

# **SPIDER RESOURCES INC.**

## **ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

TO BE HELD ON JUNE 29, 2000

### **NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF SPIDER RESOURCES INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF SPIDER RESOURCES INC. TO BE HELD ON JUNE 29, 2000.*

#### **TO BE HELD AT:**

Board of Trade, 3<sup>rd</sup> Floor  
1 First Canadian Place  
Toronto, Ontario

**The Ketchum /Osgoode Room  
11:00 a.m. (Toronto time)**

**SPIDER RESOURCES INC.**

**NOTICE OF AN ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**THURSDAY, JUNE 29, 2000**

**TO THE SHAREHOLDERS:**

**TAKE NOTICE** that an Annual General and Special Meeting (the "Meeting") of the Shareholders of Spider Resources Inc.(the "Corporation") will be held in The Ketchum/Osgoode Room, at Board of Trade, 3<sup>d</sup> Floor, 1 First Canadian Place, Toronto, Ontario, at the hour of 11:00 a.m. (Toronto time) on Thursday, June 29, 2000, for the following purposes:

- 1 to receive and consider the audited financial statements for the fiscal year ended December 31, 1999 and the report of the Auditors thereon;
- 2 to fix the board of directors of the Corporation at five (5) members;
- 3 to elect a board of directors of the Corporation for the ensuing year;
- 4 to appoint an auditor of the Corporation for the ensuing year and to authorize the board of directors to fix the auditor's remuneration; and
- 5 to transact any such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and return it in the envelope provided for that purpose.

**DATED** at Toronto, Ontario this 16<sup>th</sup> day of May, 2000.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) NORMAN E. BREWSTER

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NORMAN E. BREWSTER, PRESIDENT

**IMPORTANT**

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Montreal Trust Company of Canada, 1800 McGill College Avenue, 7<sup>th</sup> Floor, Montreal, Quebec H3A 3K9, at least forty-eight (48) hours prior to the Meeting or any adjournment(s) thereof.

# **SPIDER RESOURCES INC.**

## **ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**THURSDAY, JUNE 29, 2000**

### **MANAGEMENT INFORMATION CIRCULAR**

**NOTE: Shareholders who do not hold their shares in their own name, as registered shareholders, should read "Advice to Beneficial Shareholders" within for an explanation of their rights.**

### **SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF SPIDER RESOURCES INC.** (the "Corporation") of proxies for the Annual General and Special Meeting of the Shareholders of the Corporation (the "Meeting") to be held at The Ketchum/Osgoode Room, Board of Trade, 3<sup>rd</sup> Floor 1 First Canadian Place, Toronto, Ontario, on June 29, 2000 at 11:00 a.m. (Toronto time), or any adjournment thereof for the purposes set out in the accompanying notice of meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, telegraph or personal interview by regular employees of the Corporation, at a nominal cost. In accordance with National Policy No. 41, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. The cost thereof will be borne by the Corporation.

### **APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named in the enclosed Instrument of Proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (who need not be a shareholder) other than the management designees, to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose in the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the management designees, or by completing another proper form of proxy. Such shareholder should notify the nominee of the appointment, obtain a consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached, where an attorney executed the proxy form.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to Montreal Trust Company of Canada, 1800 McGill College Avenue, 7<sup>th</sup> Floor, Montreal, Quebec H3A 3K9, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the chairman of the Meeting in his discretion, and the chairman is under no obligation to accept or reject any particular late proxy.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which

the proxy is to be used, or with the chairman of such Meeting on the day of the Meeting or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting and voting his shares.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") are advised that only proxies from registered shareholders (i.e. shareholders of record) can be recognized, and only registered shareholders may vote at the Meeting. Beneficial Shareholders who complete and return a proxy must indicate thereon the name of the person (usually a brokerage house) who holds their shares as a registered shareholder. Every attempt will be made to pass such proxies along to the appropriate registered shareholder in order that the registered shareholder may vote in accordance with the wishes of the Beneficial Shareholder. The form of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to shareholders of record (registered shareholders) unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his shares by completing the blanks on the Instrument of Proxy. All common shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the common shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification, the management designees, if named as proxy, will vote in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the date hereof, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgement of the management of the Corporation.**

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of common shares ("Common Shares") and an unlimited number of Preferred Shares. As at the effective date of this Management Information Circular (the "Effective Date"), which is May 11, 2000, the Corporation has 94,225,727 Common Shares without nominal or par value outstanding. There are no other shares outstanding, of any class. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

The Corporation will prepare a list of shareholders of record at the close of business on May 11, 2000 (the "Record Date"). A holder of Common Shares of the Corporation named on that list will be entitled to vote the shares then registered in such holder's name, except to the extent that (a) the holder has transferred the ownership of any of his shares after the Record Date, and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares, and demands not later

than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his shares at the Meeting.

