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**COBI FOODS INC.**  
Port Williams, Nova Scotia

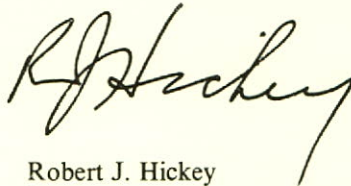
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of the holders of common shares of Cobi Foods Inc. will be held at the Corporation's offices, Collins Road, Port Williams, Nova Scotia on Thursday, the 15th day of September, 1988, at the hour of 3:00 o'clock in the afternoon (Atlantic Daylight Saving Time) for the following purposes:

1. consideration of the financial statements for the twelve-month period ended April 30, 1988 and the report of the auditors thereon;
2. election of directors;
3. appointment of auditors; and
4. such further and other business as may properly come before the meeting or any adjournment thereof.

**DATED** at Port Williams, Nova Scotia, this 11th day of August, 1988.

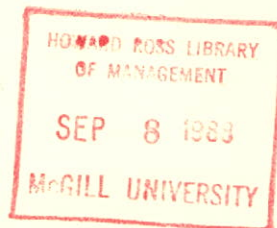
**BY ORDER OF THE BOARD**



Robert J. Hickey  
Secretary

**NOTE:**

Proxies are being solicited by the management of the Corporation. Shareholders who are unable to be present in person at the meeting are requested to date, complete and sign the enclosed proxy form and return it in the addressed envelope provided for that purpose. To be effective, properly completed proxies must be received by 5:00 p.m. (Atlantic Daylight Saving Time) on Tuesday, September 13, 1988 by the Corporation at its offices at P.O. Box 1000, Collins Road, Port Williams, Nova Scotia, B0P 1T0.





**COBI FOODS INC.**  
Port Williams, Nova Scotia

**MANAGEMENT PROXY CIRCULAR**

**Management Solicitation**

This management proxy circular (the "Circular") is furnished in connection with the solicitation of proxies by management of Cobi Foods Inc. (the "Corporation") for use at the annual meeting of the shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the attached notice of annual meeting of shareholders (the "Notice"). It is expected that solicitation will primarily be by mail. Proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of the solicitation will be borne by the Corporation.

**Appointment and Revocation of Proxies**

Shareholders desiring to be represented by proxy at the Meeting must arrange for their properly completed form of proxy to be received by 5:00 p.m. (Atlantic Daylight Saving Time) on Tuesday, September 13, 1988 by the Corporation at its offices at P.O. Box 1000, Collins Road, Port Williams, Nova Scotia, B0P 1T0. A return envelope is enclosed for this purpose.

The persons designated to be proxyholders on the enclosed form or proxy (the "Proxy") are directors of the Corporation. Each shareholder has the right to appoint a person to represent such shareholder at the Meeting other than the persons so designated, and the other person appointed by the shareholder does not need to be a shareholder of the Corporation. This right may be exercised by inserting the name of the person so appointed in the blank space provided for that purpose on the Proxy, or by completing another proper form of proxy. Failing such insertion of another name, one of the persons already designated on the Proxy shall be deemed to have been appointed as the nominee of such shareholder for the purposes set out in the Proxy.

A vote given in accordance with the terms of a proper form of proxy shall be valid notwithstanding the previous death of the shareholder, the revocation of the appointment of the proxyholder, or the transfer of the share in respect of which the appointment of the proxyholder was made, provided that no intimation in writing of the death, revocation or transfer is received at the offices of the Corporation in Port Williams, Nova Scotia by the last business day preceding the Meeting or by the Chairman of the Meeting before the vote is taken.

If the Proxy or another form of proxy is properly completed and returned, the appointment of the proxyholder may nevertheless be revoked under subsection 142(4) of the **Canada Business Corporations Act**:

- (a) by depositing an instrument in writing (such as a later proxy) executed by the shareholder of the shareholder's attorney authorized in writing
  - (i) at the offices of the Corporation in Port Williams, Nova Scotia, at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the proxy is to be used, or
  - (ii) as to any motion on which a vote has not already been cast pursuant to the authority conferred by the proxy, with the Chairman of the Meeting on the day of the Meeting or an adjournment thereof, or
- (b) by personal attendance at the Meeting.

