| 1 |   |
|---|---|
| 2 | APPENDIX 9-P  |
| 3 | 2003 Audited Financial Statements, Tax Returns and Assessment |

Non-Consolidated Financial Statements of

## E.L.K. ENERGY INC.

Year ended December 31, 2003



KPMG LLP Chartered Accountants 618 Greenwood Centre 3200 Deziel Drive Windsor ON N8W 5K8

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### AUDITORS' REPORT TO THE DIRECTORS

We have audited the non-consolidated balance sheet of E.L.K. Energy Inc. as at December 31, 2003 and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended. These non-consolidated financial statements have been prepared for tax return filing purposes. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance the basis of accounting described in note 1 to the non-consolidated financial statements.

These non-consolidated financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Directors of E.L.K. Energy Inc. and the federal and provincial income tax authorities for income tax purposes. The non-consolidated financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

**Chartered Accountants** 

Windsor, Canada March 5, 2004



Non-Consolidated Balance Sheet

December 31, 2003, with comparative figures for 2002

|   | 2003          | 2002          |
|---|---------------|---------------|
|   |               | (Restated -   |
|   |               | note 12)      |
| Assets  |               |               |
| Current assets:                                   |               |               |
| Cash:<br>Unrestricted                             | \$ 6,552,279  | \$ 4,442,269  |
| Restricted  | 926,286       | φ 1,112,200   |
| Accounts receivable                               | 1,802,614     | 1,521,709     |
| Payment in lieu of income taxes recoverable       | .,            | 64,281        |
| Prepaid expenses                                  | 37,200        | 63,954        |
| Unbilled revenue                                  | 2,530,295     | 2,946,625     |
| Inventories                                       | 251,137       | 274,960       |
|   | 12,099,811    | 9,313,798     |
| Capital assets, at cost (note 3)                  | 17,686,266    | 17,465,456    |
| Less accumulated amortization                     | 9,780,954     | 9,163,777     |
|   | 7,905,312     | 8,301,679     |
| Regulatory assets (note 4)                        | 569,174       | 866,706       |
| Future payments in lieu of income taxes (note 13) | 572,000       | 572,000       |
| Investment in subsidiary – E.L.K. Solutions Inc.  | 100           | 100           |
|   | \$ 21,146,397 | \$ 19,054,283 |

|  | 2003          | 2002          |
|--|---------------|---------------|
|  |               | (Restated -   |
|  |               | note 12)      |
| Liabilities and Shareholders' Equity     |               |               |
| Current liabilities:                     |               |               |
| Accounts payable and accrued liabilities | \$ 3,313,941  | \$ 3,305,484  |
| Payment in lieu of income taxes payable  | 648,908       |               |
| Current portion of customer deposits     | 377,665       | 331,067       |
| Shareholders' promissory notes (note 5)  | 5,850,000     | 6,500,000     |
|  | 10,190,514    | 10,136,551    |
| Long-term liabilities:                   |               |               |
| Customer deposits                        | 210,371       | 252,328       |
| Employee future benefits (note 6)        | 644,766       | 639,105       |
|  | 855,137       | 891,433       |
| Shareholders' equity:                    |               |               |
| Share capital (note 7)                   | 100           | 100           |
| Retained earnings                        | 5,698,273     | 3,623,826     |
| Contributed surplus                      | 4,402,373     | 4,402,373     |
|  | 10,100,746    | 8,026,299     |
| Contingency (note 8)                     |               |               |
|  | \$ 21,146,397 | \$ 19,054,283 |

Non-Consolidated Statement of Earnings

Year ended December 31, 2003, with comparative figures for 2002

|  | 2003          | 2002          |
|--|---------------|---------------|
|  |               | (Restated -   |
|  |               | note 12       |
| Service revenue                                | \$ 17,454,657 | \$ 15,785,098 |
| Service revenue adjustment                     | (416,330)     | 1,229,706     |
|  | 17,038,327    | 17,014,804    |
| Cost of electricity                            | 11,940,399    | 14,177,688    |
| Gross margin on service revenue                | 5,097,928     | 2,837,116     |
| Other operating revenue:                       |               |               |
| Interest and other                             | 495,693       | 503,781       |
| Late payment charges                           | 88,454        | 46,475        |
|  | 584,147       | 550,256       |
|  | 5,682,075     | 3,387,372     |
| Expenditures:                                  |               |               |
| Administration                                 | 679,507       | 680,194       |
| Billing and collecting                         | 523,212       | 437,968       |
| Amortization                                   | 617,177       | 694,112       |
| Interest                                       | 465,762       | 92,890        |
| Operations and maintenance                     | 638,970       | 703,630       |
|  | 2,924,628     | 2,608,794     |
| Income before payments in lieu of income taxes | 2,757,447     | 778,578       |
| Payments in lieu of income taxes:              |               |               |
| Current  | 683,000       | 13,000        |
| Future   |               | 293,000       |
|  | 683,000       | 306,000       |
| Net earnings                                   | \$ 2,074,447  | \$ 472,578    |

Non-Consolidated Statement of Retained Earnings

Year ended December 31, 2003, with comparative figures for 2002

|                            | 2003         | 2002                    |
|----------------------------|--------------|-------------------------|
|                            |              | (Restated -<br>note 12) |
| Balance, beginning of year | \$ 3,623,826 | \$ 9,651,248            |
| Net earnings               | 2,074,447    | 472,578                 |
| Dividends paid             | _            | (6,500,000)             |
| Balance, end of year       | \$ 5,698,273 | \$ 3,623,826            |

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2003, with comparative figures for 2002

|   | 2003  | 2002              |
|---|---|-------------------|
|   |   | (Restated -       |
|   |   | note 12)          |
| Cash provided by (used in):   |   |                   |
| Operations:   | <b>•</b> • • • <b>•</b> • • • • • • • • • • • • • | ф <b>17</b> 0 570 |
| Net earnings  | \$ 2,074,447                                      | \$ 472,578        |
| Items not involving cash:   | 047 477   | 004 110           |
| Amortization of capital assets  | 617,177   | 694,112           |
| Future payments in lieu of income taxes   | F 001   | 293,000           |
| Increase in employee future benefits  | 5,661   | 88,797            |
| Changes in non-cash operating working capital   | 954,246   | (637,249)         |
|   | 3,651,531   | 911,238           |
| Financing:  |   | 0 500 000         |
| Increase (decrease) in shareholders' promissory notes                                     | (650,000)   | 6,500,000         |
| Decrease in long-term customer deposits   | (41,957)  | (5,486)           |
| Dividends paid  | (001.057)   | (6,500,000)       |
|   | (691,957)   | (5,486)           |
| Investing:  | (220,810)   | (164,967)         |
| Capital assets additions, net   | (220,010)   | 26,001            |
| Proceeds on disposal of capital assets<br>Transfer of capital assets to regulatory assets | _   | 214,358           |
| Decrease (increase) in regulatory assets  | 297,532   | (866,706)         |
| Investment in subsidiary - E.L.K. Solutions Inc.  | 207,002   | (100)             |
| Investment in subsidiary * E.E.N. Solutions inc.  | 76,722  | (791,414)         |
| Increase in cash  | 3,036,296   | 114,338           |
| Cash, beginning of year   | 4,442,269   | 4,327,931         |
| Cash, end of year   | \$ 7,478,565                                      | \$ 4,442,269      |

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2003

E.L.K. Energy Inc. supplies and distributes electric power and maintains electrical distribution systems in the following communities: Essex, Harrow, Belle River, Comber, Kingsville, and Cottam.

E.L.K. Energy Inc. also performs the billing function for the Municipality of the Town of Essex Water Department.

#### 1. Basis of presentation:

The non-consolidated financial statements have been prepared in accordance with the significant accounting policies set out below. These non-consolidated financial statements materially differ from Canadian generally accepted accounting principles because they are non-consolidated. The Company's investment in its wholly-owned subsidiary, E.L.K. Solutions Inc., is accounted for using the cost method. Earnings from the investment are recognized only to the extent dividends are received or receivable.

#### 2. Significant accounting policies:

(a) Restricted cash:

Included within the cash balance is an amount of \$926,286 which consists of an irrevocable standby letter of credit issued in favour of the Independent Electricity Market Operator ('IMO") as collateral in support of the Company's purchase of electricity.

(b) Inventories:

Inventories are valued at the lower of cost and market.

(c) Capital assets:

Capital assets are stated at cost. Buildings, equipment and the transmission and distribution system are amortized on the straight-line basis at rates suggested by the Ontario Energy Board. These rates of amortization range from 2% to 25%.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 2. Significant accounting policies: (continued)

(d) Revenue recognition:

Revenue from the sale of electrical energy is recognized when power is delivered to customers. Billings from the last meter reading date are adjusted based on a number of factors to reflect estimated usage to the year end date. These estimates are reflected on the balance sheet as unbilled revenue. Unbilled revenue is the amount of electricity that has been shipped to customers but not billed by the end of the year.

(e) Employee future benefits:

The Company provides post retirement benefits for employees who retire from active employment. The Company measures the costs of its obligation based on its best estimate.

The Company accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits.

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro rated on service and the actuary's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(f) Payments in lieu of taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Commencing October 1, 2001 and pursuant to the Electricity Act, the Company is required to compute taxes under the ITA and OCTA and remit such amounts thereunder computed to the Ministry of Finance (Ontario). These amounts, referred to as PILs under the Electricity Act, are applied to reduce certain debt obligations of the former Ontario Hydro continuing as Ontario Electricity Financial Corporation.

The Company provides for amounts in lieu of corporate income taxes using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 2. Significant accounting policies: (continued)

(f) Payments in lieu of taxes ("PILs"): (continued)

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(g) Pension plan:

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The Fund is a contributory defined benefit pension plan.

(h) Customer deposits:

Customer deposits comprise cash collections from electricity customers which are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individuals upon termination of their electricity service.

(i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Due to these uncertainties, actual results reported in future periods might differ from those estimates.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 3. Capital assets:

|                                  |      |           |                           | 2003              | <br>2002          |
|----------------------------------|------|-----------|---------------------------|-------------------|-------------------|
|                                  |      | Cost      | <br>cumulated mortization | Net book<br>value | Net book<br>value |
| Land                             | \$   | 156,387   | \$<br>-                   | \$<br>156,387     | \$<br>156,387     |
| Building, plant and<br>equipment |      | 2,820,441 | 1,984,428                 | 836,013           | 859,056           |
| Transmission and distr<br>system |      | 4,709,438 | 7,796,526                 | 6,912,912         | 7,286,236         |
| <u> </u>                         | \$ 1 | 7,686,266 | \$<br>9,780,954           | \$<br>7,905,312   | \$<br>8,301,679   |

#### 4. Regulatory assets:

Regulatory assets comprise:

|   | 2003          | 2002          |
|---|---------------|---------------|
| Transition costs                                | \$<br>425,180 | \$<br>384,608 |
| Post-market opening retail settlement variances | 143,994       | 482,098       |
| -   | \$<br>569,174 | \$<br>866,706 |

Regulatory assets represent costs incurred by the Company for the purpose of supporting the deregulation of the electricity industry in Ontario. These amounts have been accumulated pursuant to regulation underlying the Electricity Act ("EA") and deferred in anticipation of their future recovery in electricity distribution charges.

Transition costs represent specific and incremental costs to the Company for systems and process changes to support the opening of the competitive electricity market in Ontario on May 1, 2003 ("Market Opening"). These costs have been deferred pursuant to regulation underlying the Electricity Act and are subject to review and approval for recovery by the OEB. Expenditures determined to be ineligible for recovery will be expensed in the period of such determination.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 4. Regulatory assets: (continued)

Post-market opening retail settlement variances represent amounts that have accumulated since Market Opening and comprise:

- a) variances between amounts charged by the Independent Electricity Market Operator ("IMO") for the operation of the wholesale electricity market and grid, various wholesale market settlement charges and transmission charges, and the amounts billed to customers by the Company based on the OEB approved market service rate; and,
- b) variances between the amounts charged by the IMO to allow for purchases of imported electricity and the amounts billed to customers by the Company based on the OEB approved rates.

#### Restructuring of the electricity industry in Ontario

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA"), conferred on the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity consumers, and the responsibility for ensuring the distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions to electricity distributors which may include, among other things, specified accounting records, regulatory accounting principles, separation of accounts for distinct business and filing and processing requirements for rate setting purposes. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may result in accounting treatments that differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

Under the OEBA, electricity distributors must receive approval of the Ministry of Energy to apply to the OEB for a change in the rates they may charge. On December 19, 2003, the Minister of Energy notified all distributors in Ontario advising them to apply to the OEB for recovery of deferred costs referred to as regulatory assets. It is the government's intention that regulatory assets be recovered over a four-year period. The Board's intention is to provide for recovery of 25% of the regulatory assets as at December 31, 2002 on amended rate schedules, to be issued April 1, 2004, with a March 1, 2004 effective date.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 5. Shareholders' promissory notes:

The shareholders' promissory notes are payable on demand, accrue interest at 7.25% payable annually, and are secured by a general security agreement.

#### 6. Employee future benefits:

E.L.K. Energy Inc. pays certain benefits on behalf of its retired employees.

Information about E.L.K. Energy Inc.'s defined benefit plans is as follows:

| 2003   |   | 2002  |
|--|---|---|
|  | (   | Restated -<br>note 12)                            |
| \$<br>639,105<br>4,753<br>37,394<br>(36,486) | \$  | 550,308<br>35,144<br>88,500<br>(34,846)           |
| \$<br>644,766                                | \$  | 639,105   |
| \$   | \$ 639,105<br>4,753<br>37,394<br>(36,486) | (<br>\$ 639,105 \$<br>4,753<br>37,394<br>(36,486) |

The main actuarial assumptions employed for the valuations are as follows:

|  | 2003              | 2002                  |
|--|-------------------|-----------------------|
| Discount rate<br>Expected return on plan assets<br>Rate of compensation increase | 6%<br>n/a<br>3%   | 6%<br>n/a<br>2%       |
| Medical trend rate:<br>Initial<br>Ultimate<br>Year of ultimate level             | 10%<br>4%<br>2009 | 11.5%<br>6.5%<br>2009 |

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 7. Share capital:

The authorized and issued share capital is as follows:

| Authorized:<br>Unlimited common shares<br>Issued:<br>10,000 common shares |           |
|---|-----------|
| Issued:<br>10,000 common shares   | \$<br>100 |

The common shares were issued as follows:

|  | # of Common<br>shares   | An | nount<br>paid  |
|--|-------------------------|----|----------------|
| Town of Essex<br>Town of Lakeshore<br>Town of Kingsville | 3,800<br>2,400<br>3,800 | \$ | 38<br>24<br>38 |
|  | 10,000                  | \$ | 100            |

#### 8. Contingency:

The Company belongs to the Municipal Electrical Association Reciprocal Insurance Exchange ("Exchange"). This is a pooling of the public liability insurance risks of many Ontario electrical distribution utilities. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. Since joining the Exchange, the Company has not been subject to any assessments for loss experiences.

#### 9. Pension costs:

The Company makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS") which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2003 was \$44,523 for current service and is included as an expense on the statement of earnings.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 9. Pension costs: (continued)

Contributions by the Company commenced effective January 1, 2003. In 2003 the contribution rates were 2.1% for employees earnings below the year's maximum pensionable earnings and 2.6% thereafter. In 2004 the contribution rates rise to 6.0% and 8.8% respectively.

#### 10. Supplemental cash flow information:

|  | 2003                    | 2002                    |
|--|-------------------------|-------------------------|
| Cash paid during the year for:<br>Interest<br>Payments in lieu of income taxes     | \$<br>465,762<br>52,588 | \$<br>92,890<br>102,224 |
| Cash received during the year for:<br>Interest<br>Payments in lieu of income taxes | 142,447<br>45,777       | 106,269<br>28,686       |

#### 11. Related party transactions:

The amounts due to/from shareholders and subsidiary are as follows:

|   | 2003                               | 2002                                  |
|---|------------------------------------|---------------------------------------|
| Due to shareholders, included in accounts payable<br>Due from shareholders, included in accounts receivable<br>Due from subsidiary, included in accounts receivable | \$<br>257,596<br>23,260<br>331,737 | \$<br>2,838,889<br>101,662<br>316,006 |

These amounts are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 12. Correction of error – employee future benefits:

In the prior year, the actuarial report used to determine the employee future benefits obligation utilized incorrect assumptions with respect to the expiration date of benefits. The previous actuarial report was prepared on the basis that benefits would be payable for life, however, benefits cease at age 65. The actuarial report has been revised with the appropriate assumptions regarding duration of benefits, and accordingly, the comparative 2002 liability for employee future benefits has decreased by \$1,084,721, and 2002 closing retained earnings has increased by \$1,084,721. There was no impact on the Company's comparative 2002 statement of earnings.

#### 13. Payment in lieu of income taxes:

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax liabilities and assets as of December 31, 2003 are as follows:

|  | <br>                   |
|--|------------------------|
| Future tax liabilities:                            |                        |
| Regulatory assets<br>Investment                    | \$<br>128,000<br>9,000 |
| Total future tax liabilities                       | \$<br>137,000          |
| Future tax assets:                                 |                        |
| Capital assets                                     | \$<br>636,000          |
| Employee future benefits                           | 233,000                |
| Intangible assets                                  | 252,000                |
| Total future tax assets before valuation allowance | 1,121,000              |
| Valuation allowance for future tax assets          | (412,000)              |
| Total future tax assets                            | 709,000                |
| Net future tax assets and liabilities              | \$<br>572,000          |

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2003

#### 14. Fair value of financial assets and liabilities:

The fair value of the Company's cash, accounts receivable, accounts payable and accrued liabilities, customer deposits and shareholders' promissory notes approximate their carrying values.

It is not practical to determine the fair value of the investment in subsidiary as it is not publicly traded.

Financial assets held by the Company expose it to credit risk. As at December 31, 2003, there were no significant concentrations of credit risk with respect to any class of financial assets.

The Company earns its revenue from a broad base of customers located principally in the Towns of Essex, Lakeshore, and Kingsville. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

| *       | Canada Customs<br>and Revenue Agency  | Agence des douanes<br>et du revenu du Canada  | T2 CORPORATION INCOME TAX RETUR   | RN  | 200<br>Code 0301     |
|---------|---|---|---|-----|----------------------|
|         |   |   |   | 055 | Do not use this area |
| located | rm serves as a federal, pr<br>I in Quebec, Ontario, or A<br>rate provincial corporate r | Iberta. If the corporation is loc   | ation income tax return, unless the corporation is<br>cated in one of these provinces, you have to file   |     |                      |
| contai  | changes that had not yel  | d paragraphs mentioned on th<br>t become law at the time of pr<br>ms in the T2 Corporation – In | nis return refer to the <i>Income Tax Act</i> . This return may inting, If you need more information about items on the <i>ncome Tax Guide</i> (T4012).             |     |                      |
| your ta | x services office or tax ce   | ntre. You have to file the retu   | and the General Index of Financial Information (GIFI), to<br>Irn within six months after the end of the corporation's<br>'2 returns, see items 1 to 5 in the guide. |     |                      |
|         | Identification —  |   |   |     |                      |

**T2 CORPORATION INCOME TAX RETURN** 

| Identification   |   |
|--|---|
| Business Number (BN)   |   |
| Corporation's name   |   |
| 002 E.L.K. Energy Inc.   |   |
|  |   |
| Has the corporation changed its name since the last time we were notified?   | If Yes, do you have a copy of the articles of amendment?                            |
| Address of head office   | To which taxation year does this return apply?                                      |
| Has the address changed since  | Taxation year start Taxation year-end   |
| the last time we were notified?  | 060 2003-01-01 061 2003-12-31   |
| 011 172 Forest Avenue  | YYYY/MM/DD YYYY/MM/DD   |
| 012  | Has there been an acquisition of control<br>to which subsection 249(4) applies      |
| City Province, territory, or state   | since the previous taxation year? 063 1 Yes 2 No X                                  |
|  | If Yes, give the date control was   |
| Country (other than Canada) Postal code/ZIP code 017 018 N8M-3E4   | acquired  |
|  | YYYY/MM/DD  |
| Mailing address (if different from head office address)<br>Has the address changed since the last time we were notified? | Is the corporation a professional   |
| 020 1 Yes 2 No X   | corporation that is a member of a partnership?                                      |
| 021] c/o   |   |
| 022  | Is this the first year of filing after:   |
|  | Incorporation? 070 1 Yes 2 No X   |
| City Province, territory, or state   | Amalgamation?   |
| 025 026  | If Yes, complete and attach Schedule 24.<br>Has there been a windup of a subsidiary |
| Country (other than Canada) Postal code/ZIP code   | under section 88 during the current   |
| 027 028  | taxation year? U/2 1 Yes 2 No 1 f yes, complete and attach Schedule 24.             |
| Location of books and records  | Is this the final taxation year   |
| 031 172 Forest Avenue  | before amalgamation? 076 1 Yes 2 No X   |
| 32   | Is this the final return up to  |
| City Province, territory, or state   | dissolution?  |
| 035 Essex 036 ON   | Le the comparation a resident of Canada?  |
| Country (other than Canada) Postal code/ZIP code   | Is the corporation a resident of Canada?  |
| 037 038 N8M-3E4  | <b>080</b> 1 Yes <b>X</b> 2 No If <i>No</i> , give the country of residence.        |
| 040 Type of corporation at the end of the taxation year  | 081   |
| 1 Canadian-controlled 4 Corporation controlled by a public corporation   | Is the non-resident corporation claiming  |
|  | an exemption under an income tax<br>treaty?   |
| 2     Other private corporation     5     X     Other corporation (specify, below)                                       | If yes, complete and attach Schedule 91.  |
| - Public   | If the corporation is exempt from tax under section 149, tick                       |
| 3 corporation Utility-MEU  | one of the following boxes:   |
|  | 085 1 Exempt under paragraph 149(1)(e) or (I)                                       |
| If the type of corporation changed during  | 2 Exempt under paragraph 149(1)(j)  |
| the taxation year, provide the effective date of the change  | 3 Exempt under paragraph 149(1)(t)  |
| date of the change   | 4 Exempt under other paragraphs of section 149                                      |

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| E.L.K       | Energy Inc. 866567787RC00  | 001        | _        | 2003-12-31 |
|-------------|--|------------|----------|------------|
|             | - Attachments  |            |          | shadulaa   |
| Fina<br>Sch | <b>ncial statement information:</b> For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not edules – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.  |            |          |            |
| Guid        | le item  |            | Yes      | Schedule   |
| 27          |  | 150        | X        | 9          |
| 28          |  | 151        |          | 19         |
|             |  | 160        |          | 23         |
| 29          | is the colporation an associated contaction provide provide the state of the element the presenting limit?   | 161        |          | 49         |
| 30          | the second s |            |          |            |
| 32          | other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents   | 162        |          | 11         |
| 33          | arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?   | 163<br>164 |          | 44<br>14   |
| 34          |  | 165        | $\vdash$ | 15         |
| 35          |  | 166        | $\vdash$ | T5004      |
| 37          |  | 167        | $\vdash$ | T5013      |
| 38          |  | 107        |          | 10010      |
| 40          | at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?   | 168        |          | 22         |
| 41          |  | 169        |          | 25         |
| 42          |  | 170        |          | 29         |
|             |  | 171        |          | T106       |
| 43          |  | 172        | $\vdash$ |            |
| 47          |  |            |          |            |
| 46          | For private corporations: Does the corporation have any shareholders who own 10% or more of<br>the corporation's common and/or preferred shares?   | 173        | X        | 50         |
| 6           |  | 201        | X        | 1          |
| 7 55        | 1 Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or  | 202        |          | 2          |
|             | ecological property?   | 203        |          | 3          |
| 122 (272)   | 14 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?   | 204        | x        | 4          |
| 69-7<br>132 | the second se  | 205        | P        | 5          |
|             | more than one jurisdiction?  | 206        |          | 6          |
| 56          | Has the corporation realized any capital gains or incurred any capital losses during the taxation year?  | 200        |          | 0          |
| 103         | i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends   |            |          |            |
|             | deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or<br>ii) is the corporation claiming the refundable portion of Part I tax?  | 207        |          | 7          |
| 57          |  | 208        | X        | 8          |
| 58          |  | 210        | X        | 10         |
| 59          |  | 212        |          | 12         |
| 60          | Is the corporation claiming reserves of any kind?  | 213        |          | 13         |
| 0           |  | 216        |          | 16         |
| 6           |  | 217        |          | 17         |
| 62          |  | 218        |          | 18         |
| 150         |  | 220        | -        | 20         |
| 13          | · · · · ·  | 221        | -        | 21         |
| 11          | Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?   | 221        |          | 26 *       |
| 1 - 1       |  | -          |          | 20         |
| 11          |  | 227        | -        |            |
| 12          |  | 231        |          | 31         |
| 63          |  | 232        | -        | T661       |
| 124         | Is the corporation subject to gross Part I.3 tax?  | 233        | X        | 33/34/35   |
| 124         | Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?   | 236        | X        | 36         |
| 124         |  | 237        | X        | 37         |
| 128         |  | 238        |          | 38         |
| 128         |  | 242        |          | 42         |
| 129         |  | 243        |          | 43         |
| 129         |  | 244        |          | 45         |
| 12          |  | 249        |          | 46         |
| 12          |  |            | Ē        | 39         |
| 128         | B For life insurance corporations: Is the corporation a member of a related group of insurance corporations  | 251        | 1        | 40         |
| 1           | with one or more members subject to the additional gross Part VI tax?  | -          |          |            |
| 128         | life insurance corporations) with one or more members subject to the additional Part VLIax?  | 252        |          | 41         |
| 15          | Is the corporation claiming a Canadian film or video production tax credit refund?   | 253        |          | T1131      |

