares of the company to be delivered with free shares shall be deemed to be in the best interests of the company, and to be in compliance with this Act and sections 41 and 42 of the Companies Act.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Rescission

18.28 (1) An individual may rescind a contract to purchase additional shares of the company to be delivered with free shares if he gives and the company receives from him written notice of the intention to rescind before the earlier of

(a) 7 days after the date of the application covering the purchase of the shares, or

(b) June 15, 1979.

(2) For the purpose of subsection (1), a notice received by the company by mail at P.O. Box 4800, 349 West Georgia Street, Vancouver, V6B 4A4, shall be deemed to be received on the date postmarked on the enclosing envelope.

(3) An individual entitled to free shares who purchases additional shares of the company on or before June 15, 1979 or any later date to which an offer of additional shares is extended has the right to rescind the contract of purchase of such shares, while still the owner of them, if the prospectus and any amended prospectus filed with the Superintendent of Brokers of British Columbia as of the date of application for the shares contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained in it not misleading in the light of the circumstances in which it was made.

(4) No individual may commence any action for rescission under subsection (3) after September 15, 1979, nor may he commence any action under this section if he knew of the untruth of the statement or knew of the omission at the time he applied for the shares.

(5) It shall be a good defence to an action for rescission under subsection (3) that the untruth of the statement or the fact of the was unknown to the company at the time the application was made, and, in the exercise of reasonable diligence, could not have been known to the company.

(6) Other than those set out in this section, no right of rescission exists at law, in equity or under any enactment, in respect of a contract to purchase additional shares of the company to be delivered with free shares.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Late delivery of
share certificates

18.29 The government, the company or any person acting as agent for either is not liable for loss suffered by an applicant for free shares or by a purchaser of additional shares of the company to be delivered with free shares, caused by any delay in the delivery to the applicant or purchaser of share certificates for the shares.

1979, c. 5, s. 7 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

PART VIII

GENERAL

Winding-up

19. Proceedings to wind up the company under Part 9 of the Companies Act are, notwithstanding the Companies Act, invalid unless approved by the Lieutenant-Governor in Council.

1977, c. 47, s. 19.

This Act paramount

20. Where there is a conflict between this Act and

- (a) the Companies Act as it applies to the company, or
- (b) the articles, or
- (c) the memorandum of the company,

this Act prevails.

1977, c. 47, s. 20.

Securities Act

21. The registration provisions of the Securities Act do not apply to savings institutions in the Province in respect of the primary distribution to the public of the first offering of shares of the company.

1977, c. 47, s. 21.

Authorized investments

22. Shares of the company are authorized for the investment of

- (a) moneys owned by a trust company as defined in the Trust Companies Act,
- (b) funds of a Provincial company as defined in the Insurance Act, and
- (c) funds of a trust of which at least one trustee is a trust company as defined in the Trust Companies Act, except where a contrary intention appears in the trust instrument.

1979, c. 5, s. 8 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

Regulations

23. The Lieutenant-Governor in Council may make regulations.
1977, c. 47, s. 23.

No disqualification

24. (1) Except where a regulation made under this Act provides otherwise, the holding of any office or employment does not prevent an individual from holding shares of the company.

(2) The holding of shares of the company or voting at any meeting of the company does not disqualify an individual from any office or employment, prevent him acting in it or make him ineligible for it.

(3) "Office" in this section includes membership of the Legislative Assembly.

(4) In this section, "office or employment" does not include the office or employment of auditor in relation to the company under section 204 of the Companies Act.

(5) This section applies notwithstanding any other enactment.

1979, c. 5, s. 9 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

False information

25. (1) A person who, having furnished false information in an application for shares of the company, obtains free shares or additional shares of the company pursuant to that application, commits an offence and is liable to a fine of not more than \$2 000.

(2) A person who obtains free shares or additional shares of the company to be delivered with them

(a) while he is not entitled to do so, or

(b) pursuant to an application in which he furnished false information

shall return the shares to the government or if the shares are not held by him shall pay to the government an amount equal to the current fair market value of the shares, and the government may recover the amount by action as a simple contract debt due to the government.

(3) In an action under subsection (2) to recover shares or their value, the certificate of the Minister of Finance that a person was not entitled to obtain free shares or to purchase additional shares of the company to be delivered with them shall be prima facie proof that he was not entitled.

1979, c. 5, s. 9 (eff. Mar. 1, 1979 for certain purposes; see 1979, c. 5, s. 10).

SCHEDULE

1. Shares and securities representing the interest of the Government
in

- (a) Canadian Cellulose Company Ltd.,
- (b) Plateau Mills Ltd.,
- (c) Kootenay Forest Products Ltd.,
- (d) Westcoast Transmission Company Limited.

