

No securities commission or similar authority in Canada or in any other jurisdiction has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This offer is being made in the Province of Ontario and in any other jurisdiction permitted by applicable law (the "Qualifying Jurisdictions"). The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended, and, accordingly, they may not be offered or sold in the United States or any territory or possession thereof. This offer is not, and under no circumstances is it to be construed as, an offering of any securities for sale in, or to any resident of, any jurisdiction other than the Qualifying Jurisdictions or a solicitation therein of any offer to buy any securities of Pifher Resources Inc. In the case of holders in any jurisdictions other than the Qualifying Jurisdictions, reference is made to the heading "Ineligible Shareholders".

RIGHTS OFFERING

February 12, 2001

PIFHER RESOURCES INC.

**OFFER OF RIGHTS TO SUBSCRIBE FOR
UP TO 200,000 FLOW-THROUGH COMMON SHARES AND
467,647 NON-FLOW-THROUGH COMMON SHARES OF
PIFHER RESOURCES INC.**

Maximum Proceeds:	\$931,323.45
Record Date:	February 27, 2001
Commencement Date	10:00 a.m. (Toronto time) on March 2, 2001
Subscription Deadline:	5:00 p.m. (Toronto time) on April 2, 2001
Subscription Price:	\$1.50 per flow-through common share \$1.35 per non-flow-through common share
Subscription Basis:	15.9 Flow-Through Rights entitle the holder to subscribe for one flow-through common share at a price of \$1.50. 6.8 Non-Flow-Through Rights entitle the holder to subscribe for one non-flow-through common share at a price of \$1.35.
Additional Subscription Privilege:	Holders who exercise their Rights in full are entitled to subscribe for additional common shares, if available, at the Subscription Price.
Qualifying Jurisdictions:	No certificates representing Rights will be issued or delivered to shareholders whose registered address is outside the Qualifying Jurisdictions as the common shares issuable upon exercise of the Rights will not be registered or qualified under the securities laws of any jurisdiction other than a Qualifying Jurisdiction. Instead, the Rights which these shareholders would otherwise be entitled to receive will be delivered to The Canada Trust Company for sale in the Qualifying Jurisdictions and the net proceeds thereof will be distributed pro rata among such shareholders.

Please read this material carefully as you are required to make a decision prior to 5:00 p.m. (Toronto time) on April 2, 2001. Rights not exercised prior to the Expiration Time will be void and of no value.

TABLE OF CONTENTS

THE OFFER.....	1
DETAILS OF RIGHTS OFFERING	1
Rights and Rights Certificates.....	2
Flow-Through Shares	2
Commencement and Expiration Date	2
Additional Subscription Privilege	2
Ineligible Shareholders.....	3
Subscription Agent, Subscription Office and Depository	4
HOW TO COMPLETE THE RIGHTS CERTIFICATE.....	4
General	4
Unexercised Rights.....	4
Signatures	5
To Subscribe for Shares - Form 1	5
To Apply for Additional Offered Shares - Form 2	5
To Transfer Rights - Form 3	6
To Divide the Rights Certificate - Form 4	6
OFFERED SHARES PURCHASED THROUGH THE EXERCISE OF RIGHTS.....	7
Registration and Delivery of Share Certificates	7
Market for the Shares	7
Resale Restrictions	7
DEALER SOLICITATION GROUP	7
THE COMPANY	8
BUSINESS OF THE COMPANY	8
Forge Creek Property	8
Other Properties.....	13
USE OF PROCEEDS.....	13
CONSOLIDATED CAPITALIZATION	14
SHARE CAPITAL.....	14
Common Shares	14
STOCK OPTIONS.....	15
PRICE RANGE OF COMMON SHARES OF PIFHER.....	15
PRINCIPAL SHAREHOLDERS	16
DIRECTORS AND OFFICERS OF PIFHER	16
MATERIAL TRANSACTIONS	17
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	17
Receipts of Rights	18
Exercise of Rights	18
Expiry of Rights	18
Disposition of Rights	18
Canadian Exploration Expense	18
Adjusted Cost Base of Flow-Through Shares and Non-Flow-Through Shares	19
Disposition of Offered Shares	20
Minimum Tax	20
Source Deductions and Income Tax Installments	20
ONTARIO PRESS RELEASE	20
RISK FACTORS.....	21
Speculative Nature of Mineral Exploration	21
Potential Environmental Liability	21
Unproven Properties	21
History of Operations.....	21
Taxation	21
No Foreseeable Dividends	22
Issuance of Additional Securities and Dilution	22
Dependence on Key Personnel.....	22
TRANSFER AGENT AND REGISTRAR	22
INQUIRIES AND ADDITIONAL INFORMATION	22
CERTIFICATE	23

THE OFFER

TO: THE HOLDERS OF COMMON SHARES OF PIFHER RESOURCES INC.

PIFHER RESOURCES INC. ("Pifher") is issuing to holders of its outstanding common shares ("Shares" or "Common Shares") of record at the close of business on February 27, 2001 (the "Record Date") rights, evidenced by fully transferable certificates in registered form ("Rights Certificates"), to subscribe for Shares. Each registered holder of Shares whose mailing address in the records of Pifher as of the Record Date is located in the Province of Ontario and in any other jurisdiction permitted by applicable law (the "Qualifying Jurisdictions") will receive two rights for each Share held by such holder on the Record Date. One of the two rights (a "Flow-Through Right") shall be for the purchase of flow-through Shares (the "Flow-Through Shares") and the other right (a "Non-Flow-Through Right" and, together with the Flow-Through Rights, the "Rights") shall be for the purchase of Non-Flow-Through Shares (the "Non-Flow-Through Share" and, together with the Flow-Through Shares, the "Offered Shares"). 15.9 Flow-Through Rights entitle the holder thereof to purchase one Flow-Through Share at a price of \$1.50 per Flow-Through Share and 6.8 Non-Flow-Through Rights entitle the holder thereof to purchase a Non-Flow-Through Share at a price of \$1.35 per Share at or before 5:00 p.m. (Toronto time) on April 2, 2001 (the "Subscription Deadline"). A total of 3,180,000 Flow-Through Rights and 3,180,000 Non-Flow-Through Rights are being issued under this offering. Assuming that all Rights issued are exercised a total of 667,647 Shares will be issued, resulting in an increase of 21% in the number of Shares issued and outstanding on the Record Date. Fractional Shares will not be issued. (See "Details of Rights Offering – Rights Generally"). Assuming that all Rights issued are exercised, the gross proceeds to Pifher from this Rights offering will be approximately \$930,000 before costs. Costs associated with this Rights offering are estimated at \$110,000. See "Use of Proceeds".

The number of Rights to be issued under this offering may increase if any outstanding options or warrants (see "Stock Options" and "Share Capital – Warrants") are exercised prior to the Record Date. In such case the maximum number of Offered Shares issuable upon exercise of the Rights and the maximum gross proceeds to Pifher from the Offering would also increase accordingly.

Holders of Rights Certificates who exercise all of their Rights in full will also be entitled to subscribe at the same time for additional Flow-Through Shares or Non-Flow-Through Shares from the pool of Offered Shares, if any, that remain unsubscribed for after the Subscription Deadline pursuant to the additional subscription privilege. (See "Rights Generally" and "Details of Rights Offering - Additional Subscription Privilege.")

Rights Certificates evidencing the Rights to which a shareholder is entitled have been sent with this circular to each shareholder resident in a Qualifying Jurisdiction. Rights Certificates will not be sent to shareholders who are residents of any jurisdictions other than the Qualifying Jurisdictions but Rights will be issued to all such shareholders. The Rights which these shareholders would otherwise be entitled to receive will be delivered to The Canada Trust Company (the "Depository") for sale in the Qualifying Jurisdictions and the net proceeds thereof will be distributed *pro rata* among such shareholders.

For details of how to subscribe for Shares, transfer or sell Rights or divide a Rights Certificate, see "Details of Rights Offering" and "How to Complete the Rights Certificate".

DETAILS OF RIGHTS OFFERING

Rights and Rights Certificates

Each registered holder of Shares whose mailing address in the records of Pifher as of the Record Date is located in a Qualifying Jurisdiction will receive Rights Certificates evidencing each of the total number of Flow-Through Rights and Non-Flow Through Rights to which such shareholder is entitled. 15.9 Flow-Through Rights entitle the holder thereof to purchase one Flow-Through Share at a price of \$1.50 per Flow-Through Share (the "Flow-Through Subscription Price") and 6.8 Non-Flow Through Rights entitle the holder thereof to purchase one Non-Flow-Through Share at a price of \$1.35 per Non-Flow-Through Share (the "Non-Flow-Through Subscription Price") at or before 5:00 p.m. (Toronto time) on April 2, 2001 (the "Subscription Deadline"). Rights Certificates will not be issued to, and

subscriptions for Offered Shares will not be accepted from, any shareholder whose mailing address in the records of Pifher as of the Record Date is not located in one of the Qualifying Jurisdictions.