The By-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if not less than two (2) persons holding or representing not less than 20% of the shares entitled to vote at a meeting of shareholders are present.

To the knowledge of the directors and senior officers of the Corporation, as at the Effective Date, no person, firm or corporation beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, except for as indicated below:

Name	Type of Ownership	Number of Common Shares Owned or Controlled at the Effective Date	Percent of Outstanding Common Shares
CDS & Co. Toronto, Ontario	of record <sup>(1)</sup>	80,386,156	85.3%
Cede & Co. New York, NY	of record <sup>(1)</sup>	10,613,726	11.3%

**Note:**

1. The Corporation is not aware of the beneficial owners of these shares.

## **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

### **Compensation of Directors**

The aggregate cash compensation (including salaries, directors' fees, commissions, bonuses paid for services rendered during the most recently completed fiscal year, bonuses paid during the most recently completed fiscal year for services rendered in a previous year, and any compensation other than bonuses earned during the most recently completed fiscal year the payment of which was deferred) paid to directors of the Corporation for services rendered during the fiscal year ended December 31, 1999 was nil.

Executive officers of the Corporation who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. See **Compensation of Executive Officers**.

### **Compensation of Executive Officers**

As at the date hereof and during the last fiscal year ended December 31, 1999, the Corporation had one (1) executive officer, who is also a director. **Executive Officer** means the chairman and any vice-chairman of the board of directors, president or any vice-president and any officer of the Corporation or its subsidiary who performs a policy making function in respect of the Corporation. The aggregate cash compensation (including salaries, fees, directors' fees, commissions, bonuses paid for services rendered during the most recently completed fiscal year, bonuses paid for services rendered in a previous year, and any compensation other than bonuses earned during the most recently completed fiscal year the payment of which was deferred) paid to such executive officer, and corporations controlled by such executive officer, by the Corporation, during the last fiscal year ended December 31, 1999 was nil.

### **Summary Compensation Table**

The following table sets forth all annual and long term compensation for services in all capacities to the Corporation and its subsidiaries for the fiscal years ended 1997, 1998 and 1999 in respect of individual(s) who were, at December 31, 1999 acting in a capacity similar to a chief executive officer and the four most highly compensated executive officers whose compensation was greater than \$100,000 (the ANamed Executive Officer@).

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All other Compensation (\$)
		Salary (\$)	Performance Right (\$ (Bonus))	Other Annual Compensation (\$)	Awards Securities Granted Under Option /SARS <sup>(1)</sup> Granted #	Restricted Shares or Restricted Share Units	Payouts LTIP <sup>(2)</sup> Payouts (\$)	
Norman E. Brewster President, Chief Executive Officer and Director	1997	nil	nil	Nil	nil	nil	nil	nil
	1998	nil	nil	Nil	nil	nil	nil	nil
	1999 <sup>(3)</sup>	nil	nil	Nil	815,000 <sup>(4)</sup>	nil	nil	nil

**Notes:**

- 1 "SARS" or "Stock appreciation right" means a right granted by the Corporation as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Corporation.
- 2 "LTIP " or "long term incentive plan" means any plan which provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.
- 3 Mr. Brewster became a Named Executive Officer on November 1, 1999.
- 4 These options to purchase Common Shares are exercisable at \$0.10 and were issued effective October 19, 1999 and expire October 19, 2004. As of December 31, 1999, all of these options remained outstanding.

**Stock Option Plan**

The Corporation has a stock option plan in place (the "Plan"), as authorized by the board of directors of the Corporation on July 23, 1999 and approved by the shareholders of the Corporation on September 13, 1999 to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Plan is administered by the directors of the Corporation. Pursuant to the Plan, the board of directors of the Corporation may allocate non-transferable options to purchase up to and including 10% of the outstanding Common Shares of the Corporation to the directors, officers, employees and consultants of the Corporation and its subsidiaries. Under the Plan, at the time of granting of the options, the aggregate number of Common Shares to be delivered upon the exercise of all options granted thereunder and the aggregate number of Common Shares to be delivered upon exercise of the options to any one individual granted thereunder may not exceed the maximum number permitted by any stock exchange on which the Common Shares are then listed or by any other regulatory body having jurisdiction. The exercise price of the Common Shares issued pursuant to such options will be at such discount, if any, from the market price as may be permitted by any stock exchange on which the Corporation's Common Shares are then listed. The option

agreements shall provide for the expiration of such options on a date not later than five (5) years after the granting of such options.

