



THE ARCTIC GROUP INC.

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the management of The Arctic Group Inc. (the "Corporation") for use at the Annual and Special Meeting of Shareholders of the Corporation (the "Meeting") to be held at the Radisson Suite Hotel, Winnipeg Airport, Ballroom A, 1800 Wellington Avenue, Winnipeg, Manitoba, on Friday, June 11, 1999 at the hour of 1:00 o'clock in the afternoon (Winnipeg time).

SOLICITATION OF PROXIES

The enclosed Instrument of Proxy is solicited by the management of the Corporation. The cost of such solicitation will be borne by the Corporation. It is expected that the solicitation will primarily be by mail. Proxies may also be solicited personally or by telephone by officers and directors of the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

Shareholders have the right to appoint a nominee, who need not be a shareholder, to represent them at the meeting other than the persons designated in the Instrument of Proxy and may do so by inserting the name of the appointed representative in the blank space provided in the first page of the Instrument of Proxy.

A instrument of proxy will not be valid for the Meeting or any adjournment of the Meeting unless it is completed and signed by the shareholder or by his attorney authorized in writing and delivered to the Montreal Trust Company of Canada ("Montreal Trust"), 200 Portage Avenue, Mezzanine Level, Winnipeg, Manitoba, R3C 3X2 not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting or any adjournment of the Meeting, at which the proxy is to be used.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered offices of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting at which time the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment of the Meeting.

VOTING OF PROXIES

The persons named in the enclosed Instrument of Proxy are directors and officers of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote his shares by completing the enclosed Instrument of Proxy.

The person indicated in the Instrument of Proxy shall vote the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. **In the absence of such direction, the shares shall be voted for:**

- a) the receipt of the report of the directors;
- b) the receipt of the audited consolidated financial statements of the Corporation for the period ended December 31, 1998, together with the auditor's report thereon;
- c) the approval, with or without variation and subject to regulatory approval, of a special resolution amending the Corporation's Stock Option Plan, more particularly described under the heading "Adoption of an Amended Stock Option Plan";
- d) the approval of the transaction of such other business as may be properly transacted at the Meeting or at any adjournment thereof;
- e) the appointment of KPMG, Chartered Accountants, as auditor of the Corporation for the ensuing year;
- f) authorizing the directors of the Corporation to fix the remuneration to be paid to the auditor;
- g) the election of the persons nominated as directors.

The enclosed Instrument of Proxy confers discretionary authority upon the person indicated in the proxy with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. As of the date of this Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of the Meeting and this Information Circular. If any matters which are not now known to the directors and senior officers of the Corporation should properly come before the Meeting, the persons named in the accompanying Instrument of Proxy will vote on such matters in accordance with their best judgment.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Preferred Shares and an unlimited number of Common Shares without nominal or par value, of which 36,159,900 common shares were issued and outstanding at the date of this Information Circular.

Each Common Share entitles the holder of the Common Share to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors nor are there cumulative or similar voting rights attached to the Common Shares of the Corporation. The directors of the Corporation have fixed April 26, 1999, as the record date for determination of the persons entitled to receive notice of the Meeting.

Shareholders as of the record date are entitled to vote their Common Shares except to the extent that they have transferred the ownership of any of their shares after the record date. The transferees of those shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and request, not later than ten (10) days before the Meeting, that their name be included in the list of shareholders for the Meeting, in which case the transferees are entitled to vote their shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, the only persons beneficially owning, directly or indirectly, shares carrying more than ten (10) percent of the voting rights attached to all shares of the Corporation as of the date of this Information Circular are:

Name and Municipality of Residence	Number of Shares Owned or Controlled Directly or Indirectly	Percentage of Outstanding Voting Shares
Robert Nagy St. Clements, Manitoba	6,640,373	18.36

ELECTION OF DIRECTORS

The Board of Directors of the Corporation currently consist of seven (7) directors, five (5) of whom were elected at the 1997 annual meeting for terms of longer than one year and two (2) of whom were elected at the 1998 annual meeting to serve until the next annual general meeting. The Corporation is required to have a minimum of one (1) director and a maximum of eleven (11) directors.

NOMINEES FOR ELECTION

The following table indicates the names of the nominees for directors and the proposed term of office, the date each such person first became a director, the principal occupation of each such person, and the number of shares of the Corporation beneficially owned or controlled (either directly or indirectly) by each such person. The information contained in the table as to number of shares of the Corporation beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees.

Name, Residence, Date First Became a Director	Proposed Term	Principal Occupation During the Past 5 Years	Common Shares Beneficially Owned and/or Controlled
Peter Hyndman ^{(1) (2) (3)} Vancouver, BC August 23, 1996	1 Year	Director of the Corporation from August 23, 1996 to present. Associate Counsel at Russell & DuMoulin, Barristers & Solicitors, Vancouver, British Columbia from October 1997 to present. Corporate Secretary of The Loewen Group Inc. from January 1990 to present. Director of The Loewen Group Inc. from June, 1986 to March, 1998. The Loewen Group Inc. is a public company based in Vancouver. Mr. Hyndman was an elected member of the British Columbia Legislature from 1979 to 1983 and served as a Minister of Consumer and Corporate Affairs during two years of that term. He is a Governor of the Business Council of British Columbia and a Trustee of Pacific Salmon Foundation and the Steelhead Habitat Restoration Corporation	Nil
Richard L. Johnson Lubbock, Texas December 8, 1997	1 Year	Director of the Corporation since December, 1997. President and Director of Plainview Ice and Host Ice. Past Chairman of South Western Ice Association.	2,150,000
Keith Burrows ^{(1) (2) (3)} Winnipeg, Manitoba August 23, 1996	1 Year	Director of the Corporation from August 23, 1996 to present. President of Bristol Aerospace Limited from June, 1992 until July, 1997. Mr. Burrows also previously served as a Director of Rolls-Royce Industries Canada Inc. and as a member of the International Trade Advisory Committee (ITAC).	Nil

Notes:

- (1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.