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| E.L.K. | Energy | lnc. |
|--------|--------|------|
|--------|--------|------|

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| G  | - Attachments – continued from page 2  | Yes So | chedule |
|----|--|--------|---------|
| 0. |  |        | 92 *    |
| 13 | 0 Is the corporation subject to Part XIII.1 tax?   |        |         |
| 15 | 3 Is the corporation claiming a film or video production services tax credit refund?   |        | T1177   |
| 4  | 4 Did the corporation have any foreign affiliates that are not controlled foreign affiliates?  |        | T1134-A |
| 4  |  |        | T1134-B |
| 4  |  |        | T1135   |
|    |  |        | T1141   |
| 4  |  |        | T1142   |
| 4  |  |        | T1145   |
|    | - Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?  |        | T1146   |
|    | <ul> <li>Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&amp;ED contracts?</li> <li>Has the corporation entered into an agreement with other associated corporations for salary or</li> </ul> |        |         |
|    | wages of specified employees for SR&ED?  |        | T1174   |
|    |  |        | 421     |
|    | - Is the corporation claiming the BC mining exploration tax credit?  |        | T666    |
|    | <ul> <li>Is the corporation claiming the BC SR&amp;ED tax credit?</li> </ul>   |        | 1000    |

| Additional information   |   |
|--|---|
| Is the corporation inactive?   | rn was filed? (enter Yes for first-time filers)   |
| What is the corporation's major business activity?<br>(Only complete if Yes was entered at line 281.)<br>. the major activity involves the resale of goods, indicate whether the resale of goods is the resale of goods indicate whether the resale of goods indicate whether the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods is the resale of goods indicate whether the resale of goods is the resale of goods indicate whether the resale of goods is the resale of go | 282           hether it is wholesale or retail           283           1           Wholesale           2           Retail |
| Specify the principal product(s) mined, manufactured,<br>sold, constructed, or services provided, giving the<br>approximate percentage of the total revenue that each<br>product or service represents.  | 284         ELECTRICITY         285         100%           286         287         0%           288         0%            |
| Did the corporation immigrate to Canada during the taxation<br>Did the corporation emigrate from Canada during the taxation  |   |

| _ | Taxa | ble | inco | ome |
|---|------|-----|------|-----|

| Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF   | 3002,016,518 A  |  |  |  |
|--|---|--|--|--|
| Deduct:       Charitable donations from Schedule 2         Gifts to Canada, a province, or a territory from Schedule 2         Cultural gifts from Schedule 2         Ecological gifts from Schedule 2         Taxable dividends deductible under section 112 or 113, or subsection 138(6)         from Schedule 3         Part VI.1 tax deduction from Schedule 43         Non-capital losses of preceding taxation years from Schedule 4         Net-capital losses of preceding taxation years from Schedule 4         Farm losses of preceding taxation years from Schedule 4         Limited partnership losses of preceding taxation years from Schedule 4         Taxable capital gains or taxable dividends allocated from a central credit union         Prospector's and grubstaker's shares | $\begin{array}{c ccccccccccccccccccccccccccccccccccc$ |  |  |  |
| Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions  |   |  |  |  |
| Taxable income (amount C plus amount D)  | <b>360</b> <u>1,875,315</u>                           |  |  |  |
| Income exempt under paragraph 149(1)(t)  | 370 0   |  |  |  |
| income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)       1,875,315       z         This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.   |   |  |  |  |

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| E.L.K. Energy Inc.   | 866567787RC0001  | 2003-12-3  |
|--|--|--|
| Small business deduction   |  |  |
| Canadian-controlled private corporations (CCPCs) throughout the taxation year  |  | (400) O A  |
| Income from active business carried on in Canada from Schedule 7   |  | 400 <u> </u>   |
| Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on pathe amount at line 636** on page 7, and minus any amount that, because of federal line for the second   | age 7, minus 3 times<br>aw, is exempt from Part I tax  | <b>405</b> B   |
| Calculation of the business limit:   |  |  |
| For all CCPCs, calculate the amount at line 4 below.200,000xNumber of days in the taxation year before 2003()  | = 0 1  |  |
|  | - ····· <u>·····</u> ·   |  |
|  | 0.0  |  |
| 220,000 X  | = <u>0</u> 2   |  |
| Number of days in the taxation year 0  |  |  |
| 250,000 x Number of days in the taxation year in 2004 0<br>Number of days in the taxation year 0   | = <u>0</u> 3   |  |
| 275 000 v Number of days in the taxation year in 2005  | = 0 3.1  |  |
| 275,000 x Number of days in the taxation year 0  |  |  |
| Add amounts at lines 1, 2, 3   | 3 and 3 1 0 4  |  |
|  | , and oth  | [410] 0 C  |
| Business limit (see notes 1 and 2 below)   | (10.1)   |  |
| <ul> <li>Notes: 1. For CCPCs that are note associated, enter the amount from line 4 at line taxation year is less than 51 weeks, prorate the amount from line 4 by the divided by 365, and enter the result on line 410.</li> <li>2. For associated CCPCs, use Schedule 23 to calculate the amount to be an another the second seco</li></ul> | e number of dyas in the taxation year  |  |
|  |  |  |
| Business limit reduction:  | D =  | 0 E  |
|  |  |  |
| 11,250<br>Reduced business limit (amount C minus amount E) (if negative, enter "0")  |  | 425 0 F  |
|  |  | 430 0 G  |
| Small business deduction - 0.00% of whichever amount is least: A, B, C, or F<br>enter amount G on line 9 of page 7)  |  |  |
| <ul> <li>** Calculate the amount of foreign business income tax credit deductible at line 636</li> <li>*** Large corporation tax</li> <li>The large corporation tax to be entered at line 415 is the gross Part I.3 tax, wh reflect a full-year tax liability if the taxation year is less than 51 weeks. For the to 0.225% x (taxable capital employed in Canada minus \$10,000,000).</li> <li>If the corporation is not associated with any corporation in both the current and tax for its preceding taxation year.</li> <li>If the corporation is not associated with any corporation in the current taxation current taxation year: <ul> <li>starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its after December 20, 2002, enter the corporation's gross Part I.3 tax for its for corporations associated in the current taxation year, see Schedule 23 for the current taxation year.</li> </ul> </li> </ul>  | ich is the amount before deducting the surta<br>purpose of the business limit reduction, the<br>d the preceding taxation years, enter the con<br>year, but was associated in the preceding t<br>a for its <b>preceding</b> taxation year; or<br>or its <b>current</b> taxation year. | ax credits, increased to<br>gross Part I.3 tax is equal<br>poration's gross Part I.3 |
|  |  |  |
| Accelerated tax reduction  |  |  |
| Canadian-controlled private corporations throughout the taxation year that cla   |  |  |
| Reduced business limit (amount from line 425)  | O × <u>300,000</u>   | = <u> </u>   |
|  |  |  |
| Net active business income (amount from line 400) *  |  | <u>О</u> В   |
| Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on p   | bage 7,  |  |
| and minus any amount that, because of federal law, is exempt for Part I Tax  | 0 c  |  |
| Deduct:  | 0 D  |  |
| Aggregate investment income (amount from line 440 of page 6)   | <u> </u>   | 0 e  |
| Amount C minus amount D (if negative, enter "0")   |  | E  |
|  |  | <u>0</u> F   |
|  |  |  |
|  | = <u> </u>   |  |
| Amount QQ from Part 13 of Schedule 27  |  |  |
| Taxable resource income from line 435 of page 5  |  |  |
| Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule  |  |  |
| Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is le  | ess <u> </u>   | _  |
| Total of amounts G, H, I, J, and K   | 0  | <u>0</u> L   |
| Amount F minus amount L (if negative, enter "0")   |  | <u> </u>   |
|  |  | <u> </u>   |
| Accelerated tax reduction - 7% of amount M (enter amount N on line 637 of page 7<br>* If the amount at line 450 of Schedule 7 is positive, members of partnerships need  | /<br>to use Schedule 70 to calculate net active  | business income.   |
| * If the amount at line 450 of Schedule 7 is positive, members of partnerships need<br>** Calculate the amount of foreign business income tax credit deductible at line 636  | without reference to the corporate tax redu  | ctions under section 123.4.  |

| E.L.K. Energy Inc.   |                          |         |   | 8665677  | 87RC0001                 | 2003-12-31           |
|--|--------------------------|---------|---|----------|--------------------------|----------------------|
| Resource deduct  | ion                      |         |   |          |                          | 0.4                  |
| Taxable resource income  |                          | • • • • |   |          | 435                      | O A                  |
| Amount A   | 0                        | x       | Number of days in the taxation year in 2003   | 365      | x 1% =                   | <u>О</u> В           |
|  |                          | X       | Number of days in the taxation year   | 365      |                          |                      |
| Amount A   | 0                        | v       | Number of days in the taxation year in 2004   | 0        | x 2% =                   | <u>0</u> c           |
| Amount A   |                          | ^       | Number of days in the taxation year   | 365      |                          |                      |
| Amount A   | 0                        |         | Number of days in the taxation year in 2005   | 0        | x 3% =                   | <u>    0    </u> C.1 |
| , and an extension of the second | ·                        | x       | Number of days in the taxation year   | 365      |                          |                      |
| Resource deduction total<br>(enter amount D on line 10 of  |                          |         |   |          | 438 =                    | <u>0</u> _D          |
| , ,  |                          | ontr    | olled private corporations  |          |                          |                      |
| Canadian-controlled priva  |                          |         |   |          |                          |                      |
|  |                          |         |   |          |                          | 0 E                  |
| Taxable income from line 36  | 30 on page 3             | *       |   |          | (a) a (a (a (a (a) a))). |                      |
|  |                          |         | <u>0</u> x 100/7  |          | 0 F                      |                      |
| Amount Z from Part 9 of Scl<br>Amount QQ from Part 13 of   |                          |         | <u>0</u> × 1007   |          | 0 G                      |                      |
| Taxable resource income fro  |                          |         | ана пределения на нализира на области на конструкции на конструкции на конструкции на конструкции на конструкци<br>На пределението на конструкции на конструкции на конструкции на конструкции на конструкции на конструкции на кон |          | 0 н                      |                      |
|  |                          |         | nt E in Part 3 of Schedule 17)  |          | 0                        |                      |
| Amount on line 400, 405, 41  |                          |         |   |          | 0 J                      |                      |
| Aggregate investment incon   |                          |         |   |          | <u>0</u> K               |                      |
| Amount used to calculate th  |                          |         | ount M of page 4)   |          | <u> </u>                 |                      |
| Total of amounts F, G, H, I,   | J, K, and L              |         | 8   |          | 0                        | 0 м                  |
| Amount E minus amount M  | (if pagative enter "0")  |         |   |          |                          | <u>0</u> N           |
| Anount E minus amount M  | (in negative, enter lo y |         |   |          | 5 <del>.</del>           |                      |
| Amount N   | 0                        | v       | Number of days in the taxation year in 2001   | 0        | x 1% =                   | 0                    |
| Anountin   |                          | ~       | Number of days in the taxation year   | 365      |                          |                      |
|  | 0                        |         | Number of days in the taxation year in 2002   | 0        | x 3% = 🛌                 | 0 0                  |
| Amount N   | <u>v</u>                 | х       | Number of days in the taxation year   | 365      |                          |                      |
|  | 0                        |         | Number of days in the taxation year in 2003   |          | x 5% =                   | 0 P                  |
| Amount N   | 0                        | х       | Number of days in the taxation year   | 365      | x 5% =                   | V.                   |
|  | 0                        |         | Number of days in the taxation year after 2003  |          |                          | 0.9                  |
| Amount N   | 0                        | х       | Number of days in the taxation year   | 365      | x 7% =                   | 0 @                  |
|  |                          |         |   | 305      |                          | 0 r                  |
| General tax reduction for<br>(enter amount R on line 638   |                          | vate c  | corporations - total of amounts year 2001, O, P, and Q  |          | anna an S                |                      |
| (enter amount it of the ood  |                          |         |   |          |                          |                      |
| General tax redu   |                          |         |   |          |                          |                      |
| Corporations other than a  | Canadian-controlled pri  | ivate   | corporation, an investment corporation, a mortgage  | investme | nt corporation           | i,                   |
| a mutual fund corporation  | n, or a non-resident-own | ed inv  | vestment corporation  |          |                          |                      |
| Taxable income from line 36  | 60 of page 3             |         |   |          | ····                     | <u>1,875,315</u> \$  |
|  |                          |         | 0 x 100/7   |          | 0 т                      |                      |
| Amount Z from Part 9 of Sc   |                          |         | <u> </u>  |          | 0 υ                      |                      |
| Amount QQ from Part 13 of  |                          |         | · · · · · · · · · · · · · · · · · · ·   |          | 0 V                      |                      |
| Taxable resource income fro  |                          |         | nt E in Part 3 of Schedule 17)  |          | 0 w                      |                      |
|  |                          |         |   |          | 0                        | <u>0</u> x           |
| Total of amounts T, U, V, a  |                          |         |   |          |                          |                      |
| Amount S minus amount X  | (if negative, enter "0") |         |   |          |                          | <u>1,875,315</u> Y   |
|  |                          |         | Number of days in the taxation year in 2001   | 0        |                          | 0                    |
| Amount Y   | 1,875,315                | х       | Number of days in the taxation year in 2001   |          | x 1% =                   | <u> </u>             |
|  |                          |         |   | 365      | 22/                      | 0.7                  |
| Amount Y   | <u>1,875,315</u>         | х       | Number of days in the taxation year in 2002<br>Number of days in the taxation year  |          | x 3% =                   | <u>    0  </u> z     |
|  |                          |         |   | 365      |                          |                      |
| Amount Y   | 1,875,315                | х       | Number of days in the taxation year in 2003   |          | x 5% = _                 | <u>93,766</u> AA     |
|  |                          |         | Number of days in the taxation year   | 365      |                          |                      |
| Amount Y   | 1,875,315                | х       | Number of days in the taxation year after 2003  | -        | x 7% =                   | О вв                 |
|  |                          | 7 ^ 4   | Number of days in the taxation year   | 365      |                          | 93,766 cc            |
| General tax reduction - to<br>(enter amount CC on line 63  |                          | Z, AF   | A, allu DD  |          | 20020-0000038            |                      |

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|---------------------------|------------|
|                           |            |
|                           |            |
|                           | 0 A        |
| <u>0</u>                  |            |
|                           |            |
| "0") <u> </u>             | Ов         |
|                           | 0 c        |
| <u> </u>                  |            |
| 0                         |            |
| 0                         |            |
| 0<br>0 0<br>0 x 26 2/3% : | =0 D       |
| 0<br>0<br>0<br>450        | 0 E<br>0 F |
|                           |            |

| Refundable dividend tax on hand  |            |
|--|------------|
| Refundable dividend tax on hand at the end of the preceding taxation year       460         Deduct: Dividend refund for the previous taxation year       0         0       0   | 0 A        |
| Add the total of:       0         Refundable portion of Part I tax from line 450 above       0         Total Part IV tax payable from line 360 on page 2 of Schedule 3       0 |            |
| Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation 0                                    | <u>О</u> в |
| Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B   | 0          |

| Dividend refund   |          | ٦ |
|---|----------|---|
| Private and subject corporations at the time taxable dividends were paid in the taxation  | on year  |   |
| Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3         | <u> </u> | ۰ |
| Refundable dividend tax on hand at the end of the taxation year from line 485 above       | В        | , |
| Dividend refund - Amount A or B, whichever is less (enter this amount on line 784 of page | 8)       |   |

