

QUESTIONS AND ANSWERS RE: PRIVATE PLACEMENT

QUESTION 1:

WHY HAS IMASCO CHOSEN TO DO A PRIVATE PLACEMENT AS OPPOSED TO A PUBLIC EQUITY OFFERING OR RIGHTS OFFERING

ANSWER 1:

IMASCO HAD THE OPPORTUNITY TO MAKE THIS PRIVATE PLACEMENT AND CHOSE TO DO SO BECAUSE=

- A) THE SHARE PRICE AGREED TO REPRESENTS A PREMIUM TO MARKET ON THE DAY BEFORE THE TRANSACTION WAS ENTERED INTO
- B) ALL OF THE PROCEEDS OF THE ISSUE ARE AVAILABLE TO IMASCO
- C) THE AUTHORIZED LIMIT ON IMASCO COMMON SHARES WILL BE INCREASED TO 60 MILLION AT THE NEXT SHAREHOLDERS MEETING WITH THE RESULT THAT IMASCO'S BOARD OF DIRECTORS HAS VIRTUALLY THE SAME FLEXIBILITY TO ISSUE ADDITIONAL SHARES AS IT HAD PRIOR TO THE PRIVATE PLACEMENT.

QUESTION 2:

WHAT IS THE BASIS FOR THE PRICE OF 46.25 DOLLARS PER SHARE

ANSWER 2:

THE PRICE OF 46.25 DOLLARS PER SHARE WAS NEGOTIATED. IT INCLUDES A PREMIUM OF 2.2 PER CENT OVER THE CLOSING PRICE OF 45.25 DOLLARS ON TUESDAY, NOVEMBER 27, 1984 ON THE TORONTO AND MONTREAL STOCK EXCHANGES.

QUESTION 3:

WHAT EFFECT WILL THE PRIVATE PLACEMENT WITH BAT HAVE VIS-A-VIS FIRA. DID THEY APPROVE IT GIVEN THE PREVIOUS UNDERSTANDINGS TO REDUCE BAT OWNERSHIP TO 40 PER CENT?

ANSWER 3:

THE PRIVATE PLACEMENT HAS THE EFFECT OF INCREASING THE B.A.T INDUSTRIES GROUP'S EQUITY INTEREST IN IMASCO FROM 40 TO 44 PER CENT. THIS, IN TURN, DOES NOT AFFECT OR ALTER IMASCO'S STATUS VIS-A-VIS THE FOREIGN INVESTMENT REVIEW ACT. IMASCO'S ACQUISITIONS AND INVESTMENTS ARE AND CONTINUE TO BE REVIEWABLE.

I SHOULD ADD THAT THE INCREASE IN THE B.A.T INDUSTRIES GROUP'S EQUITY INTEREST IN IMASCO ASSOCIATED WITH THE PRIVATE PLACEMENT IS COMPATIBLE WITH THE DISCUSSIONS IMASCO HELD WITH THE AGENCY AT THE TIME IMASCO ESTABLISHED AN AUTHORIZED LIMIT ON ITS COMMON SHARES. IT WAS RECOGNIZED THAT B.A.T'S EQUITY POSITION IN IMASCO MIGHT VARY FROM TIME TO TIME IN FUNCTION OF THE TIMING OF NEW EQUITY ISSUES BY IMASCO BUT THAT B.A.T'S LONG TERM OBJECTIVE WAS TO MAINTAIN A 40 PER CENT SHAREHOLDING IN IMASCO.

FINALLY, IN RESPONSE TO YOUR SPECIFIC QUESTION, FIRA'S MANDATE DOES NOT REQUIRE IT TO REVIEW OR COMMENT ON TRANSACTION OF THIS KIND BUT, AS A COURTESY, IMASCO HAS ADVISED THE AGENCY(ABOUT THE PRIVATE PLACEMENT.

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QUESTION 9:

WHAT IS COMPANY'S STRATEGY FOR THE TIMING OF THIS TRANSACTION? DOES IMASCO HAVE OTHER PLANS TO ACQUIRE A COMPANY IN THE NEAR TERM?

ANSWER 9:

GIVEN THE CURRENT PRICE ON OUR COMMON STOCK AND OUR RECENT ACQUISITION OF RAE AND DERICK, WE FELT NOW WAS AN APPROPRIATE TIME FOR THIS PRIVATE PLACEMENT. THE INFUSION OF 157.25 MILLION DOLLARS IN NEW EQUITY WILL ENHANCE OUR BALANCE SHEET AND PROVIDE FUNDS FOR IMASCO'S FUTURE. NO, WE HAVE NO PLANS AT PRESENT FOR ANOTHER ACQUISITION.

QUESTION 10:

WHY DID IMASCO NOT APPROACH US EQUITY MARKETS, ESPECIALLY WHEN YOU INDICATED IN JUNE THAT YOU WERE LOOKING AT LISTING IN THE U.S. AND HAVE MADE 2 ACQUISITIONS IN THE U.S. THIS YEAR?

ANSWER 10:

WE DID NOT FEEL THIS WAS APPROPRIATE AT THE CURRENT TIME. THE PRIVATE PLACEMENT AT A PREMIUM TO MARKET WAS CONSIDERED TO BE MORE TIMELY AND IN THE BEST INTEREST OF THE COMPANY AND ITS SHAREHOLDERS.

QUESTION 11:

ARE THERE ANY ASPECTS OF THE AGREEMENT WITH BAT THAT HAVEN'T BEEN DISCUSSED? (CHANGE IN VOTING? BOARD PRESENTATION?)

ANSWER 11:

NO, NONE AT ALL.

QUESTION 12:

IS BAT PROTECTING IMASCO FROM A POSSIBLE TENDER BY ANOTHER COMPANY?

ANSWER 12:

NO.

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MR. BAKER WOULD YOU PLEASE GIVE A COPY OF THE PRESS RELEASE ONLY TO MR. IAN MACINNES FROM PIUL RYAN, VICE PRESIDENT AND SECRETARY

THANK YOU

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