CONTINUING DIRECTORS

The persons on the following list were elected as directors of the Corporation at the 1997 annual meeting of Shareholders to hold office until immediately prior to the commencement of the annual meeting of the Corporation to be held in the year indicated.

Name, Residence, Date First Became a Director	To Hold Office Until	Principal Occupation During the Past 5 Years	Common Shares Beneficially Owned and/or Controlled
Robert Nagy St. Clements, MB March 1, 1996	2000 (3 year term)	President, Chief Executive Officer, Chairman of the Board and a Director of the Corporation since March 1, 1996. President and Director of various subsidiaries of the Corporation.	6,640,373 ⁽¹⁾
James E. Clark Vancouver, BC August 23, 1996	2000 (3 year term)	A Director of the Corporation from August 23, 1996 to present and Vice-President, Finance and Acquisitions, Chief Financial Officer until June 22, 1998. President and director of Jecco Properties Ltd. from 1991 to present. President and Director of Moray Channel Enterprises Ltd. from 1991 to present.	1,501,400 ⁽²⁾

Notes:

- (1) 4,765,343 of these shares are held directly by Group IV Inc., 225,000 of these shares are held directly by Dry Ice and Gases (Western) Inc., 750,000 of these shares are held directly by Alberta Ice Services Ltd., each of which corporations are controlled by Mr. Nagy.
- (2) These shares are held directly by Jecco Properties Ltd., a corporation controlled by Mr. Clark.

ADOPTION OF AN AMENDED STOCK OPTION PLAN

For regulatory reasons, the Board of Directors of the Corporation, approved and adopted an amended Stock Option Plan for the Corporation.

Attached hereto as Exhibit "A" is the amended Plan referred to above. The amended Plan is substantively similar to the old Plan of the Corporation but includes the following amendments:

- a) The Plan was amended to:
- i. fix the number of Common Shares reserved for issuance pursuant to stock options granted under the Plan at 3,600,000, such number being approximately ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation as of April 27, 1999;
 - ii. restrict the number of Common Shares reserved for issuance pursuant to the Plan, or any other previously established or proposed stock option arrangement of the Corporation, in respect of all stock options granted to any one optionee at any time at not more than five percent (5%) of the issued and outstanding Common Shares in the capital of the Corporation;
 - iii. restrict the number of Common Shares reserved for issuance pursuant to the Plan, or any other previously established or proposed stock option arrangement of the Corporation in respect of all stock options granted to insiders (as that term is defined in the *Ontario Securities Act*) of the Corporation ("Insiders") at any time at not more than ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation;
 - iv. restrict the number of Common Shares that may be issued to Insiders of the Corporation within a one year period pursuant to the Plan or any other previously established or proposed stock option arrangement of the Corporation at not more than ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation;
 - v. restrict the number of Common Shares that may be issued to any one Insider and associates (as that term is defined in the *Ontario Securities Act*) of such Insider ("Associate") within a one year period pursuant to the Plan or any other previously established or proposed stock option arrangement of the Corporation at not more than five percent (5%) of the issued and outstanding Common Shares in the capital of the Corporation;
 - vi. state that the Board of Directors of the Corporation shall fix the exercise price of any stock options granted under the Plan at a price not less than the closing price of the Common Shares of the Corporation on the first date preceding the grant of stock options as traded on the Toronto Stock Exchange if the shares are traded on The Toronto Stock Exchange or if listed on another stock exchange or stock exchanges, on such stock exchange as may be designated by the Board of Directors of the Corporation; and
 - vii. remove any reference to applicable discounts to the exercise price of stock options granted under the Plan.

The adoption by the Corporation of the amended Plan referred to above is conditional upon, among other things, approval of the amended Plan by the Shareholders of the Corporation at the Meeting.