Only subscriptions for whole Offered Shares will be accepted. No fractional Offered Shares will be issued upon exercise of Rights. A holder of a Rights Certificate may subscribe for all or any lesser number of whole Offered Shares for which the Rights Certificate entitles such holder to subscribe. The Subscription Price payable on the exercise of the Rights is payable by certified cheque, bank draft or money order payable to or to the order of The Canada Trust Company.

Flow-Through Shares

Pifher agrees, for the benefit of original subscribers for Flow-Through Shares, to incur prior to December 31, 2002, Canadian Exploration Expense (as such terms are defined in the Income Tax Act (Canada)) in an amount equal to the aggregate subscription price paid for Flow-Through Shares under this offering and to renounce in favour of each such subscriber, on or before March 31, 2002 and with an effective date on or before December 31, 2001, Canadian Exploration Expense in an amount equal to the aggregate subscription price paid by such subscriber for all of the Flow-Through Shares subscribed for by such subscriber under this offering.

Renounced Canadian Exploration Expense is available only to the initial subscribers for the Flow-Through Shares as described under the heading "Canadian Federal Income Tax Consequences". Accordingly, Pifher will mail to these initial subscribers for Flow-Through Shares all forms required to be filed with their income tax returns for the purpose of claiming the benefit of the Canadian Exploration Expense renounced to them by Pifher provided that, at the time they exercise their Rights to subscribe for Flow-Through Shares under this offering:

- (a) in the case of registered shareholders, they submit their full name, address and social insurance number or corporation identification number or limited partnership number (as applicable) in the space provided in the Rights Certificate; or
- (b) **in the case of non-registered shareholders, their intermediary submits to Pifher or the Subscription Agent (as hereinafter defined) their full name, address and social insurance number or corporation identification number or limited partnership number (as applicable) and the number of Flow-Through Shares being subscribed for by them.**

Persons who are not registered shareholders may wish to discuss this matter with their investment dealer or other intermediary to ensure all required information is provided to Pifher or the Subscription Agent.

Pifher will also file all forms and documents required pursuant to the Income Tax Act (Canada) in respect of the issuance of Flow-Through Shares and the renunciation of Canadian Exploration Expense in favour of such subscribers.

Commencement and Expiration Date

The Rights will be exercisable from 10:00 a.m. (Toronto time) on March 2, 2001 and will expire at 5:00 p.m. (Toronto time) on April 2, 2001 (the "Subscription Deadline"). **Rights not exercised prior to the Subscription Deadline will be void and of no value.**

Additional Subscription Privilege

Any holder of a Rights Certificate who exercises the right (the "Basic Subscription Right") to subscribe for all of the Offered Shares that can be subscribed for with the Rights evidenced by all Rights Certificates held by such holder has the privilege (the "Additional Subscription Privilege") of subscribing for additional Flow-Through Shares or Non-Flow-Through Shares at either the Flow-Through Subscription Price (in the case of subscriptions for Flow-Through Shares) or the Non-Flow-Through Subscription Price (in the case of subscriptions for Non-Flow-Through Shares) on a *pro rata* basis with all other holders of Rights Certificates who exercised their Rights to subscribe for all of the Offered Shares that can be subscribed for with their Rights Certificates. The number of Offered Shares available for additional

subscription (the “Additional Offered Shares”) will be those Offered Shares that have not been subscribed and paid for by the Subscription Deadline pursuant to the Basic Subscription Right.

Shareholders desiring to subscribe for Additional Offered Shares pursuant to the Additional Subscription Privilege must do so at the time they indicate their intention to purchase Offered Shares pursuant to the Basic Subscription Right in the manner hereinafter provided for.

If a sufficient number of Additional Offered Shares are not available to satisfy all requests made pursuant to the Additional Subscription Privilege, each of the Rights holders exercising the Additional Subscription Privilege will receive, on a *pro rata* basis with all other Rights holders exercising the Additional Subscription Privilege, the number of Additional Offered Shares calculated in accordance with the formula described under “How to Complete the Rights Certificate - To Apply for Additional Offered Shares - Form 2.” If all Rights offered are exercised under the Basic Subscription Right, no Additional Offered Shares will be available for purposes of the Additional Subscription Privilege.

Ineligible Shareholders

None of the Rights or Offered Shares are qualified or registered under the securities laws of any jurisdictions other than the Qualifying Jurisdictions and none of them are being offered by Pifher for sale in any jurisdiction other than the Qualifying Jurisdictions as Pifher does not have a sufficient number of shareholders or Shares held in such jurisdictions to make it cost-effective to qualify this offering in such other jurisdictions.

This offering of Rights and Offered Shares is not being made in any jurisdiction outside the Qualifying Jurisdictions and is not, and under no circumstances is to be construed as, an offering of any Rights or Offered Shares for sale in any jurisdiction outside the Qualifying Jurisdictions, or to a resident outside a Qualifying Jurisdiction, or a solicitation in any jurisdiction outside a Qualifying Jurisdiction of any offer to buy any securities of Pifher. Accordingly, no subscription for Offered Shares offered hereunder will be accepted, directly or indirectly, from any person who appears to be, or who Pifher has reason to believe is, a national or resident of a jurisdiction other than a Qualifying Jurisdiction (an “Ineligible Shareholder”), unless not less than seven days prior to the Subscription Deadline such Ineligible Shareholder provides, at his, her or its own expense, evidence acceptable to Pifher that such Ineligible Shareholder may otherwise receive Rights and subscribe for Offered Shares without imposing any requirement on Pifher to comply with any legal requirements in the jurisdiction in which such Ineligible Shareholder is resident other than those being complied with in connection with the offering of Rights in the Qualifying Jurisdictions.

The Rights and the Offered Shares issuable upon exercise of the Rights have not been and will not be registered under the United States Securities Act of 1933, as amended.

Rights Certificates will not be delivered to Ineligible Shareholders. Instead Ineligible Shareholders will be sent a letter advising them that their Rights will be issued to and held by the Depository, who will hold such Rights as agent for the benefit of all Ineligible Shareholders. Ineligible Shareholders shall not be entitled to participate in the Additional Subscription Privilege unless, not less than seven days prior to the Subscription Deadline, such Ineligible Shareholder provides, at his, her or its own expense, evidence acceptable to Pifher that such Ineligible Shareholder may otherwise receive Rights and subscribe for Offered Shares without imposing any requirement on Pifher to comply with any legal requirements in the jurisdiction in which such Ineligible Shareholder is resident other than those being complied with in connection with the offering of Rights in the Qualifying Jurisdictions. The Depository agrees to attempt to sell the Rights of the Ineligible Shareholders on such date or dates and at such price or prices as the Manager (as defined under “Dealer Solicitation Group”) directs the Depository in the Manager’s sole discretion. The Depository’s ability to sell such Rights, and the price obtained therefor, are dependent on market conditions. Neither the Depository nor the Manager shall be subject to any liability for failure to sell any Rights of Ineligible Shareholders at a particular price or at all. The net proceeds received by the Depository from the sale of such Rights will be divided pro rata among the Ineligible Shareholders. The Depository will cause cheques to be issued therefor, which are for amounts in excess of \$15 only, less any withholding tax, to Ineligible Shareholders which cheques will be mailed by the Subscription Agent to the Ineligible Shareholders at their addresses appearing in the records of Pifher immediately after the Subscription Deadline. **There is a risk that the proceeds received from the sale of the Rights will not exceed the brokerage commission and costs incurred by the Depository in respect of the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be delivered to Ineligible Shareholders.**

Subscription Agent, Subscription Office and Depository

Pifher has appointed Equity Transfer Services Inc. (the “Subscription Agent”) to perform various services relating to the exercise of Rights, including receiving subscriptions for Offered Shares and payment of the Subscription Price from Rights holders and issuing certificates for the Offered Shares subscribed for. Pifher will pay the fees and expenses of the Subscription Agent, which are estimated to be \$5,000.

The Subscription Agent will accept subscriptions for Offered Shares and certified cheques, bank drafts and money orders representing payment of the Subscription Price from Rights Certificate holders only at its office at the following address (the “Subscription Office”):

Equity Transfer Services Inc.
120 Adelaide Street West, Suite 420
Toronto, Ontario M5H 4C3

Phone: (416) 361-0152
Fax: (416) 361-0470

Pifher has also appointed The Canada Trust Company (the “Depository”), a Canadian federally licensed trust company, to hold payment from all of the subscribers. **All certified cheques, bank drafts and money orders must be made payable to the order of the Depository and sent with the duly executed Rights Certificate to the Subscription Agent.** All certified cheques, bank drafts and money orders received by the Subscription Agent will be turned over to the Depository.

HOW TO COMPLETE THE RIGHTS CERTIFICATES

General

By completing the appropriate form on either of the Rights Certificates in accordance with the instructions outlined below and on the Rights Certificates, a Rights Certificate holder may:

- (a) subscribe for Offered Shares (Form 1);
- (b) subscribe for Additional Offered Shares (Form 2);
- (c) sell or transfer Rights (Form 3); and/or
- (d) divide or combine a Rights Certificate (Form 4).