page 6 Corporate Taxprep / Taxprep des sociétés - TP-08

| State and control of the analysis of eace of an advance of an advance of an advance of the adva                                | .L.K. Energy Inc.  | 866567787RC0001               | 2003-12-3 |
|--|--|-------------------------------|-----------|
| Stage and control of the answer in the data between the stage and the                                | Part I tax   |                               |           |
| Base anount from line A above       712.620       1         Deduct:       187,532       2         10% of tabable income (line 380 or amount 2, whichever applies) from page 3       0       3         Protein ligging are crack (line) inc 640 below       0       4         Poderal qualifying environmental trust tax credit from line 640 below       0       5         For a mutual fund corporation or an invastment corporation troughout the taxation year, enter anound a, b, or below on line 5, whichever is less:       0       0         28.00 % or taxed corporation line 360 dags 3       0       0       0       0         Total of lines 2 to 6       1877,532       7       0       0       0         Net amount (line 1 minus line 7)       5225,088       8       0   | Base amount of Part I tax – 38,00% of taxable income (line 360 or amount Z, whichever applies) from pag  | je 3 550                      | 712,620   |
| basis       187,532       2         10% of taxability in a subcreation from line 300 or anount 2, whichever applies) from page 3       187,532       2         10% of taxability in a subcreation from line 620 below       0       3         Federal logging tax credit from line 620 below       0       5         Federal logging tax credit from line 620 below       0       5         For a mutual fund corporation of subcreating 648 below       0       5         28.00% of taxability ender constraines 400 of page 3       0       0       6         28.00% of taxability ender constraines 400 of page 3       0       0       6         28.00% of taxability ender constraines 400 of page 3       0       0       6         28.00% of taxability ender constraines 400 of page 3       0       0       0       6         28.00% of taxability ender constraines 400 of page 3       187,532       7       7         Total of lines 2 to 6       187,532       7       187,532       7         Net amount (line 1 minus line 7)       525,088       8       6000       21,004         Carporate surfax - 4,00% of the amount on line 8       6000       21,004       6000       21,004         Resplace for lowestiment fax credit from line 900 on page 6       0       0       1       1  | Corporate surtax calculation   |                               |           |
| 196 of taxable income (line 360 or amount 2, whichever applies) from page 3       1877, 532       2         Invasiment corporation deduction from line 620 below       0       4         Federal qualifying environmental trust tax credit from line 640 below       0       6         Federal qualifying environmental trust tax credit from line 640 below       0       6         Federal qualifying environmental trust tax credit from line 640 below       0       6         Federal qualifying environmental trust tax credit from line 640 below       0       6         Federal qualifying environmental trust tax credit from line 640 below       0       6         Peri tax chemister period       0       0       6         28.00% of taxable income from line 640 page 3       0       0       6         187.7.532       7       0       6       6         View Apuls lines C and D minus line F)       1877.532       7       1887.532       7         Total of lines 2 to 6       52.5.08.8       6       600       21.004       600       21.004         Recapture of investment tax credit from line 640 on page 6       600       21.004       600       600       21.004         Recapture of investment tax credit from line 440 on page 6       0       0       0       1         Taxable  |  | 712,620 1                     |           |
| Investment corporation diduction from line 620 below       0       3         Federal logging tax cradit from line 640 below       0       5         Federal logging tax cradit from line 640 below       0       5         For a multial fund corporation or an investment corporation throughout the staxtory year, enter amount a, b, or c below on line 6, whichever is less:       0       0       6         20.03% of taxable income from line 830 of page 3       0       0       6       6         Petri tax otherwise payable       0       0       6       6       21,004         (line A plus lines C and D minus line F)       187,532       7       7       525,088       6         Corporate surtax – 4.00% of the amount on line 8       800       21,004       8000       21,004         Recepture of investment tax credit from line PPP in Part 21 of Schedule 31       662       0       0       i         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       6       6       0       i         Aggregate investment income from line 40 on page 3       0       0       i       i       733,624         Net amount       0       0       i       i       664       0       9         Peduct:       0       0 <td< td=""><td>10% of taxable income (line 360 or amount Z, whichever applies) from page 3</td><td>1/4/</td><td></td></td<>  | 10% of taxable income (line 360 or amount Z, whichever applies) from page 3  | 1/4/                          |           |
| Federal logging tax credit from line 430 blow       0       5         For a mutual fund corporation or an investment corporation throughout the taxiton year, enter amount a, b, or c bolow on line 6, whichever is tess:       0 <td></td> <td></td> <td></td>  |  |                               |           |
| Federal qualitying environmental fruit tax credit from line 948 billow         For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or 0 below on line 6, whichever is less:         28.00% of taxable income from line 300 of page 3       0         Part 1 atx otherwise payable       0         (ine 4 plus lines C and D minus line F)       187, 532         Total of lines 2 to 6       187, 532         Net amount (line 1 minus line 7)       525, 088         Corporate surfax - 4.00% of the amount on line 8       600         Recepture of investment tax credit from line PPP in Part 21 of Schedule 31       602         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) Investment income       602         Aggregate investment income from line 400 on page 6       0         Taxable income from line 300 on page 3       0         Deduct:       0       0         Amount on line 400, 405, 410, or 425 of page 4, whichever is less       0       0         Statement       0       0       733, 624         Deduct:       603       187, 532       7         Refundable tax on CCPC's investment income income - 6 2/3% of the lesser of amounts i or ii       603       187, 532         Net amount       603       187, 532       9       733, 624  |  |                               |           |
| taxation year, enter amount a, b, or or below on line 6, whichever is less:         28.00% of taxable income from line 360 of page 3         28.00% of taxable income from line 360 of page 3         28.00% of taxable income from line 360 of page 3         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       187,532         7       187,532         7       187,532         7       525,088         8       600         21,004       6002         0       187,532         0       187,532         0       1800         0       1800         0       1800         0       1         0       1         0       1         0  | Federal qualifying environmental trust tax credit from line 648 below  |                               |           |
| 200% of taskd capital gains       0 <td< td=""><td>For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:</td><td></td><td></td></td<>   | For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less: |                               |           |
| 28.00% of taxed capital gains       0         Part It tax otherwise payable       0         (ine A plus lines C and D minus line F)       1877,532         Total of lines 2 to 6       525,088         Net amount (line 1 minus line 7)       525,088         Corporate surtax - 4,00% of the amount on line 8       600         Recapture of investment tax credit from line PPP in Part 21 of Schedule 31       602         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       0         For a CPC throughout the taxation year)       0       0         Aggregate investment lincome from line 400 on page 6       0       0         Taxable income from line 400 on page 3       0       0       0         Net amount       0       0       0       0         Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       609       187,532         Stabloal (add lines A, B, C, and D)       733,624         Deduct:       0       0       187,532         Amount on line 430 of page 4       0       0       0         Subtotal (add lines A, B, C, and D)       733,624       0         Deduct:       0       0       187,532         Manufacturing an protesta deduction from amount BD or  | 28.00 % of taxable income from the 500 of page 5   | 0                             |           |
| Tarka during by black of an D minus line F)       187,532       7         Total of lines 2 to 6       21,004         Net amount (line 1 minus line 7)       525,088       8         Corporate surfax - 4,00% of the amount on line 6       600       21,004         Recepture of investment tax credit from line PPP in Part 21 of Schedule 31       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) Investment income for a CCPC throughout the taxation yea)       0       1         Aggregate investment income from line 400 on page 8       0       0       1         Deduct:       0       0       0       0       1         Refundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii       604       0       733,624         Deduct:       0       0       187,532       0       733,624         Subtotal (add lines A, B, C, and D)       733,624       0       0       733,624         Deduct:       0       0       0       0       0       0       0         Subtotal (add lines A, B, C, and D)       733,624       0       0       0       0         Part and processing profits deduction from amount BB or amount RR       608       0       0       0         Gl  |  | <u>0</u> _6                   |           |
| Total of lines 2 to 6       187,532       7         Net amount (line 1 minus line 7)       525,088       8         Corporate surtax - 4.00% of the amount on line 8       600       21,004         Recapture of investment tax credit from line PPP in Part 21 of Schedule 31       6002       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       0       i         Agregate investment income from line 440 on page 5       0       0       i         Taxable income from line 440 on page 3       0       0       ii         Deduct:       0       0       ii       1804       0         Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       1804       0       733,624         Deduct:       0       0       0       187,532         Manufacturing and processing profits deduction from amount RR       616       0       0         Vestored capital gains       624       0       0       0         Vestored capital gains       624       0       0       0         Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amount RR       61  |  |                               |           |
| Net amount (line 1 minus line 7)       525,088       8         Corporate surtax - 4.00% of the amount on line 8       600       21,004         Recepture of investment tax credit from line PPP in Part 21 of Schedule 31       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       0       i         Aggregate investment income from line 440 on page 6       0       0       i         Aggregate investment income from line 360 on page 3       0       0       i         Deduct:       0       0       i       604       0         Retundable tax on CCPC's investment income – 6 2/3% of the leaser of amounts i or ii       603       187,532         Manutacturing and processing profits deduction from amount BB or amount RR       616       0       0         Netstment       608       187,532       0       632       0         Additional deduction - credit unions from Schedule 21       638       0       632       0         Net amount       604       0       0       0       0       0         Additional deduction from inne 430 of page 4       632       0       0  |  | 187,532 7                     |           |
| Net allouit (life 1 minus life 1)       21,004         Corporate surtax - 4.00% of the amount on line 8       600       21,004         Recepture of investment tax credit from line PPP in Part 21 of Schedule 31       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       602       0         If a CCPC throughout the taxation year)       0       0       0       0         Aggregate investment income from line 440 on page 6       0       0       0       0         Taxable income from line 440 on page 3       0       0       0       0       0         Net amount       0       0       0       0       0       0       0         Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts I or ii       604       0       733,624         Deduct:       0       0       0       10       733,624         Subtotal (add lines A, B, C, and D)       733,624       0       0       0         Marufacturing and processing profits deduction from amount BB or amount RR       616       0       0       0         Marufacturing and processing profits deduction from amount BB or amount RR       616       0       0       0       0         Additional deduction – credi  |  |                               |           |
| Corporate surfax - 4,00% of the amount of line 6       0         Recapture of investment tax credit from line PPP in Part 21 of Schedule 31       602       0         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income from line 400 npage 6       0       0         Taxable income from line 400 npage 3       0       0       0       0         Deduct:       0       0       0       0       0       0       0         Retundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii       604       0   | Net amount (line 1 minus line 7)   | 525,088 8                     |           |
| Query Link of investment tax credit from line PPP in Part 21 of Schedule 31       Image: Constraint of the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income         Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income       Image: Constraint of the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income         Aggregate investment income from line 400 on page 3       Image: Constraint of the refundable tax on page 3       Image: Constraint of the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income         Amount on line 400, 405, 410, or 425 of page 4, whichever is less       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii         Deduct:       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii         Deduct:       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the lesser of amount RR       Image: Constraint of the refundable tax on CCPC's investment income – 6 2/3% of the refundable tax on CCPC's investment conporation deduction – credit from Schedule 21       Image:  | Corporate surtax – 4.00% of the amount on line 8   | 600                           | 21,004    |
| Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income for a CCPC throughout the taxation year) Aggregate investment income from line 440 on page 6 Taxable income from line 360 on page 3 Deduct: Amount on line 400, 405, 410, or 425 of page 4, whichever is less Net amount Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or iii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amounts i or ii Colored to the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of the lesser of amount RR Colored to the lesser of th | Recenture of investment tay gradit from line PPP in Part 21 of Schedule 31   | 602                           | 0         |
| Net amount       0       0       i         Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii       604       0         Subtotal (add lines A, B, C, and D)       733,624         Deduct:       0       9         Small business deduction from line 430 of page 4       608       187,532         Federal tax abatement       608       187,532         Manufacturing and processing profits deduction from amount BB or amount RR       616       0         of Schedule 27       628       0         Investment corporation deduction       622       0         (taxed capital gains       624       0         Additional deduction – credit unions from Schedule 17       638       0         Federal foreign non-business income tax credit from Schedule 21       636       0         Federal foreign business income tax credit from Schedule 21       637       0         Accelerated tax reduction from amount N of page 4       637       0       10         General tax reduction for CPCPs from amount R of page 5       638       0       10         General tax reduction for amount R of page 5       639       93,766       640       0   | Aggregate investment income from line 440 on page 6<br>Taxable income from line 360 on page 3  | i                             | a.        |
| Refundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii       604       0         Subtotal (add lines A, B, C, and D)       733,624         Deduct:       0       9         Small business deduction from line 430 of page 4       608       187,532         Federal tax abatement       608       187,532         Wanufacturing and processing profits deduction from amount BB or amount RR of Schedule 27       616       0         (taxed capital gains       624       0       0         (taxed capital gains       624       0       0         Additional deduction - credit unions from Schedule 17       636       0       636       0         Federal foreign non-business income tax credit from Schedule 21       636       0       637       0       10         Federal foreign business income tax credit from Schedule 21       638       0       10       638       0       10         General tax reduction from amount N of page 5       638       0       10       638       0       10         General tax reduction from amount C of page 5       639       93,766       640       0       0  |  | 0                             |           |
| Subtotal (add lines A, B, C, and D)       733,624         Subtotal (add lines A, B, C, and D)       733,624         Small business deduction from line 430 of page 4       608       187,532         Federal tax abatement       608       187,532         Manufacturing and processing profils deduction from amount BB or amount RR       616       0         of Schedule 27       628       0         Investment corporation deduction       622       0         (taxed capital gains       624       0         Additional deduction       636       0         (taxed capital gains income tax credit from Schedule 17       636       0         Federal foreign non-business income tax credit from Schedule 21       636       0         Federal foreign business income tax credit from Schedule 21       636       0         Accelerated tax reduction from amount N of page 4       0       10         General tax reduction for CPCs from amount R of page 5       638       0         General tax reduction from amount CC of page 5       639       93,766         General tax reduction from amount CC of page 5       640       0   | Net amount0  | Ü_ ii                         |           |
| Deduct:       0       9         Small business deduction from line 430 of page 4       608       1.87,532         Federal tax abatement       608       1.87,532         Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27       616       0         Investment corporation deduction       620       0         (taxed capital gains       624       0       0         Additional deduction – credit unions from Schedule 17       628       0       632       0         Federal foreign non-business income tax credit from Schedule 21       636       0       637       0         Federal foreign business income tax credit from Schedule 21       636       0       10         Accelerated tax reduction from amount N of page 4       0       10       10         General tax reduction for CCPCs from amount R of page 5       638       0       0       0         General tax reduction from amount C of page 5       639       93,766       640       0       0         Federal logging tax credit from Schedule 21       640       0       0       0       0   | Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii   |                               | 0         |
| Small business deduction from line 430 of page 4 0   Federal tax abatement 608   Manufacturing and processing profits deduction from amount BB or amount RR   of Schedule 27   Investment corporation deduction   (taxed capital gains   624   0   Additional deduction – credit unions from Schedule 17   Federal foreign non-business income tax credit from Schedule 21   Federal foreign business income tax credit from Schedule 21   Federal foreign business income tax credit from Schedule 21   Federal tax reduction from line 438 of page 5   General tax reduction from line 438 of page 5   General tax reduction from amount R of page 5   General tax reduction from amount R of page 5   Federal tax reduction from Schedule 21  | Subtot   | al (add lines A, B, C, and D) | 733,624   |
| Small business deduction from line 430 of page 4       608       187,532         Federal tax abatement       608       187,532         Manufacturing and processing profits deduction from amount BB or amount RR       616       0         of Schedule 27       0       620       0         Investment corporation deduction       624       0       0         (taxed capital gains       624       0       0         (taxed capital gains       624       0       0         Additional deduction – credit unions from Schedule 17       628       0         Federal foreign non-business income tax credit from Schedule 21       636       0         Federal foreign business income tax credit from Schedule 21       636       0         Accelerated tax reduction from amount N of page 4       0       10         Resource deduction from line 438 of page 5       638       0         General tax reduction for CCPCs from amount R of page 5       639       93, 766         General tax reduction from amount CC of page 5       639       93, 766         Federal logging tax credit from Schedule 21       640       0   | Deduct:  | 0.9                           |           |
| Headernent       Intervent to the second secon   | Small business deduction from line 430 of page 4   |                               |           |
| of Schedule 27       0         Investment corporation deduction       0         (taxed capital gains       624         0       0         Additional deduction – credit unions from Schedule 17       628         Federal foreign non-business income tax credit from Schedule 21       636         Federal foreign business income tax credit from Schedule 21       636         Accelerated tax reduction from amount N of page 4       0         Resource deduction from line 438 of page 5       0         General tax reduction for CCPCs from amount R of page 5       638         General tax reduction from amount CC of page 5       639         Federal logging tax credit from Schedule 21       640   | Manufacturing and processing profits deduction from amount BB or amount RB   |                               |           |
| (taxed capital gains       624       0         (taxed capital gains       624       0         Additional deduction – credit unions from Schedule 17       632       0         Federal foreign non-business income tax credit from Schedule 21       636       0         Federal foreign business income tax credit from Schedule 21       636       0         Accelerated tax reduction from amount N of page 4       637       0         Resource deduction from line 438 of page 5       0       638       0         General tax reduction for CCPCs from amount R of page 5       638       0       639       93, 766         General tax reduction from schedule 21       644       0       0  | of Schedule 27   | 0                             |           |
| Itexed capital gains       Image: Capital gains <td< td=""><td>Investment corporation deduction</td><td></td><td></td></td<>   | Investment corporation deduction   |                               |           |
| Federal foreign non-business income tax credit from Schedule 21       632       0         Federal foreign business income tax credit from Schedule 21       636       0         Accelerated tax reduction from amount N of page 4       637       0         Resource deduction from line 438 of page 5       0       10         General tax reduction for CCPCs from amount R of page 5       638       0         General tax reduction from amount CC of page 5       639       93,766         Federal logging tax credit from Schedule 21       640       0  | (laxed capital gains 021)  | 0                             |           |
| Federal foreign business income tax credit from Schedule 21       636       0         Accelerated tax reduction from amount N of page 4       637       0         Resource deduction from line 438 of page 5       0       10         General tax reduction for CCPCs from amount R of page 5       638       0         General tax reduction from amount CC of page 5       639       93,766         Federal logging tax credit from Schedule 21       640       0  | 620  |                               |           |
| Accelerated tax reduction from amount N of page 4       0       10         Resource deduction from line 438 of page 5       0       0         General tax reduction for CCPCs from amount R of page 5       638       0         General tax reduction from amount CC of page 5       639       93,766         Federal logging tax credit from Schedule 21       0       0  | Federal foreign business income tax credit from Schedule 21  |                               |           |
| General tax reduction for CCPCs from amount R of page 5       638       0         General tax reduction from amount CC of page 5       639       93,766         Federal logging tax credit from Schedule 21       640       0  | Accelerated tax reduction from amount N of page 4  |                               |           |
| General tax reduction for CCPCs from amount R of page 5         General tax reduction from amount CC of page 5         Federal logging tax credit from Schedule 21   | Resource deduction from line 438 of page 5   |                               |           |
| General tax reduction from amount CC of page 5   640   0     Federal logging tax credit from Schedule 21   640   0   | General tax reduction for CCPCs from amount R of page 5  |                               |           |
|  | General tax reduction from amount CC of page 5   |                               |           |
|  |  | 0                             |           |
| Federal political contributions 6460   |  |                               |           |
| Federal qualifying environmental trust tax credit  | Federal qualifying environmental trust tax credit  | 0                             |           |
| Investment tax credit from Schedule 31   | Investment tax credit from Schedule 31   | ×                             | 001 000   |
|  | Subtotal   | 281,298                       | 281,298   |
| Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8)  | Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8)  |                               | 452,326   |

| E.L.K. Energy Inc.   | 866567787RC0001  | 2003-12-31      |
|--|--|-----------------|
| Summary of tax and credits   |  |                 |
| Federal tax  |  |                 |
| Part I tax payable from page 7   | 700  | 452,326         |
| Part I.3 tax payable from Schedule 33, 34, or 35   | 704  | 0               |
|  | 708  | 0               |
| Part II surtax payable from Schedule 46  | 712  | 0               |
| Part IV tax payable from Schedule 3  | 716  | 0               |
| Part IV.1 tax payable from Schedule 43   | 720  | 0               |
| Part VI tax payable from Schedule 38   | 724  | 0               |
| Part VI.1 tax payable from Schedule 43   | 727  | 0               |
| Part XIII.1 tax payable from Schedule 92   | 728  | 0               |
| Part XIV tax payable from Schedule 20  | Total federal tax  | 452,326         |
| Add provincial and territorial tax:  |  |                 |
| Provincial or territorial jurisdiction 750 ON  |  |                 |
| (if more than one jurisdiction, enter "multiple" and complete Schedule 5)  |  |                 |
| Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)   |  |                 |
| Provincial tax on large corporations (New Brunswick and Nova Scotia)   | 765 0  | 0               |
|  | 0  | 0               |
|  | Total tax payable 770  | 452,326 A       |
| Deduct other credits:  |  |                 |
| Investment tax credit refund from Schedule 31  | 780  |                 |
| Dividend refund from page 6  | 784  |                 |
| Federal capital gains refund from Schedule 18  | 788  |                 |
| Federal qualifying environmental trust tax credit refund   | 792 0  |                 |
| Canadian film or video production tax credit refund from Form T1131  | 796 0  |                 |
| Film or video production services tax credit refund from Form T1177  | 797 0  |                 |
| Tax withheld at source   | 800 0  |                 |
|  | 0  |                 |
|  |  |                 |
| Allowable refund for non-resident-owned investment corporations<br>from Schedule 26  | 804 0  |                 |
| Provincial and territorial capital gains refund from Schedule 18   | 808 0  |                 |
| Provincial and territorial refundable tax credits from Schedule 5  | 812 0  |                 |
| Royalties deductible under Syncrude Remission Order 815  | 0  |                 |
| Tax remitted under Syncrude Remission Order  | 816 0  |                 |
| Tax instalments paid   | 840 0  |                 |
| Total cr   | redits 890 0   | 0 в             |
| Refund code 894 0 Overpayment 0  | Balance (line A minus line B)  | 452,326         |
|  |  |                 |
| Direct deposit request   | If the result is negative, you have ar   | overpayment.    |
|  | If the result is positive, you have a b  |                 |
| To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information                                   | Enter the amount on whichever line   | applies.        |
| you already gave us, complete the information below:   | We do not charge or refund a different   | ence of less    |
| Start Change information 910   | than \$2.  |                 |
| Start Change information Branch number   | - Balance unpaid   | 452,326         |
|  |  |                 |
| 914 918 Account number   | Enclosed payment 898   | 452,326         |
|  | Enclosed payment   | 104/040         |
| If the corporation is a Canadian-controlled private corporation throughout the taxation  | 896 1 Yes  | 2 No X          |
| year, does it qualify for the one-month extension of the date the balance of tax is due?   | · · · · · · · · · · · · · · · · · · ·  |                 |
|  |  |                 |
| Certification  | 954 DIRECTOR OF FINANC   | NC .            |
| I, 950 SLATER 951 SANDRA<br>Last name in block letters   |  |                 |
|  | intero ,   |                 |
| am an authorized signing officer of the corporation. I certify that I have examined this return<br>and that the information given on this return is, to the best of my knowledge, correct and co | n, including accompanying schedules and stateme<br>omplete. I further certify that the method of calculation | ents,<br>atina  |
| income for this taxation year is consistent with that of the previous year except as specification   | ally disclosed in a statement attached to this return  | ٦.              |
|  |  |                 |
| 955 2004-04-01   |  | 7 <u>6-5291</u> |
| Date (yyyy/mm/dd) Signature of the authorized signing officer of t   | he corporation I ele   | phone number    |
| Is the contact person the same as the authorized signing officer? If No, complete the inform   | mation below 957 1 Yes   | X 2 No          |
|  |  |                 |
| 958  | 959  |                 |
| Name in block letters  | Tele   | phone number    |
| Language of correspondence - Langue de correspondance  |  |                 |
|  |  |                 |
| 990 Indicate the language of your choice.<br>Indiguer la langue de correspondance de votre choix.  | 1 English/Anglais X 2 Français/F   | rench           |
|  |  | page 8          |

page 8 Corporate Taxprep / Taxprep des sociétés - TP-08

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

#### NET INCOME (LOSS) FOR INCOME TAX PURPOSES

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to an this schedule are from the "Income Tax Act."
- For more information, see the "T2 Corporation Income Tax Guide."

| Net income (loss) after taxes and                                       |     |           | 0.054.445 |   |
|---|-----|-----------|-----------|---|
| extraordinary items per financial statements                            |     |           | 2,074,447 | A |
| Additions:  | 101 | 683,000   |           |   |
| Provision for income taxes - current                                    | 104 | 617,177   |           |   |
| Amortization of tangible assets   | 126 | 644,766   |           |   |
| Reserves from financial statements - balance at the end of the year.    |     | 011,700   |           |   |
|   |     | 1,944,943 | 1,944,943 |   |
| Subtotal of additions   |     | 1,911,913 | 1,911,910 |   |
| Other Additions:  |     |           |           |   |
| ellaneous Other Additions:  |     |           |           |   |
| Meals and entertainment   | 290 | 2,547     |           |   |
| Addition of expenses capitalized for accounting P/Y                     | 291 | 338,104   |           |   |
| 602 Capital tax accrued in the accounts                                 | 292 | 37,000    |           |   |
| 603a Enerconnect Limited Partnership income 2,686                       |     |           |           |   |
| 603b 0  |     |           |           |   |
| 603c 0  | -   |           |           |   |
| 2,686   | 293 | 2,686     |           |   |
|   |     |           |           |   |
| Subtotal of Other Additions   | 199 | 380,337   | 380,337   |   |
|   |     |           |           |   |
| Total Additions   | 500 | 2,325,280 | 2,325,280 |   |
|   |     |           |           |   |
| Deductions:   |     |           |           |   |
| Capital cost allowance from Schedule 8                                  | 403 | 556,260   |           |   |
| Cumulative eligible capital deduction from Schedule 10                  | 405 | 52,418    |           |   |
| Reserves from financial statements-balance at the beginning of the year | 414 | 1,723,826 |           |   |
|   |     |           | 0 000 504 |   |
| Jotal of Deductions   |     | 2,332,504 | 2,332,504 |   |
|   |     |           |           |   |
| Other Deductions:   |     |           |           |   |
|   |     |           |           |   |
| Miscellaneous Other Deductions:   |     |           |           |   |
| 700 Deduction of expenses capitalized for accounting                    | 390 | 15,324    |           |   |
| 702 Actual capital tax  | 392 | 35,381    |           |   |
|   |     |           |           |   |
| Subtotal of Other Deductions  | 499 | 50,705    | 50,705    |   |
|   |     |           |           |   |
| Total Deductions  | 510 | 2,383,209 | 2,383,209 |   |
|   |     |           |           |   |
| Net income (loss) for income tax purposes.                              |     |           | 2,016,518 |   |
| (enter on line 300 on the T2 return)                                    |     |           |           |   |
|   |     |           |           |   |
|   |     |           |           |   |

Sch. 004

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# CORPORATION LOSS CONTINUITY AND APPLICATION (2000 and later taxation years)

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year.
   It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For a detailed description and calculation of these losses, see Interpretation Bulletin IT-232,
   "Losses Their Deductibility in the Loss Year or in Other Years." For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs, referred to on this schedule are from the federal "Income Tax Act."

#### Part 1 - Non-capital losses

| Determination of current-year non-capital loss                             |           |            |
|--|-----------|------------|
| Net income (loss) for income tax purposes                                  | 2,016,518 | l.         |
| Deduct: (increase a loss)  |           |            |
| Net capital losses deducted in the year                                    |           |            |
| ar as a positive amount)   | )         |            |
| axable dividends deductible under sections 112, 113, or subsection 138(6), | )         |            |
| Amount of Part VI.1 tax deductible   | )         |            |
| Amount deductible as prospector's and grubstaker's shares                  |           |            |
| - Paragraph 110(1)(d.2)  | ) 0       | )          |
|  |           | 6          |
| Subtotal (if positive, enter "   | )") C     | )          |
| Deduct: (increase a loss)  |           |            |
| Section 110.5 - Addition for foreign tax deductions                        | s C       | )          |
|  |           | n<br>6<br> |
| Subto  | tal C     | )          |
| Add: (decrease a loss)   |           |            |
| Current-year farm loss   | C         | )          |
|  |           | e<br>F     |
| Current-year non-capital loss (if positive, enter "0")                     | C         | )          |
|  |           |            |
|  |           |            |

| Continuity of non-capital losses and request for a carryback |         |         |  |
|--|---------|---------|--|
| Non-capital loss at the end of preceding taxation year       | 141,203 |         |  |
| Deduct: Non-capital loss expired after seven taxation years  | 0       |         |  |
| Non-capital losses at beginning of                           |         |         |  |
| taxation year  | 141,203 |         |  |
| Add: Non-capital losses transferred on amalgamation or       |         |         |  |
| wind-up of subsidiary corporation                            | 0       |         |  |
| Current-year non-capital loss (from calculation above)       | 0       | 141,203 |  |

T2 SCH 4 E (01)

(Ce formulaire existe en français.)