As of December 31, 1998 there were outstanding options to purchase a total of 1,885,000 Common Shares under the Corporation's existing Stock Option Plan as follows:

Group	Number of Shares Under Option (#)	Date of Grant	Expiration Date	Exercise Price Per Share (\$)	Market Value on Date of Grant (\$)	Market Value on December 31, 1998 (\$)
Directors and Officers who are not Named Executive Officers (7 Persons)	287,500	March 25, 1997	March 25, 2002	0.75	N/A ⁽¹⁾	2.14
	200,000	November 21, 1997	November 21, 2002	1.90	1.93	2.14
	50,000	December 8, 1997	December 8, 2002	2.30	2.70	2.14
	587,500	February 27, 1998	February 27, 2003	2.65	2.65	2.14
Named Executive Officers (4 Persons)	200,000	March 25, 1997	March 25, 2002	0.75	N/A ⁽¹⁾	2.14
	50,000	December 8, 1997	December 8, 2002	2.30	2.70	2.14
	400,000	February 27, 1998	February 27, 2003	2.65	2.65	2.14
	50,000	August 1, 1998	August 1, 2003	2.70	2.70	2.14
Employees (30 Persons)	60,000	December 8, 1997	December 8, 2002	2.30	2.70	2.14

Note:

- ⁽¹⁾ These options were granted prior to the listing for trading of the Corporation's Common Shares on The Alberta Stock Exchange on April 9, 1997.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, pass the following Resolutions:

“BE IT RESOLVED THAT:

1. The amended stock option plan of the Corporation, as described in the Information Circular of the Corporation dated May 4, 1999, is hereby approved, ratified and confirmed.
2. The Board of Directors of the Corporation be and is hereby authorized to cause all such documents, instruments, and other writings to be executed and cause all such acts and things to be done as the Directors may consider necessary or desirable to implement the amended stock option plan as referred to above.”

To be effective, the foregoing Resolutions must be approved by the affirmative vote thereof by at least a majority of the votes cast by the Shareholders who vote on these Resolutions, either in person or by Proxy, at the Meeting. If the above Resolutions are not approved by the Shareholders, the Plan, without such amendments will continue as the stock option plan of the Corporation.

EXECUTIVE COMPENSATION

The following table, sets forth information concerning the compensation of those persons (the "Named Executive Officers") for the financial period ended December 31, 1998 for the Corporation's Chief Executive Officer and its four other most highly compensated executive officers for services rendered by such persons to the Corporation and its subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year ⁽¹⁾	Annual Compensation			Long-Term Compensation	All other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#)	
Robert Nagy, President, Chairman of the Board and Chief Executive Officer	1998 ⁽³⁾	100,000 ⁽⁴⁾	Nil	Nil	Nil	Nil
	1998 ⁽²⁾	60,000 ⁽⁴⁾	Nil	Nil	200,000	Nil
	1997 ⁽²⁾	60,000 ⁽⁴⁾	Nil	Nil	200,000	Nil
Donald Johnson President, Arctic Group International Inc.	1998 ⁽³⁾	US 100,000	Nil	Nil	Nil	Nil
	1998 ^{(2) (5)}	US 52,100	Nil	Nil	50,000	Nil
Richard Thibeault Vice-President, Canadian Plant Operations	1998 ^{(3) (6)}	100,000	Nil	Nil	Nil	Nil
Donald Turple Chief Financial Officer	1998 ⁽³⁾	Nil	Nil	Nil	Nil	177,500 ⁽⁷⁾
	1998 ⁽²⁾	Nil	Nil	Nil	200,000	Nil
Michael Pyle Chief Operating Officer	1998 ^{(3) (8)}	50,000	45,000	Nil	50,000	Nil

Notes:

(1) The Corporation became a reporting issuer in April, 1997.

- (2) Year ending April 30.
- (3) The Corporation changed its financial year end in 1998 to year ending December 31.
- (4) The compensation was paid to a corporation controlled by Mr. Nagy.
- (5) Mr. Johnson joined a subsidiary of the Corporation on December 8, 1997.
- (6) Mr. Thibeault joined a subsidiary of the Corporation on May 1, 1998.
- (7) The compensation was paid to a corporation controlled by Mr. Turple.
- (8) Mr. Pyle joined the Corporation on July 1, 1998.

EMPLOYMENT AGREEMENTS

In May 1996, the Corporation entered into an employment contract with Robert Nagy, which contract was for an initial term of two (2) years with an additional one (1) year term on the mutual consent of the Corporation and Mr. Nagy. The contract provided that Mr. Nagy was paid an annual salary of \$60,000.00. The employment contract has expired and Mr. Nagy and the Corporation are presently reviewing the terms and conditions of new employment contract to be entered into on mutually agreeable terms.

On October 29, 1998, the board of directors of the Corporation passed a resolution approving of the Corporation entering a new employment contract with Robert Nagy which would provide Mr. Nagy with an annual salary of \$150,000, such salary to be retroactive to May 1, 1998. An employment contract with Mr. Nagy has not yet been executed by the Corporation or Mr. Nagy but it is anticipated that this contract will be for a term of one year with additional one year renewal terms on the mutual consent of the Corporation and Mr. Nagy.

In December 1997, Mr. Donald Johnson entered into an employment agreement with Arctic Group International Inc., which contract was for a term of five years. The contract provided that Mr. Donald Johnson was to be paid an annual salary of US \$125,000, with increases during the term of the contract. The contract also provided that stock options would be granted by the Corporation. In the event that Mr. Johnson's employment was terminated without cause for any reason, Arctic Group International Inc. is required to provide six months notice, plus annual payments which amounts are dependant upon the year in which the termination occurred.

In May 1998, Thibeault & Brunelle Ltée entered into an employment agreement with Mr. Richard Thibeault, which contract was for a term of five years. The contract provided that Mr. Thibeault would be paid an annual base salary of \$150,000, subject to cost of living increases. The contract also provided that if as a result of a change of control of voting shares for the Corporation, Mr. Robert Nagy were to cease to hold his position as Chairman and Chief Executive Officer of the Corporation, Mr. Thibeault would be entitled to receive an indemnity equivalent to one year of his base salary.

