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July 21, 2000

The Special Committee of the Board of Directors of
Prism Petroleum Inc. and
The Board of Directors of Prism Petroleum Inc.
650, 101 – 6th Avenue SW
Calgary, Alberta T2P 3P4

Dear Sirs:

Yorkton Securities Inc. ("Yorkton") understands that Proprietary Industries Inc. ("Proprietary") has made an unsolicited offer (the "Offer") to purchase up to 5 million of the outstanding common shares (collectively the "Common Shares") of Prism Petroleum Inc. ("Prism") on the basis of Cdn. $1.25 in cash or 0.30 of a Proprietary Common Share for each Prism Common Share. The Offer contains various terms and conditions and is stated to be open for acceptance until 5:00 p.m. (Calgary time) on September 11, 2000, unless extended or withdrawn.

The terms and conditions of the Offer are more fully described in the Offer to Purchase Circular and the Notice of Change to Purchase Circular (collectively the "Circular") of Proprietary dated and mailed to holders of Prism Common Shares (the "Prism Common Shareholders") on July 12, 2000 and on July 18, 2000 and is conditional upon, among other things, their being validly deposited under the Offer and to a maximum of 5,000,000 Common Shares being tendered.

To assist the Board of Directors of Prism (the "Board") in considering the terms and conditions of the Offer, and in making its recommendations in respect thereof, the Board formed a special committee comprised of independent directors (the "Special Committee") which engaged Yorkton to provide it and the Board with financial advice and our opinion (the "Opinion") as to whether the terms and conditions of the Offer are fair, from a financial point of view, to the Prism Common Shareholders.

ENGAGEMENT OF YORKTON

Yorkton was engaged by the Board on June 28, 2000 to act as financial advisor to Prism in respect of reviewing and advising on the unsolicited Offer of Proprietary. The scope of Yorkton's engagement includes, but is not limited to, providing financial advice to the Special Committee and the Board in respect of the unsolicited Offer, the fairness of the Offer, communicating to the Special Committee and the Board the results of any analysis and review conducted by Yorkton and, if appropriate, preparing this Opinion for delivery to the Special Committee and the Board.

Pursuant to the terms of our engagement, we have not been engaged to prepare a formal valuation of any of the assets of Prism or Common Shares or to express an opinion with respect to the form of the Offer itself, and this Opinion should not be construed as such. However, Yorkton has performed financial analysis, which it considered to be appropriate and necessary in the circumstances to support the conclusions reached in this Opinion.

QUALIFICATIONS OF YORKTON

Yorkton is an independent Canadian full-service investment banking firm focused on providing advisory and capital market related services to Canadian Natural Resource and Knowledge Industries. Yorkton's services include institutional and retail research and trading and distribution of equity securities for major Canadian financial institutions, and corporate advisory services in the areas of mergers, acquisitions, divestments, restructurings, valuations and fairness opinions. Yorkton and its principals have been involved in a number of transactions involving valuations of publicly traded Canadian companies and in providing fairness opinions in respect of such transactions.

The opinions expressed herein are the opinions of Yorkton. The principal individuals responsible for the preparation of this Opinion were Mr. Daniel J. Cristall, Director of Energy Investment Banking, and Mr. Elias Foscolos, Vice President of Energy Investment Banking. Mr. Cristall and Mr. Foscolos have 9 years and 3 years experience in the financial services industry, respectively.

SCOPE OF REVIEW CONDUCTED BY YORKTON

Yorkton has acted as the financial advisor to the Special Committee and the Board of Prism in respect of the Offer and certain related matters. In this context, and for the purpose of preparing this Opinion, we have recently analyzed publicly available and confidential financial, operational and other information relating to Prism, including information derived from discussions with the management of Prism. Yorkton has not conducted any independent investigations to verify the accuracy and completeness thereof.

In carrying out this engagement and arriving at our Opinion, we have reviewed and relied upon, among other things:

In the case of Prism:

i) drafts of the Directors' Circular up to and including the date hereof to be issued by the Board in connection with the Offer;

ii) the audited financial statements and proxy circulars of Prism for the twelve months ending December 31, 1999, 1998, and 1997;

iii) All press releases issued by Prism since January 1, 1998;

iv) the unaudited financial statements of Prism from March 31, 1997 to the three months ended March 31, 2000;

v) banking and loan documentation related to current indebtedness of Prism;

vi) the annual budget and forecast for 2000 prepared by Prism including, but not limited to, schedules of estimated production and cash flow for the year ending December 31, 2000;

vii) the evaluation of Prism's reserves dated March 30, 2000 and effective January 1, 2000 prepared by Sproule Associates Limited ("Sproule"), independent engineering consultants (the "Sproule Report");

viii) an update to the values of Prism's reserves identified in the Sproule Report dated July 2, 2000 using Sproule's July 1, 2000 commodity pricing forecast (the "Updated Sproule Report");

ix) the tax pools for Prism as at December 31, 1999;

x) public information relating to the business, operations, financial performance and stock trading history of Prism and other selected oil and gas exploration and production companies we considered relevant; and

xi) public information relating to merger and acquisition statistics, for selected oil and gas exploration and production companies we considered relevant.

