

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Offer, you should consult with your investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Enquiries concerning the information in this document should be directed to Banff Rocky Mountain Resort Ltd. to the attention of Gregory Royer at (403) 705-0422.

BANFF ROCKY MOUNTAIN RESORT LIMITED PARTNERSHIP

Directors' Circular of Banff Rocky Mountain Resort Ltd., the General Partner of Banff Rocky Mountain Resort Limited Partnership

**Relating to the Offer dated November 23, 2001
(extended by Notice of Extension dated December 31, 2001) by
Phoenix Capital Inc.
to purchase all of the outstanding Units in**

Banff Rocky Mountain Resort Limited Partnership

<p>The Board of Directors is not making a recommendation to Limited Partners in respect of the Phoenix Offer. Limited Partners are urged to read carefully the factors considered by the Board of Directors in making this decision, which factors are described under the heading "Reasons For Making No Recommendation".</p>

January 7, 2002

BANFF ROCKY MOUNTAIN RESORT LTD.

Directors' Circular

This Directors' Circular is issued by the board of directors (the **'Board of Directors'**) of Banff Rocky Mountain Resort Ltd. (the **"General Partner"**) in connection with the offer dated November 23, 2001 (extended by Notice of Extension dated December 31, 2001) (the **'Phoenix Offer'**) by Phoenix Capital Inc. (the **'Offeror'**) to purchase all of the outstanding Units (the **"Units"**) in Banff Rocky Mountain Resort Limited Partnership (the **"Partnership"**) on the basis of 650 Series D \$1.00 Debentures of the Offeror (the **"Debentures"**) for each Unit (minimum of 20 Units per unitholder). The Phoenix Offer is subject to the conditions set forth in the Phoenix Offer and offering circular dated November 23, 2001 (the **"Offering Circular"**) of the Offeror.

Reference is made to the Offering Circular for, among other things, details of the terms and conditions of the Phoenix Offer.

Recommendation

For the reasons set out under the heading "Reasons For Making No Recommendation" below, the Board of Directors is not making any recommendation to limited partners of the Partnership (the **"Limited Partners"**) in respect of the Phoenix Offer. However, Limited Partners are urged to read carefully the factors considered by the Board of Directors in making this decision.

Reasons for Making No Recommendation

The Board of Directors is not making a recommendation to Limited Partners in respect of the Phoenix Offer.

The tourism industry has been significantly affected by the terrorist attacks of September 11, 2001 and Banff Rocky Mountain Resort (the **"Resort"**), because of its position as a destination resort, has been affected more severely than most Canadian locations. This has caused the operating results of the Resort to decrease over the short term, although the Board of Directors believes that the long-term value of the Resort will prove to be significantly greater than it is today. Whether that value exceeds the value represented by the Phoenix Offer is difficult to determine and is best dealt with by Limited Partners based on their individual circumstances.

While the value of all hotels, including the Resort, can fluctuate depending on the economic times, the exchange of a Limited Partner's Units for the Debentures does not give a Limited Partner any protection from future fluctuations in value. The Debentures are only secured by the very same Units which would be tendered to the Offeror and, if the future value of the Resort is such that it is insufficient to repay the Debentures at maturity, the Offeror would have the ability to redeem the Debentures by simply returning the Units to the holders of the Debentures (please refer to page 58 of the Phoenix Offer).

When considering the value of the Phoenix Offer, investors must take into consideration the trading history of the Debentures which is outlined on page 53 of the Phoenix Offer and shows a high of \$92.00 and a low of \$80.00. This suggests a total value for the Resort of between \$11,960,000 and \$13,754,000. There is no suggestion that the Resort will be sold in the future in order to realize on its total value.

The interest on the Debentures is not fixed and varies with Partnership distributions. In addition, the definition of “Cash Distribution” on page 6 of the Phoenix Offer refers to the deduction of taxes, which may have a further negative impact on the interest paid on the Debentures. The meaning of this clause is not readily determinable.

This is a fully taxable transaction, which has been improved by the change of the capital gains inclusion from 75% to 50%; there will be a tax liability to a Limited Partner with 40 Units of \$104.82 per Unit based on the current adjusted cost base of \$184.12. This translates to a total tax liability of \$4,192.80 for a typical original investment of \$40,000. This number could be as low as \$3,023 if the fair market value of the Debentures is taken at its lowest trading level of \$80. All of these calculations are based on a 45% marginal tax rate. Your tax rate may differ, and accordingly you are encouraged to consult with your personal tax specialist.

