C

Brascade Resources Inc.

1985 Annual Report

Brascade Resources Inc.

Brascade's principal operating companies include a 46% interest in Noranda Inc., a 62% interest in Westmin Resources Limited and an option to acquire a 41% interest in Norcen Energy Resources Limited.

Corporate Information

Corporate Office

P.O. Box 48
Commerce Court West
Toronto, Ontario
Canada M5L 1B7
Tel. (416) 363-9491

Registrar and Transfer Agent

The Royal Trust Company
Toronto, St. John's, Halifax, Charlottetown, Saint John, Montreal, Winnipeg, Regina, Calgary and Vancouver

Rapport Annuel

Si vous désirez recevoir un exemplaire en français de ce rapport veuillez vous adresser au Secrétaire, Ressources Brascade Inc.

Financial Highlights

millions	1985	1984
Total assets	**$2,722**	$2,630
Shareholders' equity	**1,710**	1,895
Net loss	**141**	23
Number of preferred shares outstanding	**12.1**	12.1
Number of common shares outstanding	**51.4**	51.4
Registered shareholders	**9,423**	10,544

Contents

Brascade reported a loss of $141 million in 1985 compared to a loss of $23 million in 1984 due to continued low commodity prices and Brascade's share of Noranda's asset revaluation provision. Noranda, however, achieved significant improvements in efficiency and unit production costs and commenced a major corporate restructuring program with the result that the company is now in a much stronger financial position and capable of competing effectively worldwide.

Noranda

Noranda reported a loss before unusual charges of $71 million in 1985 compared with a loss of $4 million in 1984. In addition, Noranda had a net charge of $183 million against its earnings arising from its asset revaluation provision.

Despite the unfavourable operating results, the year was one of continued progress in completing capital projects and expanding Noranda's operating base. The achievements in this respect included:

- □ completion and startup of the Golden Giant mine within budget, on time and now operating ahead of planned levels;
- □ completion and startup of the Maclaren newsprint machine below budget, ahead of time and operating at expected levels;
- □ acquisition and operation of the Scottsboro rolling mill, which now is profitable in excess of its feasibility study;
- □ completion and startup of the Canadian Hunter gas liquids extraction plants on time, within budget and capable of meeting all design criteria;
- □ revival of the Mines Gaspé operation with the development of the E Zone, resulting in unit costs of copper produced being reduced by 35 cents per pound;
- □ completion of the Chemainus sawmill on time and within budget with operations now producing profitably and in excess of plan;
- □ maintenance of Noranda's mineral exploration program at the $30 million level with much of the financing provided by flow-through shares;
- □ maintenance of Canadian Hunter's activity through farm-in deals; and
- □ completion and startup of the Remnor gold project which extracts ore from previously closed Horne mine workings.

The strategic initiatives undertaken during the year emphasized: cost reduction and productivity improvements, the formation of four distinct strategic business units, the disposition of non-core assets, and the rebuilding of Noranda's financial structure.

Despite a 16% inflation rate since 1982, Noranda has achieved reductions in unit cash costs over this period of 27%, 21%, 13% and 10% for gold, copper, pulp and lumber respectively. Although Noranda's progress in this respect rivals the better known achievements of others in the resource industry, Noranda's primary operating emphasis remains on achieving further cost reductions and productivity improvements.

In January 1986, a significant change in management structure was announced by Noranda, a change which will govern the company's method of operations in the future and which represents a material departure from Noranda's previous method of operating. Four strategic business units were formed: Noranda Minerals, Noranda Forest, Noranda Petroleum and Noranda Manufacturing. The new structure is designed to establish clearer accountability and responsibility for achieving results. Each strategic business unit is free standing. Consequently, the president of each is accountable for the performance of his business unit, measured in relation to industry standards of performance. A small corporate office will be responsible for overall policy and planning.

In August 1985, Noranda announced a $1 billion plus debt reduction program involving the sale of selected non-core assets within a twelve-month period. Since that date, Noranda has realized over $600 million from this program. As a result of these actions, Noranda's net debt at the end of 1985 was comparable to the end of 1984 and $400 million below the peak level in 1985. While the assets disposed of were of high quality, they were peripheral to Noranda's core businesses and, in terms of cash flow, were contributing substantially less than the interest saved through their disposition.

In February 1986, Noranda issued 12.5 million common shares together with tax credits and realized $242 million which has been applied to reduce debt, resulting in a significant improvement in the debt equity ratio. This equity issue should be seen as the first step in a major financing program designed to position Noranda as one of the most conservatively financed natural resource companies in North America. Brascan and Brascade have made a public commitment to support Noranda in achieving its financial goals and accordingly Brascan acquired one half of the common equity issue. Brascan plans to offer these shares to Brascade.

Westmin

Despite record revenues, Westmin's net earnings declined to $30 million compared to $34 million in 1984, principally as a result of higher income and resource taxes.

The past year was also one of significant achievements for Westmin. During the year Westmin commenced production from its H-W mine on Vancouver Island and despite a mid-year startup achieved design capacity on schedule. An important acquisition was the purchase of $134 million of Sundance Oil Company's Canadian oil and gas assets.

While the recent sharp decline in oil prices presents a major challenge to the oil industry, Westmin's financial structure puts it in a stronger position than most companies to acquire additional reserves should they become available as a result of lower prices.

Norcen

Early in 1986 Brascan acquired a two year option to purchase a 41% interest in Norcen Energy Resources Limited which in turn has been offered to Brascade. A conservative approach to further investment in the oil and gas industry is being followed pending an improvement in the results from Brascade's present natural resource operations and the stabilization of oil prices above current levels. Norcen's earnings in 1985 increased to $120 million from $104 million in the previous year.

Outlook

On September 30, 1986 the company's outstanding convertible preferred shares are retractable by shareholders. In anticipation, the company's corporate debt has been maintained at a low level and Brascan has indicated its support for a comprehensive recapitalization program. Pending its implementation it is anticipated that shareholders will be offered the opportunity to extend their retraction privilege.

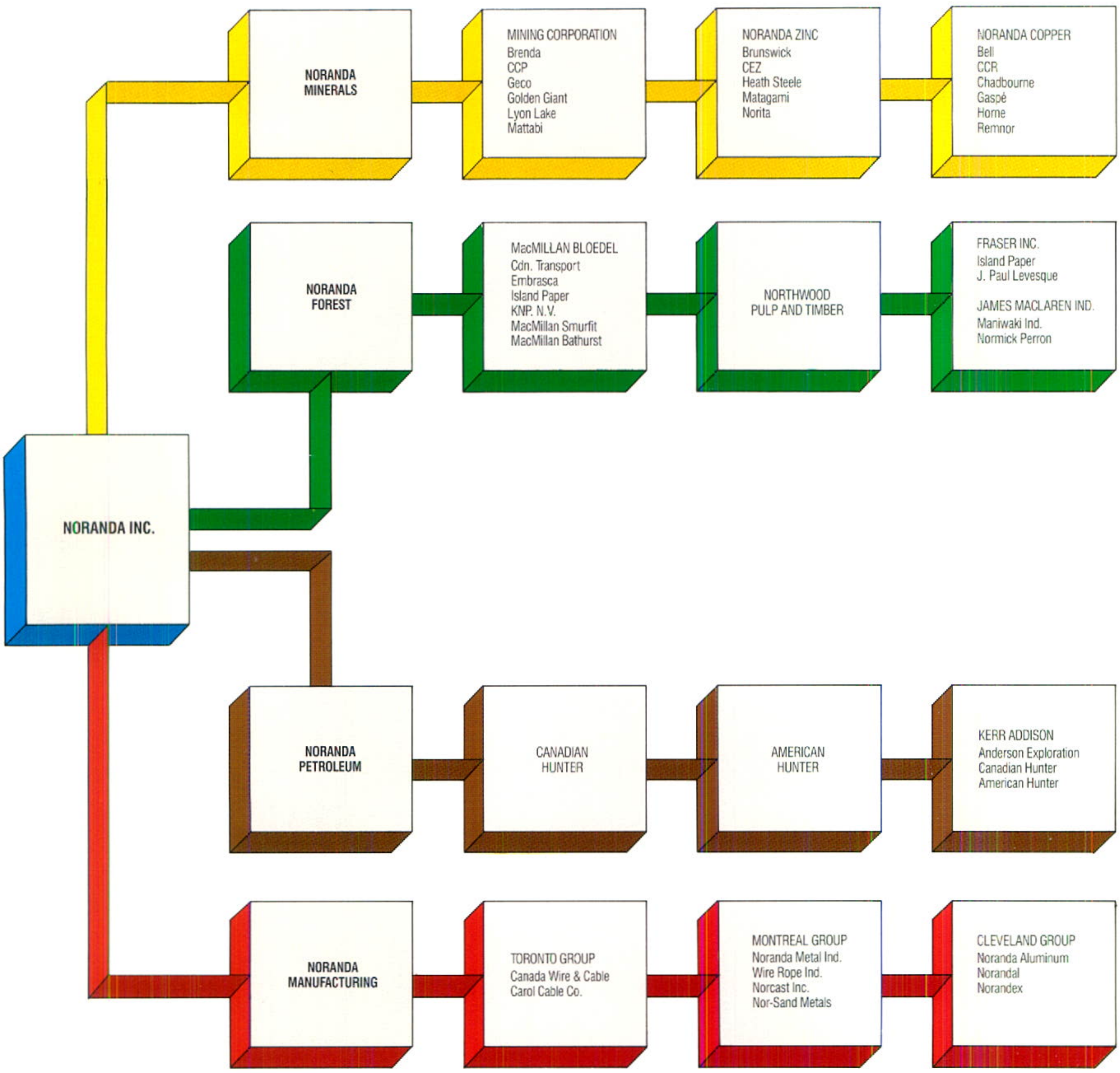
The strategic and operating initiatives which are being implemented throughout the Brascade group relate to those areas over which control can be exercised by management. Because of the recent weakening in the North American currencies and the outlook for sustained world economic growth, we also anticipate generally higher commodity prices. Accordingly, there are reasons to expect that 1986 will be a better year. Should commodity prices improve, Brascade is in a position to benefit substantially.