Unexercised Rights

Subject to the ability of a Rights Certificate holder to divide a Rights Certificate by completing, at the same time, Form 4 with the intention of obtaining a new certificate for the Rights such holder has chosen not to exercise, a Rights Certificate holder who, in Form 1 on the Rights Certificate, exercises some but not all of the Rights evidenced by a Rights Certificate, will be deemed to have elected to waive the unexercised balance of such Rights and such unexercised balance of Rights will be void and of no value after the Subscription Deadline. Similarly, if a Rights Certificate holder has failed to surrender such holder's Rights Certificate to the Subscription Agent, as of the Subscription Deadline, has surrendered such holder's Rights Certificate but failed to complete Form 1 or Form 3 on the Rights Certificate, or has failed to make payment of the Subscription Price in respect of any Shares which such holder elects to subscribe for, such holder will be deemed to have elected to waive the Rights represented by such Rights Certificate (or such portion thereof in respect of which such holder has failed to make payment) and such Rights will be void and of no value after the Subscription Deadline.

Signatures

The signature on any form on a Rights Certificate must correspond exactly with the name of the Rights Certificate holder shown on the face of the Rights Certificate. If a form is signed by a trustee, executor, administrator, officer of a corporation or any person acting in a fiduciary or representative capacity, the Rights Certificate must be accompanied by evidence satisfactory to the Subscription Agent of authority to so sign.

To Subscribe for Shares - Form 1

15.9 Flow-Through Rights and \$1.50 are required to subscribe for one Flow-Through Share and 6.8 Non-Flow-Through Rights and \$1.35 are required to subscribe for one Non-Flow-Through Share. A Rights Certificate holder may subscribe for all or any lesser number of whole Offered Shares for which the Rights Certificate entitles such holder to subscribe by completing Form 1 and delivering the Rights Certificate and the aggregate applicable subscription price, payable to the Depository, for such Offered Shares to the Subscription Agent at the Subscription Office on or before the Subscription Deadline. The applicable subscription price is payable by certified cheque, bank draft or money order payable to or to the order of the Depository or by other form of payment acceptable to Pifher and the Depository. The duly completed Rights Certificate, together with the aggregate applicable subscription price must be received by the Subscription Agent at the Subscription Office on or before the Subscription Deadline.

If delivery of the Rights Certificate and accompanying applicable subscription price is to be effected by mail, for the protection of the holder it is recommended that registered mail be used and that sufficient time be allowed to ensure the receipt thereof by the Subscription Agent at the Subscription Office on or before the Subscription Deadline. Deposit in the mails does not constitute delivery to the Subscription Agent at the Subscription Office.

Execution and delivery of a Form 1 constitutes a representation and warranty to Pifher and the Subscription Agent by the Rights Certificate holder that such holder is not a national or resident of a jurisdiction other than a Qualifying Jurisdiction or the agent of any such person.

To Apply for Additional Offered Shares - Form 2

To exercise the Additional Subscription Privilege and subscribe for Additional Offered Shares, any holder of a Rights Certificate who completes Form 1 for the maximum number of whole Offered Shares that can be subscribed for with the number of Rights evidenced by all Rights Certificates held by such holder must also complete Form 2 on the back of the Rights Certificate and specify the number of Additional Offered Shares desired to be subscribed for. The total applicable subscription price of such Additional Offered Shares must be paid by certified cheque, bank draft or money order payable to or to the order of the Depository, or by other form of payment acceptable to Pifher and the Depository, and must accompany the Rights Certificate when delivered to the Subscription Agent.

If there should be insufficient Additional Offered Shares to satisfy all subscriptions for Additional Offered Shares, the Additional Offered Shares will be allotted to each participant in the Additional Subscription Privilege on a proportionate basis in accordance with the following formula:

- (a) the number of the Additional Offered Shares which are Flow-Through Shares (the “Additional Flow-Through Offered Shares”) will be allotted to each participant in the Additional Subscription Privilege who is subscribing for Additional Flow-Through Offered Shares (the “Additional Flow-Through Offered Share Subscribers”) on the basis of the lesser of:
 - (i) the number of Additional Flow-Through Offered Shares which that participant has subscribed for under the Additional Subscription Privilege; and
 - (ii) the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Flow-Through Offered Shares by a fraction the numerator of which is the number of Flow-Through Shares subscribed for by that participant under the Basic Subscription Privilege and the denominator of which is the aggregate number of Flow-Through Shares subscribed for under the Basic Subscription Privilege by all Additional Flow-Through Offered Share Subscribers; and

- (b) the number of the Additional Offered Shares which are Non-Flow-Through Shares (the “Additional Non-Flow-Through Offered Shares”) will be allotted to each participant in the Additional Subscription Privilege who is subscribing for Additional Non-Flow-Through Offered Shares (the “Additional Non-Flow-Through Offered Share Subscribers”) on the basis of the lesser of:
- (i) the number of Additional Non-Flow-Through Offered Shares which that participant has subscribed for under the Additional Subscription Privilege; and
 - (ii) the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Non-Flow-Through Offered Shares by a fraction the numerator of which is the number of Non-Flow-Through Shares subscribed for by that participant under the Basic Subscription Privilege and the denominator of which is the aggregate number of Non-Flow-Through Shares subscribed for under the Basic Subscription Privilege by all Additional Non-Flow-Through Offered Share Subscribers.

If any participant has subscribed for fewer Additional Offered Shares than his, her or its pro rata allotment under (a) or (b) above, the excess Additional Offered Shares will be allotted in a similar manner among the participants who were allotted fewer Additional Offered Shares than they subscribed for.

If, as a result of the application of the foregoing formula, a participant in the Additional Subscription Privilege is allotted a number of Additional Offered Shares which falls short of the number of Additional Offered Shares specified in Form 2 on the participant's Rights Certificate, the Subscription Agent will, when mailing the share certificate for the Additional Offered Shares issued to the participant, refund, without interest, the excess portion of the total applicable subscription price paid to the Subscription Agent by the participant. Any interest earned with respect to the Additional Subscription Privilege will be paid to Pifher.

To Transfer Rights - Form 3

A Rights Certificate holder, instead of exercising such holder's Rights to subscribe for Offered Shares, may sell or transfer those Rights by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. The transferee may exercise all of the Rights of a Rights Certificate holder without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, Pifher and the Subscription Agent may thereafter treat the bearer as the absolute owner of the Rights Certificate for all purposes and neither Pifher nor the Subscription Agent shall be affected by any notice to the contrary.

The signature of the transferring Rights Certificate holder on Form 3 must be guaranteed by a Canadian chartered bank, by a major Canadian trust company, or by a member of the Securities Transfer Agents Medallion Program (STAMP). The signature of the transferee on any of the forms on the Rights Certificate must correspond exactly with the name of the transferee shown on Form 3. If a form is signed by a trustee, executor, administrator, officer of a corporation or any person acting in a representative capacity, the Rights Certificate must be accompanied by evidence satisfactory to the Subscription Agent of authority to so sign.

To Divide the Rights Certificate – Form 4

A Rights Certificate may be divided or combined with other Rights Certificates by completing Form 4 and delivering the Rights Certificate to the Subscription Agent at the Subscription Office (no endorsement is necessary if not changing ownership). The Subscription Agent will then issue new Rights Certificates in such denominations (totalling the same number of Rights as evidenced by the Rights Certificate being divided or combined, less any Rights which are being exercised by the holder as evidenced by a completed Form 1) as are requested by the Rights Certificate holder. Rights Certificates must be surrendered for division or combination at least three business days before the Subscription Deadline to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

OFFERED SHARES PURCHASED THROUGH THE EXERCISE OF RIGHTS

Registration and Delivery of Share Certificates

Offered Shares purchased through the exercise of Rights will be registered in the name of the person to whom the Rights Certificate was issued or any transferee indicated on the Rights Certificate. Share certificates will be delivered as soon as practicable by first class mail to the address shown in the records of Pifher of the person to whom the Rights Certificate was issued or to the address of any transferee indicated on the Rights Certificate or arrangements can be made to pick up share certificates from the Subscription Agent.

Market for the Shares

The Shares are listed for trading on the Canadian Venture Exchange ("CDNX") under the trading symbol "YFP". As of the Record Date, the Rights are also listed for trading on the CDNX. Rights may be bought or sold through any registered investment dealer or broker in Canada. Trading in the Rights on the CDNX will terminate at 12:00 noon (Toronto time) on April 2, 2001. Payment of any service charge, commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for the services to be performed by the Subscription Agent referred to under the heading "Subscription Agent, Subscription Office and Depository") shall be the responsibility of the Rights Certificate holder.