Page 1 of (4 or 6)

Corporate Taxprep / Taxprep des sociétés - TP-08

| E.L.K. Energy Inc.  |                     |              | 0000 10 01 | Sch. 004 |
|---|---------------------|--------------|------------|----------|
| Account/Business No.: 866567787RC   | 0001 Year           | Ended:       | 2003-12-31 |          |
| Continuity of non-capital losses and request for a  | carryback (cont'd)  |              |            |          |
| Deduct:   | carryback (cont d)  |              |            |          |
| Amount applied against taxable income   |                     |              |            |          |
| (enter on line 331 of the T2 return)  |                     | . 130 141,20 | 13         |          |
| Amount applied against taxable dividends subject to Part IV tax   |                     |              | 0          |          |
| Section 80 - Adjustments for forgiven amounts   |                     |              | 0          |          |
| Subsection 111(10) - Adjustments for fuel tax rebate  |                     |              | 0          |          |
| Other adjustments   |                     | 150          | 0 141,203  |          |
|   |                     | Subtot       | al 0       |          |
| Deduct. Deswart to come back non-conital loss to:   |                     | 300101       | ai v       |          |
| Deduct - Request to carry back non-capital loss to:<br>First preceding taxation year to reduce taxable income |                     | 901          | 0          |          |
| Second preceding taxation year to reduce taxable income   | ******              | 902          | 0          |          |
| Third preceding taxation year to reduce taxable income  |                     | 903          | 0          |          |
| First preceding taxation year to reduce taxable dividends   |                     | _            |            |          |
| subject to Part IV tax  |                     | 911          | 0          |          |
| Second preceding taxation year to reduce taxable dividends  |                     | 012          | 0          |          |
| subject to Part IV tax  |                     | , 912        | 0          |          |
| Third preceding taxation year to reduce taxable dividends   |                     | 913          | 0 0        | D        |
| subject to Part IV tax  | ******              |              |            |          |
| Non-capital losses - Closing balance  |                     | 180          | ] 0        |          |
|   |                     |              | ********** |          |
|   |                     |              |            |          |
|   |                     |              |            |          |
| └lection under paragraph 88(1.1)(f)   |                     | 100          | 1          |          |
| Paragraph 88(1.1)(f) election indicator   | ita immediatalu     |              | Yes [ ]    |          |
| Loss from a wholly owned subsidiary deemed to be a loss of the parent f                                       | rom its immediately |              |            |          |
| preceding taxation year.  |                     |              |            |          |
|   |                     |              |            |          |
| Part 2 - Capital losses   |                     |              |            |          |
| Continuity of capital losses and request for a carry  |                     |              |            |          |
| Capital losses at end of preceding taxation year  |                     | 200          | 0          |          |
| Capital losses transferred on amalgamation or wind-up of  |                     | 205          | 0          |          |
| subsidiary corporation<br>Current-year capital loss (from Schedule 6 calculation)                             |                     |              | 0 0        |          |
| Add:  |                     | ·a 🖵         |            |          |
| Allowable business investment loss expired as non-capital loss  |                     | 0x 4/3 220   | ] 0        |          |
|   |                     |              |            |          |
|   |                     | Subto        | tal 0      |          |
| r fuct:   |                     |              |            |          |
| ount applied against current-year capital gain  |                     |              |            |          |
| (see note 1)  |                     |              | 0          |          |
| Section 80 - Adjustments for forgiven amounts.  |                     |              | 0 0        |          |
| Other adjustments   |                     | 230          | 0 0        |          |
|   |                     | Subto        | tal 0      |          |
| Deduct - Request to carry back capital loss to: (see note 2)  |                     |              |            |          |
|   |                     | Amount       |            |          |
| Capital gain  |                     | carried back |            |          |
| (100%)  |                     | (100%)       |            |          |
|   |                     |              | 0          |          |
|   |                     | 050          | 0          |          |
| Third preceding taxation year 0   |                     | 953          | 0 0        |          |
| Capital Jacoba Clasian belower  |                     | 280          | 1 0        |          |
| Capital losses - Closing balance  |                     |              |            |          |
|   |                     |              |            |          |

| E.L.K. Energy Inc.   |                        | Sch. 004   |
|--|------------------------|------------|
| Account/Business No.: 866567787RC0001  | Year Ended:            | 2003-12-31 |
|  |                        |            |
| Part 2 - Capital losses  |                        |            |
| Continuity of capital losses and request for a carryback (co                             |                        |            |
| Capital losses carried back to taxation years ending before February 28, 2000, the ind   |                        |            |
| Capital losses carried back to taxation years starting after October 17, 2000, the inclu |                        |            |
| For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion    | rate will be determine |            |
| by dividing the total taxable capital gain by the total capital gain.                    |                        |            |
|  |                        |            |
| Note 1   |                        |            |
| On line 332 of the T2 return, enter the amount from line 225 multiplied by the current   | year inclusion rate    |            |
| (see Schedule 6.)  |                        |            |
| Note 2   |                        |            |
| Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of th   | e loss. At the time of |            |
| the application of the loss carryback, the net capital loss amount will be calculated at | the inclusion rate     |            |
| of the year to which the net capital loss it is applied.                                 |                        |            |
|  |                        |            |

#### Part 3 - Farm losses

| — Continuity of farm losses and request for a carryback         |          |   |  |
|---|----------|---|--|
| Farm losses at end of preceding taxation year                   | 0        |   |  |
| Deduct: Farm loss expired after 10 taxation years               | 300 0    |   |  |
| Farm losses at beginning of taxation year                       | 302 0    |   |  |
| Add: Farm losses transferred on amalgamation or                 | -        |   |  |
| wind-up of subsidiary corporation                               |          |   |  |
| Current-year farm loss  | 310 0    | 0 |  |
| pt:   |          |   |  |
| Amount applied against taxable income                           |          |   |  |
| (enter on line 334 of the T2 return)                            | 330 0    |   |  |
| Amount applied against taxable dividends subject to Part IV tax | 335 0    |   |  |
| Section 80 - Adjustment forgiven amount                         | 340 0    |   |  |
| Other adjustments   | 350 0    | 0 |  |
|   |          |   |  |
|   | Subtotal | 0 |  |
| Deduct - Request to carry back farm loss to:                    | _        |   |  |
| First preceding taxation year to reduce taxable income          | 921 0    |   |  |
| Second preceding taxation year to reduce taxable income         | 922 0    |   |  |
| Third preceding taxation year to reduce taxable income          | 923 0    |   |  |
| First preceding taxation year to reduce taxable dividends       | _        |   |  |
| subject to Part IV tax  | 931 0    |   |  |
| Second preceding taxation year to reduce taxable dividends      | _        |   |  |
| subject to Part IV tax  | 932 0    |   |  |
| Third preceding taxation year to reduce taxable dividends       |          |   |  |
| bject to Part IV tax  | 9330     | 0 |  |
|   |          |   |  |
| Farm losses - Closing balance                                   |          | 0 |  |
|   |          |   |  |
|   |          |   |  |

| Is the corporation exempt from the restricted farm loss rules?<br>(A reply of "NO" triggers the restricted farm loss rules.) |  |
|--|--|
| (A reply of 'NO' inggers the restricted farm loss rules.)  |  |

Page 3 of (4 or 6)

Sch. 004

| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Year Ended:                      | 2003-12-31 | Sch. 004 |
|--|------------|----------|
|  |            |          |
| Part 4 - Restricted farm losses  |            |          |
| Total losses for the year from farming business  | 0 <b>A</b> |          |
| Minus the deductible farm loss:  |            |          |
| \$2,500 plus B or C, whichever is less 2,500   |            |          |
| (Amount A above 0 - \$2,500) divided by 2 = 0 B<br>6,250 C 0                                 | 2,500      |          |
| 0,250 0  |            |          |
| Current-year restricted farm loss (enter this amount on line 410)                            | 0          |          |
|  |            |          |
| Continuity of restricted farm losses and request for a carryback                             |            |          |
| Restricted farm losses at end of preceding taxation year                                     |            |          |
| Deduct: Restricted farm loss expired after 10 taxation years                                 |            |          |
| Restricted farm losses at beginning of taxation year 0                                       |            |          |
| Add: Restricted farm losses transferred on amalgamation or wind-up                           |            |          |
|  |            |          |
| Current-year restricted farm loss<br>(enter on line 233 of Schedule 1)                       | 0          |          |
| Deduct:  |            |          |
| Amount applied against farming income  |            |          |
| (enter on line 333 of the T2 return)   |            |          |
| Section 80 - Adjustments for forgiven amounts  |            |          |
| Other adjustments  |            |          |
| Subtota  | 0          |          |
| Deduct - Request to carry back restricted farm loss to:                                      |            |          |
| First preceding taxation year to reduce farming income                                       |            |          |
| Second preceding taxation year to reduce farming income                                      | 0          |          |
| Third preceding taxation year to reduce farming income                                       | 0          |          |
| Restricted farm losses - Closing balance   | 0          |          |
|  |            |          |
| Note   |            |          |
| The total losses for the year from all farming businesses are computed without including any |            |          |
| scientific research expenses.  |            |          |
| Part 5 - Listed personal property losses   |            |          |
| Continuity of listed personal property loss and request for a carryback                      |            |          |
| Listed personal property losses at end of preceding taxation year.                           | 0          |          |
| Deduct: Listed personal property loss expired after seven taxation years                     | 0          |          |
| .: Current-year listed personal property loss (from Schedule 6)                              | 0          |          |
| · · · · · · · · · · · · · · · · · · ·  | *****      |          |
| Subto  | al 0       |          |
| Deduct:  |            |          |
| Amount applied against listed personal property gains<br>(enter on line 655 of Schedule 6)   | )          |          |
| Other adjustments  | 0          |          |
|  | ********   |          |
| Subto  | al 0       |          |
| Deduct - Request to carry back listed personal property loss to:                             |            |          |
| First preceding taxation year to reduce listed         personal property gains         961   | )          |          |
| Second preceding taxation year to reduce listed  |            |          |
| personal property gains  | )          |          |
| Third preceding taxation year to reduce listed   | _          |          |
| personal property gains  | ) 0        |          |
| Listed personal property losses - Closing balance  | 0          |          |
|  |            |          |
|  |            |          |

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#### Sch. 004-Non. 2003-12-31

#### Part 6 - Analysis of balance of losses by year of origin

|                   |                                    | Loss                           | Adjustments                                  | Loss                           |                   | Applied to Reduce |                           |  |  |
|-------------------|------------------------------------|--------------------------------|--|--------------------------------|-------------------|-------------------|---------------------------|--|--|
| Year of<br>origin | Balance at<br>Beginning<br>of year | Incurred<br>in Current<br>Year | and<br>Transfers<br>< <b>F1&gt;</b> for help | Carried<br>Back<br>Parts I & 4 | Taxable<br>Income | Part IV<br>Tax    | Balance at<br>End of Year |  |  |
| Current           | N/A                                | 0                              | 0  | 0                              | N/A               | 0                 | 0                         |  |  |
| 2002              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0                         |  |  |
| 2001              | 141,203                            | N/A                            | 0  | N/A                            | 141,203           | 0                 | 0                         |  |  |
| 2001              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0                         |  |  |
| 2000              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0                         |  |  |
| 1999              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0                         |  |  |
| 1998              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0                         |  |  |
| 1997              | 0                                  | N/A                            | 0  | N/A                            | 0                 | 0                 | 0 *                       |  |  |
|                   |                                    |                                |  |                                |                   |                   |                           |  |  |
| Total             | 141,203                            | 0                              | 0  | 0                              | 141,203           | 0                 | 0                         |  |  |

| — Farm  | losses     | Loss       | Adjustments        | Loss        | Applied to Red | luce    |             |   |
|---------|------------|------------|--------------------|-------------|----------------|---------|-------------|---|
|         | Balance at | Incurred   | and                | Carried     |                |         |             |   |
| Year of | Beginning  | in Current | Transfers          | Back        | Taxable        | Part IV | Balance at  |   |
| origin  | of year    | Year       | <f1> for help</f1> | Parts I & 4 | Income         | Tax     | End of Year |   |
| nt      | N/A        |            | 0 0                | 0           | N/A            | 0       | 0           |   |
| 2002    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 2001    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 2001    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 2000    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 1999    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 1998    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 1997    | 0          | N/A        | 0                  | N/A         | C              | ) 0     | 0           |   |
| 1996    | 0          | N/A        | 0                  | N/A         | (              | ) 0     | 0           |   |
| 1995    | 0          | N/A        | 0                  | N/A         | (              | ) 0     | 0           |   |
| 1994    | 0          | N/A        | 0                  | N/A         | (              | ) 0     | 0           | * |
|         |            |            |                    |             |                |         |             |   |
| Total   | 0          |            | 0 0                | 0           | (              | ) 0     | 0           |   |

| - Restric | ted farm losses     |                     |                     |         |              |   |         |             |  |
|-----------|---------------------|---------------------|---------------------|---------|--------------|---|---------|-------------|--|
|           |                     | Loss                | Adjustments         |         | Applied to R |   |         |             |  |
|           | Balance at          | Incurred            | and                 | Loss    |              |   |         |             |  |
| of of     | Beginning           | in Current          | Transfers           | Carried | Taxable      |   | Part IV | Balance at  |  |
| n.        | of year             | Year                | <f1> for help</f1>  | Back    | Income       |   | Тах     | End of Year |  |
| Current   | N/A                 | 0                   | 0                   | C       | N/A          |   | N/A     | 0           |  |
| 2002      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 2001      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 2001      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 2000      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1999      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1998      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1997      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1996      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1995      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0           |  |
| 1994      | 0                   | N/A                 | 0                   | N/A     |              | 0 | N/A     | 0 *         |  |
|           |                     |                     |                     |         |              |   |         |             |  |
| Total     | 0                   | 0                   | 0                   | C       |              | 0 | N/A     | 0           |  |
|           | ance expires this y | year and will not b | e available next ye | ear     |              |   |         |             |  |

#### Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101]  $\ensuremath{\mathbb{N}}$ 

| Class<br>No.<br>[200] | UCC at<br>Beginning<br>of Year<br>[201] | Cost of<br>Additions<br>During Year<br>[203] | Adjustments<br>[205] | Lesser of<br>Cost or<br>Proceeds<br>[207] | 1/2 of<br>[203]-[207]<br>[211] |     | Recapture of<br>Capital Cost<br>Allowance<br>[213] | Terminal (<br>Loss<br>[215] | Capital Cost<br>Allowance<br>[217] | Undepreciated<br>Capital Cost<br>end of year<br>[220] |
|-----------------------|---|--|----------------------|---|--------------------------------|-----|--|-----------------------------|------------------------------------|---|
| 1                     | 9,495,732                               | 215,758                                      | 0                    | 0   | 107,879                        | 4   | 0  | 0                           | 384,144                            | 9,327,346   |
| 8                     | 372,873                                 | 2,393  | 0                    | 0   | 1,196                          | 20  | 0  | 0                           | 74,814                             | 300,452   |
| 10                    | 319,655                                 | 1,572  | 0                    | 0   | 786                            | 30  | 0  | 0                           | 96,132                             | 225,095   |
| 12                    | 626                                     | 1,088  | 0                    | 0   | 544                            | 100 | 0  | 0                           | 1,170                              | 544   |
|                       |   |  |                      |   |                                |     |  |                             |                                    |   |
| Total                 | 10,188,886                              | 220,811                                      | 0                    | 0   | 110,405                        |     | 0  | 0                           | 556,260                            | 9,853,437   |
|                       | *********                               |  | ********             | **********                                |                                |     | ***********  |                             | ***********                        | *********   |

Corporate Taxprep / Taxprep des sociétés - TP-08

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended: RELATED AND ASSOCIATED CORPORATIONS

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)

- associated corporation(s)

|                       |       |              |       | Number |          | Number    | % of   |          |
|-----------------------|-------|--------------|-------|--------|----------|-----------|--------|----------|
|                       | Ctry  |              | Rela- | of     | % of     | of        | pre-   | Book     |
|                       | of    |              | tion- | common | common   | preferred | ferred | value of |
|                       | resi- | Business     | ship  | shares | shares   | shares    | shares | capital  |
| Name                  | dence | Number       | Code  | owned  | owned    | owned     | owned  | stock    |
|                       |       | (Note)       |       |        |          |           |        |          |
| [100]                 | [200] | [300]        | [400] | [500]  | [550]    | [600]     | [650]  | [700]    |
|                       |       |              |       |        |          |           |        |          |
| E.L.K. SOLUTIONS INC. | 864   | 1877519RC000 | )1 2  | 10,00  | 0 100.00 | C         | 0.00   | 100      |

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

S'`edule 9

Corporate Taxprep / Taxprep des sociétés - TP-08

| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Year Ended:  | 2003-12-3   | Sch.<br>1 | 010 |
|--|-------------|-----------|-----|
| Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada  |             |           |     |
| CUMULATIVE ELIGIBLE CAPITAL DEDUCTION  |             |           |     |
| <ul> <li>For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation<br/>Income Tax Guide."</li> </ul>  |             |           |     |
| <ul> <li>A separate cumulative eligible capital account must be kept for each business.</li> <li>This form applies to taxation years that end after February 27, 2000.</li> </ul>  |             |           |     |
| Part 1 - Calculation of current year deduction and carry-forward   |             |           |     |
| Cumulative eligible capital - Balance at end of preceding taxation year  |             |           |     |
| (if negative, enter "0")   | 748,822 A   |           |     |
| Cost of eligible capital property acquired during<br>the taxation year   | 72          |           |     |
| Amount transferred on amalgamation or wind-up  |             |           |     |
| of subsidiary 0 C  |             |           |     |
| Other adjustments  |             |           |     |
| (add amounts B, C, and D) 0 x 0.75 =   | 0 E         |           |     |
| Subtotal (amount A plus amount E)  | 748,822 F   |           |     |
| Deudet:  |             |           |     |
| Proceeds of sale (less outlays and expenses not otherwise deductible)  |             |           |     |
| from the disposition of all eligible capital property during   |             |           |     |
| the taxation year  |             |           |     |
| The gross amount of a reduction in respect of a forgiven debt         obligation as provided for in subsection 80(7)   |             |           |     |
| Other adjustments  |             |           |     |
| (add amounts G, H, and I) 0 x 0.75 = 248   | 0 J         |           |     |
| Cumulative eligible capital balance (amount F minus amount J)  | . 748,822 K |           |     |
| Current year deduction         amount K         748,822         x         7.00%         250           ' 'er amount L at line 405 of Schedule 1)  | 52,418 L    |           |     |
| Cumulative eligible capital - Closing balance       300         Amount K minus amount L (if negative, enter "0")   | 696,404 M   |           |     |
| Note<br>You can claim any amount up to the maximum deduction of 7%. For taxation years starting after<br>December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in<br>the taxation year divided by 365. |             |           |     |
| T2 SCH 10 (01)   | Page 1 of 2 |           |     |

T2 SCH 10 (01)

Corporate Taxprep / Taxprep des sociétés - TP-08

| F L K Energy Ind   |        |        |     |         |     | Sch. | 010 |
|--|--------|--------|-----|---------|-----|------|-----|
| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001  | Year   | Ended: |     | 2003-12 | -31 |      |     |
| Part 2 - Amount to be included in income arising from disposi  | tion – |        |     |         |     |      |     |
| (complete this part only if the amount at line K is negative)  |        |        |     |         |     |      |     |
| Amount from line K above (show as a positive amount),  |        |        | 8   | 0       | Ν   |      |     |
| Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988                                     | . 400  | 0      | 1   |         |     |      |     |
| Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7)                              | 401    | 0      | 2   |         |     |      |     |
| Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988   | 03     |        |     |         |     |      |     |
| Negative balances in the cumulative eligible capital account<br>that were included in income for taxation years beginning<br>before July 1, 1988 | 04     |        |     |         |     |      |     |
| Line 3 minus line 4  | 0      | 0      | 5   |         |     |      |     |
| Total of lines 1, 2, and 5   |        | 0      | 6   |         |     |      |     |
| Lise T from Schedule 10 of previous taxation years ending after February 27, 2000  | 409    | 0      | 7   |         |     |      |     |
| Line 6 minus line 7  | 8      | 0      |     | 0       | 0   |      |     |
| Line N minus line O (cannot be negative)   | 3      |        |     | 0       | Р   |      |     |
| Amount on line 5 0 x 1/2   |        |        |     | 0       | Q   |      |     |
|  |        |        |     |         |     |      |     |
| Line P minus line Q  |        |        |     | 0       | R   |      |     |
| Amount on line R 0 x 2/3*  | 12     |        |     | 0       | S   |      |     |
| Lesser of line N or line O   | 2      |        |     | 0       | т   |      |     |
|  |        |        |     |         |     |      |     |
| Amount to be included in income on line 108 of Schedule 1,   |        |        |     |         |     |      |     |
| line S plus line T   |        |        |     |         |     |      |     |
| For taxation years ending before February 28, 2000,  |        |        | 410 |         |     |      |     |
| line N - line Q  | ÷      |        | 410 | 0       |     |      |     |
|  |        |        |     |         |     |      |     |

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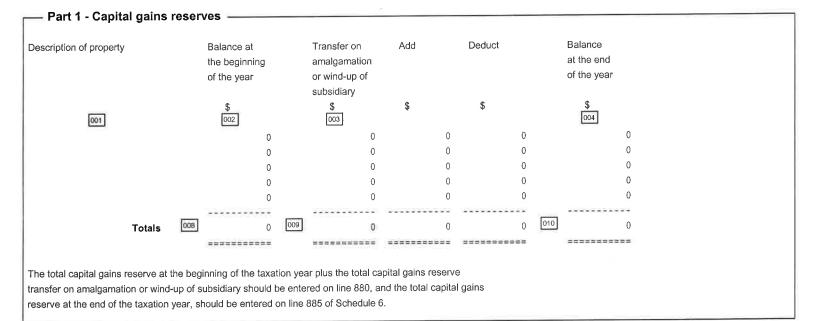
### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2003-12-31

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# CONTINUITY OF RESERVES (1998 and later taxation years)

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".



| Description                   | Balance at<br>the beginning<br>of the year | Transfer on<br>amalgamation<br>or wind-up of<br>subsidiary | Add | Deduct     | Balance<br>at the end<br>of the year |
|-------------------------------|--|--|-----|------------|--------------------------------------|
| EMPLOYEE FUTURE BENEFITS      | 1,723,826                                  | Subsidially<br>0   | 0   | 1,079,060  | 644,766                              |
|                               | 0  | 0  | 0   | 0          | 0                                    |
|                               | 0  | 0  | 0   | 0          | 0                                    |
|                               | 0  | 0  | 0   | 0          | 0                                    |
|                               | 0  | 0  | 0   | 0          | 0                                    |
|                               | 0  | 0  | 0   | 0          | 0                                    |
| Reserves From Section 2 below | 0  | 0  | 0   | 0          | 0                                    |
|                               |  |  |     | ********** |                                      |
| Totals                        | 1,723,826                                  | 0  | 0   | 1,079,060  | 644,766                              |
|                               |  |  |     |            |                                      |

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

T2 SCH 13 (99)

Corporate Taxprep / Taxprep des sociétés - TP-08

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Sch. 013

## E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

Sch. 013

## Part 2 - Other reserves

| Description                   |       |       | Balance at<br>the beginning<br>of the year |     | Transfer on<br>amalgamation<br>or wind-up of | Add | Deduct |     |     | Balance<br>at the end<br>of the year |  |
|-------------------------------|-------|-------|--|-----|--|-----|--------|-----|-----|--------------------------------------|--|
|                               |       |       | \$   |     | subsidiary<br>\$                             | \$  | \$     |     |     | \$                                   |  |
| Reserve for doubtful          | [X]   |       | φ  |     | Ψ  | Ψ   | *      |     |     | ,                                    |  |
| debts                         | 1     | 110   | 0  | 115 | 0  | C   | )      | 0   | 120 | 0                                    |  |
| Reserve for undelivered       | 1     |       | ,  |     |  |     |        |     |     |                                      |  |
| goods and services            |       |       |  |     |  |     |        |     |     |                                      |  |
| not rendered [                | 1     | 130   | 0  | 135 | 0  | (   | )      | 0   | 140 | 0                                    |  |
| Reserve for prepaid           |       |       |  |     |  |     |        |     | 100 |                                      |  |
| rent[                         | 1     | 150   | 0  | 155 | 0  | C   | )      | 0   | 160 | 0                                    |  |
| Reserve for December 31, 1995 | 5     | [170] |  | 475 |  |     |        | 0   | 180 | 0                                    |  |
| income[                       | 1     | 170   | 0  | 175 | 0  | (   | J      | 0   |     | 0                                    |  |
| Reserve for refundable        |       | 190   | 0  | 195 | 0  | C   | ı      | 0   | 200 | 0                                    |  |
| containers [                  | 1     | 1.00  | U  |     | 0  | Ĺ   | J      | v   |     | •                                    |  |
| Reserve for unpaid amounts    | ï     | 210   | 0  | 215 | 0  | (   | )      | 0   | 220 | 0                                    |  |
| Other tax reserves [          | i     | 230   | 0  | 235 | 0  | (   |        | 0   | 240 | 0                                    |  |
|                               | 4     |       |  |     |  |     |        |     |     |                                      |  |
| Тс                            | otals | 270   | 0  | 275 | 0  | (   | )      | 0   | 280 | 0                                    |  |
|                               |       |       |  |     |  |     |        | : = |     |                                      |  |
|                               |       |       |  |     |  |     |        |     |     |                                      |  |

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# PART I.3 TAX ON LARGE CORPORATIONS (2000 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
  - a non-resident-owned investment corporation throughout the year;
  - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  - a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
  - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  - 3) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

| — Part 1 - Capital — — — — — — — — — — — — — — — — — — —                | _   |           |  |
|---|-----|-----------|--|
| Add the following amounts at the end of the year:                       |     |           |  |
| Reserves that have not been deducted in computing income for            |     |           |  |
| Reserves that have not been deducted in comparing income for            | 101 | 1,232,802 |  |
| the year under Part I   |     | 1,252,002 |  |
| Capital stock (or members' contributions if incorporated without        |     |           |  |
| c'ore capital)  | 103 | 100       |  |
| ined earnings   | 104 | 5,698,273 |  |
| Contributed surplus   | 105 | 0         |  |
| Any other surpluses   | 106 | 4,402,373 |  |
| Deferred unrealized foreign exchange gains                              | 107 | 0         |  |
| All loans and advances to the corporation                               | 108 | 5,850,000 |  |
| All indebtedness of the corporation represented by bonds, debentures,   |     |           |  |
| notes, mortgages, hypothecary claims, bankers' acceptances, or          |     |           |  |
| similar obligations   | 109 | 0         |  |
| Any dividends declared but not paid by the corporation before           |     |           |  |
| the end of the year   | 110 | 0         |  |
| All other indebtedness of the corporation (other than any indebtedness  |     |           |  |
| in respect of a lease) that has been outstanding for more than 365 days | -   |           |  |
| before the end of the year  | 111 | 0         |  |
|   |     |           |  |

T2 SCH 33 E (02)

(Ce formulaire existe en français.)