On behalf of the Board

T Eyton

J. Trevor Eyton
Chairman and
Chief Executive Officer

April 11, 1986


NORANDA INC.
NORANDA MINERALS
MINING CORPORATION
Brenda
CCP
Geco
Golden Giant
Lyon Lake
Mattabi
NORANDA ZINC
Brunswick
CEZ
Heath Steele
Matagami
Norita
NORANDA COPPER
Bell
CCR
Chadbourne
Gaspé
Horne
Remnor
NORANDA FOREST
MacMILLAN BLOEDEL
Cdn. Transport
Embrasca
Island Paper
KNP. N.V.
MacMillan Smurfit
MacMillan Bathurst
NORTHWOOD PULP AND TIMBER
FRASER INC.
Island Paper
J. Paul Levesque
JAMES MACLAREN IND.
Maniwaki Ind.
Normick Perron
NORANDA PETROLEUM
CANADIAN HUNTER
AMERICAN HUNTER
KERR ADDISON
Anderson Exploration
Canadian Hunter
American Hunter
NORANDA MANUFACTURING
TORONTO GROUP
Canada Wire & Cable
Carol Cable Co.
MONTREAL GROUP
Noranda Metal Ind.
Wire Rope Ind.
Norcast Inc.
Nor-Sand Metals
CLEVELAND GROUP
Noranda Aluminum
Norandal
Norandex

Noranda Inc.: 46%

Noranda is a major natural resource company with significant operations in the minerals, petroleum, forest products and manufacturing sectors.

Summarized Financial Information

millions	1985	1984
Total assets	**$6,241**	$6,306
Shareholders' equity	**2,359**	2,604
Revenue	**3,462**	3,400
Net loss	**(254)**	(4)
Cash flow from operations	**139**	232
Loss per share	**$(2.38)**	$(0.32)

Noranda recorded a loss before unusual charges of $71 million in 1985 compared to a loss of $4 million in 1984. In addition, Noranda set up a provision of $308 million to provide for the revaluation of certain assets. This provision was partially offset by gains on the sale of non-strategic assets of $125 million for net unusual charges against earnings of $183 million.

During 1985 Noranda generated $588 million of cash flow, including $449 million from asset sales. Capital expenditures and investments absorbed $523 million of available funds.

Strategic Initiatives

In May 1985 Noranda acquired the remaining 32% of Fraser Inc. which it did not already own in return for $52 million of preferred shares. In August Noranda announced the sale of its 31% interest in Placer Development Limited for $328 million and reached agreement in principle to sell its interests in Pamour Porcupine Mines Limited for $34 million. These sales were the first steps of a $1 billion debt reduction program designed to keep the company's core businesses intact.

To further reduce debt, subsequent to year end Noranda raised $242 million from the private placement of common equity and tax credits. Brascan subscribed for half of the common shares issued and committed to support further equity and junior debt financing initiatives to be undertaken by Noranda in 1986. In January 1986 Noranda announced the sale of its 49% interest in Tara Exploration Limited for $61 million and in February agreement in principle was reached to sell the financial services business of Rudolf Wolff Ltd. for approximately $60 million.

Productivity Improvements

Noranda's aggressive productivity improvement program has achieved the following results since 1982:

Commodity	Labour Productivity	Cash Costs
Aluminum	+44%	− 3%
Pulp	+42	−13
Lumber	+38	−10
Gold	+69	−27
Potash	+16	− 7
Newsprint	+12	+ 2
Zinc	+11	− 2
Copper	− 4	−21

The reduction in cash costs per unit produced is all the more noteworthy in that inflation since 1982 has been approximately 16%.

Corporate Reorganization

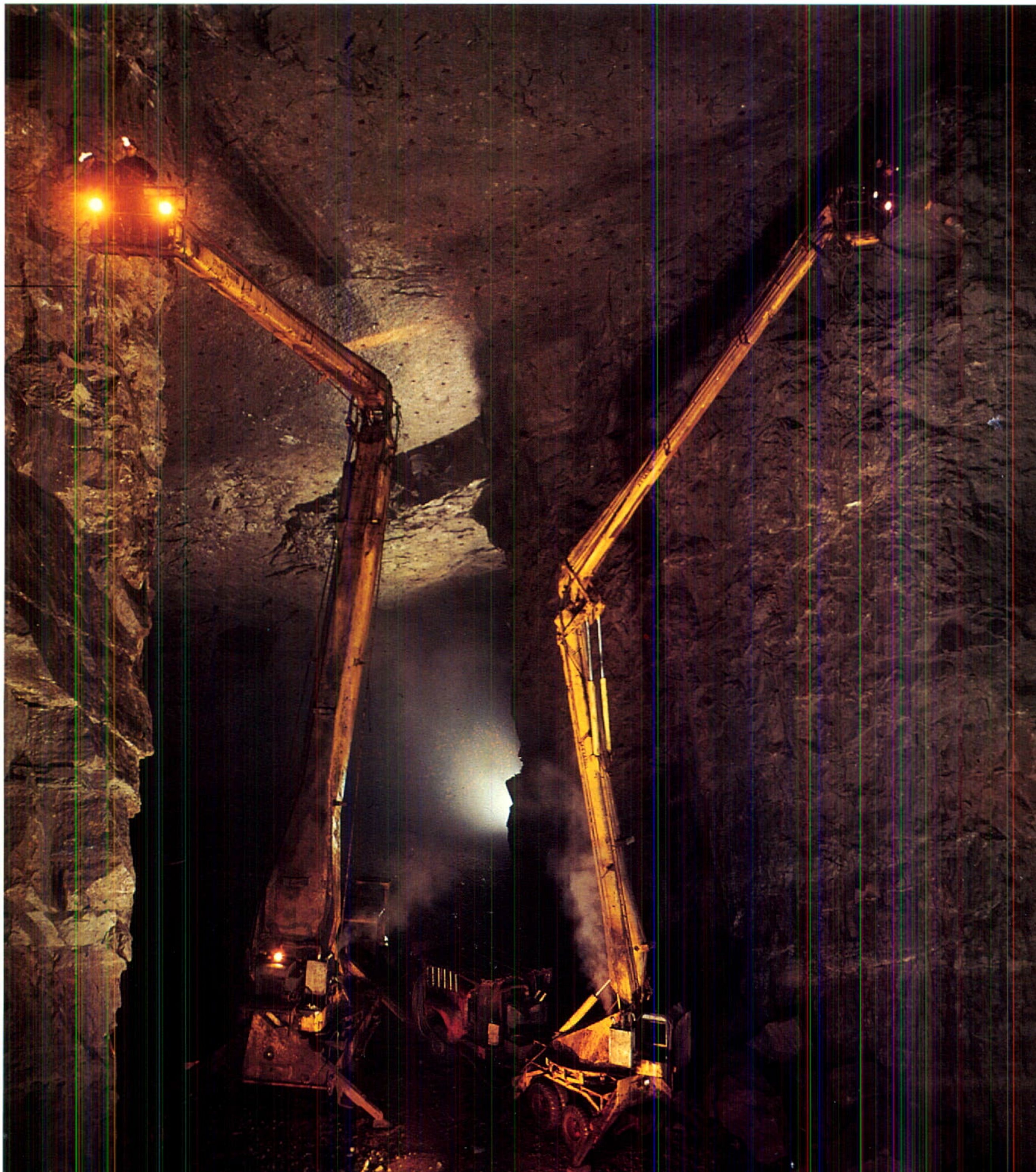
In January 1986 Noranda revised its management structure resulting in the formation of four strategic business units. The new structure is designed to establish clearer accountability and responsibility for achieving results from the principal strategic business areas.

The new emphasis on accountability is being applied at all levels of the organization, including, for example, Canadian Copper Refineries, which has simplified its management structure, and the new Golden Giant mine which operates without a traditional management hierarchy. Similar changes have been introduced successfully in other affiliates, particularly MacMillan Bloedel.

Outlook

Noranda's non-strategic asset divestiture program, organizational changes, productivity improvements and equity and junior debt financing programs highlight the emphasis on those aspects of Noranda's operations over which management has some control. On the revenue side, the correction in the value of North American currencies and the outlook for continued world economic growth should lead to improved commodity prices and earnings in 1986.

Left to right: A. Zimmerman, President & Chief Operating Officer; and A. Powis, Chairman & Chief Executive Officer.



Noranda Minerals

Noranda's mineral operations are among Canada's leading mine producers of zinc, gold, silver, copper, lead, molybdenum and potash. In addition, the group operates zinc, copper and lead metallurgical facilities and fertilizer plants. Noranda's sales organization is responsible for marketing the group's mineral production as well as that of other companies.

Summarized Financial Information

millions	1985	1984
Total assets	**$2,305**	$2,162
Capital expenditures	**160**	256
Gross revenues	**1,022**	1,014
Operating profit after tax	**37**	59

Noranda Minerals recorded operating profits before interest costs of $37 million in 1985 compared to $59 million in 1984. Lower zinc, precious metals and potash prices accounted for the reduced earnings.