Options granted under the Plan are not transferable and if they are not exercised, will expire no later than one (1) year following the date the optionee ceases to be a director, officer, employee or consultant of the Corporation by reason of death, or no later than ninety (90) days after ceasing to be a director, officer, employee or consultant of the Corporation for any reason other than death.

As at the Corporation's most recent fiscal year ended December 31, 1999, there were options to purchase 7,300,000 shares which had been granted and were outstanding under the Plan, of which 7,150,000 options are exercisable at \$0.10 per share and 150,000 options are exercisable at exercise prices ranging from \$0.225 to \$0.495 per share.

### **Option/SAR Grants During the Most Recently Completed Financial Year**

The following table sets forth information in respect of the grants of all options to purchase or acquire securities of the Corporation or any of its subsidiaries (whether or not in tandem with SARs) and freestanding SARs made during the Corporation's most recently completed financial year ended December 31, 1999 to each Named Executive Officer.

<b>Name</b>	<b>Date of Grant</b>	<b>Securities Under Options/SARs Granted (#)</b>	<b>% of Total Options/SARs Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options/SARs on Date of Grant (\$/Security)<sup>(1)</sup></b>	<b>Expiration Date</b>
Norman E. Brewster President, Chief Executive Officer and Director	October 19, 1999	815,000	11.2%	\$0.10	\$0.07	October 19, 2004

Note:

1 The closing price of the Common Shares on the Canadian Venture Exchange on October 19, 1999 was \$0.07.

### **Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values**

The following table sets forth information in respect of each exercise of options and freestanding SARs during the Corporation's most recently completed financial year ended December 31, 1999 by each Named Executive Officer and the financial year end value of unexercised options and SARs, on an aggregated basis.

<b>Name</b>	<b>Securities Acquired on Exercise (#)</b>	<b>Aggregate Value Realized (\$)</b>	<b>Unexercised Options/SARs at December 31, 1999<sup>(2)</sup> (#) Exercisable/ Unexercisable</b>	<b>Value of Unexercised in-the-Money Options/SARs at December 31, 1999<sup>(1)</sup> (\$) Exercisable/ Unexercisable</b>
Norman E. Brewster President, Chief Executive Officer and Director	nil	N/A	815,000/0	N/A

**Note:**

1. Unexercised "in-the-money" options refer to those options in respect of which the market value of the underlying security as at the financial year end, exceeds the exercise or base price of the option, being the aggregate of the difference between the market value of the securities as at December 31, 1999, which was \$0.08, and the exercise price of the option. Mr. Brewster therefore did not hold any in-the-money stock options at December 31, 1999.
2. Mr. Norman E. Brewster currently holds 815,000 stock options that were issued to him on October 19, 1999. The exercise price is \$0.10 and the options expire October 19, 2004. These options are fully vested and exercisable.

**Long Term Incentive Plan Awards**

The Corporation currently has no long term incentive plans, other than stock options granted from time to time by the board of directors under the provisions of the Plan.

**Stock Option and SAR Repricings**

The Corporation did not make any downward repricing of stock options or stock appreciation rights held by any Named Executive Officer during the fiscal year ended December 31, 1999.

**Defined Benefit or Actuarial Plan**

The Corporation does not have any defined benefit or actuarial plans under which benefits are determined by final compensation and years of service.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

The Corporation does not have in place any employment contract between the Corporation or any subsidiary or affiliate thereof and any Named Executive Officer. The Corporation does not have in place any compensatory plan or arrangement with respect to a Named Executive Officer, which results or will result from the resignation, retirement or any other termination of employment of the officer's employment with the Corporation and its subsidiaries or from a change of control of the Corporation or any subsidiary or a change in the Named Executive Officer's responsibilities following a change in control.

**Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to the executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed fiscal year.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer or senior officer or any of their respective associates is, or has been since the beginning of the most recently completed fiscal year, indebted to the Corporation or any of its subsidiaries.

## **INTEREST OF DIRECTORS AND SENIOR OFFICERS IN MATTERS TO BE ACTED UPON**

The Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or senior officer of the Corporation at any time since the beginning of the last financial year of the Corporation, or any proposed nominee for election as a director of the Corporation, or any known associate or affiliates of such persons in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, or as otherwise disclosed herein.