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| E.L.K. Energy Inc.  |              | Sch. 033 |
|---|--------------|----------|
| Account/Business No.: 866567787RC0001 Year Ended:   | 2003-12-31   |          |
|   |              |          |
| — Part 1 - Capital (cont'd)     —————————————————————————————————   |              |          |
| Proportion of the amount, if any, by which the total of all amounts   |              |          |
| (that would be determined under lines 101, 107, 108, 109, 111, and 112)   |              |          |
| for the partnership of which the corporation is a member at the end   |              |          |
| of the year exceeds the amount of the partnership's deferred unrealized   |              |          |
| foreign exchange losses (see note below)0   |              |          |
| ***********   |              |          |
| Subtotal 17,183,548   | 17,183,548 A |          |
| Deduct the following amounts:   |              |          |
| Deferred tax debit balance at the end of the year   |              |          |
| Any deficit deducted in computing the shareholders' equity 122  |              |          |
| Any amount deducted under subsection 135(1) in computing income under   |              |          |
| Part I for the year, to the extent that the amount may reasonably be  |              |          |
| regarded as being included in any of lines 101 to 112 above   |              |          |
| The amount of deferred unrealized foreign exchange losses   |              |          |
|   |              |          |
| Subtotal 572,000  | 572,000 B    |          |
|   |              |          |
| Capital for the year (amount A minus amount B) (if negative, enter "0")   | 16,611,548   |          |
|   |              |          |
| Note:   |              |          |
| 101, 107, 108, 109, 111, and 112 are determined as follows:   |              |          |
| Amounts owing to the member or to corporations that are other members of the partnership are not to be                      |              |          |
| included.   |              |          |
| <ul> <li>Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of</li> </ul> |              |          |
| the corporation.  |              |          |
| Amounts at these lines apply to partnerships in the same way that they apply to corporations.                               |              |          |
| The proportion of the total amounts is determined by the corporation's share of the partnership's income                    |              |          |
| or loss for the fiscal period of the partnership.   |              |          |
|   |              |          |
|   |              |          |
| — Part 2 - Investment allowance —   |              |          |
| Add the carrying value at the end of the year of the following assets of the corporation:                                   |              |          |
| A share of another corporation  | 100          |          |
| A loan or advance to another corporation (other than a financial institution)   | 0            |          |
| A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of  |              |          |
| another corporation (other than a financial institution)  | 0            |          |
| Long-term debt of a financial institution   | 0            |          |
| <sup>405</sup> vividend receivable on a share of the capital stock of another corporation                                   | 0            |          |
| In or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or   |              |          |
| similar obligation of, a partnership all of the members of which, throughout the year,                                      |              |          |
| were other corporations (other than financial institutions) that were not exempt from                                       |              |          |
| _   |              |          |
| tax under Part I.3 (other than by reason of paragraph 181.1(3)(d))  | 0            |          |
| An interest in a partnership (see note 1 below)407  | 0            |          |
|   | ***********  |          |
| Investment allowance for the year   | 100          |          |
|   |              |          |

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Sch. 033

| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Year Ended:  | Sch. 033<br>2003-12-31 |
|--|------------------------|
| <ul> <li>Part 2 - Investment allowance (cont'd)</li> <li>Notes:</li> <li>1) Where the corporation has an interest in a partnership, the carrying value at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in 401 to 405 above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.</li> </ul> |                        |
| 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)).   |                        |
| 3) Where, in certain circumstances, a trust is used as a conduit for loaning money from a corporation<br>to another related corporation (other than a financial institution), the loan will be considered to<br>have been made directly from the lending corporation to the borrowing corporation, according to<br>subsection 181.2(6).  |                        |

# — Part 3 - Taxable capital —————

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| Capital for the year (line 190)<br>ct: Investment allowance for the year (line 490) | 16,611,548<br>100 |  |
|---|-------------------|--|
| ) ole capital for the year  | •••••             |  |
| (amount C minus amount D) (if negative, enter "0")                                  | 16,611,448        |  |
|   |                   |  |

# — Part 4 - Taxable capital employed in Canada ————————

| To be completed by a co                    | rporation that was r | esident in Canada at  | any time in | n the year                  |   |     |            |    |
|--|----------------------|---|-------------|-----------------------------|---|-----|------------|----|
| Taxable capital for<br>the year (line 500) | 16,611,448 X         | Taxable income<br>earned<br>in Canada<br><br>Taxable income | 610         | 1,875,315<br>=<br>1,875,315 | Taxable<br>capital<br>employed<br>in Canada | 690 | 16,611,448 |    |
| Notes:                                     |                      |   |             |                             |   |     |            |    |
|  |                      | g the amount of taxabl                                      |             |                             |   |     |            |    |
|  |                      | a taxation year is "0," it                                  |             |                             |   |     |            |    |
|  |                      | a taxable income for th                                     |             |                             |   |     |            |    |
|  |                      | ation 8601 should be c                                      | onsidered v | when completing             |   |     |            | 80 |
| the above calculation                      | l.                   |   |             |                             |   |     |            |    |

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|  | 2003-12-3  | Sch. 033 |
|--|--|----------|
| Account/Business No.: 866567787RC0001 Year Ended:  | 2003-12  | ) T      |
| Part 4 - Taxable capital employed in Canada (cont'd)   |  |          |
| To be completed by a corporation that was a non-resident of Canada throughout the year and carried on  |  |          |
| a business through a permanent establishment in Canada   |  |          |
| Total of all amounts each of which is the carrying value at the end of the year  |  |          |
| of an asset of the corporation used in the year or held in the year, in the course   |  |          |
| of carrying on any business it carried on during the year through a permanent  |  |          |
| establishment in Canada  | 0  |          |
| Deduct the following amounts:  |  |          |
| Corporation's indebtedness at the end of the year [other than indebtedness   |  |          |
| described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably   |  |          |
| be regarded as relating to a business it carried on during the year  |  |          |
| through a permanent establishment in Canada  |  |          |
| of year of an asset described in subsection 181.2(4) of the corporation  |  |          |
| that it used in the year, or held in the year, in the course of carrying   |  |          |
| on any business it carried on during the year through a permanent  |  |          |
| establishment in Canada  |  |          |
| Total of all amounts each of which is the carrying value at the end of year  |  |          |
| of an asset of the corporation that is a ship or aircraft the corporation  |  |          |
| operated in international traffic, or personal property used or held by<br>rporation in carrying on any business during the year through   |  |          |
| a من manent establishment in Canada (see note below)   |  |          |
|  |  |          |
| Total deductions (add lines 711, 712, and 713) 0   | 0 E  |          |
| Taxable capital employed in Canada   |  |          |
| (line 701 minus amount E) (if negative, enter "0")   | 0  |          |
| Neder  |  |          |
| Note:<br>Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax  |  |          |
| for the year on similar assets, nor a tax for the year on the income from the operation of a ship or   |  |          |
| aircraft in international traffic, of any corporation resident in Canada during the year.  |  |          |
|  |  |          |
|  |  |          |
|  |  |          |
| Part 5 - Calculation of gross Part I.3 tax   | 16,611,448   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).   | 16,611,448   |          |
|  | 16,611,448   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations,<br>enter the amount allocated on Schedule 36).  | 10,000,000   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations,   | 10,000,000   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations,<br>enter the amount allocated on Schedule 36).         i       s of taxable capital employed in Canada over capital deduction.  | 10,000,000   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations,<br>enter the amount allocated on Schedule 36).         i       s of taxable capital employed in Canada over capital deduction.         @11         Gross Part I.3 Tax   | 10,000,000   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations,<br>enter the amount allocated on Schedule 36).         i       s of taxable capital employed in Canada over capital deduction.  | 10,000,000   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).         Deduct:       Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).         i       s of taxable capital employed in Canada over capital deduction.         I       s of taxable capital employed in Canada over capital deduction.         I       State of the second seco      | 10,000,000<br><br>6,611,448<br>                            |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Deduct:       Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       801         i       s of taxable capital employed in Canada over capital deduction       801         Gross Part I.3 Tax       Number of Number of days in Year         Year       Line 811       days         the taxation year       Note taxation year  | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for        | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for        | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital employed in Canada over capital deduction.       Image: Capital employed in Canada over capital empl | 10,000,000<br><br>6,611,448<br><br>1<br>2<br>3<br>14,876 F |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for        | 10,000,000<br><br>6,611,448<br><br>1<br>2<br>3<br>14,876 F |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital employed in Canada over capital deduction.       Image: Capital employed in Canada over capital eduction.       Image: Capital eduction.       Image: Capital eduction.       Image: Capital educ   | 10,000,000<br><br>6,611,448<br><br>1<br>2<br>3<br>14,876 F |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital employed in Canada over capital deduction.       Image: Capital employed in Canada over capital empl | 10,000,000<br><br>6,611,448<br><br>1<br>2<br>3<br>14,876 F |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Bot image: Bot image: Bot image: Bot image: Before 2004       Image: Before 200   | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).   Deduct:   Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).   i   s of taxable capital employed in Canada over capital deduction.   Before 2004   6,611,448   x   ()   365   2004   6,611,448   x   ()   2005   6,611,448   x   ()   0   2005   6,611,448   x   ()   0   2005   1.3 tax (add lines 1, 2, and 3).   Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:  | 10,000,000<br><br>6,611,448<br><br>1<br>2<br>3<br>14,876 F |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction       Image: Capital deductio  | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies)       Deduct: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36)   | 10,000,000<br>   |          |
| Taxable capital employed in Canada (line 690 or 790, whichever applies).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).       Image: Capital deduction       Image: Capital deductio  | 10,000,000<br>   |          |

Sch. 033

| E.L.K. Energy Inc.<br>Account/Business No.:86  | 656778                            | 7RC0001                                    | Year          | Ended:         | 2003-12-31 | Sch. 033 |
|--|-----------------------------------|--|---------------|----------------|------------|----------|
| Part 6 - Calculation of current-year   | surtax cre                        | dit available                              | -             |                |            |          |
| <ul> <li>Corporations can claim a credit against their Parfor the year. This is called the surtax credit.</li> <li>Any unused surtax credit can be carried back to credits must be applied in order of the oldest fill</li> <li>Refer to subsection 181.1(7) when calculating</li> </ul> | hree years or<br><sup>-</sup> st. | carried forward sev                        | ven years. Un | used surtax    |            |          |
| credits where control of the corporation has be<br>and the year in which you want to claim them.   |                                   |  |               |                |            |          |
| For a corporation that was a non-resident of Canada<br>a) line 600 from the T2 return  |                                   |  |               | low:<br>0<br>0 | 0 H        |          |
| c) line 600 from the T2 return   | 21,004 x                          | line 690 of<br>this schedule<br>16,611,448 | =             | 21,004         |            |          |
| c) line 600 from the T2 return   | 21,001 x                          | 16,611,448<br>line 500 of this sc          |               |                |            |          |
| line 700 from the T2 return  |                                   |  | tiastotstit   | 452,326        | 21,004     |          |
| Current-year surtax credit available (amount H or  | l, whichever a                    | applies)                                   |               | 830            | 21,004     |          |

| Part 7       | - Calculation of        | f current-      | year unused s      | urtax credit      |                 |            |     |        |   |
|--------------|-------------------------|-----------------|--------------------|-------------------|-----------------|------------|-----|--------|---|
|              |                         |                 |                    |                   |                 |            |     | 01 004 |   |
| Current-year | surtax credit availab   | ole (line 830)  | •••••••            | •••••             |                 |            |     | 21,004 |   |
|              | ital employed in Cana   |                 |                    |                   |                 |            |     |        |   |
|              | 790, whichever applie   |                 |                    |                   |                 |            |     |        |   |
| Deduct: C    | apital deduction clair  | med for the y   | ear                |                   |                 | 10,000,000 |     |        |   |
|              |                         |                 |                    |                   |                 |            |     |        |   |
| Excess of ta | xable capital employe   | ed in Canada    | over capital deduc | tion              |                 | 6,611,448  | а   |        |   |
|              |                         |                 |                    |                   |                 |            |     |        |   |
| Less: Gro    | ss Part I.3 tax         |                 |                    |                   |                 |            |     |        |   |
| Line         | a 6,611,44              | 48 x            | .2250%             |                   | Ē               | 14,876     |     | 14,876 | b |
|              |                         |                 |                    |                   |                 |            |     |        |   |
|              |                         |                 |                    |                   |                 |            |     |        |   |
| Where the ta | axation year of a corp  | poration is les | s than 51 weeks, c | alculate the am   | nount of        |            |     |        |   |
| tax payable  | as follows:             |                 |                    |                   |                 |            |     |        |   |
|              |                         |                 | Number of da       | ays in the year   |                 |            |     |        |   |
| Amount b     | 14,876                  | х               |                    | 365               | -               | 10         |     | 0      | С |
|              |                         |                 |                    |                   |                 |            |     |        |   |
| 1            |                         |                 |                    | 365               |                 |            |     |        |   |
|              |                         |                 |                    |                   |                 |            | _   |        |   |
| Current-yea  | r unused surtax cre     | edit (if negati | ve, enter "0")     |                   |                 |            | 850 | 6,128  |   |
|              | nount at line 600 on \$ |                 |                    |                   |                 |            |     |        |   |
|              |                         |                 |                    |                   |                 |            |     |        |   |
| * For the p  | urposes of the calcula  | ation of curre  | nt-year unused sur | tax credit, the c | alculation is p | erformed   |     |        |   |
|              | al deduction based o    |                 |                    |                   |                 |            |     |        |   |
|              |                         |                 |                    | <b>•</b>          |                 |            |     |        |   |

Page 5 of 6

| E.L.K. Energy Inc.  | Sc         | h. 033 |
|---|------------|--------|
| Account/Business No.: 866567787RC0001 Year Ended:   | 2003-12-31 |        |
| — Part 8 - Calculation of net Part I.3 tax payable  |            |        |
| Gross Part I.3 tax (line 820)   | 14,876 J   |        |
| Deduct:   |            |        |
| Current-year surtax credit applied       861       14,876         (the lesser of lines 820 and 830)       861       14,876         Unused surtax credit from previous years applied       862       0 |            |        |
|   |            |        |
| Subtotal (cannot exceed amount on line 820) 14,876  | 14,876 K   |        |
| Net Part I.3 tax payable (amount J minus amount K)  | 0          |        |

| Page 6 of 6 | Ρ | 'age | 6 | of | 6 |
|-------------|---|------|---|----|---|
|-------------|---|------|---|----|---|

| E.L.K. Energy In<br>Account/Business  | nc.<br>3 No.: 866567787RC00   | )01 Year Ei   | nded: 2003-12-31           | Sch. 036 |
|---|---|---|----------------------------|----------|
| Canada Customs and Revenue Ag   | ency/Agence des douanes et du revenu d  | du Canada   |                            |          |
| AGREEMENT AMONG RE<br>(1998 and later taxation ye                             | LATED CORPORATIONS - PA   | RT I.3 TAX  |                            |          |
| of \$10,000,000 or \$50,000,000 a   | orporations should use this schedule to a<br>among the members of the related group.<br>o members of the related group are lia  |   | n                          |          |
| Are any members of the related gro  | oup liable to pay Part I.3 tax?,  |   | [Y/N] [ Y ]                |          |
|   | ation has more than one taxation year en<br>t for each taxation year ending in that ca  |   |                            |          |
|   | ny other corporation at any time in a taxa<br>ndar year may file such an agreement.   | tion year of  |                            |          |
| private corporation is not consid   | 81.5(7) of the federal "Income Tax Act", ered to be related to another corporation also associated with that corporation.   |   |                            |          |
| ach additional schedules if sp  | ace for agreement is not sufficient.  |   |                            |          |
| Agreement   |   |   | Year Month Day             |          |
| Date filed (for departmental use or   | ly)   |   |                            |          |
| Is this an amended agreement?   |   |   | 020 [Y/N] [ N ]<br>Year    |          |
| Enter the calendar year to which the  | e agreement applies   |   |                            |          |
| including members to which  | de all the information indicated below for<br>h no amount of capital deduction is alloc<br>rom Part I,3 tax under subsection 181.1(   | ated for the year. However,   | any                        |          |
|   |   | Allocation of   | Taxation year end          |          |
| Names of all corporations which   |   | capital deduction   | to which this              |          |
| are members of the related group  | Business Number<br>(Note 1)   | for the year<br>\$  | agreement applies (Note 2) |          |
| 200   | 300   | 400   | 500                        |          |
| E.L.K. Energy Inc.  | 866567787RC0001   | 10,000,000  |                            |          |
| See attached  |   | 0   |                            |          |
| Total (Before 2004 must not exc<br>After 2003 must not excee                  |   | 10,000,000  |                            |          |
| Note 1: If a corporation is not re  | gistered enter, "NR".   |   |                            |          |
| calendar year and is re<br>a taxation year ending i<br>each such taxation yea | d for a corporation that has more than on<br>ated in two or more of those taxation yea<br>n that calendar year. The capital deduction<br>at the end of which it is related to the of<br>action for the first such taxation year. Enter<br>pplies. | rs to another corporation th<br>on of the first corporation fo<br>her corporation is an amour | r<br>r                     |          |

T2 SCH 36 (99)

Corporate Taxprep / Taxprep des sociétés - TP-08

Sch. 036

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended: AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp. 2003-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

| Names of all corporations |                 | Allocation of     | Taxation year end to |
|---------------------------|-----------------|-------------------|----------------------|
| which are members of the  |                 | capital deduction | which this agreement |
| related group             | Business Number | for the year      | applies              |
|                           | (Note 1)        |                   | (Note 2)             |
| [200]                     | [300]           | [400]             | [500]                |
|                           |                 |                   |                      |
| E.L.K. SOLUTIONS INC.     | 864877519RC0001 | 0                 |                      |

#### TOTAL

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-08

0

### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2003-12-31

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# CALCULATION OF UNUSED SURTAX CREDIT (2000 and later taxation years)

- Use this schedule to calculate a corporation's unused surtax credit.
- You should also use this schedule to request a carryback of unused surtax credit. This request should be filed by the required filing date of the T2 return for the year in which the surtax credit arose.
- Any unused surtax credit can be carried back three years and carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the "Income Tax Act" when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.
- Attach this schedule to the T2 return or mail it separately to the tax centre where the return is filed.
   Part 1 Calculation of closing balance of unused surtax credits

| Unused surtax credit at the end of the prece                         | ding taxation year   |          | 0     |   |
|--|--|----------|-------|---|
| ct: Unused surtax credit expired afte                                | r seven taxation years   | 115      | 0     |   |
| Unused surtax credit at beginning of the taxa                        | ation year   | . 120    | 0     |   |
| Add: Unused surtax credit transferred on                             | amalgamation or wind-up of subsidiary  | . 220    | 0     |   |
|  |  | Subtotal | 0     | A |
| to reduce Part I.3 tax payable in t                                  | arried forward from previous years and applied<br>he current year (see line 862 of Schedule 33,<br>32 of Schedule 35, whichever applies) | . 320    | 0     |   |
| Unused surtax credit balance,  |  |          | 0     |   |
| Deduct: Amount of unused surtax credit ca                            | arried forward from previous years and   |          |       |   |
| applied to reduce Part VI tax paya<br>(see line 887 of Schedule 38)  | able in the current year   | 420      | 0     |   |
|  |  | Subtotal | 0     |   |
|  | nter amount from line 850 of Schedule 33,<br>of Schedule 35)   | 600      | 6,128 |   |
| 12   |  | Subtotal | 6,128 |   |
| Deduct: Unused surtax credit carried back<br>(complete Part 2 below) | to preceding taxation year(s)  |          | 6,125 | В |
| Closing balance of unused surtax credit                              |  | 820      | 3     |   |

T2 SCH 37 (02)

Page 1 of 2 Corporate Taxprep / Taxprep des sociétés - TP-08

| E.L.K. Energy I<br>Account/Busines  | nc.<br>s No.: 866567         | 787RC0001  | Year E            | Inded:                          |                   | 2003-12                    | Sch.<br>2-31 | 037 |
|---|------------------------------|--|-------------------|---------------------------------|-------------------|----------------------------|--------------|-----|
| Part 2 - Request for ca   | arryback of unused           | surtax credit  |                   |                                 |                   |                            |              |     |
| 1st preceding taxation year<br>2nd preceding taxation year<br>3rd preceding taxation year | Year Month Day<br>2003-12-31 | Credit to be applied<br>Credit to be applied<br>Credit to be applied | 901<br>902<br>903 | Part I.3 Tax<br>6,125<br>0<br>0 | 911<br>912<br>913 | Part VI Tax<br>0<br>0<br>0 |              |     |
|   | Total of C and D (enter      | this amount at line B in Pa  | Subtotal          | 6,125                           |                   | 0<br><br>6,125             | D            |     |

## SCHEDULE 037 SUPPLEMENTARY - UNUSED SURTAX CREDITS

| Balance         Part I.3         Part VI         Expired           1st prior year         - 2002         0         0         0//A           2 vrior year         - 2001         0         0         N/A | Balance<br>0 |
|---|--------------|
| 2 vrior year - 2001 0 0 N/A   | C            |
|   |              |
|   | C            |
| , or year - 0 0 0 0 N/A   | C            |
| 4th prior year 0 0 0 N/A  | C            |
| 5th prior year - 0 0 0 0 N/A  | C            |
| 6th prior year - 0 0 0 N/A  | C            |
| 7th prior year = 0 0 0 0 0  | 0 0          |
|   |              |
| Total 0 0   | 0 0          |
|   |              |
|   |              |

Page 2 of 2

### E.L.K. Energy Inc. Account/Business No.:866567787RC0001 Year Ended:

Sch. 050

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# SHAREHOLDER INFORMATION (1998 and later taxation years)

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

| Name of shareholder                       | Business<br>Number | Social<br>Insurance | Percentage common | Percentage<br>preferred |
|---|--------------------|---------------------|-------------------|-------------------------|
|   |                    | Number              | shares            | shares                  |
| 100                                       | (note 1)           | (note 2)            | 400               | 500                     |
| THE CORPORATION OF THE TOWN OF ESSEX      |                    |                     | 38.00             | 0.00                    |
| THE CORPORATION OF THE TOWN OF LAKESHORE  |                    |                     | 24.00             | 0.00                    |
| THE CORPORATION OF THE TOWN OF KINGSVILLE |                    |                     | 38.00             | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     | 0.00              | 0.00                    |
|   |                    |                     |                   |                         |

**Note 1:** If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

- **Note 2:** If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

T2 SCH 50 (99)

| BIFI Acco  | ount Description  | Amount                                  |  |
|--|---|---|--|
| - Assets -                                       | Total current assets  | + 0                                     |  |
| 00B  | Total tangible capital assets   | + 0                                     |  |
| 009  | Total accumulated amortization of tangible capital assets   | - 0                                     |  |
| 2178   | Total intangible capital assets   |   |  |
| 2179   | Total accumulated amortization of intangible capital assets   |   |  |
| 2589   | Total long term assets  |   |  |
| 2590   | Assets held in trust.   | + 0                                     |  |
|  | Assets Heid III II dat  |   |  |
|  |   | = 0                                     |  |
| 2599   | Total Assats (mandatony field)  | - 0                                     |  |
| - Liabilities                                    | Total current liabilities   | 0                                       |  |
| Liabilities                                      | 5   |   |  |
| Liabilities                                      | Total current liabilities<br>Total long term liabilities<br>Subordinated debt<br>Amounts held in trust  | 0<br>0<br>0                             |  |
| - Liabilities                                    | Total current liabilities<br>Total long term liabilities<br>Subordinated debt   | 000000000000000000000000000000000000000 |  |
| 3460<br>3470<br>3499                             | Total current liabilities<br>Total long term liabilities<br>Subordinated debt<br>Amounts held in trust  | 0 |  |
| - Liabilities<br>460<br>470<br>499<br>- Sharehol | Total current liabilities<br>Total long term liabilities<br>Subordinated debt<br>Amounts held in trust<br>Total liabilities (mandatory field)               | 0 |  |
| Liabilities<br>3460<br>3470                      | Total current liabilities<br>Total long term liabilities<br>Subordinated debt<br>Amounts held in trust<br>Total liabilities (mandatory field)<br>der equity | 0<br>0<br>0<br>0<br>0<br>0              |  |
| Liabilities<br>                                  | Total current liabilities<br>Total long term liabilities<br>Subordinated debt<br>Amounts held in trust<br>Total liabilities (mandatory field)<br>der equity | 0<br>0<br>0<br>0<br>0<br>0              |  |

E.L.K. Energy Inc.