As a result of Noranda's corporate reorganization in January 1986, Noranda Minerals was formed to conduct the mining and metallurgical operations. Noranda Minerals now has three major operating groups comprising Mining Corporation, Noranda Copper and Noranda Zinc.

Mining Corporation

Mining Corporation's Golden Giant mine at Hemlo, Ontario, was officially opened in June and by year end was operating at close to two thirds of its 3,300 tons per day capacity. One of the world's lowest cost gold producers, this mine has approximately 23 million tons of ore reserves grading 0.3 ounces per ton, sufficient to sustain mining operations for about 21 years. Various alternatives for increasing the present capacity at the Golden Giant mine are being evaluated.

Noranda Copper

At Noranda, Québec the Remnor mine was completed in August and reached its daily capacity of about 550 tons of gold bearing flux in the fourth quarter. In the Gaspé region of Québec, progress was made in developing a new high grade copper ore zone with initial production scheduled for late 1986.

Significant productivity improvements were achieved in Noranda's copper mines particularly in Mines Gaspé where production costs were reduced by $0.35 per pound. In addition cost reductions enabled the Bell and Brenda copper mines to be reopened in September.

Mines Gaspé is an example of Noranda's extensive use of advanced mining equipment to reduce production costs.

Noranda Zinc

The lower zinc price coupled with an eleven week strike at the Lyon Lake and Mattabi mines in Ontario contributed to reduced earnings from Noranda Zinc. In order to bring supply and demand into balance Noranda cut back zinc production through the fourth quarter and into 1986.

At Brunswick Mining and Smelting a new two year labour agreement was concluded. Despite lower production, unit operating costs remained the same as a result of productivity improvements.

Exploration

Aided by an issue of flow-through shares, Noranda maintained a $30 million exploration budget in 1985 of which 66% was spent in Canada, 32% in the United States and 2% in Australia and elsewhere. The discovery of a high grade zinc deposit with significant copper and silver values at Matagami, Québec was a highlight of the 1985 exploration program. Noranda Pacific was formed during 1985 to explore Noranda's Australian mineral properties and 45% of its shares were sold to the Australian public.

Outlook

The weakening North American currencies coupled with continued productivity improvements and sustained economic growth should lead to improved mineral prices in 1986. The Golden Giant mine will contribute meaningfully to profitability in 1986 and higher gold prices should provide opportunities for the forward selling of production on favourable terms.

K.C. Hendrick, President.

Noranda Petroleum

Noranda's principal oil and gas interests are held through Canadian Hunter which is owned 87% by Noranda and 13% by Kerr Addison. In addition, Kerr Addison has a 33% interest in Anderson Exploration Ltd.

Summarized Financial Information

millions	1985	1984
Total assets	**$514**	$537
Capital expenditures	**81**	90
Gross revenues	**128**	118
Operating profit (loss) after tax	**(5)**	7

Colder weather in December 1985 and increased economic activity contributed to an increase of 2% in Canadian Hunter's net gas production compared with the prior year. However, the higher gas sales volumes were insufficient to offset greater depletion and exploration costs resulting in an operating loss of $5 million compared to a $7 million operating profit in 1984.

During the 1984-85 contract year which ended in October, purchases by TransCanada PipeLines Limited, Hunter's major customer, averaged 54.4% of maximum contracted quantities compared to 51.5% in the previous contract year. Deliveries are expected to increase further in the current contract year as a result of the introduction of market related domestic and export gas pricing and the continuation of the North American economic recovery.

While oil and gas liquids production is still relatively small, it increased in 1985 to 1.3 million barrels from 0.5 million. The increase resulted from the commencement of operations at the Primrose low gravity pilot oil plant and at the gas liquids plants at Wapiti and Elmworth, Alberta. A full year of operations for the gas liquids plants, combined with recent discoveries, are expected to increase Hunter's annual oil and gas liquids output to about 2.3 million barrels in 1986.

Canadian Hunter's land position at year end was as follows:

Category – millions	Gross Acres	Joint Venture Net Acres	Canadian Hunter Net Acres
Canada			
Leases	2.5	1.1	1.0
Licences and permits	3.1	0.6	0.5
United States			
Fee/Federal/State	2.5	1.3	1.2
Total	8.1	3.0	2.7

Canadian Hunter was involved in 91 wells in 1985, a 23% increase over the previous year.

During the year Canadian Hunter drilled 91 wells of which 55 were successful for a 60% success ratio. In 1984 74 wells were drilled. Capital expenditures were $81 million of which land acquisition and exploration was $36 million and oil and gas development was $45 million. Noranda's oil and gas exploration program in the United States is conducted through the American Hunter Joint Venture which was active in Texas, California and Colorado.

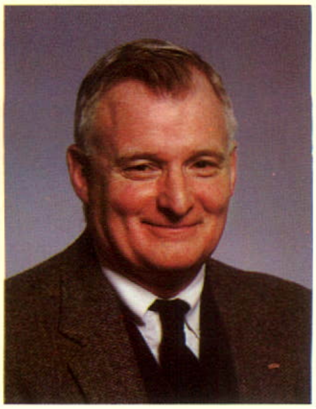
Outside the Deep Basin Canadian Hunter concluded an exploration joint venture in which Canadian Hunter's partner will contribute $15 million or 50% of the program costs to earn a 25% interest.

Kerr Addison reported a small loss on its 33% interest in Anderson Exploration. Anderson's gas deliveries for 1985 were 28 bcf compared to 17 bcf in the prior year. Cash flow increased to $28 million from $18 million in 1984.

Noranda's share of Canadian and American Hunter's proven and probable reserves at the end of 1985 were as shown below:

Category	1985
Oil and natural gas liquids (millions of barrels)	98.7
Natural gas (billions of cubic feet)	1,067.1

Despite the moves to deregulate the gas industry, the current year will be a challenging one for Canadian Hunter given the recent weakness in oil prices. However, Canadian Hunter's strong land position and exploration record provide reason for optimism over the longer term.



Left to right: J.A. Masters, President; and J.K. Gray, Executive Vice-President.

Noranda Forest

Noranda Forest and its associated companies are the largest producers of forest products in Canada. The group's product line includes market pulp, newsprint, fine and groundwood papers, lumber, containerboard and panelboard. In addition, these companies own over 1.5 million acres of timberlands and have cutting rights on a further 8.5 million acres for a total timber management area of about 10 million acres.

Summarized Financial Information

millions	1985	1984
Total assets	$1,754	$1,726
Capital expenditures	80	109
Gross revenues	846	822
Operating profit after tax	19	28

Despite improved results from MacMillan Bloedel Limited, Noranda Forest's operating profits decreased to $19 million from $28 million in 1984.

MacMillan Bloedel

Improved net prices for lumber, newsprint and paper and a strike-free year overcame lower pulp and containerboard prices and allowed MacMillan Bloedel to experience its best results since 1980. The company also benefitted from higher productivity and lower provincial tax rates. MacMillan Bloedel contributed $35 million to Noranda's earnings compared to $23 million in 1984. Significant progress was achieved by the company in perfecting its new Parallam oriented strand board. The new advanced technology sawmill at Chemainus, British Columbia was completed on time, within budget, and is contributing to profits.

In February 1986 MacMillan Bloedel announced its intention to sell an approximate 14% interest in KNP N.V., a Dutch paper company, for cash proceeds of between $80 million and $90 million.

James Maclaren Industries

Lower pulp prices combined with reduced production associated with the start up of a new newsprint machine at James Maclaren Industries Inc. resulted in a decline in operating profit to $12 million compared to $28 million in 1984. The new 230,000 ton capacity machine was completed below budget, ahead of schedule and is performing as expected.

Northwood Pulp and Timber

The earnings of Northwood Pulp were also adversely affected by the lower pulp price which necessitated suspension of operations for about seven weeks to reduce inventories. As a result, Northwood Pulp's earnings contribution to Noranda declined to $4 million from $8 million in 1984. The company's modernized sawmill at Houston, British Columbia commenced operation in July and incorporates the latest technology.

Fraser Inc.

During 1985 Noranda acquired the 32% of Fraser that it did not already own in return for preferred shares valued at $52 million. Higher prices for Fraser's paper products were not sufficient to offset the adverse effects of lower pulp prices resulting in operating profits contribution to Noranda of $11 million compared to $16 million in 1984. The new Atholville mill successfully completed production runs of hardwood bisulfite pulp during the year to broaden its product line.

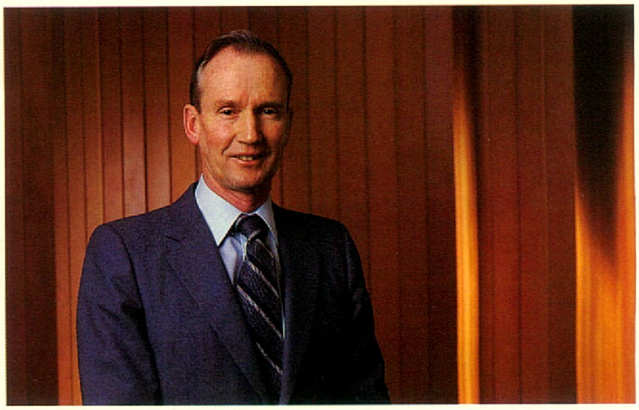
Noranda Forest Sales

Noranda Forest Sales recorded operating profit contribution to Noranda of $1 million compared to a loss of $1 million in 1984. Sales of building materials increased by 35% from 1984. The higher lumber sales volumes, improved margins and strict cost controls resulted in the earnings improvement.