In the case of Proprietary:

i) the Circular dated July 12, 2000;

ii) the amendment to the Circular dated July 18, 2000;

iii) the audited financial statements of Proprietary for the 12 months ended September 30, 1999;

iv) the unaudited financial statements of Proprietary for the period ended March 31, 2000;

v) a review of all press releases since January 1, 1999; and

vi) a review of the Proprietary web site.

In addition to the information detailed above, Yorkton has further reviewed, considered and relied upon, among other things, the following:

i) publicly available information and certain confidential information possessed by Yorkton with respect to recent transactions involving the sale of oil and gas companies and properties of a comparable nature and considered to be relevant by Yorkton in the circumstances; and

ii) publicly available information and documents filed by, or on behalf of, Prism in compliance with or intended compliance with applicable securities laws.

We also conducted such other analyses, investigations, research and testing of assumptions as were deemed by us to be appropriate or necessary in the circumstances. We were granted access by Prism to its management groups and, to our knowledge, we were not denied any information we requested.

KEY ASSUMPTIONS AND LIMITATIONS

Yorkton has relied upon, but in accordance with the terms of our engagement, have not independently verified the accuracy or completeness of any of the materials, information, representations, reports and discussions referred to above and this Opinion is conditional upon such accuracy and completeness. Prism has represented to us in a letter delivered as at the date hereof that, among other things, there are no facts relating to Prism and the Offer not specifically disclosed to us which could reasonably be expected to affect materially the scope of review undertaken by us, as set forth above, in respect of our engagement for the purposes of preparing this Opinion. Our assumptions, the procedures we adopted and the conclusions and opinions reached by us are dependent, in part, upon the accuracy, completeness and fairness of all such facts and information. In addition, Prism has represented to us that all information provided by or on behalf of Prism and in respect of the Offer is true and correct in all material respects and contains no untrue statement of a material fact concerning Prism and the Offer 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 light of the circumstances in which it was made.

We believe that the analyses and factors considered in arriving at our Opinion are not necessarily amenable to partial analysis or summary description and that selecting portions of the analyses and the factors considered, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

In our overall analysis, and in connection with the preparation of this Opinion, Yorkton made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Prism. While in the opinion of Yorkton, the assumptions used in preparing this Opinion are appropriate in the circumstances and some or all of these assumptions may prove to be incorrect.

FAIRNESS CONSIDERATIONS

In assessing the fairness of the Offer to the Prism Common Shareholders, from a financial point of view, the analysis conducted by Yorkton reviewed and considered a number of quantitative and qualitative factors, including the following:

- the failure of the Offer to recognize recent production increases in excess of prior forecasts experienced during the three months ended June 30, 2000 and future anticipated production increases and their incremental contribution to cash flow for 2000;

- a comparison of the consideration set forth in the Offer to values per Common Share of Prism implied by our discounted cash flow analysis;

- the failure of the Offer to recognize the economic benefits arising from Prism's strategic focus and high working interests in properties and facilities;

- a comparison of the consideration set forth in the Offer to the range of values per Common Share of Prism implied by our analysis of comparable companies and comparable merger and acquisition transactions, considering such factors as net asset value, earnings, cash flow, along with reserves and production volumes;

- the failure of the Offer to recognize the increased value ascribed to the reserves based on updated reserve evaluations which reflect revised commodity pricing assumptions set out in the Updated Sproule Report;

- the failure of the Offer to recognize the full and fair value of Prism's high impact exploration program;

- a change of control which is unacceptable to a lender may cause Prism to be in default with respect to certain contracts and may cause a material loss in Prism shareholder value;

- the failure of the Offer to be of fair consideration to all Prism shareholders. The offer to purchase is limited to 5,000,000 shares (approximately 50%), which combined with the 9.8 % shares already owned would give Proprietary controlling interest in Prism with no assurance of board representation or a commitment to re-invest in Prism; and

- failure to provide equal consideration using both cash and Proprietary shares, the value of 0.30 of a Proprietary share exchange is, in our view, questionable. With a recent financing, Proprietary raised enough cash to finance the entire Prism acquisition with cash. However, on May 8, 2000, Proprietary completed a unit offering priced at $3.15 per unit. Each unit consisting of 1 share and 1 full warrant exercisable for 1 year at $3.00. This financing occurred while the common shares of Proprietary were trading at $3.95 per share. This represented a discount to the trading value of Proprietary Common Shares of at least 20%.

CONCLUSION AND OPINION

The Cdn. $1.25 in cash or 0.30 of a Proprietary Common Share Offer is below the low end of the range of the values per Common Share determined by Yorkton using various methods commonly used to value oil and gas assets, and companies.

Based upon our analysis, and subject to all of the foregoing, we are of the opinion that the consideration of Cdn. $1.25 in cash or 0.30 of a Proprietary Common Share for each Common Share to be received pursuant to the Offer is unfair and inadequate, from a financial point of view, to the Prism Common Shareholders.

This Opinion may be relied upon by the Board for the purpose of considering the Offer and its recommendation to the Prism Common Shareholders with respect to the Offer but may not be used, nor relied upon, by any other person without our express prior written consent. We do consent to the duplication and inclusion of this Opinion in the Prism Directors' Circular.

Yours truly,

Yorkton Securities Inc.

YORKTON SECURITIES INC.