Sch. 101

2003-12-31

Corporate Taxprep / Taxprep des sociétés - TP-08

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## E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

| Name of the corporation E.L.K. Energy Inc. |                     |
|--|---------------------|
| Business Number 866567787RC0001            | Taxation year end   |
| Address 172 FOREST AVENUE                  | City ESSEX          |
| Province, Territory ON                     | Postal code N8M-3E4 |
|  |                     |

#### **Balance Sheet**

| GIFI Account                 | Description  |   | Amount                  | Prior<br>Year           |  |
|------------------------------|--|---|-------------------------|-------------------------|--|
| — Assets ——                  | Total current assets   | + | 12,099,811              | 9,313,798               |  |
| 1599<br>2008<br>2009<br>2178 | Total accumulated amortization of tangible capital assets                                      | + | 17,686,266<br>9,780,954 | 17,465,456<br>9,163,777 |  |
| 2178                         | Total intangible capital assets<br>Total accumulated amortization of intangible capital assets | + | 0                       | . 0                     |  |
| 2590                         | Total long term assets   |   | 1,141,274<br>0          | 1,438,806<br>0          |  |
| 2599                         | Total Assets (mandatory field)   | = | 21,146,397              | 19,054,283              |  |

| — Liabilities —              |                                     |             |            |  |
|------------------------------|-------------------------------------|-------------|------------|--|
| 3139<br>3450<br>3460<br>3470 | Total current liabilities           | 10,190,514  | 10,136,551 |  |
| 3450                         | Total long term liabilities         | 855,137     | 891,433    |  |
| 3460                         | Subordinated debt                   | 0           | 0          |  |
| 3470                         | Amounts held in trust               | 0           | 0          |  |
|                              |                                     |             |            |  |
| 3499                         | Total liabilities (mandatory field) | 11,045,651  | 11,027,984 |  |
|                              |                                     | *********** |            |  |
|                              |                                     |             |            |  |

|      | hareholder equity                           |            |           |  |
|------|---|------------|-----------|--|
| 3620 | Total shareholder equity (mandatory field). | 10,100,746 | 8,026,299 |  |
|      |   |            |           |  |
|      |   |            |           |  |

| 3640 | Total Liabilities and Shareholder Equity | 21,146,397 | 19,054,283 |  |
|------|--|------------|------------|--|
|      |  |            |            |  |
|      |  |            |            |  |

| 3849 | Retained Earnings/Deficit - End (mandatory field) | 5,698,273 | 3,623,826 |  |
|------|---|-----------|-----------|--|
|      |   |           |           |  |
|      |   |           |           |  |

7,478,565 4,442,269

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+

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

Cash and deposits

## **Current Assets**

| GIFI                                 | Account      | Description                                    | Amount    | Prior<br>year |  |
|--------------------------------------|--------------|--|-----------|---------------|--|
|                                      | sh and depos |  |           | 4,442,269     |  |
| 1000                                 |              | Cash and deposits                              | 7,478,565 | 4,442,209     |  |
| 1001                                 |              | Cash   | 0         | 0             |  |
|                                      |              | Deposits in Canadian banks and institutions    |           | 0             |  |
| 1002                                 |              | - Canadian currency                            | 0         | 0             |  |
|                                      |              | Deposits in Canadian banks and institutions    |           |               |  |
| 1003                                 |              | - Foreign currency                             | 0         | 0             |  |
| 1004                                 |              | Deposits in foreign banks - Canadian currency. | 0         | 0             |  |
| 1005                                 |              | Deposits in foreign banks - foreign currency.  | 0         | 0             |  |
| 1006                                 |              | Credit union central deposits                  | 0         | 0             |  |
| 1003<br>1004<br>1005<br>1006<br>1007 |              | Other cash like instruments                    | 0         | 0             |  |

|   | Amounts receivable from members of NPOs.       | 0<br>+ 4,332,909 | 0<br><br>4,468,334 |  |
|---|--|------------------|--------------------|--|
|   | Accounts receivable from employees             | 0                | 0                  |  |
|   | Leases receivable                              | 0                | 0                  |  |
|   | Holdbacks receivable                           | 0                | 0                  |  |
|   | Interest receivable                            | 0                | 0                  |  |
|   | Taxes receivable                               | 0                | 0                  |  |
|   | Trade accounts receivable from related parties | 0                | 0                  |  |
|   | Trade accounts receivable                      | 2,530,295        | 2,946,625          |  |
| * | Accounts receivable                            | 1,802,614        | 1,521,709          |  |

| E. | Ilowance f                   | or d | oubtful accounts   |      |   |             |  |
|----|------------------------------|------|--|------|---|-------------|--|
|    | 1061                         | *    | Allowance for doubtful accounts                                  |      | 0 | 0           |  |
|    | 1063                         |      | Allowance for doubtful trade accounts receivable                 |      | 0 | 0           |  |
|    | 1065                         |      | Allowance for doubtful trade accounts receivable related parties |      | 0 | 0           |  |
| 1  | 1070                         |      | Allowance for doubtful amounts contained in leases receivable    |      | 0 | 0           |  |
|    | 1063<br>1065<br>1070<br>1072 |      | Allowance for doubtful accounts receivable from employees.       |      | 0 | 0           |  |
|    |                              |      |  |      |   |             |  |
|    |                              |      | Allowance for doubtful accounts                                  | i.); | 0 | 0           |  |
|    |                              |      |  |      |   | *********** |  |
|    |                              |      |  |      |   |             |  |

Page 1 of 3 Corporate Taxprep / Taxprep des sociétés - TP-08

| L.K. Er<br>count/E | ergy Inc.<br>Business No.:866567787RC0001 Year Ende   | ed:       | 2003-12-    | Sch. 1599<br>31 |
|--------------------|---|-----------|-------------|-----------------|
| nventories         |   |           |             |                 |
| a ventories        | Inventories   | 251,137   | 274,960     |                 |
|                    | Inventory of goods for sale   | 0         | 0           |                 |
|                    | Inventory parts and supplies  | 0         | 0           |                 |
|                    | Inventory properties  | 0'        | 0           |                 |
|                    | Inventory of aggregates   | 0         | 0           |                 |
|                    | Work in progress  | ů.        | 0           |                 |
|                    | Raw materials   | 0         | 0           |                 |
|                    |   | 0         | 0           |                 |
| E.                 | Inventory of securities   |           |             |                 |
|                    | Inventories   | + 251,137 | 274,960     |                 |
|                    | Inventories   |           |             |                 |
|                    |   |           |             |                 |
| short term inv     | * Short term investments  | 0         | 0           |                 |
|                    | Canadian term deposits  | 0         | 0           |                 |
|                    | Canadian shares   | 0         | 0           |                 |
|                    | Canadian bonds  | 0         | 0           |                 |
|                    | Canadian treasury bills   | 0         | 0           |                 |
|                    | Securities purchased under resale agreements.   | 0         | 0           |                 |
|                    | Other short term Canadian investments   | 0         | 0           |                 |
|                    | Short term foreign investments  | 0         | 0           |                 |
| l                  |   |           |             |                 |
|                    | Short term investments  | + 0       | 0           |                 |
|                    |   |           |             |                 |
| oans and no        | tes receivable<br>Loans and notes receivable<br>Demand loans receivable<br>Other loans receivable | 0<br>0    | 0<br>0<br>0 |                 |
| í.                 | Notes receivable  | 0         | 0           |                 |
|                    | Notes receivable  | 0         | 0           |                 |
|                    | INIOI 198963 I COCIVADIC  |           |             |                 |
|                    | Loans and notes receivable  | + 0       | 0           |                 |
|                    |   |           | ********    |                 |
| 110 from at        | reholder(s)/director(s)   |           |             |                 |
| Jue nom snat       | * Due from shareholder(s)/director(s)   | 0         | 0           |                 |
| · · ·              |   | 0         | 0           |                 |
| ,                  | Due from individual shareholder(s)  |           |             |                 |
| ,                  | Due from individual shareholder(s).   | 0         | 0           |                 |
|                    | Due from corporate shareholder(s)   | 0         | 0           |                 |
|                    |   | 0         | 0<br>0      |                 |
|                    | Due from corporate shareholder(s)   | + 0       | 0<br>0<br>  |                 |
|                    | Due from corporate shareholder(s)   | + 0       |             |                 |
|                    | Due from corporate shareholder(s)   | + 0       | 0           |                 |
|                    | Due from corporate shareholder(s)   | + 0       | 0           |                 |

| .L.K.                                | Energy Inc.<br>/Business No.:866567787RC0001 Year End   | ed.                   | s<br>2003-12-31                 | ch. 1599 |
|--------------------------------------|---|-----------------------|---------------------------------|----------|
| count                                | /Business No. 00050//0/Recourt fear End   |                       |                                 |          |
| Due from/i                           | nvestment in related parties  | 0                     | 0                               |          |
| -                                    | Due nonvinvesurient in related parties  | 0                     | 0                               |          |
| 1                                    | Demand notes from related parties   | 0                     | 0                               |          |
| 02                                   | Interest receivable from related parties  | 0                     | 0                               |          |
| 03                                   | Loans/advances due from related parties   | 0                     | 0                               |          |
|                                      |   |                       |                                 |          |
|                                      | Due from/investment in related parties  | + 0                   | 0                               |          |
|                                      |   | ************          | **********                      |          |
| 60                                   | Customers' liability under acceptances  | + 0                   | 0                               |          |
|                                      |   | + 0                   | 0                               |          |
|                                      | Customers' liability under acceptances ent assets * Other current assets  | + 0                   | 0                               |          |
| - Other curr                         | ent assets  |                       |                                 |          |
| - Other curr                         | ent assets  |                       | 0                               |          |
| - Other curr<br>80<br>81<br>82<br>83 | ent assets * Other current assets Deferred income taxes   |                       | 0<br>0                          |          |
| - Other curr<br>80<br>81<br>82<br>83 | * Other current assets     Deferred income taxes     Accrued investment income     Taxes recoverable/refundable   | 0<br>0<br>0           | 0<br>0<br>0                     |          |
| - Other curr<br>80<br>81<br>82<br>83 |   | 0<br>0<br>0<br>0      | 0<br>0<br>0<br>64,281           |          |
| - Other curr<br>80<br>81<br>82<br>83 | ent assets         * Other current assets         Deferred income taxes         Accrued investment income         Taxes recoverable/refundable         Prepaid expenses         Drilling advances | 0<br>0<br>0<br>37,200 | 0<br>0<br>0<br>64,281<br>63,954 |          |
| - Other curr<br>80<br>81<br>82       |   | 0<br>0<br>0<br>37,200 | 0<br>0<br>0<br>64,281<br>63,954 |          |
| - Other curr<br>80<br>81<br>82<br>83 | ent assets<br>* Other current assets  | 0<br>0<br>0<br>37,200 | 0<br>0<br>0<br>64,281<br>63,954 |          |

| 1599           | Total Current Assets | = 12,099,811 | 9,313,798   |  |
|----------------|----------------------|--------------|-------------|--|
| * Generic Item |                      |              | Page 3 of 3 |  |

## E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year

Year Ended:

## GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

## **Tangible Capital Assets**

| GIFI Accou   | nt Description | Ai | nount        | Prior<br>year |  |
|--------------|----------------|----|--------------|---------------|--|
| 1600<br>1601 | Land           |    | 156,387<br>0 | 156,387<br>0  |  |

| · · · ·              |  |            |   |
|----------------------|--|------------|---|
| Depletable asse      | Depletable assets                            | 0          | 0 |
| 1622                 | Petroleum and natural gas properties         | 0          | 0 |
| 1622<br>1624<br>1626 | Mining properties                            | 0          | 0 |
| 1626                 | Deferred exploration and development charges | 0          | 0 |
| 1628<br>1630         | Quarries                                     | 0          | 0 |
|                      | Gravel pits                                  | 0          | 0 |
| 1632                 | Timber limits                                |            |   |
|                      | Depletable assets                            | + 0        | 0 |
|                      | Dehicranic assers                            | ********** |   |
|                      |  |            |   |

| Buildings —<br>1680<br>1682<br>1684 | Buildings<br>Manufacturing and processing plant<br>Buildings under construction | 2,820,441<br>0<br>0 | 2,815,401<br>0<br>0 |  |
|-------------------------------------|---|---------------------|---------------------|--|
|                                     | Buildings   | + 2,820,441         | 2,815,401           |  |

| Machinery, equ   | ipment, furniture and fixtures                          |            |            |  |
|--|---|------------|------------|--|
| 1740 *   | Machinery, equipment, furniture and fixtures            | 14,709,438 | 14,493,668 |  |
| 1742<br>1744   | Motor vehicles  | 0          | 0          |  |
| 1744   | Tools and dies  | 0          | 0          |  |
| 1716   | Construction and excavating equipment                   | 0          | 0          |  |
|  | Forestry and logging equipment                          | 0          | 0          |  |
| 1750   | Fishing gear and nets                                   | 0          | 0          |  |
| 1750<br>1752<br>1754<br>1756<br>1758<br>1760<br>1762<br>1764<br>1766 | Mining equipment  | 0          | 0          |  |
| 1754   | Oil and gas systems                                     | 0          | 0          |  |
| 1756   | Production equipment for resource industries            | 0          | 0          |  |
| 1758   | Production equipment for other than resource industries | 0          | 0          |  |
| 1760   | Exploration equipment                                   | 0          | 0          |  |
| 1762   | Shipping equipment                                      | 0          | 0          |  |
| 1764   | Ships and boats   | 0          | 0          |  |
| 1766   | Aircraft  | 0          | 0          |  |
| 1768   | Signs   | 0          | 0          |  |

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| K. E<br>ount/ | nergy Inc.<br>Business No.:866567787RC0001 Year Ende   | ed:          | 2003-12-31 | Sch. 2008 |
|---------------|--|--------------|------------|-----------|
|               |  |              |            |           |
| lachinery, e  | quipment, furniture and fixtures (cont'd)  |              |            |           |
|               | Small tools  | 0            | 0          |           |
|               | Radio and communication equipment  | 0            | 0          |           |
|               | Computer equipment/software  | 0            | 0          |           |
|               | Musical instruments  | 0            | 0          |           |
|               | Satellites   | 0            | 0          |           |
|               | Earth stations   | 0            | 0          |           |
|               | Machinery and equipment under construction   | 0            | 0          |           |
|               | Transportation equipment   | 0            | 0          |           |
|               | Other machinery and equipment  | 0            | 0          |           |
|               | Furniture and fixtures   | 0            | 0          |           |
|               |  |              | *****      |           |
|               |  |              |            |           |
|               | Machinery, equipment, furniture and fixtures   | + 14,709,438 | 14,493,668 |           |
|               | Machinery, equipment, furniture and fixtures   |              | 14,493,668 |           |
| ther tangib   | le capital assets * Other tangible capital assets  |              |            |           |
| ther tangib   | le capital assets<br>* Other tangible capital assets<br>Logging roads  |              |            |           |
| ther tangib   | le capital assets<br>* Other tangible capital assets<br>Logging roads<br>Asphalt and parking areas   |              |            |           |
| ther tangib   | le capital assets<br>* Other tangible capital assets<br>Logging roads  |              |            |           |
| ther tangib   | le capital assets  * Other tangible capital assets Logging roads Asphalt and parking areas Wharves Fences  |              |            |           |
| ther tangib   | le capital assets  * Other tangible capital assets Logging roads Asphalt and parking areas Wharves   |              |            |           |
| ther tangib   | le capital assets  * Other tangible capital assets Logging roads Asphalt and parking areas Wharves Fences  |              |            |           |
| )ther tangib  | le capital assets  |              |            |           |
| ther tangib   | le capital assets  |              |            |           |
| ther tangib   | le capital assets         *       Other tangible capital assets.         Logging roads.         Asphalt and parking areas.         Wharves.         Fences.         Capital leases - buildings.         Capital leases - equipment.         Capital leases - vehicles. |              |            |           |
| ther tangib   | le capital assets         *       Other tangible capital assets         Logging roads  |              |            |           |

Other tangible capital assets

2008

Total Tangible Capital Assets

= 17,686,266 17,465,456

0

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+

\* Coneric Item

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0

Year Ended:

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

## Accumulated Amortization of Tangible Capital Assets

| -1           | Account      | Description   | Amount      | Prior<br>year |  |
|--------------|--------------|---|-------------|---------------|--|
| 2            |              | Land improvements   | + 0         | 0             |  |
| Ac           | cumulated ar | nortization of depletable assets  |             |               |  |
| 21           | *            | Depletable assets   | 0           | 0             |  |
| 523          |              | Petroleum and natural gas properties  | 0           | 0             |  |
| 25           |              | Mining properties   | 0           | 0             |  |
| 27           |              | Deferred exploration and development charges                                | 0           | 0             |  |
| 29           |              | Quarries  | 0           | 0             |  |
| 31           |              | Gravel pits   | 0           | 0             |  |
| 33           |              | Timber limits   | 0           | 0             |  |
|              |              |   |             |               |  |
|              |              | Accumulated amortization of depletable assets                               | + 0         | 0             |  |
|              |              |   |             |               |  |
|              |              |   |             |               |  |
| 81           | cumulated al | nortization of buildings<br>Buildings :                                     | 1,984,428   | 1,956,345     |  |
| 83           |              | Manufacturing and processing plant  | 0           | 0             |  |
|              |              |   | **********  |               |  |
|              |              | Accumulated amortization of buildings                                       | + 1,984,428 | 1,956,345     |  |
|              |              |   |             |               |  |
|              |              |   |             |               |  |
|              | cumulated a  | nortization of machinery, equipment, furniture and fixtures                 |             |               |  |
| 41           | *            | Machinery, equipment, furniture and fixtures                                | 7,796,526   | 7,207,432     |  |
| 43           |              | Motor vehicles  | 0           | 0             |  |
| 45           |              | Tools and dies  | 0           | 0             |  |
| 47           |              | Construction and excavating equipment                                       | 0           | 0             |  |
| 49           |              | Forestry and logging equipment  | 0           | 0             |  |
| 51           |              | Fishing gear and nets,  | 0           | 0             |  |
| 53           |              | Mining equipment  | 0           | 0             |  |
| 55           |              | Oil and gas systems   | 0           | 0             |  |
| 57           |              | Production equipment for resource industries                                | 0           | 0             |  |
| - <b>1</b> 2 |              | Production equipment for other than resource industries                     | 0           | 0             |  |
| 61           |              | Exploration equipment   | 0           | 0             |  |
| 53           |              | Shipping equipment  | 0           | 0             |  |
| 65           |              | Ships and boats   | 0           | 0             |  |
| 67           |              | Aircraft  | 0           | 0             |  |
| 69           |              | Signs   | 0           | 0             |  |
| 71           |              | Small tools   | 0           | 0             |  |
| 73<br>75     |              | Radio and communication equipment   | 0           | 0             |  |
| 75           |              | Computer equipment/software   | 0           | 0             |  |
| 77<br>79     |              | Musical instruments   | 0           | 0             |  |
| 79<br>81     |              | Satellites  | · ·         | 0             |  |
| 84           |              | Earth stations  | 0           | 0             |  |
| 86           |              | Transportation equipment  | 0           | 0             |  |
| 88           |              | Other machinery and equipment   | 0           | 0             |  |
|              |              | Furniture and fixtures  | 0           |               |  |
|              |              | a state of the state of the state   |             |               |  |
|              |              | Accumulated amortization of machinery.                                      |             |               |  |
|              |              | Accumulated amortization of machinery,<br>equipment, furniture and fixtures | + 7,796,526 | 7,207,432     |  |

|    | Energy Inc.<br>/Business No.:866567787RC0001 Year Ende    | d:  | Sc<br>2003-12-31 | h. 2009 |
|----|---|-----|------------------|---------|
|    | ed amortization of other tangible capital assets          |     |                  |         |
| 1  | * Other tangible capital assets                           | 0   | 0                |         |
| 3  | Logging roads   | 0   | 0                |         |
| ]  | Asphalt and parking areas.                                | 0   | 0                |         |
| ]  | Wharves   | 0   | 0                |         |
| ]  | Fences  | 0   | 0                |         |
| l. | Capital leases - buildings                                | 0   | 0                |         |
| í. | Capital leases - equipment                                | 0   | 0                |         |
|    | Capital leases - vehicles                                 | 0   | 0                |         |
|    | Capital leases - others                                   | 0   | 0                |         |
| ľ  | Leasehold improvements                                    | 0   | 0                |         |
|    | Campsites   | 0   | 0                |         |
| 50 |   |     |                  |         |
|    | Accumulated amortization of other tangible capital assets | - 0 | 0                |         |
|    |   |     |                  |         |

| ſ | 2009 | Total Accumulated Amortization of Tangible Capital Assets | 9,780,954 | 9,163,777 |  |
|---|------|---|-----------|-----------|--|
| L |      |   |           |           |  |

eneric Item

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| E.L.K. Energy Inc.                    |             |           |
|---------------------------------------|-------------|-----------|
| Account/Business No.: 866567787RC0001 | Year Ended: | 2003-12-3 |

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

## Long Term Assets

| Acc      | count Description   | Amount | Pri<br>yea                              |  |  |
|----------|---|--------|---|--|--|
|          | ·   |        |   |  |  |
| Due fron | n shareholder(s)/director(s)  |        |   | 0  |  |
|          | * Due from shareholder(s)/director(s),  |        | 0                                       | 0  |  |
|          | Due from individual shareholder(s)  |        | 0                                       | 0  |  |
|          | Due from corporate shareholder(s)   |        | 0                                       | 0  |  |
|          | Due from director(s)  |        | 0                                       | U  |  |
|          |   |        | 0                                       | 0  |  |
|          | Due from shareholder(s)/director(s)   | +      | -<br>207 1200                           | terret total a second to agrice a  |  |
|          |   |        | == ==                                   |  |  |
|          |   |        |   |  |  |
|          |   |        |   |  |  |
|          | Due from members  | +      | 0                                       | 0  |  |
|          |   |        |   |  |  |
|          |   | +      | 0                                       | 0  |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)   |        | 0<br>0                                  | 0  |  |
| ]        | Investment in joint venture(s)/partnership(s)   |        | -                                       | -  |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)   |        | -                                       | -  |  |
| Due fror | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties  |        | -                                       | -  |  |
|          | Investment in joint venture(s)/partnership(s)         Due from joint venture(s)/partnership(s)         n/investment in related parties         *       Due from/investment in related parties   |        | 0                                       | 0  |  |
| Due fror | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s)  n/investment in related parties  * Due from/investment in related parties Due from/investment in Canadian related parties   | +      | 0                                       | 0  |  |
|          | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s) n/investment in related parties * Due from/investment in related parties Due from/investment in Canadian related parties Shares in Canadian related corporations   | +      | 0                                       | 0  |  |
|          | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s) n/investment in related parties * Due from/investment in related parties Due from/investment in Canadian related parties Shares in Canadian related corporations Loans/advances to Canadian related corporations   | +      | 0 | 0<br>0<br>0<br>100   |  |
|          | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s) n/investment in related parties * Due from/investment in related parties Due from/investment in Canadian related parties Shares in Canadian related corporations Loans/advances to Canadian related corporations at cost   | +      | 0 | 0<br>0<br>100<br>0   |  |
|          | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s) n/investment in related parties * Due from/investment in related parties Due from/investment in Canadian related parties Shares in Canadian related corporations Loans/advances to Canadian related corporations at cost Investment in Canadian related corporations at cost   | +      | 0 | 0<br>0<br>100<br>0<br>0  |  |
|          | Investment in joint venture(s)/partnership(s) Due from joint venture(s)/partnership(s) n/investment in related parties * Due from/investment in related parties Due from/investment in Canadian related parties Shares in Canadian related corporations Loans/advances to Canadian related corporations at cost. Investment in Canadian related corporations at cost. Investment in Canadian related corporations at equity. Due from/investment in foreign related parties   | +      | 0 | 0<br>0<br>100<br>0<br>0<br>0   |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties<br>* Due from/investment in related parties<br>Due from/investment in Canadian related parties<br>Shares in Canadian related corporations<br>Loans/advances to Canadian related corporations<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at equity.<br>Due from/investment in foreign related parties<br>Shares in foreign related corporations | +      | 0 | 0<br>0<br>100<br>0<br>0<br>0<br>0  |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties<br>* Due from/investment in related parties<br>Due from/investment in Canadian related parties<br>Shares in Canadian related corporations<br>Loans/advances to Canadian related corporations<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at equity.<br>Due from/investment in foreign related parties<br>Shares in foreign related corporations | +      | 0 | 0<br>0<br>100<br>0<br>0<br>0<br>0  |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties  | +      | 0 | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0           |  |
|          | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties<br>* Due from/investment in related parties<br>Due from/investment in Canadian related parties<br>Shares in Canadian related corporations<br>Loans/advances to Canadian related corporations<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at cost.<br>Investment in Canadian related corporations at equity.<br>Due from/investment in foreign related parties<br>Shares in foreign related corporations | +      |   | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |  |
| Due fror | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)<br>n/investment in related parties  | +      |   | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |  |