Resale Restrictions

Applicable securities legislation in certain Provinces of Canada contains provisions restricting the ability of a holder to sell or otherwise transfer ("trade") the Rights and the Offered Shares issued upon exercise of the Rights (collectively, the "Securities"), without certain conditions having been fulfilled or compliance with applicable prospectus requirements. The following is a general summary of the foregoing provisions governing the first trades in the Securities in the jurisdictions in Canada in which this offering is being made. Additional restrictions apply to "insiders" of Pifher and holders of securities who are "control persons" or the equivalent or who are deemed to be part of what is commonly referred to as "control block" in respect of Pifher for purposes of applicable securities legislation. **However, each holder is urged to consult his professional advisers to determine the exact conditions and restrictions applicable to such right to trade in Securities.**

Generally, the first trade in the Securities issued in reliance upon the prospectus exemptions of applicable Canadian securities legislation is exempt from prospectus requirements of such legislation if: (i) Pifher is a "reporting issuer" or the equivalent for the purposes of the securities legislation of the relevant Province and has had such status in such Province for at least twelve months and is not in default of any requirement of the securities legislation of such Province; (ii) disclosure has been made to the appropriate securities regulatory authority of such Province regarding the issue of the Securities to the holder (the "Required Disclosure"); and (iii) no unusual effort is made to prepare the market or to create a demand for the Securities and no extraordinary commission or other consideration is paid in respect of the first trade. Therefore, holders of the Securities issued in reliance upon applicable exemptions from prospectus requirements in such jurisdictions are permitted to freely trade their Securities so long as the foregoing conditions are met or must rely on other exemptions under applicable securities legislation in order to effect trades of the Securities. Pifher is a reporting issuer or the equivalent in each of the Provinces of Canada in which the offering is being made and has had such status for more than twelve months and will make the Required Disclosure in those Provinces.

DEALER SOLICITATION GROUP

Pursuant to a dealer solicitation agreement between Pifher and IPO Capital Corp. (the "Manager") dated as of October 25, 2000 (the "Dealer Solicitation Agreement"), the Manager will form and manage a soliciting dealer group for the purpose of soliciting subscriptions, on a best efforts basis, for Common Shares issuable upon the exercise of the Rights from persons resident in the Qualifying Jurisdictions. All members of the Investment Dealers Association of Canada, The Toronto Stock Exchange and The Canadian Venture Exchange will be invited to join the soliciting dealer group for the purposes of soliciting subscriptions.

Pifher will pay the Manager a management fee of \$25,000 (plus GST) and will pay to the Manager or another registered dealer a solicitation fee equal to 3% of the gross proceeds from this offering. No solicitation fee is payable in the case of subscriptions from officers, directors or employees of Pifher.

THE COMPANY

Pifher is a natural resource exploration company incorporated under the laws of the Province of Ontario, Canada, on October 17, 1997. Pifher's head and registered office is located at 150 York Street, Suite 302, Toronto, Ontario M5H 2S5.

BUSINESS OF THE COMPANY

The principal business of Pifher is the acquisition and exploration of interests in mineral prospects in Canada. Currently, Pifher's operations are focused on the exploration of the Forge Creek Property (the "Property") located in Pifher Township in northwestern Ontario.

Forge Creek Property

Claims: Status and Ownership

The Property consists of 26 leased mining claims (the "Leased Claims") and a further 60 unpatented mining claims (the "Unpatented Claims") recorded in good standing in the Thunder Bay Mining Division.

Pursuant to an option agreement (the "Option Agreement") dated as of October 20, 1997, between Cherbourg Gold, Inc., as optionor (the "Optionor") and Pifher, as optionee, the Optionor granted to Pifher an option to acquire up to an 80% interest in the following 26 leased mining claims comprising 399.15 hectares in Pifher Township, Thunder Bay Mining Division, Ontario:

Claim No.	Lease Payment Date	Claim No.	Lease Payment Date
TB 65314	April 01, 1998	TB 65344	April 01, 1998
TB 65315	April 01, 1998	TB 65345	April 01, 1998
TB 65316	April 01, 1998	TB 65346	April 01, 1998
TB 65317	April 01, 1998	TB 65347	April 01, 1998
TB 65318	April 01, 1998	TB 85652	April 01, 1998
TB 65321	April 01, 1998	TB 85653	April 01, 1998
TB 65322	April 01, 1998	TB 85654	April 01, 1998
TB 65330	April 01, 1998	TB 85655	April 01, 1998
TB 65333	April 01, 1998	TB 93658	April 01, 1998
TB 65334	April 01, 1998	TB 93659	April 01, 1998
TB 65337	April 01, 1998	TB 93660	April 01, 1998
TB 65338	April 01, 1998	TB 93661	April 01, 1998

Claim No.	Lease Payment Date	Claim No.	Lease Payment Date
TB 65343	April 01, 1998	TB 93412	October 01, 1998

The term of the lease on each Leased Claim expires on the 21st anniversary of the Lease Payment Date. The annual rent for each of the Leased Claims is due on each anniversary of the Lease Payment Date. There are currently no rent payments outstanding for any of the Leased Claims.

Pursuant to the Option Agreement, Pifher was entitled to acquire a 50% interest in the Leased Claims by incurring \$500,000 in exploration expenditures in the mineral exploration of the Leased Claims during the first two years following the date of the Option Agreement. Pifher has completed these expenditures and currently holds a 50% interest in the Leased Claims. Pifher is entitled to acquire a further 30% interest in the Leased Claims by incurring an additional \$500,000 in exploration expenditures in the mineral exploration of the Leased Claims prior to October 20, 2002. Pifher has already completed approximately \$20,000 of this second \$500,000 in exploration expenditures.

The Property also consists of 60 additional unpatented claims located in the claim blocks described below. Three of these claims, Nos. TB 1208278, TB 1208279 and TB 1216430, were acquired by Pifher in June, 1999 in consideration for the payment of \$30,000. The other two claims, Nos. TB 1237683 and TB 1237686 were staked by Pifher in March, 2000.

UNPATENTED CLAIM BLOCKS

Claim No.	Assessment Due Date	Claim No.	Assessment Due Date
TB 1208278 (14 claims)	Dec. 13, 2003	TB 1237683 (16 claims)	May 25, 2001
TB 1208279 (4 claims)	Dec. 13, 2003	TB 1237686 (14 claims)	May 25, 2001
TB 1216430 (12 claims)	Mar. 16, 2001		

Geologist's Report

The following discussion on the Property to the end of the section entitled "Proposed Budget" is extracted from the report of J.G. Clark of Clark Exploration Consulting, dated September, 2000. The report is available for inspection at the principal office of Pifher during the course of distribution of the Rights and Offered Shares.

Location and Access

The Property is located approximately 180 kilometres northeast of Thunder Bay and 65 kilometres west-northwest of Geraldton, Ontario within Pifher Township in the Thunder Bay Mining Division. The Property is accessible via re-established logging trails which depart from Highway 802 approximately 20 kilometres north west of Trans-Canada Highway 11.

Geraldton is a full service town that provides man power support and supplies for an active logging and mineral exploration industry. The town is serviced by the Canadian National Railway, Ontario Hydro and Trans Canada Pipelines.

Results of Recent Exploration on the Property

Between June, 1999- March, 2000, Pifher completed an integrated exploration program under the supervision of Eric Owens Ph.D (Roth 2000). The program comprised additional line cutting (29 km), real section (deep) induced polarization (70 km), geological mapping and sampling (29 km) and diamond drilling (4409 metres). Roth (2000) stated the exploration program resulted in the identification of quartz veins, sulfide (pyrite-pyrrhotite-chalcopyrite) mineralized mafic and ultramafic intrusive rocks, sphalerite-chalcopyrite-galena stockwork and veinlet bearing mafic to felsic rocks.

The geological mapping coupled with the geophysical data helped define the general geological structure and stratigraphy (Roth 2000). A number of mineralized environments were noted including quartz veins (gold potential), sulfide (pyrite-pyrrhotite-chalcopyrite) mineralized mafic and ultramafic intrusive rocks (copper-nickel-platinum group element potential), sphalerite-chalcopyrite-galena stockwork and veinlet bearing mafic to felsic rocks (copper-zinc massive sulfide potential). Surface sampling of the mineralized rocks included 43 samples. The samples were all assayed by Swastika Laboratories of Swastika, Ontario employing fire assay and atomic absorption finish methods. A total of 43 samples were taken with 40 assayed for copper and nickel content and 20 for gold content. The assay results were nil to 487 ppb gold, 44 to 9280 ppm copper and 12 to 196 ppm nickel.

The diamond drill program focused on the potential mineralized horizons defined in the 1997 to 1999 geological and geophysical surveys. The program comprised 31 drill holes totalling 4,409 meters. The program was completed from November 1999 to January 2000. The diamond drill holes targeted geophysical defined anomalies and stratigraphy. The diamond drilling explained most anomalies but did not test all the indicated deep induced polarization anomalies. The average depth of the geophysical targets was less than 200 meters. Only four inclined holes exceeded 200 meters, with the deepest being 399 meters, and nine holes were less than 100 meters. The geophysical anomalies were calculated to a depth of 300 meters and the majority of these anomalies were only tested to a shallow depth.

