

*For assistance in completing this document, you may call the Depository at one of its telephone numbers listed on the back page hereof.*

**LETTER OF TRANSMITTAL**

**for**

**Common Shares**

**of**

**BLUE SKY RESOURCES LTD.**

This Letter of Transmittal, properly completed and duly executed, or a manually executed facsimile hereof, together with all other required documents, must accompany certificates for common shares (the "Common Shares") of Blue Sky Resources Ltd. ("Blue Sky") deposited pursuant to the offer (the "Offer") dated June 30, 2000 made by Fossil Bay Resources Ltd. ("Fossil Bay") to holders of Common Shares. **The Offer will be open for acceptance until 5:00 p.m. (Vancouver time) on July 21, 2000 unless the Offer is extended or withdrawn.** The terms and conditions of the Offer are incorporated by reference in this Letter of Transmittal. Capitalized terms used, but not defined, in this Letter of Transmittal which are defined in the Offer have the respective meanings set out in the Offer.

**Please carefully read the Instructions set out below before completing this Letter of Transmittal.**

**TO: FOSSIL BAY RESOURCES LTD.**

**AND TO: MONTREAL TRUST COMPANY OF CANADA at its offices set out below.**

<b>Certificate Number</b>	<b>Name in which Registered</b>	<b>Number of Common Shares Deposited</b>
<b>TOTAL</b>		

**(Attach list in the above form, if necessary)**

The undersigned:

- (a) acknowledges receipt of the Offer and accompanying Circular,
- (b) delivers to you the enclosed certificate(s) representing Common Shares and, subject only to the provisions of the Offer regarding withdrawal, irrevocably accepts the Offer for and in respect of the Common Shares represented by such certificates (the "Deposited Securities") and, on and subject to the terms and conditions of the Offer, deposits and sells, assigns and transfers to Fossil Bay all right, title and interest in and to the Deposited Securities, including any and a dividends, distributions, payments, securities, rights,

assets or other interests declared, paid, issued, distributed, made or transferred on or in respect of the Deposited Securities on or after June 12, 2000, 2000;

- (c) represents and warrants that the undersigned has full power and authority to deposit, sell, assign and transfer the Deposited Securities and that when the Deposited Securities are taken up and paid for by Fossil Bay, Fossil Bay will acquire good title thereto free and clear of all liens, charges, encumbrances, claims and equities;
- (d) represents and warrants that the undersigned owns the Deposited Securities being deposited within the meaning of applicable securities laws;
- (e) represents and warrants that the deposit of the Deposited Securities complies with applicable securities laws;
- (f) irrevocably constitutes and appoints the Depositary and any officer of Fossil Bay, and each of them, and any other person designated by Fossil Bay in writing, the true and lawful agent, attorney and attorney-in-fact and proxy of the undersigned with respect to the Deposited Securities taken up and paid for under the Offer (the "Purchased Securities"), with full power of substitution, in the name of and on behalf of the undersigned (such power of attorney being deemed to be an irrevocable power coupled with an interest):
  - (i) to register or record, transfer and enter the transfer of Purchased Securities on the appropriate register of holders maintained by Blue Sky; and
  - (ii) to exercise any and all rights of the undersigned, including, without limitation, to vote, execute and deliver any and all instruments of proxy, authorizations or consents in respect of all or any of the Purchased Securities, revoke any such instrument, authorization or consent given prior to or after the date that Fossil Bay takes up and pays for the Purchased Securities, designate in any such instruments of proxy any person or persons as the proxy or the proxy nominee or nominees of the undersigned in respect of such Purchased Securities for all purposes including, without limitation, in connection with any meeting (whether annual, special or otherwise) of holders of securities of Blue Sky (or adjournment thereof), and execute, endorse and negotiate, for and in the name of and on behalf of the registered holder of Purchased Securities, any and all cheques or other instruments, respecting any distribution payable to or to the order of such registered holder;
- (g) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Purchased Securities and agrees no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, will be granted with respect to the Purchased Securities by or on behalf of the undersigned;
- (h) agrees, effective on and after the date that Fossil Bay takes up and pays for the Purchased Securities (the "Effective Date"), not to vote any of the Purchased Securities at any meeting (whether annual, special or otherwise) of holders of securities of Blue Sky (or adjournment thereof) and not to exercise any or all of the other rights or privileges attached to the Purchased Securities;

- (i) agrees further, effective on and after the Effective Date, to execute and deliver to Fossil Bay, provided not contrary to any applicable law, at any time and from time to time, as and when requested by, and at the expense of Fossil Bay, any and all instruments of proxy, authorizations or consents, in form and on terms satisfactory to Fossil Bay, in respect of the Purchased Securities;
- (j) agrees further, effective on and after the Effective Date, to designate in any such instruments of proxy the person or persons specified by Fossil Bay as the proxyholder of the undersigned in respect of the Purchased Securities; and
- (k) covenants and agrees to execute, upon request, any additional documents, transfer and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to Fossil Bay.

Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned in this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, the deposit of Common Shares pursuant to this Letter of Transmittal is irrevocable.

The undersigned instructs Fossil Bay and the Depositary, upon Fossil Bay taking up the Deposited Securities, to mail the cheques by first class mail, postage prepaid, or to hold such cheques for pick-up, in accordance with the instructions given below. Should any Deposited Securities not be purchased, the deposited certificates and other relevant documents shall be returned in accordance with the instructions in the preceding sentence.

Signature guaranteed by (if required under Instruction 4):

Dated: \_\_\_\_\_, 2000

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Signature of Shareholder or Authorized Representative – See Instruction 5

\_\_\_\_\_  
Name of Guarantor (please print or type)

\_\_\_\_\_  
Name of Shareholder (please print or type)

\_\_\_\_\_  
Address (please print or type)

\_\_\_\_\_  
Name of Authorized Representative, if applicable (please print or type)

<b>BLOCK A</b>
ISSUE CHEQUES IN NAME OF (please print or type):
<input type="checkbox"/> Registered holder of Shares or:
_____
(Name)
_____
(Street Address and Number)
_____
(City and Province or State)
_____
(Country and Postal (Zip) Code)
_____
(Tax Identification, Social Insurance or Social Security No.)

<b>BLOCK B</b>
SEND CHEQUES (UNLESS BLOCK C is CHECKED) TO (please print or type):
<input type="checkbox"/> Same address as Block A or to:
_____
(Name)
_____
(Street Address and Number)
_____
(City and Province or State)
_____
(Country and Postal (Zip) Code)

<b>BLOCK C</b>
<input type="checkbox"/> DELIVER CHEQUES AGAINST COUNTER RECEIPT

<b>BLOCK D</b>	<b>BLOCK D</b>
RETURN CERTIFICATES FOR BLUE SKY COMMON SHARES TO (please print or type):	NEW SHARE CERTIFICATES ARE TO BE ISSUED (please print or type):
<input type="checkbox"/> Same address as Block A or to:	<input type="checkbox"/> AS ONE CERTIFICATE, or in the following denominations
_____	_____
(Name)	
_____	_____
(Street Address and Number)	
_____	_____
(City and Province or State)	
_____	_____
(Country and Postal (Zip) Code)	

<b>BLOCK E</b>	
<input type="checkbox"/> CHECK HERE IF BLUE SKY COMMON SHARES ARE BEING DEPOSITED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE CALGARY OFFICE OF THE DEPOSITARY AND COMPLETE THE FOLLOWING (please print or type):	
Name of Registered Holder: _____	
Date of Execution of Notice of Guaranteed Delivery: _____	
Name of Institution which Guaranteed Delivery: _____	

<b>INVESTMENT DEALER OR BROKER SOLICITING ACCEPTANCE OF THE OFFER</b> (please print or type)		
_____	_____	_____
(Firm)	(Telephone Number)	(Fax Number)
_____	_____	
(Registered Representative)	(Address)	

<input type="checkbox"/> CHECK HERE IF LIST OF BENEFICIAL HOLDERS IS ATTACHED
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**DO NOT WRITE IN THIS BOX**

Date received: _____	Certificate(s) examined by _____
Number of Common Shares Received _____	Certificates(s) No. _____
Amount of Cheque _____	Cheque No. _____
Date Certificate(s) Mailed _____	Checked by _____
Date Cheque Mailed _____	Checked by _____

## INSTRUCTIONS

### 1. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually signed facsimile hereof) together with accompanying certificates representing the Common Shares must be received by the Depositary at any of its offices specified below before 5:00 p.m. (Vancouver time) on July 21, 2000 (the Expiry Time), unless the Offer is extended or unless the procedures, for guaranteed delivery set out in paragraph 2 below are employed.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificates representing Common Shares is at the option and risk of the holder, and delivery will be deemed effective only when such documents are actually received. Fossil Bay recommends that the necessary documentation be hand delivered to the Depositary or to the U.S. Forwarding Agent, as applicable, at any of their offices specified below, and a receipt be obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended. Shareholders whose Common Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Common Shares.