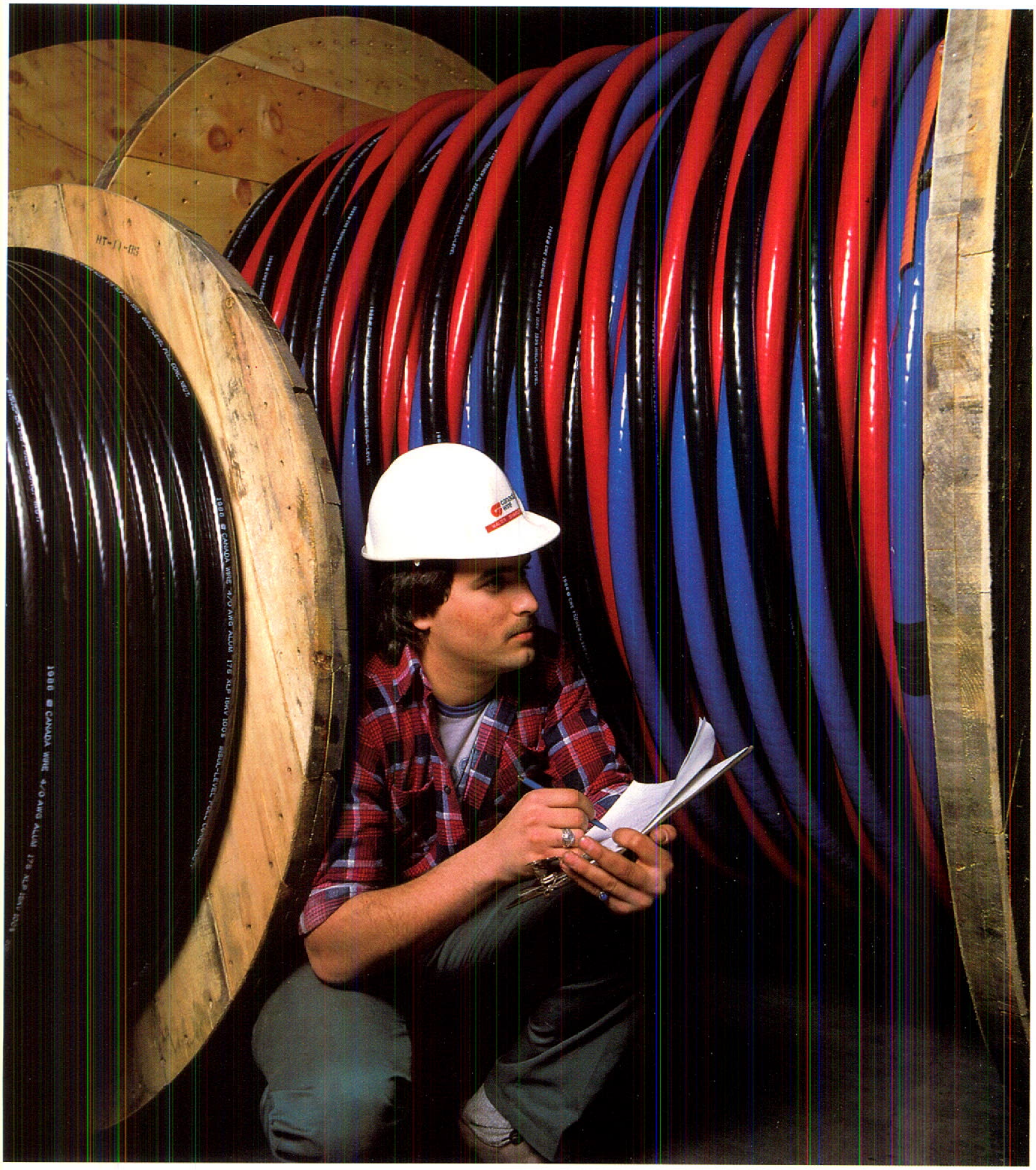
Outlook

The improved outlook for containerboard and pulp together with the continuation of world economic growth and the correction in the relative value of the North American currencies suggest an improvement in Noranda Forest's earnings in the current year.

The recent decline in oil prices has a twofold benefit for Noranda Forest. In addition to reducing operating costs, the lower oil prices will likely lead to lower interest rates and higher disposable income, which should favourably affect housing starts and the demand for Noranda's forest products.


R.T. Kenny, President.

Since 1982, Noranda's softwood lumber operations have raised productivity by 38%.



Noranda Manufacturing

Noranda's manufacturing operations include aluminum smelting and fabrication, including sheet and foil, copper wire and cable production, iron foundry and brass mill products, grinding media and fibre optics. The manufacturing activities provide a degree of integration to Noranda's minerals operations and partly offset the earnings cyclicality associated with the production of minerals and forest products.

Summarized Financial Information

millions	1985	1984
Total assets	**$1,557**	$1,719
Capital expenditures	**60**	59
Gross revenues	**1,547**	1,567
Operating profit after tax	**1**	19

The depressed aluminum price caused a decline in the 1985 after tax operating profit of the manufacturing units to $1 million compared to $19 million in 1984. Significant earnings and productivity improvements were recorded in most of the other manufacturing operations.

Wire and Cable

Canada Wire and Cable and Carol Cable contributed $28 million of operating profit in 1985 compared to $12 million in 1984. Canada Wire's sales exceeded 1984 levels by 14% in response to the improving economy. While Carol Cable's sales exceeded prior year's levels by 3%, a strike at the Los Angeles plant constrained results.

During 1985 Canada Wire arranged a sale/leaseback of its Montreal copper rod mill. In addition, the plastics operations of Grandview Industries Limited were sold early in 1985 as part of a rationalization program.

Canada Wire completed its contract to supply power cable to Egypt's Shoubra El-Kheima power project. In addition, Canada Wire completed a fibre optic link between Montreal, Toronto and Ottawa for CNCP.

Noranda Metals

Noranda Metals which includes Norcast, NorSand Metals, Wire Rope Industries and Bridon-American, recorded operating profits of $7 million compared to $3 million in 1984.

Norcast experienced higher sales volumes of grinding media and benefitted from lower operating costs at its Mount Joli, Québec foundry. While the brass mill operations maintained market share, demand was unsatisfactory.

Canada Wire and Cable completed its $62 million contract to supply power cable to Egypt's Shoubra El-Kheima Power Project, the largest foreign contract in the company's 72-year history.

Low priced imports continued to increase their share of the weak Canadian wire rope market; however, strong export sales were experienced by Wire Rope Industries during the first half of the year.

Noranda Aluminum

The significantly lower aluminum price had a major adverse effect on Noranda's aluminum smelting operations. An operating loss of $28 million was recorded compared to an $11 million profit in 1984.

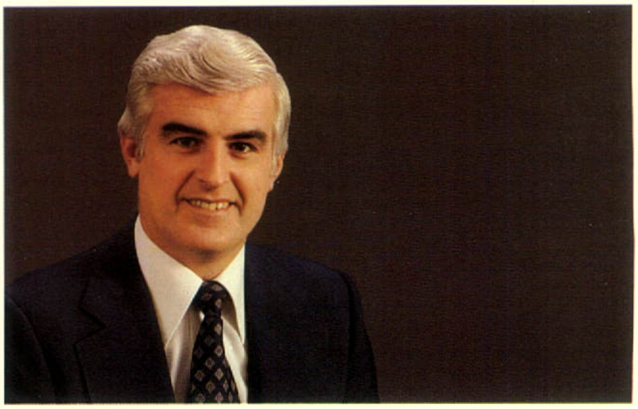
Noranda's aluminum smelter in New Madrid, Missouri reduced production given the low aluminum prices that prevailed for much of the year and high inventory levels. During the year significant progress was made in reducing alumina, power and personnel costs. The smelter operations are now benefitting from the recent aluminum price increases.

The lower aluminum ingot prices enabled Noranda's aluminum fabrication operations, conducted by Norandal and Norandex, to improve operating profits.