The Corporation has also entered into an agreement with a company for the provision of the services of a Chief Financial Officer. The contract provides for monthly payments of

\$12,500 plus escalations and incentives. Certain termination payments are due upon a change of control, dependent upon the period in which such change occurs.

In August 1998 the Corporation entered into an employment contract with Mr. Michael Pyle, which contract was for a term of five years. The contract as amended provided that Mr. Pyle was to be paid an annual salary of \$150,000, subject to cost of living increases. The contract provided for the grant of stock options by the Corporation. The contract also contained a provision that if there was a change of the person occupying the office of Chief Executive Officer, certain termination payments were due dependent upon the period in which such change occurred.

STOCK OPTION PLAN

Pursuant to the existing Stock Option Plan, the board of directors of the Corporation or committee thereof, may allocate non-transferable options to purchase Common Shares of the Corporation to directors, officers, employees and consultants and other persons who provide on-going services (the "Optionees") to the Corporation and its subsidiaries. The purpose of the Stock Option Plan is to develop the interest of the Optionees in the growth and development of the Corporation by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

Stock options granted under this Stock Option Plan may be exercisable for a period of up to five years. The board of directors of the Corporation will determine the applicable expiry date of a particular stock option at the time of grant of such stock option. In addition, stock options of an Optionee will expire no more than one hundred and eighty (180) days following the date of death of such Optionee and no more than ninety (90) days after the date such Optionee ceases to be a director, officer, or employee of the Corporation for any reason other than death.

At the time of grant of a stock option, the directors shall fix the exercise price, which price shall not be less than the closing price of the Common Shares on the Alberta Stock Exchange ("ASE"), less applicable discounts as allowed by the ASE, on the first day preceding the date of grant on which the Common Shares traded on the ASE or if the Common Shares are listed on another stock exchange, such stock exchange as may be designated by the directors.

The number of Common Shares reserved for issuance pursuant to the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares issued and outstanding at that time.

The number of Common Shares reserved for issuance pursuant to the Stock Option Plan in respect of all stock options granted to any one Optionee at any time shall not exceed 5% of the aggregate number of Common Shares issued and outstanding at that time.

The stock option may be exercised in whole or in part by delivery to the Corporation at its head office of a written notice that specifies the number of Common Shares in respect of which such option is been exercised together with payment in an amount equal to the exercised price thereof multiplied by such number of Common Shares.

The Stock Option Plan is subject to the rules of the ASE and of any other stock exchange or exchange facility through which the Common Shares may at any time be traded (the "Rules"). To the extent that any provision of the Stock Option Plan conflicts with any Rule, such Rule shall govern and the Stock Option Plan shall be deemed to be amended to be consistent therewith.

During the financial period ended December 31, 1998, the only Stock Options granted pursuant to the Corporation Stock Option Plan were to Mr. Pyle, as set out in the following table.

OPTION GRANTS DURING THE MOST RECENTLY
COMPLETED FINANCIAL PERIOD

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Period	Exercise or Base Price (\$/Security)	Market Values of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Michael Pyle	50,000	100	2.70	2.70	August 1, 2003

The aforesaid options have not been exercised as of the date of this Information Circular.

The following table sets out the number of options exercised, unexercised options and the value of unexercised “in the money” options as at December 31, 1998 for the Named Executive Officers. No options have been exercised by the Named Executive Officers.

AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED
FINANCIAL PERIOD AND FINANCIAL PERIOD ENDED OPTIONS VALUES

Name	Securities Acquired on Exercise (\$)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 1998 (#)	Value of Unexercised in the Money Options at December 31, 1998 (\$)
Robert Nagy	Nil	N/A	400,000 exercisable	278,000 ⁽¹⁾
Donald Johnson	Nil	N/A	50,000 exercisable	0 ⁽²⁾
Richard Thibeault	Nil	N/A	Nil	N/A
Donald Turple	Nil	N/A	200,000 exercisable	0 ⁽³⁾
Michael Pyle	Nil	N/A	50,000 exercisable	0 ⁽⁴⁾

Notes:

(1) This amount was determined multiplying the number of Common Shares issuable under such options by the closing price of the Common Shares on The Alberta Stock Exchange on December 31, 1998 (\$2.14) and subtracting therefrom the product of the number of such Common Shares issuable under such options and the exercise price thereof (\$0.75 as to 200,000 Common Shares and \$2.65 as to 200,000 Common Shares). See “Stock Options”.

(2) This amount was determined multiplying the number of Common Shares issuable under such options by the closing price of the Common Shares on The Alberta Stock Exchange on December 31, 1998 (\$2.14) and subtracting therefrom the product of the number of such Common Shares issuable under such options and the exercise price thereof of \$2.30. See “Stock Options”.

- (3) This amount was determined multiplying the number of Common Shares issuable under such options by the closing price of the Common Shares on The Alberta Stock Exchange on December 31, 1998 (\$2.14) and subtracting therefrom the product of the number of such Common Shares issuable under such options and the exercise price thereof of \$2.65. See "Stock Options".
- (4) This amount was determined multiplying the number of Common Shares issuable under such options by the closing price of the Common Shares on The Alberta Stock Exchange on December 31, 1998 (\$2.14) and subtracting therefrom the product of the number of such Common Shares issuable under such options and the exercise price thereof of \$2.70. See "Stock Options".

