

The Depository Trust Company

IMPORTANT

B#: 2837

DATE: January 03, 2002

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers & Reorganization Managers

SUBJECT: Rights: Highwood Resources Ltd.
Common Stock CUSIP#: 431280106 Rights CUSIP#: 431280130
R/D: 12/21/01 Exp: 1/11/2002 (4:00 p.m. Toronto time)
Rate: one right for each share of Common Stock held

*****WARNING TIME CRITICAL*****

It is imperative that participants read this notice in its entirety as it relates to a Canadian Rights offering that is both complex and different than those normally processed by DTC. DTC will process this Rights offering in multiple steps with specific actions required to be taken by participants during several different time frames. Below is a brief description of the offering terms, its unique characteristics, and the processing steps required by participants.

Brief Terms of this Rights Offering

Highwood Resources Ltd. (the "Corporation") is offering to the holders of its outstanding common shares ("Common Shares") of record at the close of business on December 21, 2001 (the "Record Date") rights ("Rights") evidenced by transferable Rights certificates ("Rights Certificates") to subscribe for Common Shares of the Corporation. Holders of Common Shares on the Record Date will receive one (1) Right for each Common Share held.

Only holders of Common Shares that are residents in the United States in New York and Wisconsin and the Canadian Provinces of British Columbia, Alberta and Ontario, and all other jurisdictions outside Canada and the United States, are eligible to receive and exercise the Rights.

For details regarding the subscription terms, participants must refer to the information provided in the upcoming Reorganization Inquiry for Participants Announcement (RIPS Code 59).

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Non-Participating Shareholders

The Subscription Agent will attempt to sell the Rights for the account of shareholders in Non-Participating Jurisdictions prior to the expiration date. The net proceeds received by the Subscription Agent from the sale of such Rights will be divided among the Non-Participating Shareholders pro rata according to the number of Common Shares held of record by them on the Record Date.

DTC Processing and Participant Requirements

As mentioned earlier in this notice, the unique terms of this offering will require special processing on the part of DTC and its participants. The following describes those steps in detail:

Step 1 Action (1/3/02-1/4/02)-Participants **MUST** advise DTC of the total aggregate quantity of Rights that represent both ineligible shareholders as defined under the terms of this offering and eligible shareholders (those eligible to subscribe to this offering). Participants **MUST** utilize DTC's Elective Dividend System, PTS function EDS, under the **OPTIONAL DIVIDEND FUNCTION**, Active Elections, to designate such Rights quantities. **EDS will be available for processing beginning on January 3, 2002 up to and including January 4, 2002. Participants not responding by the cut-off of 1/4/2002 will be defaulted to ineligible shareholder status-agent to sell Rights on best effort basis.** DTC will submit instructions to the Computershare Trust Company of Canada (the "Subscription Agent") on January 7, 2002 representing the participants total aggregate quantity of Rights for ineligible shareholders that should be sold on a best efforts basis.

Step 2 Action (1/7/02)-DTC will release the allocation of the Rights, representing only the eligible shareholders, to participants' accounts. The allocation will be reflected on DIVA/DPAL, SDAR, ATAM, and the participants' statement.

Step 3 Action-Participants who wish to exercise Rights on behalf of eligible shareholders may do so via DTC's Automated Subscription Offer Program through the PSOP function.

Step 4 Action (date to be determined)-DTC allocates the proceeds, if any, from the sale of Rights (ineligible shareholders only). Such allocation will be posted to DIVA/DPAL, SDAR, and the cash settlement list.

Key DTC Contacts

Stock Dividends- Ray Lew, Susan Alvino or John Pastorino at (212) 855-4523, 4532 or 4517 respectively). The above contacts will be available to answer questions relative to EDS elections for the proceeds from the sale of Rights (ineligible shareholders only), and the allocation of Rights to participants accounts.

If participants have any questions concerning the Rights Offering, they may contact the Subscription Agent at 1-800-663-9097.