All diamond drill holes were logged by Eric Owens (9 holes) and Patrick Roth (22 holes) with interesting intervals being sampled for analysis (Roth 2000). Selection for sampling was based on the sulfide mineralization, alteration and deformation noted during logging of the cores with additional sampling completed in areas that were on strike or down dip from known showings or mineralizations. The samples were all sent to Swastika Laboratories of Swastika, Ontario. Sample analysis comprised fire assay with atomic absorption finish. Samples were taken of drill core leaving half in the core box stored on site at the camp on Tyrol lake.

A total of 202 samples were assayed for either gold, gold-copper, gold-copper-nickel, gold-copper-nickel-platinum-palladium or copper-nickel-platinum-palladium. There were no significant assays in the 31 holes. A summary of the better intersections are:

SELECTED DIAMOND DRILL RESULTS

Hole No.	Geophysical Target	Geological Target	Results
FC-99-07	Deep IP and VLF / shallow IP	Felsic Intrusive	Shallow discontinuous quartz pods, 5010 ppb gold over 0.98 metres followed by 1510 ppb gold over 0.82 metres in a pyrrhotite > pyrite > chalcopyrite > galena - bearing quartz vein (3.24 metre), 2950 ppb gold over 1.02 metres in a pyrrhotite > pyrite > chalcopyrite > galena - bearing quartz vein (1.99 metre)
FC-99-08	Deep IP, High Magnetics	Mafic Intrusives with sulfides	4.0 metre quartz stockwork and veinlets locally 5-10% pyrrhotite, chalcopyrite and pyrite. Copper values of 1368 ppm over 0.33 metres and 2147 ppm over 0.39 metres.
FC-99-20	High, deep IP, High magnetics	Mafic-ultramafic intrusive with high sulfides	Shallow drillhole narrow sections with up to 5% pyrite - pyrrhotite throughout length of hole. Copper assay of 1290 ppm / 0.42 metres.
FC-99-22	Very high, deep IP, High magnetics	Mafic volcanics with sulfides	Copper intercept of 2454 ppm / 0.44 metres. 1.40 metre intersection of epidote-rich quartz stringers with 3-5% pyrite at projection of anomaly. Deep target not tested.

Hole No.	Geophysical Target	Geological Target	Results
FC-00-04	Very high, deep IP, moderate VLF	Silicified zone in mafic volcanics	Shallow drillhole intersected 3.50 metre quartz vein with 5% pyrrhotite and 1% chalcopyrite stringers. Copper values of 1060 ppm / 0.60 metres and 3250 ppm / 0.49 metres. No significant gold assays. Anomaly explained.

Conclusions

The Property hosts historical gold showings first located and explored in the late 1940's to the early 1960's. Lithochemical and grab samples collected from the Property are reported to have returned assay values which vary from <1 ppb gold to 0.38 ounce gold per ton (White 1998) (Tyson 1949). The exploration completed in the last two years (1999-2000) has identified a number of mineralized environments comprised of quartz veins (gold potential), sulfide (pyrite-pyrrhotite-chalcopyrite) mineralized mafic and ultramafic intrusive rocks (copper-nickel-platinum group element potential), sphalerite-chalcopyrite-galena stockwork and veinlet bearing mafic to felsic rocks (copper-zinc massive sulfide potential). The potential gold bearing environments are sulfide-bearing quartz veins similar to those present on the adjoining Crooked Green Property. Diamond drill hole FC-99-07 intersected gold values of 5010 ppb gold over 0.98 metres followed by 1510 ppb gold over 0.82 metres in a pyrrhotite > pyrite > chalcopyrite > galena - bearing quartz vein (3.24 metre) and 2950 ppb gold over 1.02 metres in a pyrrhotite > pyrite > chalcopyrite > galena - bearing quartz vein (1.99 metre). Numerous diamond drill holes targeting the up dip (shallow) extensions of induced polarization anomalies intersected anomalous narrow copper zones possibly related to base metal type alteration. The Unpatented Claims are cross cut by belt scale fault zones that have never been evaluated for gold potential.

Recommendations

A \$299,455.00 exploration program is recommended to fully evaluate the potential of the Property to host economical amounts of gold and base metal mineralization. The budget figures are based on exploration program expenditures completed by Clark Exploration Consulting in the Thunder Bay, Ontario area over the last year. The \$299,445.00 program would comprise geophysical surveys (magnetic, VLF-EM and induced polarization), prospecting, stripping, sampling, detailed geological mapping and diamond drilling.

The geophysical program will be completed on the cut grid to provide similar coverage as the rest of the property. The geophysics will help define potential sulfide mineralization and map stratigraphy and structure. The prospecting program should concentrate on evaluating the geophysical anomalies and discovering new mineralization associated to gold and base metal environments. Prospecting in the Beardmore-Geraldton area is a very effective method of locating gold showings due to the thin overburden cover. The stripping and sampling will evaluate and assess the results of the prospecting and expose the up-dip projection of the gold values intersected in diamond drill hole FC-99-07. A channel sampling program, of the stripped areas, using diamond-bladed rock saws, will be employed to allow the collection of consistent sample sizes. All assaying will be completed using industry accepted laboratories and methods. Thorough detailed mapping of the trenches will provide structural and lithological data to help define diamond drill targets. The newly cut grid will geologically mapped to help define geophysical anomalies, stratigraphy and structural relationships. All the geological and geophysical data available will be used to produce diamond drill targets with potential of intersecting economic gold and/or base metal values. A portion of the diamond drill program will be used to assess the deep induced polarization target not tested in the 1999-2000 program.

Proposed Budget

GEOPHYSICS

Line cutting 29 kilometres @ \$455 / kilometre	13,195.00
Magnetometer survey 29 kilometres @ \$100 / kilometre.....	2900.00
Electromagnetic survey (VLF-EM) 29 kilometres @ \$100 / kilometre.....	2900.00
Induced Polarization 14 kilometres @ \$1500 / kilometre	21,000.00

Supervision	5,000.00
Reports, maps and interpretation	<u>5,000.00</u>
Subtotal	\$ 49,995.00

PROSPECTING

20 days @ \$260 / day	\$5,200.00
Truck	2,000.00
Quadrunner	2,000.00
Room and Board.....	4,000.00
Field Supplies	400.00
Assays, 100 @ \$20 / sample.....	<u>2,000.00</u>
Sub-total	\$15,600.00

DETAILED MAPPING

Geologist 20 days @ \$ 350 / day.....	\$ 7,000.00
Assistant 20 days @ \$ 250 / day.....	5,000.00
Structural Geologist 8 days @ \$ 500 / day	4,000.00
Structural Geologist Mob and Demob plus expenses	2,000.00
Truck	2,000.00
Quadrunner	2,000.00
Room and Board.....	5,000.00
Assaying 150 @ \$ 20 / day.....	3,000.00
Supplies	<u>1,000.00</u>
Subtotal	\$31,000.00

STRIPPING AND SAMPLING

Backhoe 120 hours @ \$100 / hour	\$12,000.00
Washing and channel sampling	17,000.00
Rock saw blades	1,500.00
Assaying, 200 @ \$20 / sample	4,000.00
Supplies	1,000.00
Supervision and mapping 14 days @ \$ 350 / day.....	4,900.00
Room and Board.....	3,000.00
Truck	2,000.00
Quadrunner	<u>2,000.00</u>
Sub-total	\$47,400.00

DIAMOND DRILLING

1000 metres @ \$ 75 / metre.....	\$75,000.00
Geologist 30 days @ \$ 350 / day.....	10,500.00
Assistant 30 days @ \$ 250 / day.....	7,500.00
Assaying, 80 samples @ \$ 20 / sample.....	3,200.00
Room and Board.....	6,000.00
Truck	3,000.00
Quadrunner	3,000.00
Supplies	<u>2,000.00</u>
Sub-total	\$110,200.00

Contingencies (9%)	\$15,250.00
Report, Maps and Administration.....	<u>30,000.00</u>

TOTAL PROPOSED BUDGET..... \$299,445.00

Other Properties

Pursuant to a purchase agreement (the "Bayham Agreement") dated August 23, 2000, as amended on October 20, 2000, between Pifher, Ontex Resources Limited ("Ontex"), Southern Natural Gas Limited ("Southern") and Echo Energy Inc. (formerly 1434503 Ontario Inc.) ("Echo"), Echo acquired the right to earn a 100% interest in certain leases comprised of 2,000 acres located in the Municipality of Bayham, in the County of Elgin, in the Province of Ontario (the "Bayham Leases"). Pifher and Ontex are each the beneficial owners of 50% of the outstanding shares of Echo. The Bayham Leases have been acquired by Echo for oil and natural gas exploration purposes.