COMPOSITION OF COMPENSATION COMMITTEE

The Compensation Committee of the board of directors of the Corporation for the fiscal year ending December 31, 1998 consisted of Peter Stewart Hyndman, Keith F. Burrows (Chairman) and Reginald K. Groome.

REPORT ON EXECUTIVE COMPENSATION

The Corporation maintains a principle of pay for performance, consequently, there is a movement away from base salary towards a competitive salary with incentive in the form of bonuses reflecting underlying corporate performance. This is deemed to be in the best interests of the shareholders and will support the recruitment and retention of qualified and experienced executives.

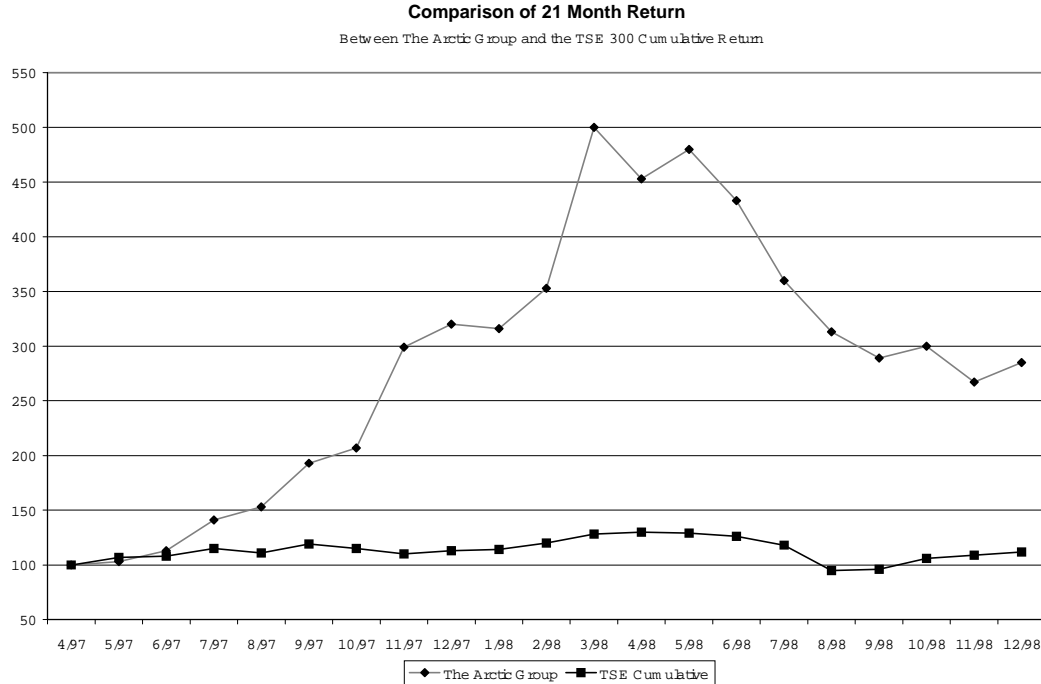
Base salaries for the executive officers are deemed to be competitive and are determined according to the relative contribution to the Corporation.

Long term incentives are provided through the Corporation's Stock Option Plan. The Chief Executive Officer provides recommendations as to the selection of optionees and the extent of their participation. When options are granted the committee takes into account the number and terms of options already granted to an individual pursuant to stated guidelines. The exercise price of options is the closing market price of the Corporation's common shares on the trading day before the date of grant.

The compensation of the Chief Executive Officer for the period ended December 31, 1998 was based on assessments of competitive rates of remuneration for Chief Executive Officers of similar corporations in Canada.

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder returns (assuming an investment of \$100.00 on April 30, 1997) on the Corporation's common shares during the period April 30, 1997 to December 31, 1998 with the cumulative return of the Toronto Stock Exchange 300 Stock Index during the same period. The price performance of the Corporation's common shares as set out on the graph does not necessarily indicate future price performance.



COMPENSATION OF DIRECTORS

During the financial year ended December 31, 1998, each external director (directors of the Corporation who are not salaried employees) of the Corporation received five hundred dollars (\$500.00) per day for each meeting attended and where the meeting was outside the external directors place of residence an additional amount of two hundred dollars (\$200.00) per day. External directors also received two hundred and fifty dollars (\$250.00) for each board meeting attended by telephone and each committee meeting attended. In addition each external director received an annual retainer of twelve thousand dollars (\$12,000.00) and was entitled to receive ten thousand (10,000) stock options per year.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

The Directors, Officers and principal shareholders of the Corporation (and the known associates and affiliates of such persons) have had no direct or indirect interest in any proposed or ongoing material transaction involving the Corporation in the last fiscal year, except the following:

- a) Arctic Ice, Alberta Ice and Pacific Ice, Ice Pedlar Group and Crystal Ice subsidiaries/divisions of the Corporation purchase bottled water for resale from Arctic Glacier Canadian Water Co. Inc. ("Arctic Glacier"), a corporation controlled by Peggy Johnson, a director of the Corporation. The bottled water is sold to these subsidiaries at the wholesale prices charged by Arctic Glacier to third party customers.
- b) Pacific Ice purchases dry ice for resale from Dry Ice and Gases (Western) Ltd. ("Dry Ice"), a corporation controlled by Robert Nagy, the Chairman, President, Chief Executive Officer and a director of the Corporation. The dry ice is sold to Pacific Ice at the wholesale prices charged by Dry Ice to third party customers.
- c) Arctic Ice and Alberta Ice provide dry ice cutting and storage services to Dry Ice on a fee per pound basis which is the same as is charged to third party customers.
- d) Dry Ice operates out of the same facilities as the Corporation in Calgary and Winnipeg. Certain Dry Ice employees provide accounting and administrative services to the Corporation on a cost basis.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As of the date of this Information Circular no directors, executive officers, senior officers or associates or affiliates of such director, executive officer or senior officer is or has been indebted to the Corporation or its subsidiaries since the incorporation of the Corporation or since the last completed financial year of any subsidiary.

LIABILITY INSURANCE FOR DIRECTORS AND OFFICERS

The Corporation maintains insurance for the benefit of its directors, officers and executives against liabilities incurred by them in such capacities, excluding liabilities brought about or contributed to by dishonesty of the insured or based upon or attributable to any property or advantage gained by the insured and to which the insured was not legally entitled. The policy covers claims made against the insureds during the policy period with a limit of \$25 million during the policy year and a limit of \$25 million in respect of each claim. The premium payable by the Corporation for this coverage during the period ended December 31, 1998 was \$33,847.

APPOINTMENT OF AUDITORS

The management of the Corporation proposes to nominate the Corporation's existing auditors, KPMG, Chartered Accountants, as auditors for the Corporation until the next annual general meeting of shareholders at a remuneration to be fixed by the directors. KPMG has been the Corporation's Auditor since shortly after incorporation.

FINANCIAL STATEMENTS

The Corporation's audited consolidated financial statements for the financial period ended December 31, 1998 are included with this Information Circular.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set out in the Notice of meeting. If other matters come before the Meeting it is the intention of the persons indicated in the Instrument of Proxy to vote the same in accordance with their best judgment in such matters.

APPROVAL AND CERTIFICATION

The contents of this Information Circular and the Instrument of Proxy, and the sending of these documents, have been approved by the board of directors for the Corporation.

This Information Circular 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 light of the circumstances in which it was made.

ROBERT NAGY "SIGNED"

ROBERT J. NAGY,
Chairman of the Board and
Chief Executive Officer

May 4, 1999

EXHIBIT "A" to the INFORMATION CIRCULAR

THE ARCTIC GROUP INC.

STOCK OPTION PLAN

1. Purpose of the Plan

The purpose of this stock option plan (the "Plan") is to develop the interest of the directors, officers, employees and other persons who provide on-going services (collectively, "Optionees") to The Arctic Group Inc. (the "Corporation") and its subsidiaries in the growth and development of the Corporation by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

2. Administration

This Plan shall be administered by the board of directors of the Corporation (the "Directors").

3. Granting

The Directors may from time to time and in their discretion grant by way of Resolution one or more stock options ("Stock Options") to purchase voting common shares of the Corporation ("Common Shares") to any one or more Optionees.

4. Number

The number of Common Shares reserved for issuance at any time pursuant to this Plan shall be 3,600,000.

The number of common Shares reserved for issuance pursuant to this Plan, or any other previously established or proposed stock option arrangement of the Corporation in respect of all Stock Options granted to any one Optionee at any one time shall not exceed five percent (5%) of the issued and outstanding Common Shares in the capital of the Corporation.

The number of Common Shares reserved for issuance pursuant to this Plan, or any other previously established or proposed stock option arrangement of the Corporation, in respect of all Stock Options granted to insiders (as that term is defined in the *Ontario Securities Act*) of the Corporation ("Insiders") at any one time shall not exceed ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation.

The number of Common Shares that may be issued to Insiders of the Corporation within one year period pursuant to this Plan or any previously established or proposed stock option arrangement of the Corporation shall not exceed ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation.

The number of Common Shares that may be issued to any one Insider, and associates (as that term is defined in the *Ontario Securities Act*) of such Insider ("Associates"), within a one year period shall not exceed five percent (5%) of the issued and outstanding Common Shares in capital of the Corporation. Common Shares optioned under Stock Options that expire or otherwise terminate in accordance with the terms of the Plan shall be available to be optioned under subsequent grants of Stock Options.

5. Exercise Price

At the time of grant of a Stock Option, the Directors shall fix the exercise price thereof (the "Exercise Price"), which such price shall not be less than the closing price of the Common Shares on The Toronto Stock Exchange (the "Exchange"), on the first date preceding the date of grant on which the Common Shares traded on the Exchange. In the event that the Common Shares are listed on another stock exchange or stock exchanges, the references in this Plan to The Toronto Stock Exchange shall be deemed to be references to such stock exchange as shall be designated by the Directors. In the event that the Common Shares are not listed for trading on any stock exchange at the time of the grant of a Stock Option, the Exercise Price of such Stock Option shall be such price as is determined by the Directors.