Investment in co-tenancy.....+ 0 0

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Sch. 2589

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| E.L.K.   | Energy Inc.   |   | Sch. 2589 |
|--|---|---|-----------|
| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Year Ended: 2003-12-31           Long term investments         0         0           * Long term investments         0         0 | )3-12-31  |   |           |
|  |   |   |           |
|  | n investments                                       |   |           |
|  | * Long term investments                             | 0 | 0         |
| 2301   | Foreign shares                                      | 0 | 0         |
| 2302   | Other types of foreign investments                  | 0 | 0         |
| 2303   | Canadian shares                                     | 0 | 0         |
| 2304   | Government of Canada debt                           | 0 | 0         |
| 2305   | Canadian, provincial and municipal government debt, | 0 | 0         |
| 2301<br>2302<br>2303<br>2304<br>2306<br>2306<br>2306<br>2306<br>2308<br>2308<br>2309   | Canadian corporate bonds and debentures             | 0 | 0         |
| 2307   | Debt securities                                     | 0 | 0         |
| 2308   | Equity securities                                   | 0 | 0         |
| 2309   | Securities purchased under resale agreements.       | 0 | 0         |
|  | Securities purchased under resaic agreements        |   |           |

| 2310 | Central credit union shares          |   | 0 | 0 |  |
|------|--------------------------------------|---|---|---|--|
| 2311 | Other Canadian long term investments |   | 0 | 0 |  |
|      |                                      |   |   |   |  |
|      | Long term investments                | + | 0 | 0 |  |
|      |                                      |   |   |   |  |
|      |                                      |   |   |   |  |
|      |                                      |   |   |   |  |

| 1    | Long term loa | ans |                                |   |   |   |  |
|------|---------------|-----|--------------------------------|---|---|---|--|
|      | 2360          | *   | Long term loans                |   | 0 | 0 |  |
|      | r 7           |     | Mortgages                      |   | 0 | 0 |  |
|      | <u>ز</u> ا    |     | Personal and credit card loans |   | 0 | 0 |  |
|      | 2363          |     | Business and government loans  |   | 0 | 0 |  |
|      | 2364          |     | Line of credit                 |   | 0 | 0 |  |
|      |               |     |                                |   |   |   |  |
|      |               |     | Long term loans                | + | 0 | 0 |  |
|      |               |     | -                              |   |   |   |  |
| - 11 |               |     |                                |   |   |   |  |

| Other long te        | erm<br>* | assets Other long term assets          |   | 569,174   | 866,706   |  |
|----------------------|----------|--|---|-----------|-----------|--|
| 2421                 |          | Deferred income taxes                  |   | 572,000   | 572,000   |  |
| 2422<br>2423<br>2424 |          | Deferred pension charges               |   | 0         | 0         |  |
| 2423                 |          | Deferred unrealized exchange losses    |   | 0         | 0         |  |
| 2424                 |          | Other deferred items/charges           |   | 0         | 0         |  |
| 2426                 |          | Reserve fund                           |   | 0         | 0         |  |
| 2427                 |          | Cash surrender value of life insurance |   | U         | 0         |  |
|                      |          | Others have been assessed              | + | 1,141,174 | 1,438,706 |  |
| - 8                  |          | Other long term assets                 |   |           |           |  |
|                      |          |  |   |           |           |  |

| 2425 | Accumulated amortization of deferred charges | 0 | 0 |  |
|------|--|---|---|--|
|      |  |   |   |  |

| 2589 | Total Long Term Assets | = 1,1 | 141,274 | 1,438,806 |  |
|------|------------------------|-------|---------|-----------|--|
|      |                        |       | ******  |           |  |
|      |                        |       |         |           |  |

\* Generic Item

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Sch. 2589

|   | unt/Bu          | ergy Inc.<br>Isiness No.: 866567787RC0001 Year Ended  | 1:  | 2003-12-3                               | Sch. 3139<br>1 |
|---|-----------------|---|---|---|----------------|
| NER                                       | AL INDE         | X OF FINANCIAL INFORMATION (GIFI)   |   |   |                |
| rren                                      | t Liabiliti     | es  |   |   |                |
| I   | Account         | Description   | Amount  | Prior<br>year                           |                |
| 0   |                 | Bank overdraft +  | 0   | 0                                       |                |
| Amo                                       | unts pavab      | le and accrued liabilities ————————————————————   |   |   |                |
| 0   | *               | Amounts payable and accrued liabilities   | 3,313,941   | 3,305,484                               |                |
| 1   |                 | Trade payables  | 0   | 0                                       |                |
| 2   |                 | Trade payables to related parties   | 0   | 0                                       |                |
| 3   |                 | Holdbacks payable   | 0   | 0                                       |                |
| 4   |                 | Wages payable   | 0   | 0                                       |                |
| :5  |                 | Management fees payable   | 0   | 0                                       |                |
| 6   |                 | Bonuses payable   | 0   | 0                                       |                |
| 7   |                 | Employee deductions payable   | 0   | 0                                       |                |
|   |                 | Withholding faxes payable   | 0   | 0                                       |                |
| 4   |                 | Interest payable  | 0   | 0                                       |                |
|   |                 | Amounts payable to members of NPOs.   | 0   | 0                                       |                |
| -   |                 | S and a second |   |   |                |
|   |                 | Amounts payable and accrued liabilities +   | 3,313,941   | 3,305,484                               |                |
|   |                 |   |   |   |                |
|   |                 |   |   |   |                |
|   |                 |   |   |   |                |
| 0   |                 | Taxes payable+  | 648,908   | 0                                       |                |
|   |                 |   |   |   |                |
|   |                 |   |   |   |                |
| Shoi                                      | t term deb      | Short term debt   | 0   | 0                                       |                |
| =   |                 | Short term debt   | 0   | 0                                       |                |
|   |                 |   | 0   | 0                                       |                |
|   |                 | Loans from Canadian banks   | 0   | 0                                       |                |
| 2   |                 | Liability for securities sold short   | 0   | 0                                       |                |
| 2   |                 | Liability for securities sold short   | 0   | 0                                       |                |
| 2<br>3<br>4                               |                 | Liability for securities sold short   | 0<br>0<br>0   | 0<br>0<br>0<br>0                        |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0   | 0                                       |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0   | 0                                       |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0                        |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0<br>0                   |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0                        |                |
| 2 3 4 5                                   |                 | Liability for securities sold short   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0<br>0                   |                |
| 2 3 4 5 4                                 |                 | Liability for securities sold short   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0<br>0                   |                |
|   |                 | Liability for securities sold short   | 0 0 0 0 0 0   | 0 |                |
|   | to shareho      | Liability for securities sold short   | 0   | 0 |                |
| 2<br>3<br>4<br>5<br>6<br>7<br>0<br>0<br>0 | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income +<br>Ider(s)/director(s) -<br>Due to shareholder(s)/director(s)  | 0   | 0 |                |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>Lien income<br>the shareholder(s)/director(s)<br>Due to shareholder(s)<br>Due to individual shareholder(s)  | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                               | 0 | -              |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>tube for shareholder(s)/director(s)<br>Due to shareholder(s)<br>Due to corporate shareholder(s)<br>Due to corporate shareholder(s)  | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                          | 0 | -              |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>Lien income<br>the shareholder(s)/director(s)<br>Due to shareholder(s)<br>Due to individual shareholder(s)  | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                               | 0 |                |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>tube for shareholder(s)/director(s)<br>Due to shareholder(s)<br>Due to corporate shareholder(s)<br>Due to corporate shareholder(s)  | 0   | 0                                       |                |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>tube for shareholder(s)/director(s)<br>Due to shareholder(s)<br>Due to corporate shareholder(s)<br>Due to corporate shareholder(s)  | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                          | 0 |                |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>Hder(s)/director(s)<br>Due to shareholder(s)/director(s)<br>Due to individual shareholder(s)<br>Due to corporate shareholder(s)<br>Due to director(s)<br>Due to director(s)   | 0   | 0 |                |
|   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>Hder(s)/director(s)<br>Due to shareholder(s)/director(s)<br>Due to individual shareholder(s)<br>Due to corporate shareholder(s)<br>Due to director(s)<br>Due to director(s)   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 0 |                |
| 123454<br>0<br>Due<br>0                   | to shareho<br>* | Liability for securities sold short<br>Liability for securities sold under repurchase agreements<br>Gold and silver certificates<br>Cheques and other items in transit<br>Lien notes<br>Short term debt +<br>Deferred income<br>Hder(s)/director(s)<br>Due to shareholder(s)/director(s)<br>Due to individual shareholder(s)<br>Due to corporate shareholder(s)<br>Due to director(s)<br>Due to director(s)   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 0 |                |

|                              | Inergy Inc.<br>Business No.:866567787RC0001 | Sch. 3139<br>Year Ended: 2003-12-31 |           | . 3139    |  |
|------------------------------|---|-------------------------------------|-----------|-----------|--|
| Due to relate                | ed parties                                  |                                     |           |           |  |
| 2860                         | * Due to related parties                    |                                     | 0         | 0         |  |
| 2861                         | Demand notes due to related parties         | *****                               | 5,850,000 | 6,500,000 |  |
| 2862                         | Interest payable to related parties         |                                     | 0         | 0         |  |
| 2860<br>2861<br>2862<br>2863 | Advances due to related parties.            |                                     | 0         | 0         |  |

|                  | Due to related parties   | + | 5,850,000 | 6,500,000 |  |
|------------------|--|---|-----------|-----------|--|
| [2920]<br>[2940] | Current portion of long term liability<br>Bankers' acceptances |   | 0<br>0    | 0<br>0    |  |

..........

-----

| * | Other current liabilities                         | 0            | 0         |  |
|---|---|--------------|-----------|--|
|   | Deposits received                                 | 377,665      | 331,067   |  |
|   | Dividends payable                                 | 0            | 0         |  |
|   | Deferred income taxes                             | 0            | 0         |  |
|   | Reserve for guarantees, warranties or indemnities | 0            | 0         |  |
|   | General provisions/reserves                       | 0            | 0         |  |
|   | Crew shares                                       | 0            | 0         |  |
|   |   | **********   | ********* |  |
|   | Other current liabilities                         | + 377,665    | 331,067   |  |
|   |   | ************ |           |  |

| Total Current Liabilities | = 10,190,514 | 10,136,551 |
|---------------------------|--------------|------------|
|                           |              |            |

\* Generic Item

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| E.L.K.  | Energy Ind | 2.                   |      |        |
|---------|------------|----------------------|------|--------|
| Account | /Business  | No.: 866567787RC0001 | Year | Ended: |

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

## Long Term Liabilities

| -I Account    | Description   | Amount   | Prior<br>year   |   |
|---------------|---|--|---|---|
| Long term del | t   |  |   |   |
| 10            |   | 0  | 0   |   |
| 1             | Mortgages   | 0  | 0   |   |
| 2             | Farm credit corporation loan  | 0  | 0   |   |
| 3             | Chartered bank loan   | 0  | 0   |   |
| 4             | Credit Union/Caisse Populaire loan  | 0  | 0   |   |
| 5             | Provincial government loan  | 0  | 0   |   |
| 6             | Supply company loan   | 0  | 0   |   |
| 7             | Private loan  | 0  | 0   |   |
| 8             | Centrals, leagues, and federation loans   | 0  | 0   |   |
| 9             | Line of credit  | 0  | 0   |   |
| 0             | Liability for securities sold short   | 0  | 0   |   |
| 1             | Liability for securities sold under repurchase agreements.  | 0  | 0   |   |
| -             | Lien notes  | 0  | 0   |   |
|               |   |  |   |   |
|               | Long term debt  | + 0  | 0   |   |
|               |   |  |   |   |
|               |   |  |   | _ |
| 7             |   |  |   |   |
| 0             | Deposit liabilities of financial institutions   | + 0  | 0   |   |
| -             |   |  |   |   |
| =             | Bonds and debentures  | + 0  | 0   |   |
| 0             | Deferred income   | + 0  | 0   |   |
| 0<br>20       |   |  | •   |   |
| 0             | Deferred income   | + 0  | 0   |   |
| Due to shareh | Deferred income   | * 0<br>* 0   | 0   |   |
| Due to shareh | Deferred income   | + 0  | 0   |   |
| Due to shareh | Deferred income   | * 0<br>* 0   | 0   |   |
| Due to shareh | Deferred income   | * 0<br>* 0   | 0   |   |
| Due to shareh | Deferred income   | * 0<br>* 0   | 0   |   |
| Due to shareh | Deferred income         Deferred income taxes         Dider(s)/director(s)         Due to shareholder(s)/director(s)         Due to individual shareholder(s)         Due to corporate shareholder(s)   | + 0<br>+ 0   | 0   |   |
| Due to shareh | Deferred income         Deferred income taxes         Dider(s)/director(s)         Due to shareholder(s)/director(s)         Due to individual shareholder(s)         Due to corporate shareholder(s)   | + 0<br>+ 0   | 0   |   |
| Due to shareh | Deferred income .         Deferred income taxes.         Dolder(s)/director(s)         Due to shareholder(s)/director(s).         Due to individual shareholder(s).         Due to corporate shareholder(s).         Due to director(s).  | + 0<br>+ 0   | 0<br>0<br>0<br>0<br>0<br>0<br>0   |   |
| Due to shareh | Deferred income .         Deferred income taxes.         Dolder(s)/director(s)         Due to shareholder(s)/director(s).         Due to individual shareholder(s).         Due to corporate shareholder(s).         Due to director(s).  | + 0<br>+ 0<br>   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0  |   |
| Due to shareh | Deferred income .         Deferred income taxes.         Dolder(s)/director(s)         Due to shareholder(s)/director(s).         Due to individual shareholder(s).         Due to corporate shareholder(s).         Due to director(s).  | + 0<br>+ 0<br>   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0  |   |
| Due to shareh | Deferred income         Deferred income taxes         Dolder(s)/director(s)         Due to shareholder(s)/director(s)         Due to individual shareholder(s)         Due to corporate shareholder(s)         Due to director(s)         Due to shareholder(s)/director(s)         Due to shareholder(s)         Due to shareholder(s)         Due to shareholder(s)         Due to shareholder(s)/director(s) | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0                      | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0  |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0               | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                     |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0               | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                     |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0               |   |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0 | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0 |   |   |
| Due to shareh | Deferred income   | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0 |   |   |

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| E.L.K.  | Energy In  | с.                   |      |        |
|---------|------------|----------------------|------|--------|
| Account | c/Business | No.: 866567787RC0001 | Year | Ended: |

Sch. 3450 2003-12-31

| - Other long term  | liabilities  |             |              |  |
|--|--|-------------|--------------|--|
| 3320 *   | Other long term liabilities                        | 210,371     | 252,328      |  |
| 3321<br>3322<br>3323<br>3324<br>3325<br>3326<br>3327<br>3328 | Long term obligations/commitments/capital leases . | 0           | 0            |  |
| 3322   | Reserves for guarantees, warranties or indemnities | 644,766     | 639,105      |  |
| 3323   | Provision for site restoration                     | 0           | 0            |  |
| 3324   | Contributions to qualifying environmental trust    | 0           | 0            |  |
| 325  | General provisions/reserves                        | 0           | 0            |  |
| 326  | Preference shares restated                         | 0           | 0            |  |
| 327  | Member allocations                                 | 0           | 0            |  |
| 1328   | Deferred revenue from incomplete contracts         | 0           | 0            |  |
|  |  | *********   |              |  |
|  | Other long term liabilities                        | + 855,137   | 891,433      |  |
|  | -  | *********** | ************ |  |

3450

**Total Long Term Liabilities** 

855,137 -----

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\* Generic Item

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891,433

| E.L.<br>Acco                          | K. Ene<br>ount/Bu  | ergy Inc.<br>1siness No.:866567787RC0001 Year End   | ed | :                        | 2003-12-3                | Sch. 3620<br>31 |
|---------------------------------------|--------------------|---|----|--------------------------|--------------------------|-----------------|
| ENE                                   | RAL INDE           | X OF FINANCIAL INFORMATION (GIFI)   |    |                          |                          |                 |
| hare                                  | holder Eq          | uity  |    |                          |                          |                 |
| SIFI                                  | Account            | Description   | A  | Amount                   | Prior<br>year            |                 |
|                                       | Account            |   |    |                          |                          |                 |
| — Sha                                 | areholder eq       | uity —  |    |                          |                          |                 |
| 3500                                  |                    | Common shares   | +  | 100                      | 100                      |                 |
| 3520                                  |                    | Preferred shares  | +  | 0                        | 0                        |                 |
| - Cor<br>3540<br>3541<br>3542<br>3543 | ntributed and<br>* | d other surplus<br>Contributed and other surplus<br>Contributed surplus<br>Appraisal surplus<br>General reserve |    | 4,402,373<br>0<br>0<br>0 | 4,402,373<br>0<br>0<br>0 |                 |
|                                       |                    | Contributed and other surplus   | +  | 4,402,373                | 4,402,373                |                 |
| -                                     |                    |   |    |                          |                          |                 |
| 3570                                  |                    | Head office account   | +  | 0                        | 0                        |                 |
| 3600                                  |                    | Retained earnings/deficit   |    | 5,698,273                | 3,623,826                |                 |
| 3620                                  |                    | Total Shareholder Equity  | =  | 10,100,746               | 8,026,299                |                 |
|                                       |                    |   |    |                          |                          |                 |

\* Generic Item

Corporate Taxprep / Taxprep des sociétés - TP-08

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## E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

## 2003-12-31

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

## **Retained Earning/Deficit**

| GIFI                        | Account             | Description                             | Amount | Prior<br>year             |  |
|-----------------------------|---------------------|---|--------|---------------------------|--|
| 3660<br>3680                |                     | Retained earnings/deficit - start       |        |                           |  |
| Div<br>3700<br>3701<br>3702 | idends decla<br>*   | red — Dividends declared                | 1      | ) 0<br>0 6,500,000<br>0 0 |  |
|                             |                     | Dividends declared                      |        | 6,500,000                 |  |
| 1                           |                     | Prior period adjustments                | +      | 0 1,084,721               |  |
| 740                         | ner items affe<br>* | Other items affecting retained earnings |        | 0 0                       |  |
| 741                         |                     | Share redemptions                       |        | 0<br>0 0                  |  |
| 742<br>743<br>744<br>745    |                     | Currency adjustments                    |        | 0 0<br>0 0                |  |
| 745                         |                     | Interfund transfer                      |        | 0 0                       |  |
|                             |                     | Other items affecting retained earnings | +      | 0                         |  |
|                             |                     |   |        |                           |  |

neric Item

| 001<br>002<br>003 | Description  | name<br>n of the operation MUNICIPALLY OWNED ELECTRICAL DISTRIBUT<br>Number | TION | COMPANY                  |                          |  |
|-------------------|--------------|---|------|--------------------------|--------------------------|--|
| iIFI              | Account      | Description   | ,    | Amount                   | Prior<br>year            |  |
| Inc               | ema Statema  | ent Information   |      |                          |                          |  |
| 8089<br>8518      | ome stateme  | Total sales of goods and services<br>Cost of sales                          |      | 17,038,327<br>11,940,399 | 17,014,804<br>14,177,688 |  |
| 8519              |              | Gross profit/loss   | =    | 5,097,928                | 2,837,116                |  |
| 9367              |              | Cost of sales<br>Total operating expenses                                   | +    | 2,924,628                | 14,177,688<br>2,608,794  |  |
| 9368              |              | Total expenses (mandatory field)  | =    | 14,865,027               | 16,786,482               |  |
| 8299<br>9368      |              | Total revenue (mandatory field)<br>Total expenses (mandatory field)         | 3    | 14,865,027               | 17,565,060<br>16,786,482 |  |
| 9369              |              | Net non-farming income  | =    | 2,757,447                | 778,578                  |  |
|                   |              |   | 14   |                          |                          |  |
| - Fa<br>9659      | rming Income | Statement Information     Total farm revenue (mandatory field)              | +    | 0                        | 0                        |  |
| 9898              |              | Total farm expenses (mandatory field)                                       |      | 0                        | 0                        |  |
| 9899              |              | Net farm income   | =    | 0                        | 0                        |  |

**GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)** 

## **Income Statement**

E.L.K. Energy Inc.

| ]               | l otal sales of goods and services                               |     |             | 17,014,004 |
|-----------------|--|-----|-------------|------------|
|                 | Cost of sales  | •   |             | 14,177,688 |
|                 |  |     |             |            |
| 519             | Gross profit/loss  | =   | 5,097,928   | 2,837,116  |
|                 |  |     | *********** |            |
|                 | Cost of sales  | +   | 11,940,399  | 14,177,688 |
| 367             | Total operating expenses   | +   | 2,924,628   | 2,608,794  |
|                 |  |     | **********  |            |
| 9368            | Total expenses (mandatory field)                                 | =   | 14,865,027  | 16,786,482 |
|                 |  |     | *********** | ********** |
| 8299            | Total revenue (mandatory field)                                  | +   | 17,622,474  | 17,565,060 |
| 9368            | Total expenses (mandatory field)                                 |     | 14,865,027  | 16,786,482 |
|                 |  |     |             |            |
| 9369            | Net non-farming income   | =   | 2,757,447   | 778,578    |
|                 | Nethon-laining meente  |     | -,,         |            |
|                 |  |     |             |            |
|                 |  | _   |             |            |
|                 |  | 1.5 |             |            |
|                 | e Statement Information  | - 4 |             |            |
| 659             | e Statement Information<br>Total farm revenue (mandatory field). | +   | 0           | 0          |
| — Farming incom |  |     | 000         | 0          |
| 659             | Total farm revenue (mandatory field).                            |     | 0           | 0          |
| 659             | Total farm revenue (mandatory field).                            |     | 0 0 0       | 0<br>0     |

| 9970 | Net Income/Loss before Taxes and Extraordinary Items | 2,757,447 | 778,578 |  |
|------|--|-----------|---------|--|
|      |  |           |         |  |
|      |  |           |         |  |

Extraordinary items and income taxes (linked to Schedule 140)

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## E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2003-12-31

Sch. 125

| 9975         | Extraordinary item(s)                 | 0          | 0       |
|--------------|---------------------------------------|------------|---------|
| 9976<br>9980 | Legal settlements                     | 0          | 0       |
| 9980         | Unrealized gains/losses               | 0          | 0       |
| 9985         | Unusual items                         | 0          | 0       |
| 9985<br>9990 | Current income taxes                  | 683,000    | 13,000  |
| 9995         | Deferred income tax provision         | 0          | 293,000 |
|              |                                       |            |         |
|              | Net Income/Loss after Taxes and       |            |         |
| 9999         | Extraordinary Items (mandatory field) | 2,074,447  | 472,578 |
|              |                                       | ********** |         |

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Year Ended:

## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

### Revenue

| FI                                | Account           | Description   | Amount                      | Prior<br>year                    |  |
|-----------------------------------|-------------------|---|-----------------------------|----------------------------------|--|
| 00                                |                   | Trade sales of goods and services   | - 17,038,327                | 17,014,804                       |  |
| 020                               |                   | Sales of goods and services to related parties  | - 0                         | 0                                |  |
| 30                                |                   | Interdivisional sales   | - 0                         | 0                                |  |
| - Sal                             | es from reso      | purce properties  |                             |                                  |  |
| 040                               | *                 | Sales from resource properties  | 0                           | 0                                |  |
| 041                               |                   | Petroleum and natural gas sales   | 0                           | 0                                |  |
| 42                                |                   | Petroleum and natural gas sales to related parties  | 0                           | 0                                |  |
| 43                                |                   | Gas marketing   | 0                           | 0                                |  |
| 44                                |                   | Processing revenue  | 0                           | 0                                |  |
| 45                                |                   | Pipeline revenue  | 0                           | 0                                |  |
| 46                                |                   | Seismic sales   | 0                           | 0                                |  |
| -                                 |                   | Mining revenue  | 0                           | 0                                |  |
|                                   |                   | Coal revenue  | 0                           | 0                                |  |
| 49                                |                   | Oil sands revenue   | 0                           | 0                                |  |
| 50                                |                   | Royalty income  | 0                           | 0                                |  |
| 51                                |                   | Oil and gas partnership/joint venture income/loss   | 0                           | 0                                |  |
| 52                                |                   | Mining partnership/joint venture income/loss  | 0                           | 0                                |  |
| 53                                |                   | Other production revenue  | 0                           | 0                                |  |
|                                   |                   | Sales from resource properties  | + 0                         | 0                                |  |
| 89]                               |                   | Total sales of goods and services   | = 17,038,327                | 17,014,804                       |  |
| – Inv<br>090<br>091<br>093<br>094 | estment rev.<br>* | enue Investment revenue Interest from foreign sources Interest from Canadian bonds and debentures. Interest from Canadian mortgage loans Interest from other Canadian sources Dividend income | 0<br>0<br>0<br>495,693<br>0 | 0<br>0<br>0<br>479,156<br>0<br>0 |  |
| 095<br>096<br>097                 |                   | Dividends from Canadian sources   | 0                           | 0                                |  |
| 095<br>096                        |                   |   | -                           | 0<br><br>479,156                 |  |