2. Notwithstanding the Petroleum and Natural Gas Act, 1965, such leases, licences, reservations, or permits respecting petroleum or natural gas rights as the Lieutenant-Governor in Council may determine, on such terms and conditions as he may approve.

1977, c. 47, Sch.

[NOTE.--Act, except section 17, proclaimed in force Sept. 14, 1977, B.C. Reg. 385/77, Part II Gazette Vol. 20, p. 734. Section 17 proclaimed in force Mar. 9, 1978, B.C. Reg. 107/78, Part II Gazette Vol. 21, p. 556.]

The British Petroleum Company Limited

SECOND SUPPLEMENT TO PROSPECTUS

DATED JUNE 27, 1977

BUSINESS AND PROPERTY

Crude Oil

MIDDLE EAST AND NIGERIA

As discussed on page 25 of the Prospectus dated June 27, 1977, at a meeting held in mid-December 1976, all OPEC members except Saudi Arabia and the United Arab Emirates (which include Abu Dhabi) decided to increase the price of their crude oil by approximately 10% on January 1, 1977 and by a further approximately 5% on July 1, 1977. On June 29, 1977 OPEC headquarters announced that, except for Iraq and Libya, the OPEC members which had decided to increase their prices on July 1, 1977 had resolved to forego such increase. On July 5, 1977 Iraq announced that it would also forego such increase. On July 3, 1977 Saudi Arabia and the United Arab Emirates, which had increased the price of their crude oil by only 5% with effect from January 1, 1977, announced that they intended to increase their price by an additional 5% with effect from July 1, 1977, thereby bringing the price of their crude oil into line with the level established by the other OPEC members as of January 1, 1977. The foregoing measures should eliminate the two-tier price system and the BP Group's competitive disadvantage arising therefrom. Possible adjustments to the price differentials between certain grades of OPEC members' crude oils remain for discussion at the OPEC meeting in Stockholm which commences July 12, 1977.

Interests in the United States

INTEREST IN SOHIO

Projected West Coast Crude Oil Surplus and Proposed West Coast-Midcontinent Pipeline System. On July 10, 1977, James R. Schlesinger, an adviser to the President of the United States, stated that the President has determined not to recommend the export of North Slope crude oil to Japan in exchange for foreign crude oil imports to the Gulf and East Coasts of the United States.

INTEREST IN TAPS

On July 8, 1977 an explosion and fire occurred at a TAPS pump station located approximately 490 miles south of Prudhoe Bay which resulted in the suspension of the filling of the pipeline and a shutdown of the Prudhoe Bay Field. Damage to the station's main pump building and pumping equipment was extensive. The exact cause of the explosion and fire has not been determined. Based on an initial review of the damage, Alyeska estimated that the filling of the pipeline can be resumed by bypassing the damaged

(Over)

pump building and commissioning another pump station ahead of the original schedule. Alyeska estimates that it would be possible to resume filling the pipeline within one week; however, such resumption may be subject to obtaining certain approvals from Federal and state regulatory agencies. The Secretary of the Interior has stated that the Department of the Interior will not permit such resumption until it has conducted an inquiry into the causes of the explosion and fire.

Reconstruction of the damaged pump building and replacement and repair of pumping equipment has initially been estimated to require a minimum of six to eight months. A more precise estimate cannot be made until the full extent of the damage is known. Until the damaged pump station is recommissioned, throughput at the initial design capacity of TAPS of 1,200,000 barrels per day cannot be attained. Maximum throughput capacity prior to such recommissioning is currently estimated at approximately 800,000 barrels per day. Commercial operations of TAPS are still expected to commence in the third quarter of 1977.

U.S. REGULATION OF PIPELINE CARRIERS

Interstate Commerce Act. On July 11, 1977 Sohio Pipe Line filed a motion to appear as a party in a proceeding brought on July 6, 1977 in the United States Court of Appeals for the Fifth Circuit by Mobil Alaska Pipeline Company ("Mobil Alaska") to annul, set aside and enjoin the enforcement of the order of the Interstate Commerce Commission entered June 28, 1977 in the proceeding relating to TAPS tariffs which is described in the Supplement dated June 30, 1977 to the Prospectus dated June 27, 1977. Mobil Alaska has requested such relief on the grounds that the ICC order unlawfully exceeds the ICC's authority under the Interstate Commerce Act, violates Mobil Alaska's constitutional right to due process of law and constitutes gross abuse of discretion.