6. Vesting

At the time of grant of a Stock Option, the Directors shall fix the date or dates of which the Optionee shall be entitled to exercise part or all of such Stock Options (the "Vesting Dates").

7. Expiry Date

At the time of grant of a Stock Option, the Directors shall fix the date on which such Stock Option shall expire (the "Expiry Date"), provided that such date shall be no later than five (5) years from the date of grant.

8. Stock Option Agreement

A written agreement shall be entered into between the Corporation and each Optionee to whom a Stock Option has been granted under this Plan, which such agreement shall set out the number of Common Shares under option, the Exercise Price, the Vesting Dates, the Expiry Date and such other terms as the Directors determine to be necessary or desirable, all of which shall be in accordance with the provisions of this Plan (the "Stock Option Agreement"). The Stock Option Agreement will be substantially in the form attached as Schedule "A" to this Plan or in such other form as the Directors may from time to time approve (and which other form is approved by the Exchange, if required) and may be executed and delivered for and on behalf of the Corporation by any one of the President, Chief Financial Officer, Vice-President or Secretary of the Corporation or such other officer or director of the Corporation as the Directors may authorize.

9. No Right of Assignment

All Stock Options granted pursuant to this Plan shall be personal to the Optionee and shall not be assignable or otherwise transferable except by will or the laws of descent and distribution.

10. No Right as Shareholder

An Optionee shall have no rights whatsoever as a Shareholder in respect of any Common Shares under option to such Optionee unless and until he/she has exercised the related Stock Option in respect of such Common Shares.

11. Exercise

A Stock Option may be exercised in whole or in part by the delivery to the Corporation at its head office of a written notice (the "Notice") that specifies the number of Common Shares in respect of which such Stock Option is being exercised together with payment in an amount equal to the Exercise Price thereof multiplied by such number of Common Shares.

Upon the exercise of a Stock Option in whole or in part, the Corporation shall cause to be delivered to the Optionee a certificate registered in the name of such Optionee representing the number of Common Shares specified in the Notice.

Common Shares issued upon the valid exercise of a Stock Option shall be validly issued as fully paid and non-assessable. The issuance of such Common Shares shall not require any further Resolution or approval of the Directors and shall be deemed to have occurred on the date that the related Stock Option was exercised.

12. Variations in Number

In the event that the Corporation:

- a. declares a stock dividend or makes a distribution on the Common Shares in Common Shares;
- b. subdivides or consolidates the issued and outstanding Common Shares into a greater or smaller number of Common Shares;
- c. issues rights to all or substantially all of the holders of the Common Shares to purchase additional Common Shares at a price below the closing trading price of the Common Shares on the record date associated with such issuance; or
- d. effects any transaction through which the Common Shares as a class are converted into or rendered exchangeable for any other securities.

then either or both of the number of Common Shares optioned under outstanding Stock Options and the Exercise Price thereof shall be adjusted by Resolution of the Directors if

the Directors determine that such an adjustment is required to prevent substantial dilution or enlargement of the rights granted to Optionees.

13. Variations in Vesting

In the event that an Optionee dies, such Optionee's executor or executrix shall have the right to exercise part or all of all then outstanding and vested Stock Options on behalf of the Optionee's estate until the earlier of the date set by the Directors at the time of the grant of such Stock Options (such date not to exceed one year after the date of death of the Optionee) or the Expiry Date. All Stock Options not exercised by such date shall immediately and automatically terminate. The Directors shall have the right, in their sole discretion, to provide at the time of the grant of the Stock Options of an Optionee, that all Stock Options granted to such Optionee, shall be deemed to fully vest on the day prior to the Optionee's death. If the Directors do so, such Optionee's executor or executrix shall have the right to exercise all of the outstanding Stock Options of such Optionee in accordance with the above.

In the event that an Optionee retires or resigns from his or her office and employment with the Corporation and all of its subsidiaries or is removed from such office and employment (whether with or without cause) or otherwise ceases to hold such office or employment for any reason (otherwise than as a result of the death of the Optionee) all then outstanding and unvested Stock Options granted to such Optionee shall immediately and automatically terminate. Such Optionee shall have the right to exercise part or all of his or her then outstanding and vested Stock Options until the earlier of the date set by the Directors at the time of the grant of such Stock Options (such date not to exceed 90 days after the date such Optionee retires or is removed from such office) or the Expiry Date. All such Stock Options not exercised by such date shall immediately and automatically terminate. The Directors shall have the right, in their sole discretion, to provide at the time of the grant of the Stock Options of an Optionee, that all Stock Options granted to such Optionee shall be deemed to fully vest on the day prior to the resignation or removal of the Optionee from such office or employment. If the Directors do so, such Optionee shall have the right to exercise all of the outstanding Stock Options of such Optionee in accordance with the above.

In the event that:

- a. the Directors determine that there is a reasonable probability that the Corporation will be reorganized, amalgamated or merged with, consolidated into or in any way combined with, another corporation;
- b. the Shareholders of the Corporation approve the liquidation, dissolution or winding-up of the Corporation or the sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation;
- c. a take-over bid, which is a "formal bid" (as that term is defined by the *Securities Act (Alberta)*), is made for any voting or equity securities of the Corporation; or
- d. the Directors determine that there is a reasonable probability that the Corporation will experience a change of control (as determined by the Directors)

the Directors may by Resolution determine that all or any part of the outstanding and unvested Stock Options granted to any one or more Optionees shall vest on a date specified by such Resolution and all such Stock Options shall be deemed to have vested on the date so specified.

