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November 12, 1999

VIA TELECOPY AND SEDAR

Commission des valeurs mobilières du Québec
22nd Floor, Stock Exchange Tower
800 Victoria Square
Montréal, Québec
H4Z 1G3

Attention: Director, Capital Markets

Dear Sirs and Mesdames:

Re: Gwil Industries Inc. and GII Acquisition Corp.
Notice Pursuant to Section 50 of the *Securities Act* (Québec)

We act as counsel to GII Acquisition Corp. ("GII Acquisition") and are writing on behalf of GII Acquisition to provide notice to the Commission of a potential exchange of securities by Gwil Industries Inc. ("Gwil") in the context of a proposed arrangement (the "Arrangement") under section 252 of the *Company Act* (British Columbia) between Gwil and the holders (the "Gwil Shareholders") of its outstanding Common Shares ("Gwil Common Shares") and involving GII Acquisition Corp. For your reference, we note that Gwil has filed with the Commission via SEDAR the information circular sent to the Gwil Shareholders in connection with the Arrangement.

Pursuant to section 106 of the *Securities Act Regulations* (Québec), we provide the following information for the consideration of the Commission in the order as prescribed under section 106:

1. (a) The name and address of each of the legal persons involved in the Arrangement is as follows:

Gwil Industries Inc.
Suite 650, West Tower
555 West 12th Avenue
Vancouver, British Columbia
V5Z 3X7

GII Acquisition Corp.
Suite 650, West Tower
555 West 12th Avenue
Vancouver, British Columbia
V5Z 3X7

(b) Gwil's principal business is renting mobile cranes to a wide range of industries including the construction, industrial plant maintenance and marine vessel loading industries. Gwil also operates a small testing laboratory and pilot scale wash plant servicing the coal industry and provides management consulting services to other companies.

(c) GII Acquisition is a company recently incorporated for the purpose of purchasing Gwil Common Shares under the Arrangement. The outstanding shares of GII Acquisition are held by the Chairman and Chief Executive Officer and the President and Chief Operating Officer of Gwil (collectively, the "Management Shareholders").

2. The Arrangement will result in the privatization of Gwil. Under the terms of the Arrangement, among other things, each outstanding Gwil Common Share (other than those held by the Management Shareholders and those held by dissenting Gwil Shareholders) will, at the election of its holder, be either purchased by GII Acquisition for $5.65 in cash or exchanged of one Preferred Share of Gwil (a "Gwil Redeemable Preferred Share") and immediately thereafter redeemed by Gwil for $5.00 in cash.

3. The maximum number of Gwil Redeemable Preferred Shares to be issued to Gwil Shareholders is an aggregate of up to 3,667,897 shares. Based on the redemption price of $5.00 per share, the aggregate value of the maximum number of Gwil Redeemable Preferred Shares issuable under the Arrangement is $18,339,485.

4. The method of evaluating the securities was through negotiations between Gwil and GII Acquisition and a valuation and fairness opinion provided by Goepel McDermid Inc. The basis for exchange is one Gwil Redeemable Preferred Share for each Gwil Common Share elected to be exchanged therefor.

5. The material conditions to be met for the completion of the Arrangement are listed below.

(a) the interim order of the Supreme Court of British Columbia (the "Court") providing for, among other things, the calling and holding of the extraordinary general meeting (the "Meeting") of the Gwil Shareholders to approve the Arrangement shall have been obtained;

(b) the Arrangement shall have been approved at the Meeting in accordance with the Interim Order;

(c) a favourable valuation and fairness opinion shall have been delivered to the special committee of the Board of Directors of Gwil appointed to consider the Arrangement;

(d) the order of the Court (the "Final Order") approving the Arrangement shall have been obtained;

(e) a certified copy of the Final Order shall have been accepted for filing by the British Columbia Registrar of Companies;

(f) all necessary regulatory and other required filings and approvals shall have been made and obtained;

(g) there shall not be in force any order or decree restraining or enjoining the consummation of the Arrangement;

(h) there shall have occurred no material adverse change in the affairs of Gwil or GII Acquisition prior to the effective date of the Arrangement;

(i) dissent rights shall have been exercised by Gwil Shareholders in respect of Gwil Common Shares representing, in the aggregate, not more than 5% of the total number of Gwil Common Shares outstanding; and

(j) Gwil and GII Acquisition shall have previously deposited with Montreal Trust Company of Canada the aggregate funds required to make the payments to Gwil Shareholders contemplated by the Arrangement.

Other conditions are set out in the arrangement agreement dated October 21, 1999 between, among others, Gwil and GII Acquisition. We would be pleased to provide you with a copy of such agreement at your request.

6. The Arrangement will become effective on the date of the filing of the Final Order with the British Columbia Registrar of Companies. Subject to the approval of the Gwil Shareholders at the Meeting, the date of the hearing of the application for the Final Order has been scheduled for December 1, 1999.

7. There is no agent involved in the Arrangement.

8. See response above to item 7.

We have enclosed payment in the amount of $916.97 to the Commission in payment of the prescribed fee. Please note that we have calculated this fee by using the maximum number of Gwil Redeemable Preferred Shares, 3,667,897, that may be issued to Gwil Shareholders and immediately thereafter redeemed at a price of $5.00 per share to estimate the resulting aggregate value of the issue. We expect that the actual number of Gwil Redeemable Preferred Shares to be issued and immediately redeemed will be an amount significantly less than 3,667,897. Accordingly, after the effective date of the Arrangement we intend to apply, on behalf of Gwil, to the Commission for a refund of the appropriate portion of the fee.

We look forward to your early reply to our notice. If you have any questions or require any further information with respect to this matter, please call me or my colleague, Michael L. Lee (direct line: (604) 631-9139).

Thank you very much.

Yours very truly,

(signed) *"Jerrold W. Schramm"*

Jerrold W. Schramm

JWS:las
cc. Brian W. Greer
M.L. Lee