On July 8, 1977 BP Pipelines filed with the United States Court of Appeals for the Fifth Circuit a separate petition seeking substantially the same relief as that sought by Mobil Alaska. BP Pipelines contends in its petition that the ICC is not permitted by law to suspend an initial tariff or to prescribe interim rates without a full hearing or evidentiary record and that the ICC's order is confiscatory and would deprive BP Pipelines of its property without due process of law in violation of its rights under the Fifth Amendment to the Constitution of the United States in that said order would require BP Pipelines to render transportation services during the seven months ended January 29, 1978 at a rate which would not permit the recovery of BP Pipelines' costs.

July 11, 1977

The British Petroleum Company Limited

SUPPLEMENT TO PROSPECTUS DATED JUNE 27, 1977

On June 28, 1977, the Interstate Commerce Commission issued an order in the proceeding (described in the second full paragraph on page 44 of the Prospectus dated June 27, 1977) relating to the tariffs filed by BP Pipelines, Sohio Pipe Line and the other TAPS owners for transportation of crude oil through TAPS. Such order (i) suspends for seven months the effectiveness of the tariff rates filed by BP Pipelines, Sohio Pipe Line and five of the other TAPS owners, (ii) orders an investigation with respect to the lawfulness of the tariff rates filed by the TAPS owners and (iii) authorizes the TAPS owners to file interim tariff rates, which could be placed in effect on one day's notice, not exceeding levels which are substantially lower than the tariff rates previously filed by such companies. The maximum interim tariff rates specified by the ICC range from \$4.68 to \$5.10 per barrel; the TAPS owners had previously filed tariff rates ranging from \$6.04 to \$6.44 per barrel. For BP Pipelines and Sohio Pipe Line, the maximum interim tariff rates specified by the ICC are \$4.68 per barrel and \$4.70 per barrel, respectively. The tariff rates previously filed by BP Pipelines and Sohio Pipe Line are \$6.35 per barrel and \$6.16 per barrel, respectively. The ICC order also requires that any interim tariff contain a provision for refunds, with interest, to shippers in the event that any interim tariff rates exceed the tariff rates ultimately authorized by the ICC.

BP and Sohio are each studying the terms of the ICC order and the various courses of action which might be taken in response to it. Neither BP nor Sohio has determined what action it will take in response to such order. Alyeska is now filling the pipeline, but commercial transportation of crude oil through TAPS cannot commence until tariffs are in effect.

PROSPECTUS

13,357,000 American Depositary Shares

Representing

13,357,000 £1 UNITS OF ORDINARY STOCK

**The British Petroleum Company
Limited**

The American Depositary Shares offered hereby will represent presently outstanding £1 units of Ordinary Stock ("Ordinary Shares") of The British Petroleum Company Limited ("BP"). Such American Depositary Shares will be represented by American Depositary Receipts ("ADRs") and are being acquired by the several Underwriters from the United Kingdom Government. Such American Depositary Shares are listed on the New York Stock Exchange. The last reported sale price of the American Depositary Shares on the New York Stock Exchange on June 27, 1977 immediately prior to the determination of the public offering price of the American Depositary Shares offered hereby was \$16 $\frac{1}{4}$. The middle market quotation for Ordinary Shares on the London Stock Exchange, as shown by its Daily Official List, as of 3:30 P.M., London time, on June 27, 1977 was £9.30 (equivalent to \$16.00 based on the noon buying rate for pounds sterling in New York City on such date).

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$16 $\frac{1}{8}$ AN AMERICAN DEPOSITARY SHARE

	Price to Public	Underwriting Discounts(1)	Proceeds to United Kingdom Government(2)
Per Share	\$16.125	\$.800	\$15.325
Total	\$215,381,625	\$10,685,600	\$204,696,025

(1) See "Underwriters" herein with respect to indemnity provided by the United Kingdom Government.

(2) Before deduction of expenses payable by the United Kingdom Government, estimated at \$1,550,000.

The United Kingdom Government has recently completed a public offering (the "U.K. offering") in the United Kingdom and elsewhere outside the United States, its territories and possessions and Canada ("North America") pursuant to which it has sold 53,428,591 Ordinary Shares of BP at a price determined on June 14, 1977 of £8.45 per Ordinary Share (equivalent to \$14.53 based on the noon buying rate for pounds sterling in New York City on June 27, 1977). The U.K. offering was not made in North America or to any national or resident thereof. See "Offering of Ordinary Shares in the United Kingdom" and "Ownership of Ordinary Shares and Selling Shareholder".

The American Depositary Shares are offered by the several Underwriters named herein, subject to prior sale, when, as and if delivered to the Underwriters, but subject to no other conditions to closing. It is expected that delivery of the ADRs will be made on or about July 1, 1977 at the office of Morgan Stanley & Co. Incorporated, 55 Water Street, New York, N. Y., against payment therefor.

MORGAN STANLEY & CO.