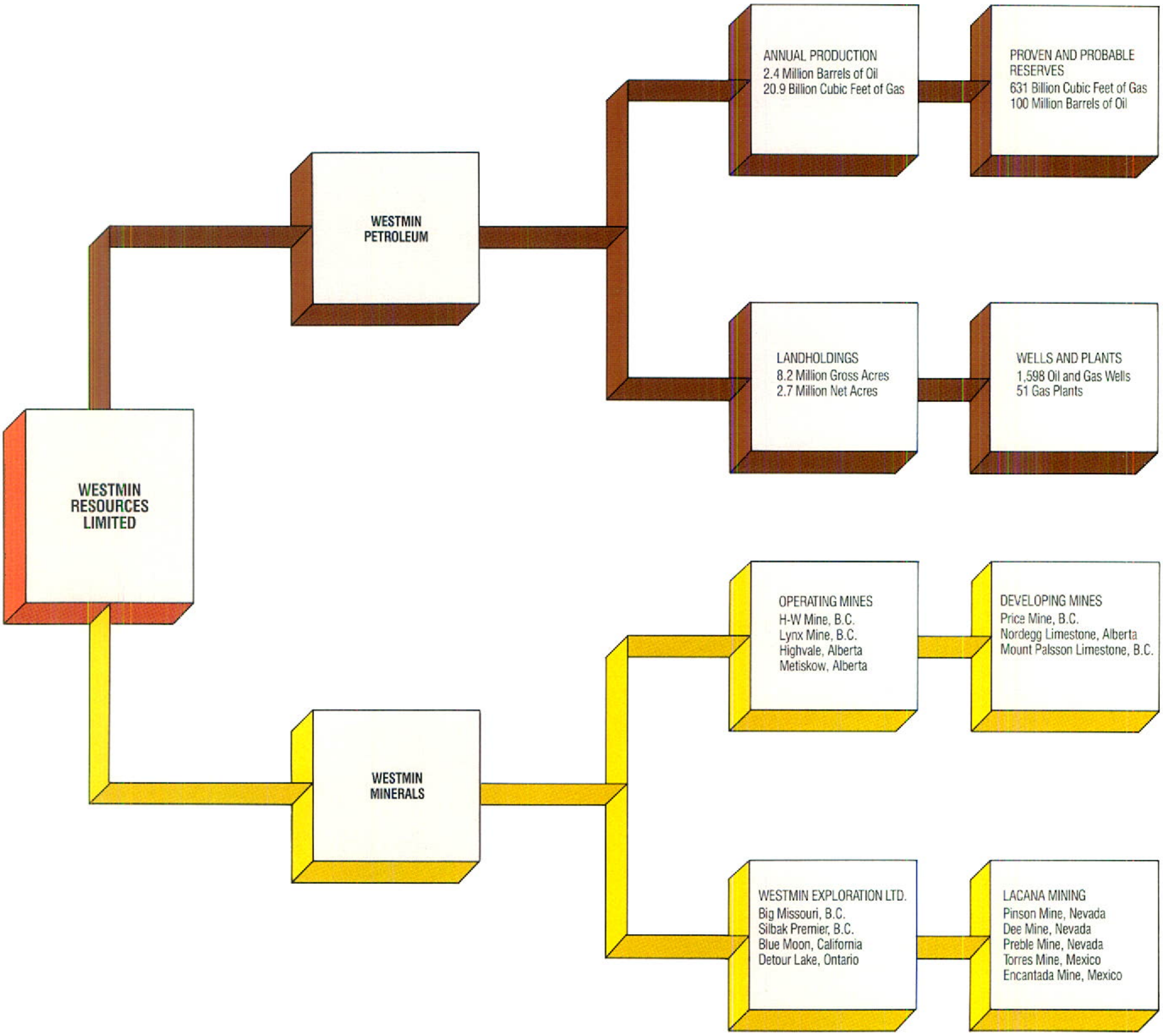
During February 1985 Norandal acquired an aluminum rolling mill in Scottsboro, Alabama. This mill, together with the Huntingdon, Tennessee mill, are critical elements in Noranda Aluminum's vertical integration strategy.

Outlook

The outlook for higher aluminum prices, and the continuation of a satisfactory level of industrial activity should lead to improved performance by Noranda Manufacturing in the current year.



Hon. E.C. Lumley, Chairman.


WESTMIN RESOURCES LIMITED
WESTMIN PETROLEUM
ANNUAL PRODUCTION
2.4 Million Barrels of Oil
20.9 Billion Cubic Feet of Gas
PROVEN AND PROBABLE RESERVES
631 Billion Cubic Feet of Gas
100 Million Barrels of Oil
LANDHOLDINGS
8.2 Million Gross Acres
2.7 Million Net Acres
WELLS AND PLANTS
1,598 Oil and Gas Wells
51 Gas Plants
WESTMIN MINERALS
OPERATING MINES
H-W Mine, B.C.
Lynx Mine, B.C.
Highvale, Alberta
Metiskow, Alberta
DEVELOPING MINES
Price Mine, B.C.
Nordegg Limestone, Alberta
Mount Palsson Limestone, B.C.
WESTMIN EXPLORATION LTD.
Big Missouri, B.C.
Silbak Premier, B.C.
Blue Moon, California
Detour Lake, Ontario
LACANA MINING
Pinson Mine, Nevada
Dee Mine, Nevada
Preble Mine, Nevada
Torres Mine, Mexico
Encantada Mine, Mexico

Westmin Resources Limited: 62%

Westmin is a natural resources exploration and production company with interests in oil and gas, base and precious metals, coal and industrial minerals. Westmin holds a 28% interest in Lacana Mining Corporation which is engaged in exploration and mining precious metals, as well as oil and gas production.

Summarized Financial Information

millions	1985	1984
Total assets	$ 920	$ 672
Shareholders' equity	399	388
Revenue	170	133
Net income	30	34
Cash flow from operations	80	67
Earnings per share	$0.40	$0.47

While Westmin's operating income rose to $57 million from $54 million in 1984, higher taxes resulted in net income of $30 million compared to $34 million in 1984. Cash flow from operations in 1985 increased to a record $80 million compared to $67 million in the prior year.

Westmin Petroleum

Operating profit from oil and gas increased to $55 million from $51 million in 1984. Oil production increased by 45% to 2.4 million barrels in 1985 resulting from higher output of low gravity oil and production from the newly acquired Sundance properties. Westmin's gas production increased by 30% to 21 bcf.

Gross proven and probable oil and natural gas liquids reserves were 100 million barrels at the end of 1985 while proven and probable gas reserves were 631 bcf. Westmin's conventional and enhanced low gravity oil recovery program produced 1.3 million barrels, an increase of 34% over 1984. Almost all of Westmin's low gravity oil is produced from freehold lands which are exempt from Crown royalties.

In March Westmin purchased $134 million of producing oil and gas assets and exploration land in Alberta from Sundance Oil Co. Approximately 570,000 acres of proven and prospective land in Alberta and British Columbia were involved in this acquisition. Much of this acreage has yet to be fully developed and opportunities exist for enhancing output by further drilling and eventual waterflood of oil pools.

Westmin Minerals

An operating profit from metal mining of $0.4 million was recorded in 1985 despite lower metal prices, compared to a loss of $2.6 million in 1984.

In September the H-W mine at Myra Falls on Vancouver Island was officially opened. The new mine and mill complex has tripled previous output from the Vancouver Island mines to 3,000 tons per day with a significant reduction in operating costs per ton. The H-W orebody ranges to 60 feet in width and is amenable to efficient trackless mining methods. Ore reserves delineated to date exceed 16 million tons containing base and precious metals. Despite the large reserves identified to date, the potential for additional reserves is excellent in that the limits of the orebody have not yet been identified in three directions.

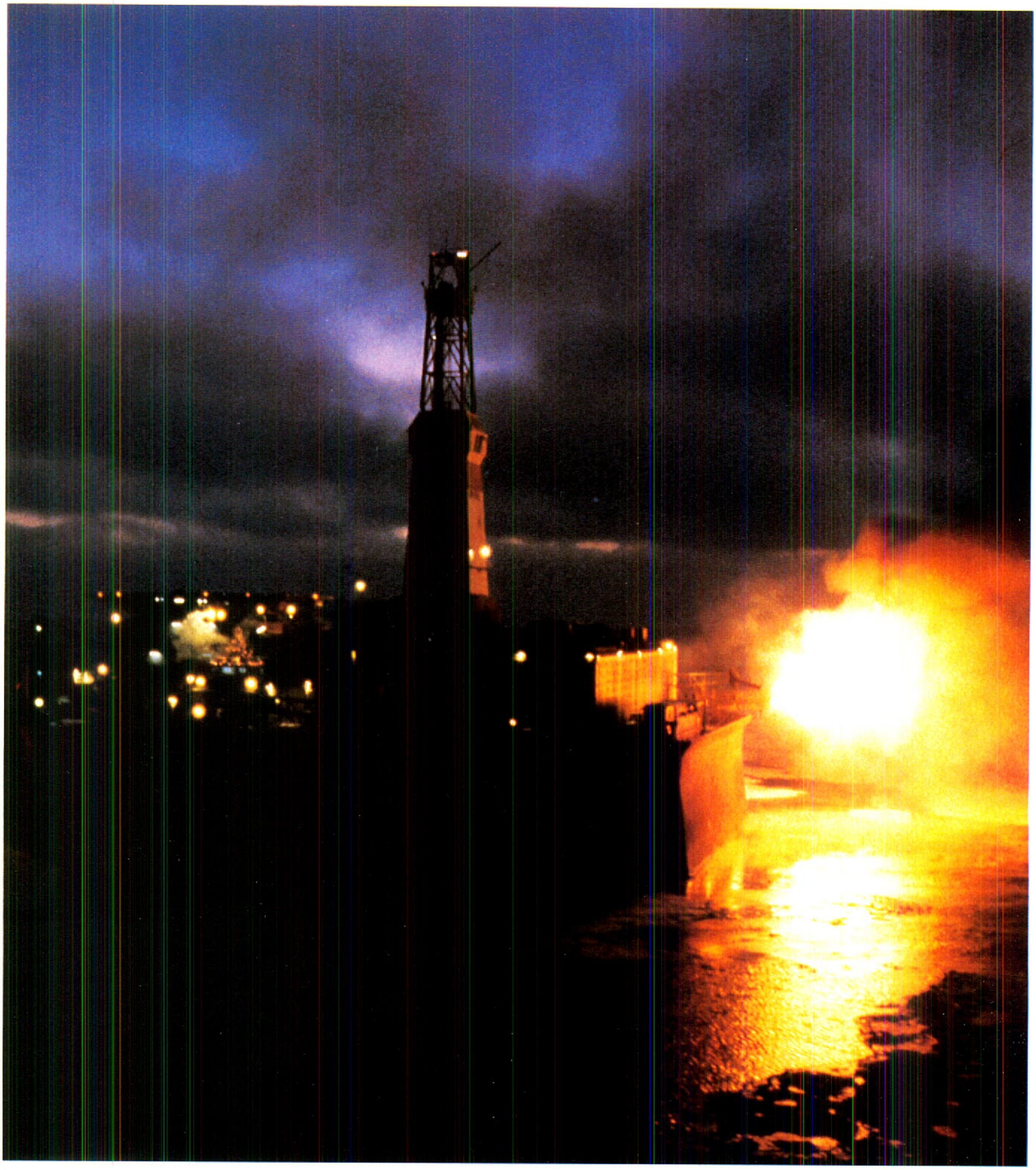
Westmin recently formed a separate precious metals exploration company with a view to issuing shares to the public to finance additional exploration and development. During the year, Lacana Mining Corporation acquired a mica mine and processing plant in Québec and ended the year in a strong financial position.