Pursuant to the terms of the Bayham Agreement, Southern has agreed as follows:

- (a) to assign to Echo an undivided 50% interest in the Bayham Leases upon completion of drilling of the first four wells on the lands affected by the Bayham Leases during a period ending no later than the 18th month following the date of the Bayham Agreement and upon the payment to Southern as of the date of the Bayham Agreement of \$33,333 and 33,333 common shares of Pifher (which has been paid);
- (b) to grant to Echo an option to acquire a further 25% interest in the Bayham Leases upon completion of drilling of an additional two wells on the lands affected by the Bayham Leases during a period ending no later than the 30th month following the date of the Bayham Agreement and upon the payment to Southern of an additional \$33,333 and 33,333 common shares of Pifher on or before January 3, 2001 (which has been paid); and
- (c) to grant to Echo an option to acquire the remaining 25% interest in the Bayham Leases upon completion of drilling of an additional two wells on the lands affected by the Bayham Leases during a period ending no later than the 30th month following the date of the Bayham Agreement and upon the payment to Southern of an additional \$33,334 and 33,334 common shares of Pifher on or before January 3, 2002;

All amounts paid or payable by Echo have or will be paid, on behalf of Echo, by Pifher and Ontex on a 50/50 basis. Under the Bayham Agreement, Southern has also been granted a gross overriding royalty of five percent relating to the lands affected by the Bayham Leases until such time that Echo has recovered all capital costs relating to the drilling or and development of such land. On the earlier of the date that all such costs have been recovered and the fifth anniversary of the Bayham Agreement, the gross overriding royalty in favour of Southern shall be increased to 10%.

Based on the recommendations of Echo's consulting geologist, Echo has identified the location of the first six wells to be drilled on the lands affected by the Bayham Leases. The estimated budget for the drilling, stimulation (where necessary) and pipe-lining of these six wells plus two additional wells is approximately \$1.65 million. Ontex has committed to lend to Echo up to \$500,000 as a non-interest bearing loan, payable on demand. Echo intends to use the funds provided by Ontex to commence drilling once all necessary permits are received from the Ministry of Natural Resources. Applications for permits were filed on January 11, 2001 and permits for the drilling of six wells were received on January 29, 2001. Echo also intends to seek additional equity funding to finance its drilling program.

USE OF PROCEEDS

Assuming all of the Rights are exercised, the gross proceeds to Pifher from this offering will be approximately \$930,000. Pifher estimates that its expenses of this offering will be approximately \$110,000. Accordingly, the maximum net proceeds to Pifher after allowing for expenses will be approximately \$820,000. Pifher intends to use the net proceeds of the offering as follows: (i) approximately \$300,000 of the net proceeds will be used to fund exploration on the Property; (ii) approximately \$350,000 of the net proceeds for general corporate purposes including, over the next two years, consulting fees, professional fees, shareholder communications costs and general and administrative expenses; and (iii) approximately \$150,000 of the net proceeds will be used to fund the review, identification and acquisition of other exploration opportunities. In the event that the maximum proceeds from this offering are not raised, the net proceeds from this offering shall first be used to fund exploration on the Property and

all necessary general and administrative expenses. Pending any specific application of the net proceeds, such proceeds will be invested in marketable securities and short-term investments.

Pifher intends to spend the funds available to it as stated above. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated debt and capitalization of Pifher as at December 31, 1999, and September 30, 2000 after giving effect to this offering.

Designation of Security	As at December 31, 1999 (audited)	As at September 30, 2000 (unaudited)	As at September 30, 2000 after giving effect to this Offering (unaudited) (1)(2)
Debt	-	-	
Long-term debt	-	-	-
Obligations under capital leases	-	-	-
Total Debt	-	-	-
Shareholders' Equity			
Share Capital	\$1,084,380	\$1,144,380	\$2,075,704
Common Shares (authorized- unlimited)	(3,120,000 shares)	(3,180,000 shares)	(3,847,647 shares)
Deficit	<u>\$(167,437)</u>	<u>\$(252,183)</u>	<u>\$(362,183)</u>
Total Shareholders' Equity	<u>\$916,943</u>	<u>\$892,197</u>	<u>\$1,713,521</u>
TOTAL	<u>\$916,943</u>	<u>\$892,197</u>	<u>\$1,713,521</u>
CAPITALIZATION			

Notes:

- (1) Assumes the exercise of all Rights.
- (2) Does not give effect to the issue of any options issued under Pifher's stock option plans. Under the stock option plans, 530,000 options have been granted (180,000 of which have been exercised) and 350,000 remain ungranted.

SHARE CAPITAL

The authorized share capital of Pifher consists of an unlimited number of Common Shares. As at the date hereof, 3,180,000 Common Shares are issued and outstanding as fully paid and non-assessable. Assuming all Rights issued under this offering are exercised, an aggregate of 667,647 Common Shares will be issued pursuant to this offering, representing 21% of the total number of outstanding Common Shares as at the date hereof. In the event that all of the Offered Shares are taken up, the aggregate number of the outstanding Common Shares will be approximately 3,847,647. A summary of the rights, privileges and restrictions attaching to the Common Shares is as follows:

Common Shares

Holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of shareholders of Pifher. Each Common Share carries one vote at such meetings. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of Pifher, after payment of all outstanding debts, the remaining assets of Pifher available for distribution will be distributed to the holders of Common Shares. Dividends may be declared and paid on the Common Shares in such amounts and at such times as the directors shall determine in their discretion in accordance with the *Business Corporations Act* (Ontario) (the "Business Corporations Act"). There are no pre-emptive rights, conversion rights, redemption provisions or sinking fund provisions attaching to the Common Shares. Common Shares are not liable to further calls or to assessment by Pifher; provided, however, that pursuant

to the provisions of the Business Corporations Act, Pifher has a lien on any Common Share registered in the name of a shareholder or the shareholder's legal representative for a debt owed by the shareholder to Pifher.

STOCK OPTIONS

At the shareholders' meetings held on June 4, 1999 and June 23, 2000, the shareholders of Pifher approved the 1999 Stock Option Plan and the 2000 Stock Option Plan, respectively (collectively, the "Option Plans"). The board of directors approves the granting of stock options to officers, directors or employees as incentives from time to time. The purpose of the Option Plans is to attract, retain and motivate management and staff by providing them with the opportunity, through share options, to acquire a proprietary interest in Pifher and benefit from its growth.

Eligibility for participation in the Option Plans is restricted to directors, officers, executives and other key employees (or their holding companies) of Pifher and its subsidiaries. The number of Common Shares subject to options granted under the Option Plans (and under all other management options and employee stock purchase plans) is limited to 585,000 in the aggregate with no single individual holding options on more than five percent of the number of Common Shares of Pifher issued and outstanding at the date of the grant of the option. The exercise price of any option granted under the Option Plans may not be less than fair market value (i.e., the prevailing market price) of the Common Shares at the time the option is granted. Options issued under the Option Plans may be exercised during a period determined by the board of directors which cannot exceed ten years and are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director and/or officer of Pifher or one of its subsidiaries, or upon the retirement, permanent disability or death of an optionee. The options are non-transferable.

As at the date hereof, options to purchase 350,000 Common Shares are outstanding as set forth in the following table:

<u>Group (Number of Persons)</u>	<u>Number of Common Shares under Option</u>	<u>Exercise Price Per Share</u>	<u>Expiry Date</u>
Directors (3)	140,000	\$1.55	March 25, 2001
Directors (3)	190,000	\$1.00	July 27, 2002
Officers (1)	20,000	\$1.00	July 27, 2002

As at February 9, 2001, the closing price of the Common Shares on the CDNX was \$3.25 per share.

PRICE RANGE OF COMMON SHARES OF PIFHER

The Common Shares have been listed and posted for trading on the CDNX since October 2, 2000 under the symbol "YFP". Prior thereto and since March 1999, the Common Shares were quoted for trading on the Canadian Dealing Network under the symbol "PIFR". The following table summarizes the price range of the Common Shares and their trading volume for the periods indicated.

		Price Range		Volume
		High	Low	
1999	March 17 to March 31	\$1.90	\$1.00	794,234
1999	2 nd Quarter	\$3.60	\$1.50	802,866
1999	3 rd Quarter	\$4.60	\$2.50	513,301
1999	4 th Quarter	\$4.25	\$2.50	209,766
2000	1 st Quarter	\$3.25	\$2.25	79,700
2000	2 nd Quarter	\$2.25	\$1.50	27,867
2000	July	\$1.75	\$1.00	7,500
2000	August	\$1.50	\$1.50	2,500
2000	September	\$1.50	\$1.00	15,100
2000	October	\$3.00	\$0.95	19,039
2000	November	\$2.65	\$1.25	39,700
2000	December	\$1.50	\$1.40	9,600
2001	January	\$1.90	\$1.50	10,000
2001	February 1 – 9	\$3.50	\$2.50	34,900

The closing price for the Common Shares on February 9, 2001 was \$3.25 per share. The simple average closing price for the Common Shares for the 10 days prior to the date of this circular was \$2.61.

PRINCIPAL SHAREHOLDERS

As at the date hereof, the only persons who, to the knowledge of Pifher, own beneficially, directly or indirectly, securities of the Company carrying more than 10% of the voting rights attached to the outstanding voting securities of the Company are as follows:

Name and Address	Security	Type of Ownership	Number of Securities	Percentage of Class Before Giving Effect to this Offering	Percentage of Class After Giving Effect to this Offering (1)
Ontex Resources Limited Toronto, Ontario	Common Shares	Direct	1,350,000	42.45%	35.09%

Ontex has advised Pifher that it will not exercise the Flow-Through Rights issued to it in connection with this offering and has not yet indicated to Pifher whether it will exercise the Non-Flow-Through Rights issued to it in connection with this offering.