The Offeror has made several previous offers for Units of the Partnership and, as the Board of Directors has stated in the past, it is difficult to determine the exact value of such offers to the Limited Partners. The Board of Directors suggests that each Limited Partner seek the opinion of its investment advisor or accountant before deciding to accept or reject the Phoenix Offer. The Board of Directors believes that an individual Limited Partner’s decision to accept or reject the Phoenix Offer is dependent on that Limited Partner’s personal assessment of the risks associated with retaining their investment, and on that Limited Partner’s expected holding period of his or her investment. Those Limited Partners seeking to liquidate their investment in the Partnership in the short- to medium-term may wish to consider accepting the Phoenix Offer and accordingly may wish to consider tendering their Units to the Phoenix Offer. However, those Limited Partners not wishing to liquidate their investment at this time should not tender their Units, but rather should retain their Units.

Directors of General Partner and Ownership of Units by Directors and Senior Officers

The following table sets forth the names and positions of all directors and senior officers of the General Partner and the number of Units beneficially owned or over which control or direction is exercised, by each such director and officer and, to the knowledge of such directors and officers after reasonable inquiry, by their respective associates:

<u>Name and Positions Held</u>	<u>Number of Units Held</u>	<u>Percentage of Outstanding Units</u>
Alan Pyle – Director & Chairman	Nil	-
Gregory Royer – Director & President	Nil	-
Terry Royer – Director	Nil	-
Peter Walsh – Director	Nil	-

Ownership of Units of Partnership

No person or company is acting jointly or in concert with the General Partner. To the knowledge of the directors and senior officers of the General Partner, after reasonable enquiry, no person or company beneficially owns, or exercises control or direction over, more than 10% of the Units of the Partnership.

Acceptance of Offer

To the knowledge of the directors and senior officers of the General Partner, after reasonable inquiry, none of such directors or officers or their respective associates intend to accept the Phoenix Offer.

Ownership of Securities of the Offeror

None of the General Partner, its directors or its senior officers nor, to the knowledge of such directors and officers after reasonable enquiry, any of the associates of such directors and officers, own or exercise control or direction over any of the securities of the Offeror.

Relationship between the Offeror and the Directors and Senior Officers of the General Partner

No arrangements or agreements (including as to any payment or other benefit to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Phoenix Offer is successful) have been made or are proposed to be made between the Offeror and any of the directors or senior officers of the General Partner. None of the directors or senior officers of the General Partner are also directors or senior officers of the Offeror or of any of the Offeror's subsidiaries.

Agreement between the General Partner and its Directors and Senior Officers

No arrangement or agreement has been made or is proposed to be made between the General Partner and any of its directors or senior officers pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Phoenix Offer is successful.

Interests of Directors and Senior Officers in Material Contracts of the Offeror

None of the directors or senior officers of the General Partner or their associates have any interest in any material contract to which the Offeror is a party.

Trading by Directors and Officers

During the six months preceding the date hereof, none of the General Partner, its directors or senior officers nor, to the knowledge of such directors and officers, after reasonable inquiry, their respective associates have traded any Units. During the two years preceding the date hereof, no Units have been issued to the directors or senior officers of the General Partner.

Material Changes in the Affairs of the Partnership

The directors and senior officers of the General Partner are not aware of any information that indicates any material change in the affairs of the Partnership since June 30, 2001, the date of the last published interim financial statements of the Partnership, other than the effect of the September 11, 2001 events on the hotel industry in general and the Resort in particular, which are unable to be quantified at this time.

Other Information

The Board of Directors is aware of an offer dated November 28, 2001 from Canadian Long Term Investments Corporation to purchase a limited number of Units at a price of \$375.00 per Unit. This offer expired December 14, 2001 and the Board of Directors is unaware as to whether any Units were tendered to the offer.

Response of General Partner

The General Partner has not effected or entered into any transaction, board resolution (except a resolution to approve this Directors' Circular), agreement in principle or signed contract and no negotiations are underway in response to the Phoenix Offer.

Statutory Rights

Securities legislation in certain of the provinces and territories of Canada provides holders of Units of the Partnership with, in addition to any other rights they may have at law, rights of rescission or to damages or to both, if there is a misrepresentation in a circular or notice that is required to be delivered to them. However, such rights must be exercised within prescribed time limits. Limited Partners should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

Directors' Approval

The contents of this Directors' Circular have been approved and the delivery thereof has been authorized by the board of directors of the General Partner.

Certificate

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

DATED the 7th day of January, 2001.

On behalf of the Board of Directors of Banff Rocky Mountain Resort Ltd.,
the General Partner, on behalf of
Banff Rocky Mountain Resort Limited Partnership

(signed) "Gregory Royer"
Gregory Royer
President and Director