Operating profit from coal and industrial minerals increased to $6 million in 1985 compared to $5 million in 1984. Westmin continued to supply coal to Alberta's major power stations under escalating take-or-pay production royalty contracts. The recoverable thermal coal reserves on Westmin's freehold land in Western Canada approximate 400 million tons. In addition, Westmin has priority rights on 210,000 acres of Crown land in Alberta overlying some four billion tons of coal in place.

Outlook

The recent sharp decline in oil prices presents a major challenge to the oil industry. Westmin is in a stronger position than most companies to acquire additional reserves which should become available if lower prices persist for any length of time.

Left to right: D.W. Miller, President, Petroleum Division; R.H. Ostrosser, President, Mining Division; and D.D. Webster, Executive Vice-President, Finance and Administration.



Norcen Energy Resources Limited: 41% (option interest)

Norcen is a major natural resources company whose principal operations include the exploration, development and production of oil and gas, primarily in Canada. In addition, the company is Canada's largest propane distributor and owns an oil and gas pipeline system in Alberta. Norcen's minerals division includes a 10.5% interest in Iron Ore Company, an iron ore royalty interest and a 28% share interest in M.A. Hanna Company of Cleveland, Ohio, which in turn owns an additional 26.8% interest in Iron Ore Company.

Summarized Financial Information

millions	1985	1984
Total assets	**$2,191**	$1,849
Shareholders' equity	**751**	787
Revenue	**666**	570
Net income	**120**	104
Cash flow from operations	**229**	215
Earnings per share	**$2.03**	$1.65

In March 1986 Brascan acquired a two year option, which will be offered to Brascade, to acquire a 41% interest in Norcen. In return, Brascan or Brascade will invest $50 million in junior securities of a company holding the Norcen shares. It was considered prudent to defer completing the investment in Norcen pending an improvement in the results of Brascade's other natural resources operations and the stabilization of oil prices above current levels.

Petroleum Division

Oil and gas operating income rose to $245.1 million in 1985 from $232.5 million in 1984 and $182.2 million in 1983. Gross crude oil and natural gas liquids production was 12.2 million barrels in 1985, slightly below the level of 12.7 million barrels in 1984. Gross natural gas sales in 1985 were 50.1 bcf, a 5% increase over the 1984 level of 47.9 bcf.

Norcen drilled 549 gross wells in 1985 compared to 363 in 1984. Of those wells drilled in 1985, 277 were oil.

At the end of 1985, Norcen's reserves before royalties were 117.3 million barrels of oil and natural gas liquids, 1,112.9 bcf of natural gas and 325,000 tons of sulphur.

In January 1986 Gulf Canada reported that the tests on the Amauligak structure in the Beaufort Sea indicated reserves of between 700 million and 800 million barrels of oil. Norcen has a 15% interest in this discovery which includes four oil zones representing about 400 feet of net oil pay. Oil flow rates are the highest recorded for a frontier well in Canada.

The Amauligak discovery well which was completed in 1985 produced the highest oil flow rates from a frontier well in Canada.

In September 1985 Norcen formed a partnership with Gulf Canada covering certain of Gulf's upstream assets, its propane business and Gulf's Edmonton refinery. The partnership was wound up in March 1986, with Norcen receiving interests in five oil and gas producing fields in Alberta, the Superior Propane business and the partnership's interest in the Ben Nevis, West Ben Nevis and Hebron fields offshore the East Coast.

The acquisition of Gulf's propane business makes Norcen the largest retail marketer of propane in Canada with 130 branches and 1,300 dispensing outlets.

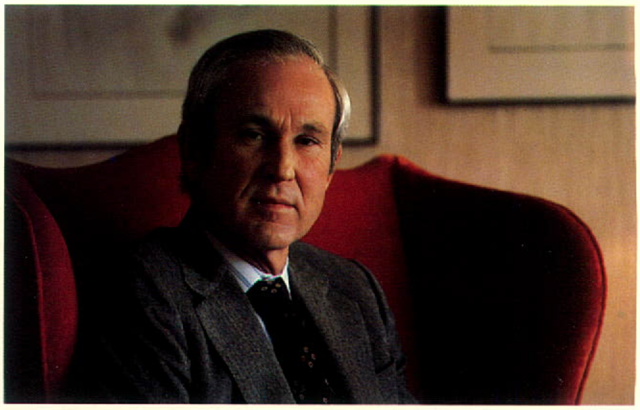
Minerals Division

Norcen's mineral resources operating income was $27.2 million in 1985 compared to $28.5 million in 1984. During 1985, Iron Ore Company mined 34 million tons of ore, up from 30 million tons in 1984. Very competitive world iron ore and steel markets prevailed.

M.A. Hanna Company reported a profit of US$22.8 million before an unusual charge of US$138 million mainly arising from asset writedowns.

Outlook

Recent acquisitions and development drilling are expected to increase Norcen's oil and gas production capacity in 1986. While these additional volumes are unlikely to offset the effects of lower oil and gas prices, a satisfactory level of earnings and cash flow should be maintained pending the stabilization of oil prices above current levels.



E.G. Battle, President and Chief Executive Officer.

Consolidated Balance Sheet

December 31 millions	note	1985	1984
Assets			
Cash and short term investments		**$ 98.7**	$ 124.6
Receivables and other assets	2	**99.2**	72.5
Corporate investments	3		
Noranda Inc.		**1,715.7**	1,883.1
Lacana Mining Corporation		**31.9**	34.2
Property and equipment	4	**776.2**	515.4
		$2,721.7	$2,629.8
Liabilities			
Bank indebtedness		**$ 9.8**	$ 15.7
Accounts payable and other		**56.7**	51.7
Term debt	5	**388.8**	140.0
		455.3	207.4
Deferred Taxes		**132.9**	110.1
Minority Interest		**423.3**	417.3
Shareholders' Equity	6	**1,710.2**	1,895.0
		$2,721.7	$2,629.8

On behalf of the Board:

J. Trevor Eyton, Director

Fernand Paré, Director

Consolidated Statement of Operations

Years ended December 31

millions	note	1985	1984
Income			
Operating revenues		**$161.9**	$123.3
Investment and other income		**16.4**	10.5
Dividends from corporate investments	3	**43.3**	42.2
		221.6	176.0
Expenses			
Operating		**78.6**	66.1
Depletion and depreciation		**28.1**	16.5
Interest		**12.0**	2.0
Income and resource taxes	7	**28.4**	19.4
Minority interest		**32.1**	33.9
		179.2	137.9
Operating results before the following		**42.4**	38.1
Share of loss and common share dividends from corporate investments			
Noranda Inc.	3	**(181.4)**	(60.0)
Lacana Mining Corporation	3	**(2.3)**	(.9)
Loss for year		**$141.3**	$ 22.8
Loss per common share		**$3.60**	$1.16

Consolidated Statement of Deficit

Years ended December 31

millions	1985	1984
Balance, beginning of year	**$155.0**	$ 94.2
Loss for year	**141.3**	22.8
	296.3	117.0
Preferred dividends	**43.5**	38.0
Balance, end of year	**$339.8**	$155.0

Consolidated Statement of Changes in Financial Position

Years ended December 31

millions	1985	1984
Funds provided		
Operations	$ 86.8	$ 71.6
Term borrowings	248.8	77.0
Shares issued by		
Brascade Resources Inc.	—	172.0
Subsidiaries	3.6	1.8
Cash and short term investments	25.9	11.0
	$365.1	$333.4
Funds used		
Corporate investments	$ 14.0	$187.4
Property and equipment	289.0	145.0
Preferred dividends	43.5	38.0
Accounts payable and other	18.6	(37.0)
	$365.1	$333.4

Auditors' Report

To the Shareholders:

We have examined the consolidated balance sheet of Brascade Resources Inc. as at December 31, 1985 and the consolidated statements of operations, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.

Toronto, Canada
March 13, 1986

RAYMOND, CHABOT,
MARTIN, PARÉ
& PARTNERS

Chartered Accountants

1. Summary of Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Accounting for Investments

Consolidated Subsidiaries

The consolidated financial statements include the accounts of the company and all of its subsidiaries including a 74% (62% fully diluted) interest in Westmin Resources Limited.

The costs of acquiring each subsidiary are allocated to its identifiable net assets on the basis of estimated fair values at the date of purchase.

Corporate Investments

Investments in which significant influence exists are carried on the equity method.

Equity in the income of corporate investments is based on income as reported by the investee adjusted for the amortization of the difference between acquisition costs and underlying net book value of investee's assets. The accounting policies of investees are, in all material respects, in accordance with those of the company.

The equity interests in corporate investments are:

	1985	1984
Noranda Inc.	46%	46%
Lacana Mining Corporation	28	28

The realized and unrealized portions of the change in equity carrying values of corporate investments, other than shares acquired, are shown separately in the statement of operations in years in which losses are incurred by investees.

The unamortized excess of acquisition costs over underlying net book value of the assets acquired amounting to $659.2 million (1984 – $680.0 million) relates principally to property, plant and equipment and is being amortized where appropriate over the estimated useful lives of the related assets.