DIRECTORS AND OFFICERS OF PIFHER

Pifher's directors are elected annually at each annual meeting of shareholders, and the officers are appointed at the directors' meeting following each annual meeting. The last annual meeting was held on June 23, 2000. The current directors and officers of Pifher are as follows:

Name and Municipality of Residence	Since	Principal office with Pifher, its significant affiliates and/or principal occupation	Shares beneficially owned or controlled
Gary Conn Lambeth, Ontario	03/25/99	Director, Chief Executive Officer, President	10,333(1)
George Chilian Vittoria, Ontario	03/25/99	Director	12,000(2)
Andrew Brandt Toronto, Ontario	10/17/97	Director	2,000(3)
Antonio Lopes	03/25/99	Chief Financial Officer	8,333(4)

Name and Municipality of Residence	Since	Principal office with Pifher, its significant affiliates and/or principal occupation	Shares beneficially owned or controlled
London, Ontario			

Notes:

- (1) Mr. Conn also holds 40,000 options, each of which entitle him to purchase one Common Share of Pifher at \$1.55 prior to March 25, 2001 and 110,000 options each of which entitle him to purchase one Common Share of Pifher at \$1.00 prior to July 27, 2002.
- (2) Mr. Chilian also holds 35,000 options, each of which entitle him to purchase one Common Share of Pifher at \$1.55 prior to March 25, 2001 and 70,000 options each of which entitle him to purchase one Common Share of Pifher at \$1.00 prior to July 27, 2002.
- (3) Mr. Brandt also holds 65,000 options, each of which entitle him to purchase one Common Share of Pifher at \$1.55 prior to March 25, 2001 and 10,000 options each of which entitle him to purchase one Common Share of Pifher at \$1.00 prior to July 27, 2002.
- (4) Mr. Lopes also holds 20,000 options each of which entitle him to purchase one Common Share of Pifher at \$1.00 prior to July 27, 2002.

The information as to Common Shares beneficially owned or over which directors exercise control or direction, not being within the knowledge of Pifher, has been furnished by the respective directors and officers individually.

The directors and officers of Pifher, as a group, beneficially owned directly or indirectly approximately 1.0% of the issued and outstanding Common Shares as of the date hereof.

All directors of Pifher have advised Pifher that they intend to exercise all Rights issued to them in connection with this offering.

MATERIAL TRANSACTIONS

There have been no material changes in the business, operations or capital of Pifher which have not been previously disclosed or that are not disclosed in this circular. See “The Company – Recent Developments”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a fair and accurate summary of the principal Canadian federal income tax consequences generally applicable to shareholders of Pifher who acquire Rights pursuant to this offering and who, for the purposes of the *Income Tax Act* (Canada) (the “ITA”) are individuals or corporations resident in Canada, hold such Rights and Offered Shares issued on the exercise thereof as capital property and at all times deal at arm’s length with Pifher. Rights and Offered Shares will generally be considered capital property to the holder thereof unless held in the course of carrying on a business or acquired in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based upon the current provisions of the ITA, the regulations thereunder (the “Regulations”), the current administrative practices of the Canada Customs and Revenue Agency (the “CCRA”) and all proposed amendments (the “Tax Proposals”) to the ITA and Regulations publicly announced by the Minister of Finance prior to the date hereof including the Notice of Ways and Means Motion tabled in the House of Commons on October 18, 2000, and the Draft Legislation released on December 21, 2000. This summary assumes that the Tax Proposals will be enacted as proposed and does not take into account or anticipate any other changes in law whether by way of judicial, legislative or governmental decision or action, and does not take into account provincial, territorial or foreign income tax legislation or considerations. No assurances can be given that such Tax Proposals will be enacted as proposed or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not applicable to purchasers who are partnerships, trusts or “principal-business corporations” within the meaning of the ITA or whose business includes trading or dealing in petroleum, natural gas or mineral rights. Further, this summary is not applicable to corporations which are “financial institutions” for purposes of the mark-to-market provisions of the ITA or to any person an investment in which would constitute a “tax shelter” for purposes of the ITA.

This summary also assumes that Pifher will make all filings in respect of the issue of the Flow-Through Shares issued on the exercise of the Rights and the renunciation of Canadian Exploration Expense in the manner and within the time required by the ITA and the Regulations and that all renunciations will be validly made. In addition, while Pifher or its agent will furnish each subscriber for Flow-Through Shares with information relevant to the subscriber’s Canadian federal and provincial tax returns, the preparation and filing of such returns will remain the responsibility of such subscriber. This summary is based upon a representation by Pifher that it will be a “principal-business corporation” for the purposes of the ITA at all material times and that the Rights and the Flow-Through Shares issued on the exercise thereof will not be prescribed shares under the relevant provisions of the Regulations.

The income tax consequences relating to a holder of Rights will vary depending upon a number of factors, including the particular province in which the holder resides, carries on business or has a permanent establishment, the amount that would be the holder’s taxable income but for the exercise of Rights and the legal characterization of the holder as an individual, corporation, trust or partnership.

The following discussion is, therefore, of a general nature only and is not intended to constitute a complete analysis of all the income tax consequences relating to a holder of Rights and is not intended to constitute income tax advice to any particular person. Accordingly, holders of Rights are urged to consult their own income tax advisors with respect to the Canadian federal income tax consequences to them in their particular circumstances.

Receipt of Rights

A holder of Common Shares who receives Rights pursuant to this offering will not be required to include the value of such Rights in computing such holder’s income for the purposes of the ITA and the cost of such Rights to the holder will be considered to be nil.

Exercise of Rights

No capital gain or loss will be realized by a holder upon the exercise of Rights.

Expiry of Rights

Upon the expiry of an unexercised Right, the holder will realize a capital loss equal to the adjusted cost base, if any, to the holder of the Right.

Disposition of Rights

In general, a disposition (including a deemed disposition) of a Right will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of the Right, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the holder of the Right.

Canadian Exploration Expense

Any Canadian Exploration Expense incurred by Pifher and renounced by it to a subscriber for Flow-Through Shares as described herein and pursuant to the ITA will, at the effective date of such renunciation, be considered as Canadian Exploration Expense incurred by the subscriber and a corresponding amount will be added to the subscriber’s cumulative Canadian Exploration Expense pool.

Subject to certain restrictions imposed by the ITA, if a subscriber who deals at an arm’s length with Pifher exercises Rights to subscribe for Flow-Through Shares in a particular calendar year, it will generally be possible for Pifher to renounce to that subscriber, with an effective date of December 31 of the particular year, Canadian Exploration Expense incurred by it for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada in the calendar year following the particular year.

Pifher will be precluded from renouncing any amount of Canadian Exploration Expense which constitutes Canadian Exploration and Development Overhead Expenses as prescribed under the Regulations or certain expenses, specified in the ITA, that are in respect of seismic data. In addition, the amount of Canadian Exploration Expense that Pifher may renounce must be net of the amount of any assistance that Pifher receives, is entitled to receive or may reasonably be expected to receive at any time, in respect of the exploration activities to which the Canadian Exploration Expense relates.

Under the Tax Proposals, Canadian Exploration Expenses incurred by Pifher before 2004 in conducting grass roots mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a base or precious metal deposit will, upon renunciation to a subscriber who is an individual (other than a trust) give rise to a 15% non-refundable investment tax credit for that subscriber. The Tax Proposals specifically provide that Canadian Exploration Expense incurred in connection with digging test pits and preliminary sampling, other than “specified sampling”, will not qualify for the non-refundable investment tax credits. This tax credit can be applied by the subscriber to offset federal income taxes otherwise payable.

The cumulative Canadian Exploration Expense pool of a subscriber will be reduced by the amount of any assistance which he becomes entitled to receive in respect of Canadian Exploration Expense previously incurred and included in his pool. Under the Tax Proposals, the cumulative Canadian Exploration Expense pool of a subscriber, at any time in a taxation year, will be reduced by the amount of any of the proposed 15% non-refundable investment tax credit claimed by the subscriber for a preceding year.

A subscriber will be entitled to deduct, in computing his income from all sources for a taxation year, any amount that he may claim, not exceeding 100% of the balance of his cumulative Canadian Exploration Expense pool at the end of that taxation year. Deductions claimed by a subscriber will reduce his pool by a corresponding amount. To the extent that a subscriber does not deduct the balance of the pool at the end of a taxation year, the balance will be carried forward indefinitely and deductions may be made therefrom by the subscriber in subsequent taxation years in accordance with the provisions of the ITA.

In the event that the balance of a subscriber’s cumulative Canadian Exploration Expense pool is negative at the end of a taxation year, which may occur should any person receive or become entitled to receive assistance payments in that taxation year which relate to Canadian Exploration Expense (including the 15% non-refundable investment tax credit) incurred in a prior year or through unrelated adjustments to his cumulative Canadian Exploration Expense pool, the negative amount must be included in the subscriber’s income for that taxation year and the balance of that pool will thereupon become nil.