## **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, the Corporation is not aware of any material interest, direct or indirect, of any director or senior officer of the Corporation or any of its subsidiaries, or of any person who beneficially owns or controls directly or indirectly more than 10% of the issued and outstanding Common Shares of the Corporation (an ~~insider~~), or any proposed nominee for election as a director of the Corporation or any associate or affiliate of such persons, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than \$26,000 paid by the Corporation to a related company for premises and administrative services.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **1. Number of Directors**

Shareholders of the Corporation will be asked to consider, and if thought fit, approve an ordinary resolution fixing the number of directors to be elected at five (5).

In order to be effective an ordinary resolution requires approval by majority of the votes cast by shareholders who vote in respect of the resolution. Unless otherwise directed it is management's intention to vote the proxies in favour of the resolution fixing the number of directors to be elected at five (5).

### **2. Election of Board of Directors**

At the Meeting it will be proposed that five (5) directors be elected to hold office until the next annual meeting of shareholders or until their successors are elected or appointed. There are presently five (5) directors of the Corporation, each of whose term of office will expire at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in favour of an ordinary resolution approving the election as directors of the five (5) nominees hereinafter set forth:

**Norman E. Brewster**  
**Neil Novak**  
**Richard Hamelin**  
**Bryan H. Wilson**  
**Earl S. Coleman**

In order to be effective, an ordinary resolution requires the approval by a majority of the votes cast by shareholders who vote in respect of the resolution.

Information regarding the persons nominated for election as directors, including the number of voting securities of the Corporation each beneficially owns, directly or indirectly, or over which each exercises control or direction is as follows:

<b>Name and Place of Residence</b>	<b>Director Since</b>	<b>Principal Occupation within the Past Five Years</b>	<b>Shares Beneficially Owned or Controlled and Percentage of Total Shares<sup>(2)</sup></b>
Norman E. Brewster <sup>(1)</sup> Ajax, Ontario	March 11, 1993	President of the Corporation; Geologist Consultant	473,000 (0.5%)
Neil Novak, Cambridge, Ontario	April 6, 1995	Vice President Exploration of the Corporation; Geological consultant; Project Management Nominex Ltd.	77,321 (0.01%)
Richard Hamelin, <sup>(1)</sup> Montreal, Quebec	January 26, 2000	Financial advisor with Canaccord Capital Corp. since 1998; Prior thereto with Marleau Lemiere Securities Inc.	Nil
Bryan H. Wilson <sup>(1)</sup> Richmond Hill, Ontario	September 13, 1999	Mining Analyst; Corporate Finance at Thames Capital Corp. since 1998; Corporate Finance with Dominick & Dominick September 1997 to January 1998; Prior thereto, with CM Oliver Inc.	Nil
Earl S. Coleman Steinbach, Manitoba	September 13, 1999	Corporate Vice-President, Big Freight Systems	Nil

**Notes:**

- Members of the audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditors. The Corporation does not have an executive committee. Norman E. Brewster is the current and proposed chairman of the audit committee.
- The information as to the number of shares, not being within the knowledge of the Corporation, has been furnished by the respective nominees.

### 3 Appointment of Auditor

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of Green, Chencinski, Starkman, Eles, Chartered Accountants, as auditor of the Corporation to hold office until the close of the next Annual General Meeting of Shareholders or until they are removed from office or they resign as provided by law and by the Corporation's by-laws, and to authorize the directors of the Corporation to fix their remuneration as auditors of the Corporation. Green, Chencinski, Starkman, Eles, Chartered Accountants, will commence being the auditor of the Corporation on the date of the Meeting, June 29, 2000.

Prior thereto, PricewaterhouseCoopers LLP, Chartered Accountants, has been the auditor has been the auditor of the Corporation. As set out above, management intends not to recommend the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditor of the Corporation at the Meeting. In accordance with National Policy 31, the AReporting Package@ which includes the notice of change of auditor, letter of the former auditor, and the letter from necessary securities commissions and it is attached here to and made part hereof as Exhibit 1.

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### OTHER BUSINESS

While there is no other business other than that mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

**DATED:** May 11, 2000

**CERTIFICATE**

The foregoing contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

**ON BEHALF OF THE MANAGEMENT OF SPIDER RESOURCES INC.**

(Signed) NORMAN E. BREWSTER  
President, Chief Executive Officer  
and Director