Incorporated

THE FIRST BOSTON CORPORATION

GOLDMAN, SACHS & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH

SALOMON BROTHERS

Incorporated

June 27, 1977

No person has been authorized to give any information or to make any representation not contained in this Prospectus in connection with the offer contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by The British Petroleum Company Limited ("BP"), the United Kingdom Government or any Underwriter. This Prospectus does not constitute an offer of any securities other than those to which it relates, or an offer of those to which it relates to any person in any jurisdiction where such offer would be unlawful. The delivery of this Prospectus at any time does not imply that information herein is correct as of any time subsequent to its date.

BP is an English corporation, all the directors of BP and certain of the experts named in this Prospectus are residents of England and all or a substantial portion of the assets of each of them are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon BP or such persons with respect to matters arising under the United States Securities Act of 1933, or to enforce against them judgments of courts of the United States predicated upon civil liability under that Act. BP has been advised by its English solicitors, Linklaters & Paines, that there is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon such Securities Act.

In this Prospectus, except as otherwise indicated, United States dollar amounts have been presented solely for convenience at the rate of £1 = \$1.70, the noon buying rate for pounds sterling for cable transfers in New York City as reported by the Federal Reserve Bank of New York (the "Noon Buying Rate") on December 31, 1976 (the date of the latest balance sheet of BP and its subsidiary companies) in accordance with the general policy of the staff of the Securities and Exchange Commission. Such presentation should not be construed as a representation that the pound sterling amounts represent, or have been or could be converted into United States dollars at this or any other rate. The Noon Buying Rate varied between \$2.64 and \$2.33 in 1972, between \$2.58 and \$2.31 in 1973, between \$2.44 and \$2.17 in 1974, between \$2.43 and \$2.02 in 1975, between \$2.03 and \$1.57 in 1976, between \$2.03 and \$1.91 from January 1, 1976 through March 31, 1976 and between \$1.72 and \$1.70 from January 1, 1977 through March 31, 1977. From April 1, 1977 through June 27, 1977 such rate was \$1.72.

In this Prospectus, metric tons have been converted into barrels at the rate of 7.5 barrels per metric ton. A barrel contains 42 U.S. gallons.

The American Depositary Shares offered hereby are not being offered or sold outside the United States, its territories and possessions and Canada, except to nationals or residents thereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE ORDINARY SHARES OR THE AMERICAN DEPOSITARY SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, THE LONDON STOCK EXCHANGE, ANY OTHER STOCK EXCHANGE ON WHICH THE ORDINARY SHARES HAVE BEEN ADMITTED TO TRADING PRIVILEGES OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY INFORMATION

Issuer—The British Petroleum Company Limited. The BP Group, a major integrated petroleum organization operating internationally, is the largest industrial concern in the United Kingdom, the third largest outside the United States and the eighth largest in the non-communist world on the basis of 1976 gross sales proceeds.

Selling Shareholder—The United Kingdom Government.

The Offering—13,357,000 American Depositary Shares which are represented by American Depositary Receipts for the same number of £1 units of Ordinary Stock of BP.

Selected Financial Information Relating to BP and Subsidiary Companies:

	Years ended December 31			Three months ended March 31 (unaudited)	
	1974	1975	1976	1976	1977
	(£ million, except per share amounts)				
Net sales proceeds	7,810.1	7,781.4	10,581.1	2,337.6	2,994.4
Income before extraordinary items	475.8	144.9	179.8	20.2	90.5
Net income applicable to ordinary stock units	486.7	165.5	179.1	20.0	90.3
Per ordinary stock unit:					
Income before extraordinary items ...	123.0p	37.3p	46.4p	5.2p	23.4p
Extraordinary items	3.1p	5.5p	—	—	—
Net income	126.1p	42.8p	46.4p	5.2p	23.4p
Cash dividends declared	16.860p	17.990p	19.789p	—	—
Average number outstanding of £1 ordinary stock units (in millions)	386	386	386	386	386
Approximate net income (loss) applicable to ordinary stock units as adjusted to accord with U.S. generally accepted accounting principles(1)	483.1	55.5	53.1	(62.0)	95.3
Per ordinary stock unit as so adjusted(1) ..	125.1p	14.4p	13.8p	(16.1p)	24.7p
December 31, 1976					
	(£ million)				
Working capital	1,274.7				
Total assets	8,774.8				
Total finance debts (excluding maturities due within one year)	1,511.4				
Stockholders' interest	2,858.4				

(1) As indicated in notes (a) and (b) to The British Petroleum Company Limited and Subsidiary Companies Consolidated Statement of Income and in note (b) to the Results of the BP Group for the Three Months Ended March 31, 1977, the application of generally accepted United States accounting principles would have materially affected net income as stated therein.

The above summary is qualified in its entirety by reference to the detailed information and financial statements appearing elsewhere in this Prospectus.