The sale or disposition of Offered Shares will not result in the reduction of the subscriber’s cumulative Canadian Exploration Expense pool.

Adjusted Cost Base of Flow-Through Shares and Non-Flow-Through Shares

The tax cost of a Flow-Through Share to a subscriber obtained on the exercise of Rights will be deemed to be nil.

The tax cost of a Non-Flow-Through Share to a subscriber obtained on the exercise of Rights will be equal to the aggregate of the cost to the holder of the Rights exercised and the Non-Flow-Through Share Subscription Price paid on the exercise thereof.

The ITA provides that each share of a single class held by a shareholder will have an adjusted cost base equal to the total cost to the holder of all such shares owned at that time divided by the number of such shares. For this purpose, the Flow-Through Shares and Non-Flow-Through Shares and any other Common Shares of Pifher held by a subscriber will be treated as shares of a single class. Accordingly, any capital gain or capital loss realized on a disposition of Flow-Through Shares or Non-Flow-Through Shares will be measured by reference to the average cost of all Common Shares of Pifher, including the Flow-Through Shares and Non-Flow-Through Shares, held by the shareholder immediately before the disposition.

Disposition of Offered Shares

A disposition or deemed disposition of Flow-Through Shares or Non-Flow-Through Shares will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the holder's proceeds of disposition exceed (or are exceeded by) the holder's adjusted cost base of such Flow-Through Shares or Non-Flow-Through Shares, as the case may be. In the case of a holder that is a corporation, any capital loss realized on the disposition of a Flow-Through Share or a Non-Flow-Through Share will be reduced by the amount of dividends received or deemed to have been received by the holder on such shares to the extent and in the circumstances described in the ITA. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns any shares or where a trust or partnership of which a corporation is a beneficiary or member is a member of a partnership or a beneficiary of a trust that owns any such shares.

Under the Tax Proposals, the portion of a capital gain to be included in computing income (the "taxable capital gain") will generally be reduced from three-quarters to one-half and the portion of a capital loss to be deducted against taxable capital gains (the "allowable capital loss") will also generally be reduced from three-quarters to one-half. An allowable capital loss may normally be deducted against taxable capital gains realized in the year of disposition, any subsequent taxation year or in any of the three preceding taxation years (with certain adjustments where the capital gains inclusion rate for such preceding years was not one-half).

A holder that is a "Canadian controlled private corporation" (as defined in the ITA) may be liable to pay an additional refundable tax of 6 2/3 % on taxable capital gains.

Minimum Tax

Tax payable by individuals and by certain trusts under the ITA is the greater of the tax otherwise determined and a minimum tax. The minimum tax equals 16% of an individual's adjusted taxable income in excess of \$40,000. In calculating adjusted taxable income for the purpose of determining the minimum tax, certain deductions otherwise available are disallowed, including any deductions of a subscriber's cumulative Canadian Exploration Expense to the extent the deductions exceed the subscriber's income from royalties in respect of, or income from, the production of petroleum, natural gas and minerals or amounts required to be included in income from the disposition of Canadian or foreign resource properties. Moreover, certain amounts not otherwise included, such as 60% of the non-taxable amount of net capital gains on a disposition of Flow-Through Shares or Non-Flow-Through Shares, are included. Carrying charges incurred by an initial subscriber for Flow-Through Shares may be disallowed. Adjusted taxable income includes any taxable dividends actually received, without the gross-up. Whether and to what extent the tax liability of a particular subscriber is increased by the minimum tax provisions will depend on the amount of his income, the sources from which it is derived and the nature and amounts of any deductions he claims. Any additional tax payable for a year is recoverable to the extent that tax otherwise payable exceeds the minimum tax for any of the seven following years. Subscribers are advised to consult their own tax advisers.

Source Deductions and Income Tax Installments

A subscriber who is an employee and who thereby has income tax withheld at source from employment income may prepare a submission to the relevant district office of the CCRA requesting a reduction in such withholding at source by an employer. The CCRA has a discretionary power to grant such request and may do so based on a the Canadian Exploration Expense to be renounced to the subscriber pursuant to this Offering.

A subscriber who is required to pay income tax on an installment basis may take into account the Canadian Exploration Expense to be renounced to him pursuant to this Offering.

ONTARIO PRESS RELEASE

On December 6, 2000 the Ontario Minister of Northern Development and Mines announced that Ontario will implement a new flow-through share incentive plan to encourage mineral exploration in Ontario. The Minister stated that amendments to the Income Tax Act (Ontario) will be proposed to the Legislature in the spring of 2001 to allow a tax credit for individuals equal to five percent of eligible Ontario expenses. Legislation for this initiative would be effective October 18, 2000, to ensure that individuals who qualify for the federal tax credit (as included in the Tax Proposals

discussed above) would be able to claim the new Ontario credit for the 2000 taxation year. In a Backgrounder issued with the Press Release, the Minister's Office indicated that the expenditures eligible for the 5% tax credit would be as follows:

- Canadian Exploration Expenses eligible for the 15% federal investment tax credit
- incurred in Ontario after October 2000 by a corporation with a permanent establishment in Ontario
- renounced to an individual who is subject to Ontario income tax
- pursuant to a flow-through share agreement made after October 17, 2000

It was also indicated that the cumulative Canadian Exploration Expense pool of the individual will be reduced by the amount of the Ontario tax credit in the year following the year in which the credit is claimed.

RISK FACTORS

The following factors should be considered by prospective purchasers before purchasing the Flow-Through Shares or Non-Flow-Through Shares:

Speculative Nature of Mineral Exploration

Mineral exploration is a highly speculative business and a substantial portion of the net proceeds received by Pifher from the Offering will be expended in mineral exploration. Some of the uncontrollable risk factors involved in the business of searching for ore include changes in laws relating to exploration activities and environmental considerations, adverse market conditions or fluctuations in the price of metals governed by supply and demand as well as increases in the development costs during drilling operations and underground operations. Even if economic mineralization is found on Pifher's properties, Pifher does not in itself have financial resources to bring the mine into production. The only source of funds presently available to Pifher is through the sale of equity capital. If Pifher fails to raise such funds, its interest in the properties may be forfeited.

Potential Environmental Liability

Inherent to the business of mineral exploration is the potential risk of environmental liability. Although Pifher intends to conduct its activities to minimize this risk, the occurrence of any such liability could negatively impact the operations of Pifher and the value of its securities.

Unproven Properties

The mining claims owned by Pifher and/or in which Pifher has a right to acquire an interest are without a known body of commercial ore and the proposed program is an exploratory search for ore. Further exploration programs on the Property are dependent on obtaining favourable results from the preceding work. Pifher has limited funds available for additional exploration and there can be no assurance that necessary funds if required will be raised.

History of Operations

Pifher is a start-up company with no history of operations. The success of Pifher will depend on the expertise of its management, the quality of its mineral prospects and its ability to raise the necessary capital to bring these prospects into commercial production.

Taxation

The Flow-Through Shares are designed for individuals in the highest income tax bracket. There can be no assurance that the income tax laws will not be changed in a manner which will fundamentally alter the tax consequences to the Flow-Through shareholder of holding or disposing of Flow-Through Shares, including possible changes with respect to exemptions from taxation on capital gains. There is a further risk that the expenditures to be incurred with the proceeds of the Flow-Through Shares may not qualify for CEE.

No Foreseeable Dividends

Pifher has never paid a dividend on its securities. The payment of any future dividends by Pifher is at the sole discretion of its board of directors. Pifher does not anticipate paying dividends on the Shares in the foreseeable future.

Issuance of Additional Securities and Dilution

The board of directors of Pifher has the authority to issue further Shares or other securities of Pifher without the prior consent or vote of Pifher's shareholders. The issuance of Additional Offered Shares may have the effect of further diluting the proportionate equity interest and voting power of holders of Shares.

Dependence on Key Personnel

The Company's success will depend on its ability to retain certain of its senior management and key personnel. It will also depend, to a large extent, on its ability to attract and retain highly skilled replacements for additions to such personnel in the future.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Transfer Services Inc. at its principal offices in Toronto, Ontario.

Equity Transfer Services Inc.
120 Adelaide Street West, Suite 420
Toronto, Ontario M5H 4C3

Phone: (416) 361-0152
Fax: (416) 361-0470

INQUIRIES AND ADDITIONAL INFORMATION

Inquiries relating to this offering should be directed either to Gary Conn, President, Pifher Resources Inc., 596 Hamilton Rd., London, Ontario, N5Z 1S6, telephone (519) 455-8127 or fax (519) 455-1846, or to the Subscription Agent at the Subscription Office, Attention: Mr. Richard Barnowski, Vice-President, 120 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 4C3, telephone (416) 361-0152 or fax (416) 361-0470.

Continuous disclosure documents concerning Pifher can be obtained from the SEDAR website (www.sedar.com)

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: February 12, 2001

(signed) "Gary Conn"
Director

(signed) "George Chilian"
Director