**Voting Shares and Principal Holders Thereof**

The share capital of the Corporation consists of common shares without nominal or par value (the "Common Shares") which carry the right to one vote per share. As of the date thereof, 26,125,255 Common Shares are outstanding.



The Board of Directors has fixed a record date of August 10, 1988 for the determination of shareholders of the Corporation entitled to notice of and to attend and vote at the Meeting. Accordingly, holders of Common Shares of record as at the close of business on August 10, 1988 are entitled to receive notice of and to attend at the Meeting in person or by proxy, and the holders of Common Shares of record on such date shall be entitled to vote at the Meeting, except that a transferee of Common Shares acquired after such date shall be entitled to vote at the Meeting only if such transferee produces properly endorsed certificates for such Common Shares or otherwise establishes ownership thereof and demands, not later than ten clear days before the Meeting, that the name of such transferee be included in the list of shareholders entitled to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, the only persons who beneficially own or exercise control or direction over shares carrying more than 10 per cent of the votes attached to shares of the Corporation are as follows:

Shareholder	Number of Common	Percentage of Issued Common Shares
Minas Group Limited <sup>1</sup>	17,782,240	68.07%

<sup>1</sup> John J. Jodrey and David J. Hennigar are directors of Minas Group Limited.

#### **Voting of Shares Represented by Management Proxies**

The Proxy confers discretionary authority upon the proxyholders in respect of amendments to matters identified in the Notice and in respect of other matters that may properly come before the Meeting or any adjournment thereof. Where either of John M. Lindley or Norman L. Williams has been appointed to vote on behalf of a shareholder, he will vote:

- (a) in favour of the election of nominee directors named in this Circular; and
- (b) in favour of the appointment of Coopers & Lybrand as auditors of the Corporation;

unless a contrary instruction is so indicated on the Proxy.

The management of the Corporation has no present knowledge that any business, other than that referred to in the Notice, will be presented to the Meeting. However, if any other matters properly come before the Meeting, it is the intention of John M. Lindley and Norman L. Williams to vote as proxyholders in accordance with what they consider to be in the best interests of the Corporation.

#### **Election of Directors**

It is proposed that the persons named below be nominated for election as directors of the Corporation and **John M. Lindley and Norman L. Williams intend to vote as proxyholders for the election of the nominees whose names are listed below.** All of the proposed nominees are now members of the board of directors and have been since the dates listed below (except where otherwise noted). The management of the Corporation does not contemplate that any of the nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Meeting, John M. Lindley and Norman L. Williams reserve the right to vote as proxyholders in their discretion for any other nominee of management. Each director will be elected to hold office until the next annual meeting or until his or her successor is appointed or elected, unless his or her office is earlier vacated in accordance with the by-laws.

<b>DIRECTORS PROPOSED TO BE NOMINATED FOR RE-ELECTION</b>	<b>PRINCIPAL OCCUPATION OR EMPLOYMENT</b>	<b>NUMBER OF COMMON SHARES BENEFICIALLY OWNED OR CONTROLLED</b>
Bernardin J. Comeau	Chairman, Comeau's Sea Foods Limited, fishing company	5,000
Gordon E.M. Cummings	President and Chief Executive Officer, National Sea Products Limited, integrated seafood company	5,000
Robert M. Franklin	Vice-Chairman & Chief Executive Officer, Algonquin Mercantile Corp., a diversified Canadian public company	100
David J. Hennigar	Atlantic Regional Director, Burns Fry Limited, investment dealers	8,000
John J. Jodrey	Chairman, Scotia Investments Limited, investment holding company	nil
John M. Lindley	Chairman, Cobi Foods Inc.	4,000
J. Thomas MacQuarrie, Q.C.	Senior Partner, Stewart, MacKeen & Covert, Barristers & Solicitors	50,000
Arnold G. Park	Executive Vice-President and Chief Operating Officer of the Corporation	5,000
Angela Peters	Corporate Director and Consultant	625
Norman L. Williams	President and Chief Executive Officer, Scotia Investments Limited, investment holding company and Vice- Chairman, President and Chief Executive Officer of the Corporation	10,000



All of the directors have been directors of the Corporation since its formation by amalgamation effective May 1, 1986, except John J. Jodrey who was elected as Director on September 19, 1986 and Gordon E.M. Cummings who was elected as Director on August 19, 1987.