14. Amendment or Discontinuance of Plan

This Plan is subject to the rules of the Exchange and of any other stock exchange or exchange facility through which the Common Shares may at any time be traded (the "Rules"). To the extent that any provision of this Plan conflicts with any Rule, such Rule shall govern this Plan and this Plan shall be deemed to be amended to be consistent therewith.

The Directors may amend or discontinue this Plan at any time (upon receipt of the approval of the Exchange), provided that no such amendment or discontinuance may, without the consent of any affected Optionee, alter or impair any Stock Option previously granted to such Optionee under this Plan.

15. Transition

A stock option agreement entered into prior to the effective date of this Plan that remains outstanding on the effective date of this Plan shall continue in full force and effect under the terms of this Plan. Upon the approval of this Plan by the Shareholders of the Corporation, all previous stock option plans, if any, shall be rescinded.

16. Effective Date

This Plan shall become effective as of the date set out below.

DATED:

THE ARCTIC GROUP INC.

Per: _____
Robert Nagy, President

Per: _____
Hugh Adams, Secretary

SCHEDULE "A" TO STOCK OPTION PLAN

STOCK OPTION AGREEMENT

This Agreement effective as of the _____ day of _____, _____.

BETWEEN

THE ARCTIC GROUP INC.,
a body corporate, incorporated under the laws
of the Province of Alberta
(the "Corporation")

OF THE FIRST PART,

- and -

a [director/officer/employee] of [the Corporation]
and a resident of _____, in the
Province of _____
(the "Optionee")

OF THE SECOND PART.

WHEREAS the Corporation adopted a stock option plan effective • (the "Plan") for the purpose of developing the interest of the directors, officers, and employees of the Corporation and its subsidiaries in the growth and development of the Corporation by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

AND WHEREAS pursuant to the Plan the board of directors of the Corporation has approved the granting to the Optionee of a stock to purchase • common shares in the capital stock of the Corporation (the "Common Shares").

NOW THEREFORE, the Corporation and the Optionee hereby agree as follows:

1. The Corporation hereby grants to the Optionee, subject to the terms and conditions set forth in this Agreement and the Plan, the right to purchase the following number of Common Shares at the following exercise price on or after the following vesting date(s) and prior to the close of business on the following expiry date:

# of Shares	Exercise Price	Vesting Date	Expiry Date

2. On the close of business on the expiry date set forth in Section 1 above, the stock option granted hereby shall expire and automatically terminate and be of no further force and effect.
3. The Optionee acknowledges receipt of a copy of the Plan and hereby agrees that the terms and conditions of the Plan shall govern the stock option granted hereby, including all amendments required by any Rule (as defined in the Plan) or otherwise consented to by the Optionee.
4. **In the event that the Optionee dies, the Optionee's executor or executrix shall have the right to exercise part or all of all then outstanding and vested Stock Options on behalf of the Optionee's estate until the earlier of the date which is • days after the date of death of the Optionee or the Expiry Date. All Stock Options not exercised by such date shall immediately and automatically terminate.**

OR

4. **In the event that the Optionee dies, all then outstanding Stock Options granted to the Optionee shall be deemed to have vested on the day immediately preceding the date of the Optionee's death and the Optionee's executor or executrix shall have the right to exercise part of all of such Stock Options on behalf of the Optionee's estate until the earlier of the date that is • days thereafter or the Expiry Date. All Stock Options not exercised by such date shall immediately and automatically terminate.**
5. **In the event that the Optionee retires or resigns from his or her office and employment with the Corporation and all of its subsidiaries or is removed from such office and employment (whether with or without cause) or otherwise ceases to hold such office or employment for any reason (otherwise than a result of the death of the Optionee), the Optionee shall have the right to exercise part or all of his or her then outstanding and vested Stock Options until the earlier of the date that is • days thereafter or the Expiry Date. All such Stock Options not exercised by such date shall immediately and automatically terminate.**

OR

5. **In the event that the Optionee retires or resigns from his or her office and employment with the Corporation and all of its subsidiaries or is removed from such office and employment (whether with or without cause) or otherwise ceases to hold such office or employment for any reason (otherwise than as a result of the death of the Optionee) all then outstanding Stock Options granted to the Optionee shall be deemed to have fully vested on the day prior to the resignation or removal of the Optionee from such office or employment and the Optionee shall have the right to exercise part or all of such Stock Options until the earlier of the date that is • days thereafter or the Expiry Date. All stock Options not exercised by such date shall immediately and automatically terminate.**

6. All notices required or allowed to be given under this Agreement shall be made either personally or by mailing the same by prepaid registered post to:

The Corporation: 625 Henry Avenue
Winnipeg, Manitoba
R3A 0V1

The Optionee:

7. Time is of the essence of this Agreement.
8. This Agreement is subject to and shall be construed in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF, the Corporation and the Optionee have executed this Agreement as of the date and year first above written.

THE ARCTIC GROUP INC.

Per: _____

Witness

[Print Optionee's name here]