Short term Investments

Short term investments consist mainly of common and preferred shares and are carried at cost which approximates market value.

Joint Venture Accounting

Substantially all exploration activities and oil and gas production are conducted jointly with others and accordingly the accounts reflect only the proportionate interests in such activities.

Petroleum Properties and Equipment

The full cost method of accounting is used whereby all costs associated with exploration for and development of oil and gas are capitalized by cost centre until commencement of production and then amortized on the unit of production method over estimated proven reserves. Previously the revenue depletion method was used. This change had no effect on net income. The cost of petroleum plant and equipment is depreciated based on production.

Mining and Mineral Exploration

Mineral exploration costs pertaining to individual mineral prospects are charged to income as incurred until an economic orebody is defined or brought into production. The costs of mine plant and equipment, together with mineral exploration costs and capitalized interest, are amortized based on the unit of production method over the estimated life of the ore reserves.

Concentrate Settlements Receivable and Concentrate Inventory

Concentrate settlements receivable and concentrate inventory are valued at current metal prices less provision for estimated market adjustments, treatment and marketing charges.

Interest Costs

Interest costs attributable to major capital expansion and development projects are capitalized until commercial production has commenced.

Income and Resource Taxes

The company follows the tax allocation method of accounting for corporate income and resource taxes, whereby deferred taxes are provided to the extent that current taxes have been reduced by claiming amounts, primarily exploration and development costs and capital cost allowances, in excess of the related depletion and depreciation recorded in the accounts.

2. Receivables and Other

millions	1985	1984
Receivables of which $31.7 million (1984 – $24.2 million) are due within one year	$74.2	$57.6
Concentrate settlements and inventory	9.2	5.4
Other	15.8	9.5
	$99.2	$72.5

Receivables due beyond one year include the present value of payments due under instalment sale and royalty agreements.

3. Corporate Investments

(a) *Noranda Inc.*

At year end the company held 56,477,750 common shares (1984 – 55,543,898) and 1,581,466 convertible preferred shares. Details of changes in this investment are as follows:

Common shares

millions	1985	1984
Balance, January 1	$1,711.8	$1,584.4
Shares acquired	14.0	187.4
Share of loss	(153.6)	(33.3)
Dividends received	(27.8)	(26.7)
Balance, December 31	$1,544.4	$1,711.8

The 1985 loss includes the company's $84 million share of a net asset revaluation provision set up during the year.

Convertible preferred shares

millions	1985	1984
Balance, January 1 and December 31	$ 171.3	$ 171.3
Dividends received	$ 15.0	$ 15.0

(b) *Lacana Mining Corporation*

At year end the company held 3,151,009 common shares.

millions	1985	1984
Balance, January 1	$34.2	$35.1
Share of loss	(1.8)	(.4)
Dividends received	(.5)	(.5)
Balance, December 31	$31.9	$34.2

4. Property and Equipment

	1985			1984
millions	Cost	Accumulated depreciation and depletion	Net	Net
Petroleum	$585.0	$ 89.0	$496.0	$334.8
Mining	291.3	17.4	273.9	174.3
Coal properties and other	9.7	3.4	6.3	6.3
	$886.0	$109.8	$776.2	$515.4

In 1985, interest incurred in the amount of $18.8 million (1984 – $10.8 million) was capitalized to the cost of construction of the H-W Mine/Mill Complex.

5. Term Debt

Westmin Resources Limited has a $200.0 million project financing facility for the construction of the H-W Mine/Mill Complex at Myra Falls, British Columbia. This facility bears interest at floating rates and may be drawn on a revolving basis until June 30, 1986 at which time it is convertible to a term loan repayable in seven annual instalments. The loan is secured, on a non-recourse basis, by the project assets following completion. At December 31, 1985, the full amount of the facility had been drawn.

Westmin Resources Limited has a $100.0 million project financing facility for the acquisition of the Sundance Properties. This facility bears interest at floating rates and repayments are made from the cash flows of the Sundance Properties with a final maturity date of January 1, 1993. The loan is secured, on a non-recourse basis, by the acquired properties. At December 31, 1985, $94.5 million was outstanding.

Westmin Resources Limited also has a $150.0 million credit facility. The unsecured loan bears interest at varying rates and may be drawn on a revolving basis until November 14, 1986 at which time it is convertible to a five-year term loan. At December 31, 1985, $54.8 million was outstanding.

The company has a $121.0 million unsecured credit facility bearing interest at prime rates which may be drawn down on a revolving basis until June 30, 1986 at which time it is convertible to term loans repayable in ten semi-annual instalments. At December 31, 1985, $39.5 million was outstanding.

6. Shareholders' Equity

Share capital consists of:

Authorized:

Unlimited	Preferred shares issuable in series
Unlimited	Common shares

Issued and outstanding:

millions	1985	1984
12,081,252 Convertible preferred shares	$ 483.2	$ 483.2
51,406,496 Common shares	1,535.8	1,535.8
	2,019.0	2,019.0
Contributed surplus	31.0	31.0
Deficit	(339.8)	(155.0)
	$1,710.2	$1,895.0

The following rights and privileges apply to the convertible preferred shares:

(i) entitlement to cumulative quarterly dividends calculated on the issue price of $40 per share at a variable rate, equal to 1½% plus ½ of the average daily prime lending rate of a specified Canadian chartered bank, subject to a minimum rate of 9% on an annual basis;

(ii) retractable by the holders on September 30, 1986 at $40 per share plus accrued and unpaid dividends thereon;

(iii) redeemable under certain conditions prior to September 30, 1986. Thereafter redeemable at any time at prices declining from $42 to $40 per share in 1991 plus accrued and unpaid dividends thereon;

(iv) fully voting on the basis of one vote per share; and

(v) convertible at the option of the holders into one common share for each preferred share on or prior to September 30, 1991.

7. Income and Resource Taxes

millions	1985	1984
Income taxes –		
Deferred	$ 20.8	$ 15.5
Other	(2.0)	(3.2)
	18.8	12.3
Resource taxes	9.6	7.1
	$ 28.4	$ 19.4

Reconciliation	1985	1984
Approximate statutory rate	52.0%	51.0%
Non-taxable dividends	(24.6)	(28.6)
Resource and depletion allowances	(15.5)	(14.6)
Crown royalties	6.1	6.1
Other	0.3	(0.4)
Effective tax rate	18.3%	13.5%

The company has incurred non-capital tax losses of approximately $44 million which will expire between 1987 and 1990.

8. Commitments and Contingencies

Based on the latest actuarial valuation of the company's pension plan which covers all employees, there is no major unfunded obligation for past service costs.

9. Other Information

(a) Segmented information for consolidated operations:

millions	1985	1984
Gross operating revenues		
Oil and gas	$131.7	$ 97.7
Mining	27.6	23.0
Income for the year		
Oil and gas	55.4	50.5
Mining	4.0	1.4
Identifiable assets		
Oil and gas	487.0	312.8
Mining	304.6	200.4
Capital expenditures		
Oil and gas	186.5	49.1
Mining	101.9	95.6

(b) The company and its associates arrange amongst themselves investment transactions without cost and financing transactions at normal market terms. At December 31, 1985, cash and short term investments included $34.9 million (1984 – nil) of securities of associates.

10. Subsequent Events

In February 1986 Brascan Limited purchased 6,250,000 shares of Noranda Inc. for $104 million. Brascan plans to offer these shares to the company to maintain its interest at 46%.

In March 1986 Hees International Corporation indicated that it intended to grant Brascan Limited, or the company a two-year option to acquire a 41% interest in Norcen Energy Resources Limited.

Directors

Edward M. Bronfman
Toronto
Chairman
Hees International Corporation

Peter F. Bronfman
Toronto
Chairman
Edper Investments Ltd.

Wendy M. Cecil-Stuart
Toronto
Vice-President, Business Development
Brascan Limited

Jack L. Cockwell
Toronto
Executive Vice-President and
Chief Operating Officer
Brascan Limited

Gilles M. Dionne
Saint-Bruno
Consulting Geologist

Robert A. Dunford
Aurora
Executive Vice-President and
Chief Administrative Officer
Brascan Limited

J. Trevor Eyton, O.C., Q.C.
Toronto
President and Chief Executive Officer
Brascan Limited

Denis Giroux
Montreal
Vice-President, Corporate Investments
Caisse de dépôt et placement du Québec

Pierre Lamy
Montreal
Economics and Financial Consultant

Paul M. Marshall
Calgary
President and Chief Executive Officer
Westmin Resources Limited and
President and Chief Executive Officer
Canada Development Investment Corp.

Fernand Paré
Quebec City
President and General Manager
La Solidarité, Compagnie d'assurance
sur la vie

Harold M. Wright, O.C.
Vancouver
Chairman
Wright Engineers Limited

Officers

J. Trevor Eyton
Chairman and Chief Executive Officer

Fernand Paré
Deputy Chairman

Paul M. Marshall
President

Jack L. Cockwell
Vice-President, Finance

Gilles M. Dionne
Vice-President

Denis Giroux
Vice-President and Secretary

Robert P. Simon
Vice-President and Treasurer

Robert G. Yeoman
Vice-President, Corporate Development

Principal Operating Companies

Noranda Inc.
Suite 4500
Commerce Court West
Toronto, Canada M5L 1B6
Tel. (416) 982-7111

Alfred Powis
Chairman and Chief Executive Officer
Adam Zimmerman
President and Chief Operating Officer

Westmin Resources Limited
Suite 1800
255 – 5th Avenue South West
Calgary, Canada T2P 3G6
Tel. (403) 298-2000

J. Trevor Eyton, Chairman
Paul M. Marshall
President and Chief Executive Officer

Norcen Energy Resources Limited
715 – 5th Avenue S.W.
Calgary, Canada T2P 2X7
Tel. (403) 231-0111

J. Trevor Eyton, Chairman
Edward G. Battle
President and Chief Executive Officer

Lacana Mining Corporation
Suite 1702
150 King Street West
Toronto, Canada M5H 1J9
Tel. (416) 591-6640

William H. Gross, Chairman

Brascade Resources Inc.