John J. Jodrey, David J. Hennigar, Norman L. Williams, J. Thomas MacQuarrie, Q.C. are Directors of Scotia Investments Limited which indirectly owns a controlling interest in Minas Group Limited.

During the past 5 years, each of the above-mentioned proposed directors and officers has been engaged in the principal occupation or has held the position with the Company or firm indicated opposite his name other than John M. Lindley who prior to April, 1985 was President, United States Division of Campbells Soup Company Ltd. and Gordon E.M. Cummings who, prior to 1984 was a partner of Woods Gordon, Management Consultants.

## **Remuneration of Executive Officers and Directors**

### **Executive Compensation**

The Corporation has 8 executive officers. The aggregate remuneration paid to the executive officers of the Corporation and its subsidiaries for services rendered during the most recently completed financial year was \$436,880.

### **Directors Compensation**

During 1987, directors who were not full-time employees of the Corporation or any of its subsidiaries or who did not receive any other remuneration from the Corporation were entitled to receive \$3,000 per annum for serving as directors and \$500 for every meeting of the Board or of a committee thereof attended. Directors who are full-time employees do not receive any directors' or meeting fees.

### **Share Option Plan**

At the last annual meeting the shareholders passed a resolution confirming the adoption by the directors of the Corporation of a common share option plan entitled The 1987 Common Share Option Plan (the "Plan"):

The Plan provides that a committee to be appointed by the Executive Committee may, from time to time, designate one or more eligible officers or directors, general managers, division managers, or head office managers of the Corporation and of any subsidiary companies to whom options to purchase common shares may be granted and the number of common shares to be optioned to each. The total number of common shares to be optioned cannot exceed ten percent of the common shares issued and outstanding from time to time and the total number of such shares that can be optioned to any eligible participant cannot exceed five percent of the shares issued and outstanding as of the date such option is granted. The Plan further provides that the option price shall be determined by the committee at the time of the granting of the option, but shall not be lower than the last reported selling price of such shares on the Toronto Stock Exchange on the last business day before the date on which the option is granted, or, if no sale was reported on that date, the average of the closing bid and ask on that day less the applicable discount as permitted by the Toronto Stock Exchange.

The period during which an option granted is exercisable is determined by the committee at the time the option is granted, but cannot exceed the maximum permitted from time to time by the Toronto Stock Exchange. The exercise of any option is subject to the fulfillment of the criteria, if any, as may be established by the committee at the time of the Corporation entering into any option agreement.

Since the adoption of the Plan the Company has granted options to purchase 872,500 common shares for prices ranging from \$0.99 to \$1.04, exercisable for a period of six years from the date of grant.

### **Interests of Affiliates**

In September, 1987, the Corporation issued 1,900,000 common shares through a private placement to Minas Group Limited for the subscription price of \$1.50 per share.

In October, 1987, the Corporation undertook a four for one rights offering. Under the offering Minas Group Limited acquired 5,216,240 common shares.


During the year the Corporation was charged approximately \$4,000,000 by related corporations (Pole Star Transport Inc., Scotia Investments Limited and Maritime Paper Products Limited) for the purchases of supplies, services and interest.

### **Appointment of Auditors**

John M. Lindley and N.L. Williams intend to vote as proxyholders for the appointment of Messrs. Coopers & Lybrand, Chartered Accountants, Halifax, Nova Scotia as auditors of the Corporation to hold office until the next annual meeting of shareholders.

### **General**

Information contained herein is given as of August 4, 1988. The contents and the sending of this Circular have been approved by the directors.

A handwritten signature in black ink, appearing to read 'R. J. Hickey', written in a cursive style.

Robert J. Hickey, Secretary

DATED: August 10, 1988.