### 2. Procedures for Guaranteed Delivery

If a Shareholder wishes to deposit Common Shares pursuant to the Offer and (i) the certificates representing such Common Shares are not immediately available, or (ii) the Shareholder cannot deliver the certificates representing such Common Shares and all other required documents to the Depositary on or prior to the Expiry Time, such Common Shares may nevertheless be deposited provided that all of the following conditions are met:

- (a) such a deposit is made by or through an Eligible Institution (as defined below);
- (b) a properly completed and duly executed Notice of Guaranteed Delivery in the form accompanying this Letter of Transmittal or a manually signed facsimile thereof is received by the Depositary at its office in Toronto as set forth in the Notice of Guaranteed Delivery (by hand, facsimile transmission or mail) together with a guarantee in the form set forth in such Notice of Guaranteed Delivery by an Eligible Institution, prior to the Expiry Time; and
- (c) the certificates representing the Common Shares in proper form for transfer, together with a properly completed and duly executed copy of this Letter of Transmittal, or a manually signed facsimile, must be received by the Depositary at its office in Calgary as set forth in the Notice of Guaranteed Delivery on or before 5:00 p.m. (Calgary time) on the fifth trading day on the CDNX after the Expiry Time.

An "Eligible Institution" means a Canadian chartered bank, a trust company in Canada, a commercial bank or trust company having an office, branch or agency in the United States or a member firm of The Toronto Stock Exchange, The Montreal Exchange, the Vancouver Stock Exchange, The Canadian Venture Exchange, a national securities exchange in the United States or the National Association of Securities Dealers, Inc.

### **3. Signatures**

This Letter of Transmittal must be completed and signed by the holder of Common Shares accepting the Offer or by such holder's duly authorized representative (in accordance with paragraph 5 below).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature (s) on this Letter of Transmittal must correspond with the name (s) as registered or as written on the face of such certificate (s) without any change whatsoever, and the certificate (s) need not be endorsed. If such transmitted certificate (s) is owned of record by two or more joint owners, all such owners must sign the Letter of Transmittal;
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the accompanying certificate (s):
  - (i) such deposited certificate(s) must be endorsed or be accompanied by appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and
  - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate (s) and must be guaranteed as noted in paragraph 4 below.

### **4. Guarantee of Signatures**

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Deposited Securities, or if Deposited Securities not purchased are to be returned to a person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) as shown on the registers of Blue Sky, such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

### **5. Fiduciaries, Representatives and Authorizations**

Where this Letter of Transmittal is executed by a person on behalf of an executor, administrator, trustee, guardian, corporation, partnership or association or is executed by any other person acting in a representative capacity, this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. Any of Fossil Bay or the Depository, at their discretion, may require additional evidence of authority or additional documentation.

### **6. Partial Tenders**

If less than the total number of Common Shares evidenced by any certificate submitted is to be deposited, fill in the number of Common Shares to be deposited in the appropriate space on this Letter of Transmittal. In such case, a new certificate(s) for the number of Common Shares not deposited will be sent to the registered holder unless otherwise provided in the appropriate block on this Letter of Transmittal as soon as practicable after the Expiry Time. The total number of Common Shares evidenced by all certificates delivered will be deemed to have been deposited unless otherwise indicated.

## **7. Solicitation**

Identify the investment dealer or broker, if any, who solicited acceptance of the Offer by completing the appropriate block on this Letter of Transmittal and present a list of beneficial holders if applicable.

## **8. Miscellaneous**

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Deposited Securities, additional certificate numbers may be included on a separate signed list affixed to this Letter of Transmittal;
- (b) If Deposited Securities are registered in different forms (e.g. 'John Doe' and 'J. Doe') a separate Letter of Transmittal should be signed for each different registration;
- (c) No alternative, conditional or contingent deposits will be accepted;
- (d) The Offer and any agreement resulting from the acceptance of the Offer will be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein;
- (e) Additional copies of the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the [Dealer Manager] or the Depositary at any of their respective offices at the addresses listed below.

## **9. Lost Certificates**

If a share certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depositary. The Depositary will respond with the replacement requirements.

**Offices of the Depository, Montreal Trust Company of Canada**

**By Mail**

Attn. Stock Transfer Department  
Suite 600, 530 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3F8  
Telephone: (403) 267-6555  
1-888-267-6555

**By Hand and By Facsimile Transmission**

Attn. Stock Transfer Department  
Suite 600, 530 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3F8  
Telephone: (403) 267-6555  
1-888-267-6555  
Telecopy: (403) 266-1490

**Offices of the Dealer Manager for the Offer**

Suite 2500, 707 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1H5  
Telecopy: (403) 509-0535