(incorporated under the laws of Canada)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Brascade Resources Inc. (the "Corporation") will be held at Four Seasons Hotel (Salon Le Printemps), 1050 Sherbrooke Street West, Montréal, Québec, on Tuesday, May 14, 1985 at 11:00 a.m., Montréal time, for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 1984, together with the auditors' report thereon and the annual report to the shareholders;

2. To elect directors;

3. To appoint auditors and authorize the directors to fix their remuneration; and

4. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

The accompanying Management Proxy Circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this notice.

All Convertible Preferred shareholders and Common shareholders of record at the time of taking the vote are entitled to vote at the annual meeting or at any adjournment thereof, either in person or by proxy.

If you are unable to attend the meeting in person, you are requested to complete the enclosed form of proxy. An addressed envelope for the return of the proxy is enclosed. Proxies to be used at the meeting must be deposited with the Secretary of the Corporation before the close of business on May 10, 1985.

By Order of the Board

Toronto, Ontario
April 19, 1985

DENIS GIROUX
Secretary

MANAGEMENT PROXY CIRCULAR

This circular is furnished in connection with the solicitation by the management of Brascade Resources Inc. (the "Corporation") of proxies to be used at the annual meeting of shareholders of the Corporation (the "meeting") referred to in the accompanying notice of meeting to be held at the time and place and for the purposes set forth in such notice. The solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation at nominal cost. The cost of solicitation will be borne by the Corporation. The information contained herein is given as of April 1, 1985.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. **Each shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, to represent such shareholder at the meeting other than the persons named in the enclosed form of proxy.** Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. The completed form of proxy must be deposited with the Secretary of the Corporation before the close of business on May 10, 1985.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so either: (1) by delivering another properly executed form of proxy bearing a later date to the Secretary of the Corporation before the close of business on May 10, 1985; or (2) by depositing an instrument in writing revoking the proxy and executed by him or his attorney authorized in writing (i) 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 (ii) with the Chairman of the meeting on the day of the meeting or any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the shares shall be voted (or withheld from voting in the election of directors or auditors) in accordance with the specifications so made. **Where shareholders have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted for the election of directors and for the appointment of auditors as set forth under those headings in this circular.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the notice of meeting and with respect to other matters that 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.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The following numbers of shares are entitled to be voted at the meeting: 51,406,496 Common shares and 12,081,252 Convertible Preferred shares of the Corporation. Subject to the right of a shareholder to cumulate the votes attached to the shares held by him in the election of directors, each of the Common and Convertible Preferred shares carries the right to one vote per share.

The directors and officers of the Corporation do not know of any person beneficially owning or exercising control or direction over shares carrying more than 10% of the votes attached to shares of the Corporation, other than the following:

Holder	Number of Common Shares	Approximate Percentage of Voting Shares
Brascade Holdings Inc.	42,206,998	66.5
Brascan Limited	6,436,740	10.1

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation, through an affiliate, provides directors' and officers' liability insurance with a current annual policy limit of $10,000,000 subject to a corporate deductible of $100,000 per loss. Under this insurance coverage the Corporation is reimbursed for payments made under corporate indemnity provisions on behalf of its officers and directors. Individual directors and officers are reimbursed for losses arising during the performance of their duties, subject to a deductible of $10,000 per loss for each director and officer if they are not reimbursed by the Corporation. In such case there would be a maximum deductible of $50,000 per loss. Protection is provided to directors and officers for acts, errors or omissions done or committed during the course of their duties as such. This insurance excludes from coverage illegal acts and those acts which result in personal profit. In 1984, the portion of premium in respect of directors' and officers' liability insurance allocated to directors as a group was $600, and to officers as a group was $420, all of which was paid by the Corporation.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote the shares represented by such proxy in favour of a resolution re-appointing Touche Ross & Co., and Raymond, Chabot, Martin, Paré & Associés, as auditors of the Corporation, to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration of the auditors, unless the shareholder who has given such proxy has directed that the shares be withheld from voting in the appointment of auditors.

OTHER BUSINESS

The Corporation knows of no matter to come before the meeting other than the matters referred to in the notice of meeting.

The contents and sending of this Circular have been approved by the directors of the Corporation.

Denis Giroux
Secretary
April 1, 1985

	Became Director	Convertible Preferred Shares
*GILLES M. DIONNE, Saint-Bruno, Québec, Vice-President of the Corporation, and a director and Vice-President of Brascade Holdings Inc.; director of Westmin Resources Limited; consulting geologist	1982	100
ROBERT A. DUNFORD, Aurora, Ontario, Director of Brascade Holdings Inc.; director and Senior Vice-President of Brascan Limited, a natural resources, consumer goods and financial services company	1981	Nil
*J. TREVOR EYTON, Q.C., Toronto, Ontario, Director and Chairman of the Board and Chief Executive Officer of the Corporation and Brascade Holdings Inc.; director and Chairman of Westmin Resources Limited; director of Noranda Inc.; President, director and Chief Executive Officer of Brascan Limited, a natural resources, consumer goods and financial services company	1981	Nil
*DENIS GIROUX, Montréal, Québec, Secretary of the Corporation; Vice-President, Corporate Investments, Caisse de dépôt et placement du Québec	1984	Nil
PIERRE LAMY, Montréal, Québec, Director of Brascade Holdings Inc. and Noranda Inc.; economics and financial consultant	1983	Nil
*PAUL M. MARSHALL, Calgary, Alberta, Director and President of the Corporation and Brascade Holdings Inc.; a director of Brascan Limited and Noranda Inc.; director, President and Chief Executive Officer of Canada Development Investment Corporation and Westmin Resources Limited, a natural resources company	1981	Nil
*FERNAND PARÉ, Québec, Québec, Director and Deputy Chairman of the Board of the Corporation and Brascade Holdings Inc.; director of Noranda Inc.; President and General Manager, La Solidarité, Compagnie d'assurance sur la vie, a life insurance company	1983	Nil
HAROLD M. WRIGHT, O.C., Vancouver, British Columbia, Director of Brascade Holdings Inc., Noranda Inc. and Westmin Resources Limited; Chairman of the Board of Wright Engineers Limited, consulting and design engineers	1981	1,000

*denotes directors who are also officers

Other than Mr. Giroux and Ms. Cecil-Stuart, all of the persons named in the table above were elected members of the board of directors at the last annual meeting. Mr. Giroux and Ms. Cecil-Stuart have held their respective principal business affiliations for the five years preceding the date of this circular.

DIRECTORS' AND OFFICERS' REMUNERATION

Aggregate remuneration paid or payable by the Corporation in 1984 to directors was $10,000. No remuneration was paid or is payable to the officers of the Corporation, as such, in respect of 1984.

INDEBTEDNESS TO THE CORPORATION

No officer, director, proposed nominee for election as a director, or associate of any such person has been indebted to the Corporation at any time since January 1, 1984.

The Corporation is advised that 70% of each class of the outstanding shares of Brascade Holdings Inc. are owned by a wholly-owned subsidiary of Brascan Limited and 30% of each class of such shares are owned by Caisse de dépôt et placement du Québec.

ELECTION OF DIRECTORS

The board of directors consists of twelve members, all of whom are elected annually.

The Articles of the Corporation provide that each shareholder entitled to vote for the election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors to be elected and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner he sees fit and where he has voted for more than one candidate without specifying the distribution of his votes among such candidates, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

On any ballot that may be called for in the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled equally among all the proposed nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the shares be otherwise voted or withheld from voting in the election of directors. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

If a shareholder desires to distribute his votes otherwise than equally among the nominees for whom he has directed the persons in the enclosed form of proxy to vote, he must do so personally at the meeting or by another form of proxy. The following table sets out the name of each of the persons proposed to be nominated for election as a director to hold office until the next annual meeting of shareholders or until his successor is appointed; all major positions and offices in the Corporation or any of its significant affiliates held by him; his principal occupation or employment; the year in which he was first elected a director of the Corporation, and the approximate number of shares of each class of shares of the Corporation that he has advised are beneficially owned or subject to control or direction by him at the date of this circular.

All of the persons named in the table below, except Ms. Cecil-Stuart, are now members of the board of directors and have been since the dates indicated.

	Became Director	Convertible Preferred Shares
EDWARD M. BRONFMAN, Toronto, Ontario, Director of Brascade Holdings Inc. and Brascan Limited; Deputy Chairman of Edper Investments Ltd., an investment holding company	1982	Nil
PETER F. BRONFMAN, Toronto, Ontario, Director of Brascade Holdings Inc., and director and Chairman of Brascan Limited and Edper Investments Ltd., an investment holding company	1982	Nil
WENDY M. CECIL-STUART, Toronto, Ontario, Vice-President, Business Development, of Brascan Limited, a natural resources, consumer goods and financial services company	—	Nil
*JACK L. COCKWELL, Toronto, Ontario, Director and Vice-President, Finance of the Corporation and Brascade Holdings Inc.; director of Noranda Inc. and Westmin Resources Limited; Executive Vice-President, Chief Operating Officer and director of Brascan Limited, a natural resources, consumer goods and financial services company	1981	Nil

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