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| E.L.K. En<br>Account/B                     | ergy Inc.<br>usiness No.:866567787RC0001 Year End                            | ed:    | S<br>2003-12-31 | Sch. 8299 |
|--|--|--------|-----------------|-----------|
| Interest incom                             | e (financial institutions)   |        |                 |           |
| B100 *                                     |  | 0      | 0               |           |
| 8101                                       |  | ů<br>O | 0               |           |
|  | Loan interest  | 0      | 0               |           |
| 8102                                       | Securities interest  | 0      | 0               |           |
| 8103                                       | Deposits with banks interest   | 0      | 0               |           |
|  |  |        |                 |           |
|  | Interest income (financial institutions)                                     | + 0    | 0               |           |
|  |  |        |                 |           |
|  |  |        |                 |           |
| Commission re     120     *                |  | 0      | 0               |           |
| 8121                                       | Contrassion revenue  | -      | 0               |           |
| 8121                                       | Commission income on real estate transactions                                | 0      | 0               |           |
|  |  |        |                 |           |
|  | Commission revenue   | + 0    | 0               |           |
|  |  |        |                 |           |
|  |  |        |                 |           |
| Rental revenue     8140     *              |  | 0      | 0               |           |
| 8141                                       |  | 0      | 0               |           |
| 0141                                       | Real estate rental revenue   | 0      | 0               |           |
|  | Film rental revenue  | 0      | U               |           |
| <del>.</del>                               |  |        |                 |           |
|  | Rental revenue   | + 0    | 0               |           |
|  |  |        | **********      |           |
| 8150                                       | Vehicle leasing  | + 0    | 0               |           |
|  |  |        |                 |           |
| Fishing revenu<br>8160 *                   |  | 0      | 0               |           |
| 8161                                       | Fish products  | 0      | 0               |           |
| 8162                                       |  | 0      | 0               |           |
| 8163                                       | Other marine products  | 0      | 0               |           |
| 8163                                       | Fishing grants, credits and rebates  | 0      | 0               |           |
|  | Fishing subsidies  | 0      | U               |           |
| 8165                                       | Compensation for loss of fishing income or property                          | 0      | 0               |           |
| 8166                                       | Sharesman income   | 0      | 0               |           |
|  |  |        |                 |           |
|  | Fishing revenue  | + 0    | 0               |           |
|  |  |        |                 |           |
|  |  |        |                 |           |
| Der l'and de la                            | /losses on disposal of assets<br>Realized gains/losses on disposal of assets | 0      | 24,625          |           |
|  |  |        | 24,025          |           |
| 8210                                       |  |        | U               |           |
| 8210 *<br>8211                             | Realized gains/losses on sale of investments                                 | 0      | 0               |           |
| 8210 *<br>8211                             |  | 0      | 0               |           |
| *  | Realized gains/losses on sale of investments                                 |        | 0               |           |
| — Realized gains<br>8210 *<br>8211<br>8212 | Realized gains/losses on sale of investments                                 |        | 0<br>24,625     |           |

| T.K.Er               | nergy Inc.   |              | Sch         | . 8299 |
|----------------------|--|--------------|-------------|--------|
| ccount/H             | Business No.: 866567787RC0001 Year End                   | ed:          | 2003-12-31  |        |
| - NPO amounts        | s received   |              |             |        |
| 220                  | NPO amounts received                                     | 0            | 0           |        |
| 3221                 | Membership fees  | 0            | 0           |        |
| 3222                 | Assessments  | 0            | 0           |        |
| 3222<br>3223<br>3224 | Gifts  | 0            | 0           |        |
| 3224                 | Gross sales and revenues from organizational activities. | 0            | 0           |        |
|                      |  |              |             |        |
|                      | NPO amounts received                                     | + 0          | 0           |        |
|                      |  | ************ | *********** |        |
|                      |  |              |             |        |
| - Other revenue      | 8  |              |             |        |
|                      | * Other revenue  | 0            | 0           |        |
| 231                  | Foreign exchange gains/losses                            | 0            | 0           |        |
| 232                  | Income/loss of subsidiaries/affiliates                   | 0            | 0           |        |
| 9233                 | Income/loss of other divisions                           | 0            | 0           |        |
| 8234                 | Income/loss of joint ventures                            | 0            | 0           |        |
|                      |  | 0            | 0           |        |

| come/loss of joint ventures  | 0<br>0<br>0<br>0<br>0<br>0 | 0<br>0<br>0<br>0<br>0  |   |
|--|----------------------------|--|---|
| come/loss of partnerships<br>ealization of deferred revenues<br>oyalty income other than resource<br>perta royalty tax credits<br>anagement and administration fees<br>elecommunications revenue | 0<br>0<br>0<br>0           | 0<br>0<br>0<br>0   |   |
| byalty income other than resource<br>berta royalty tax credits<br>anagement and administration fees<br>elecommunications revenue   | 0<br>0<br>0<br>0           | 0<br>0<br>0  |   |
| berta royalty tax creditsanagement and administration fees   | 0<br>0<br>0                | 0<br>0<br>0  |   |
| anagement and administration fees  | 0<br>0                     | 0  |   |
| lecommunications revenue   | 0                          | 0  |   |
|  | 0                          | ^  |   |
|  | •                          | 0  |   |
| onsulting tees   | 0                          | 0  |   |
|  | 0                          | 0  |   |
| le of by-products  | 0                          | 0  |   |
| eposit services  | 0                          | 0  |   |
| edit services  | 88,454                     | 46,475   |   |
| ard services   | 0                          | 0  |   |
| atronage dividends   | 0                          | 0  |   |
| surance recoveries   | 0                          | 0  |   |
| pense recoveries   | 0                          | 0  |   |
| d debt recoveries  | 0                          | 0  |   |
|  |                            |  |   |
| her revenue  | + 88,454                   | 46,475   |   |
|  | **********                 |  |   |
|  | nsulting fees              | nsulting fees       0         posities and grants       0         e of by-products       0         posities ervices       0         odit services       88,454         of services       0         ronage dividends       0         urance recoveries       0         of debt recoveries       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0         0       0 | 0       0         0 |

8299

Total Revenue

= 17,622,474 17,565,060

\* Generic Item

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## **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

## **Cost of Sales**

| GIFI | Account            | Description                           | Amount       | Prior<br>year |  |
|------|--------------------|---------------------------------------|--------------|---------------|--|
|      |                    |                                       |              |               |  |
| Op   | ening invento<br>* |                                       | 0            | 0             |  |
| 8301 |                    | Opening inventory                     | ů<br>0       | 0             |  |
| 8302 |                    | Opening inventory - finished goods    | Û<br>Û       | 0             |  |
| 8303 |                    | Opening inventory - raw materials     | 0            | 0             |  |
| 0303 |                    | Opening inventory - goods in process  | Ū            |               |  |
|      |                    | • · · ·                               | + 0          | 0             |  |
|      |                    | Opening inventory                     |              |               |  |
|      |                    |                                       |              |               |  |
|      |                    |                                       |              |               |  |
| 8320 |                    | Purchases/cost of materials           | + 11,940,399 | 14,177,688    |  |
| 8340 |                    | Direct wages                          | + 0          | 0             |  |
| 8350 |                    | Benefits on direct wages              | + 0          | 0             |  |
| Ē    |                    | Trades and sub-contracts              | + 0          | 0             |  |
|      |                    | Production costs other than resource. | + 0          | 0             |  |
| ب -  |                    |                                       |              |               |  |
|      |                    |                                       |              |               |  |
| - Re | source produ       | ction costs                           |              |               |  |
| 8400 | *                  | Resource production costs             | 0            | 0             |  |
| 8401 |                    | Pipeline operations                   | 0            | 0             |  |
| 8402 |                    | Drilling                              | 0            | 0             |  |
| 8403 |                    | Site restoration costs                | 0            | 0             |  |
| 8404 |                    | Gross overriding royalty              | 0            | 0             |  |
| 8405 |                    | Freehold royalties                    | 0            | 0             |  |
| 8406 |                    | Other producing properties rental.    | 0            | 0             |  |
| 8407 |                    | Prospect/geological                   | 0            | 0             |  |
| 8408 |                    | Well operating, fuel and equipment.   | 0            | 0             |  |
| 8409 |                    | Well abandonment and dry holes.       | 0            | 0             |  |
| 8410 |                    | Other lease rentals                   | 0            | 0             |  |
| 8411 |                    | Exploration expenses                  | 0            | 0             |  |
| 8412 |                    | Development expenses                  | 0            | 0             |  |
| 1    |                    | Development expenses                  |              |               |  |
|      |                    | Resource production costs             | + 0          | 0             |  |
|      |                    | Resource production costs             |              |               |  |
|      |                    |                                       |              |               |  |
|      |                    |                                       |              |               |  |
| Cro  | own charges        |                                       |              |               |  |
| 8435 | *                  | Crown charges                         | 0            | 0             |  |
| 8436 |                    | Crown royalties                       | 0            | 0             |  |
| 8437 |                    | Crown lease rentals                   | 0            | 0             |  |
| 8438 |                    | Freehold mineral tax                  | 0            | 0             |  |
| 8439 |                    | Mining taxes                          | 0            | 0             |  |
| 8440 |                    | Oil sand leases                       | 0            | 0             |  |
| 8441 |                    | Saskatchewan resource surcharge       | 0            | 0             |  |
|      |                    |                                       |              |               |  |
|      |                    | Crown charges                         | + 0          | 0             |  |
|      |                    |                                       |              | ***********   |  |
|      |                    |                                       |              |               |  |

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|                      | nergy Inc.  |     |            | ch. 8518 |  |  |  |
|----------------------|---|-----|------------|----------|--|--|--|
| ccount/              | Business No.:866567787RC0001 Year Ende              | ed: | 2003-12-31 |          |  |  |  |
| — Other direct costs |   |     |            |          |  |  |  |
| 50                   | * Other direct costs                                | 0   | 0          |          |  |  |  |
| 1                    | Equipment hire and operation                        | 0   | 0          |          |  |  |  |
| 2                    | Log yard  | 0   | 0          |          |  |  |  |
| ]                    | Forestry costs                                      | 0   | 0          |          |  |  |  |
| ]                    | Logging road costs                                  | 0   | 0          |          |  |  |  |
| ]                    | Stumpage costs                                      | 0   | 0          |          |  |  |  |
| ]                    | Royalty costs                                       | 0   | 0          |          |  |  |  |
| ]                    | Freight in and duty                                 | 0   | 0          |          |  |  |  |
| ]                    | Inventory write down                                | 0   | 0          |          |  |  |  |
| ]                    | Direct cost amortization of tangible assets         | 0   | 0          |          |  |  |  |
| ]                    | Direct cost amortization of natural resource assets | 0   | 0          |          |  |  |  |
| ]                    | Overhead expenses allocated to cost of sales        | 0   | 0          |          |  |  |  |
|                      |   |     | ******     |          |  |  |  |
|                      | Other direct costs                                  | + 0 | 0          |          |  |  |  |
|                      |   |     |            |          |  |  |  |

| Closing invento        | ory                                  |            |      |
|------------------------|--------------------------------------|------------|------|
| 8500 *<br>8501<br>8502 | Closing inventory                    | 0          | 0    |
| 8501                   | Closing inventory - finished goods   | 0          | 0    |
| 8502                   | Closing inventory - raw materials    | 0          | 0    |
|                        | Closing inventory - goods in process | 0          | 0    |
|                        |                                      | ********** | **** |
|                        | Closing inventory                    | - 0        | 0    |
|                        |                                      |            |      |
|                        |                                      |            |      |
| <u></u>                |                                      |            |      |

| 8518 | Cost of Sales | = 11,940,399 | 14,177,688 |
|------|---------------|--------------|------------|
|      |               |              |            |
|      |               |              |            |

\* Generic Item

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| E.L.K. Energy Inc.                    |             |
|---------------------------------------|-------------|
| Account/Business No.: 866567787RC0001 | Year Ended: |

### GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

### **Operating Expenses**

| ilFI Account   | Description  | Amount                     | Prior<br>year                              |  |
|--|--|----------------------------|--|--|
| - Advortising a  | nd promotion   |                            |  |  |
| and the second | * Advertising and promotion  | 0                          | 0  |  |
| 521  | Advertising  | 0                          | 0  |  |
| 3522   | Donations.   | 0                          | 0  |  |
| 523  | Meals and entertainment.   | 0                          | 0  |  |
| 524  | Promotion  | 0                          | 0  |  |
|  |  |                            |  |  |
|  | Advertising and promotion  | + 0                        | 0  |  |
|  |  |                            | **********                                 |  |
|  |  |                            |  |  |
| 570  | Amortization of intangible assets  | + 0                        | 0  |  |
| 590  | Bad debt expense.  |                            | 0  |  |
|  |  |                            |  |  |
|  | * Loan losses  | 0                          | 0  |  |
| 611  | Provision for loan losses  | 0                          | 0  |  |
|  |  |                            |  |  |
|  |  | *********                  |  |  |
|  | Loan losses  | + 0                        | 0  |  |
|  | Loan losses  |                            | 0  |  |
| - Employee be  |  |                            |  |  |
| — Employee be  | nefits   |                            |  |  |
| 620  | nefits ————————————————————————————————————  |                            |  |  |
| 620<br>621<br>622  | nefits   | 0                          | 0  |  |
| 620<br>621<br>622  | nefits —<br>* Employee benefits<br>Group insurance benefits<br>Employer's portion of employee benefits   | 0                          | 0  |  |
| 620<br>621<br>622  | nefits   | 0                          | 0  |  |
| 620<br>621<br>622  | hefits         *       Employee benefits         Group insurance benefits         Employer's portion of employee benefits         Contributions to deferred income plans.  | 0                          | 0  |  |
| 620<br>621<br>622  | nefits —<br>* Employee benefits<br>Group insurance benefits<br>Employer's portion of employee benefits   | 0<br>0<br>0<br>0<br>0<br>+ | 0    |  |
| 620<br>621<br>622<br>623   | hefits         *       Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Employee benefits   | 0<br>0<br>0<br>0<br>0      |  |  |
| 620<br>621<br>622<br>623   | hefits         *       Employee benefits         Group insurance benefits         Employer's portion of employee benefits         Contributions to deferred income plans         Employee benefits         Amortization of natural resource assets   | + 0<br>+ 0                 | 000000000000000000000000000000000000000    |  |
| 620<br>621<br>622<br>623   | hefits         *       Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Employee benefits   | + 0<br>+ 0                 |  |  |
| 620<br>621<br>622<br>623<br>650<br>670<br>   | hefits         *       Employee benefits         Group insurance benefits         Employer's portion of employee benefits         Contributions to deferred income plans         Employee benefits         Employee benefits         Amortization of natural resource assets         Amortization of tangible assets | + 0<br>+ 617,177           | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>694,112 |  |
| 620<br>621<br>622<br>623<br>663<br>660<br>6670<br>   | * Employee benefits  | + 0<br>+ 617,177           | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>694,112 |  |
| 620<br>621<br>622<br>623<br>663<br>660<br>6670<br>   | hefits         *       Employee benefits         Group insurance benefits         Employer's portion of employee benefits         Contributions to deferred income plans         Employee benefits         Employee benefits         Amortization of natural resource assets         Amortization of tangible assets | + 0<br>+ 617,177           | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>694,112 |  |
| 620<br>621<br>622<br>6623<br>6650<br>6670  | hefits   * Employee benefits   Group insurance benefits   Employer's portion of employee benefits   Contributions to deferred income plans   Employee benefits   Amortization of natural resource assets   Amortization of tangible assets   * Insurance   Life insurance on executives                              | + 0<br>+ 617,177           | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>694,112 |  |

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| 00110   | Energy Inc.<br>t/Business No.:866567787RC0001 Year Ended:  |   | 2003-12-3   | Sch. 9 | 507 |
|---|--|---|---|--------|-----|
| coun  | L/Business No. 80050/78/RC0001 Tear Endea.   |   | 2005 11   |        |     |
| Interest a  | nd bank charges  | _   |   |        |     |
| ]   | * Interest and bank charges  | 5,762   | 92,890  |        |     |
| ]   | Interest on short term debt  | 0   | 0   |        |     |
| ]   | Interest on bonds and debentures   | 0   | 0   |        |     |
| 1   | Interest on mortgages  | 0   | 0   |        |     |
| j   | Interest on long term debt   | 0   | 0   |        |     |
| ]   | Bank charges   | 0   | 0   |        |     |
| j   | Credit card charges  | 0   | 0   |        |     |
| วี  | Collection and credit costs  | 0   | 0   |        |     |
| 1   |  |   |   |        |     |
|   | Interest and bank charges + 465  | 5,762   | 92,890  |        |     |
|   |  |   |   |        |     |
|   |  |   |   |        |     |
|   |  |   |   |        |     |
| Interest p<br>]   | aid (financial institutions) * Interest paid (financial institutions)  | 0   | 0   |        |     |
| i   | Interest paid (matrical institutions).   | 0   | 0   |        |     |
| i   | Interest paid on bonds and debentures  | 0   | 0   |        |     |
| 1   |  | , in the second s |   |        |     |
|   |  | 0   | 0   |        |     |
|   | Interest paid (financial institutions) +   | Ŭ   |   |        |     |
|   |  |   |   |        |     |
| -   | taxes, licences and memberships  |   |   |        |     |
|   | * Business taxes, licences and memberships   | 0   | 0   |        |     |
| ]   |  |   |   |        |     |
| ]<br>]  | * Business taxes, licences and memberships   |   |   |        |     |
| ]<br>]<br>]   | * Business taxes, licences and memberships   |   |   |        |     |
|   | * Business taxes, licences and memberships<br>Memberships<br>Business taxes  |   |   |        |     |
| ]<br>]<br>]   | * Business taxes, licences and memberships<br>Memberships<br>Business taxes<br>Franchise fees  |   |   |        |     |
| ]<br>]<br>]   | * Business taxes, licences and memberships<br>Memberships<br>Business taxes<br>Franchise fees  |   |   |        |     |
| Business<br>]<br>]<br>]<br>]                            | * Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +  | 0<br>0<br>0<br>0  | 0<br>0<br>0<br>0<br>0   |        |     |
| ]<br>]<br>]<br>]  | * Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +  | 0<br>0<br>0<br>0  | 0<br>0<br>0<br>0<br>0   |        |     |
| ]<br>]<br>]   | * Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +  | 0<br>0<br>0<br>0  | 0<br>0<br>0<br>0<br>0   |        |     |
| ]   | * Business taxes, licences and memberships   | 0<br>0<br>0<br>0  | 0<br>0<br>0<br>0<br>0   |        |     |
| ]<br>]<br>]   | Business taxes, licences and memberships,, Memberships,, Memberships,, Memberships,, Business taxes,, Government fees,, Government fees,, Business taxes, licences and memberships   | 0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0<br>0   |        |     |
| ]<br>]<br>]<br>]<br>Office ex                           | Business taxes, licences and memberships,<br>Memberships,<br>Business taxes,<br>Franchise fees,<br>Government fees,<br>Business taxes, licences and memberships +<br>New Brunswick tax on large corporations,<br>New Brunswick tax on large corporations,<br>+<br>Nova Scotia tax on large corporations,<br>+<br>Penses  |   | 0<br>0<br>0<br>0<br>0<br>0<br>0   |        |     |
| ]<br>]<br>]   | Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +<br>New Brunswick tax on large corporations.<br>New Brunswick tax on large corporations.<br>Your Scotia tax on large corporations.<br>* Office expenses.  |   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0   |        |     |
| )<br>]<br>]<br>]<br>Office ex                           | Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +<br>New Brunswick tax on large corporations.<br>New Brunswick tax on large corporations.<br>Yova Scotia tax on large corporations.<br>+<br>Nova Scotia tax on large corporations.<br>+<br>Office expenses.<br>Office stationery and supplies.   |   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |        |     |
| )<br> <br> | Business taxes, licences and memberships.<br>Memberships.<br>Business taxes.<br>Franchise fees.<br>Government fees.<br>Business taxes, licences and memberships +<br>Memberships +<br>New Brunswick tax on large corporations.<br>Nova Scotia tax on large corporations.<br>*<br>Office expenses.<br>Office expenses.<br>Office stationery and supplies.<br>Office utilities.  |   |   |        |     |
| )<br> <br> <br> <br> <br> <br> <br> <br>                | *       Business taxes, licences and memberships.         Memberships.       Business taxes.         Franchise fees.       Government fees.         Business taxes, licences and memberships       +         Business taxes, licences and memberships       +         New Brunswick tax on large corporations.       +         Nova Scotia tax on large corporations.       +         Office expenses.       Office stationery and supplies.         Office utilities.       Office utilities. |   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |        |     |
| )<br> <br> | *       Business taxes, licences and memberships.         Business taxes.       Franchise fees.         Government fees.       Government fees.         Business taxes, licences and memberships       +         New Brunswick tax on large corporations.       +         Nova Scotia tax on large corporations.       +         Office expenses.       Office expenses.         Office stationery and supplies.       Office utilities.         Data processing.       523                    | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |        |     |
| ]<br>]<br>]<br>]<br>Office ex                           | *       Business taxes, licences and memberships.         Memberships.       Business taxes.         Franchise fees.       Government fees.         Business taxes, licences and memberships       +         Memberships       +         New Brunswick tax on large corporations.       +         Nova Scotia tax on large corporations.       +         Office expenses.       -         Office stationery and supplies.       Office utilities.         Office utilities.       523          |   |   |        |     |

Page 2 of 5

| Energy Inc.<br>/Business No.: 866567787RC0001 Year Ende | d:      | Sch. 93<br>2003-12-31 |
|---|---------|-----------------------|
|   |         |                       |
| * Professional fees                                     | 0       | 0                     |
|   | 0       | 0                     |
|   | 0       | 0                     |
|   | 0       | 0                     |
|   | 0       | 0                     |
| Architect fees  | 0       | 0                     |
| Appraisal fees  | 0       | Õ                     |
| Laboratory fees   | 0       | 0                     |
| Medical fees  | 0       | 0                     |
| Veterinary fees   | 0       | 0                     |
| Brokerage fees  | ~       | 0                     |
| Transfer fees   | 0       | 0                     |
| Management and administration fees                      | 0       | 0                     |
| Refining and assay                                      | 0       | 0                     |
| Registrar and transfer agent fees                       | 0       | 0                     |
| Restructuring costs                                     | 0       | 0                     |
| Security and exchange commission fees                   | 0       | 0                     |
| Training expense  | 0       | 0                     |
| Studio and recording                                    | 0       | 0                     |
|   |         |                       |
| Professional fees                                       | - 0     | 0                     |
|   |         |                       |
|   | 0       | 0                     |
| * Rental  | 0       | 0                     |
| Real estate rental                                      | 0       | 0                     |
| Occupancy costs   | 0       | 0                     |
| Condominium fees  | •       | 0                     |
| Equipment rental  | 0       | 0                     |
| Motor vehicle rentals                                   | 0       | 0                     |
| Moorage (boat)  | 0       | 0                     |
|   | 0       | 0                     |
| Storage   | 0       | 0                     |
| StorageQuota rental                                     | ÷       |                       |
| -   |         |                       |
|   | <br>- 0 | 0                     |

| R    | lepairs and m | aiı | ntenance  |      |           |             |  |
|------|---------------|-----|---|------|-----------|-------------|--|
|      | *             | 1   | Repairs and maintenance                           |      | 0         | 0           |  |
| 8961 |               |     | Repairs and maintenance - buildings               |      | 0         | 0           |  |
| 8962 |               |     | Repairs and maintenance - vehicles                |      | 0         | 0           |  |
| 8963 |               |     | Repairs and maintenance - boats                   |      | 0         | 0           |  |
| 8964 |               |     | Repairs and maintenance - machinery and equipment |      | 0         | 0           |  |
|      |               |     |   |      |           | *********   |  |
|      |               |     | Repairs and maintenance                           | +    | 0         | 0           |  |
|      |               |     |   | 2.53 | ********* | *********** |  |
| 1    |               |     |   |      |           |             |  |

| - Other repairs              | s an | d maintenance                 |   |   |             |  |
|------------------------------|------|-------------------------------|---|---|-------------|--|
| 9010                         | *    | Other repairs and maintenance |   | 0 | 0           |  |
| 9011<br>9012<br>9013<br>9014 |      | Machine shop expense          |   | 0 | 0           |  |
| 9012                         |      | Road costs                    |   | 0 | 0           |  |
| 9013                         |      | Security                      |   | 0 | 0           |  |
| 9014                         |      | Garbage removal               |   | 0 | 0           |  |
|                              |      |                               |   |   | *********** |  |
|                              |      | Other repairs and maintenance | + | 0 | 0           |  |
|                              |      |                               |   |   | *********** |  |
|                              |      |                               |   |   |             |  |

| .L.K. En<br>ccount/E | ergy Inc.<br>usiness No.:866567787RC0001 Year Ended:                               |   | 2003-12-3 | Sch. 9367<br>1 |
|----------------------|--|---|-----------|----------------|
|                      |  |   |           |                |
| - Salaries and w     | -  | 0   | 0         |                |
|                      |  | 0   | 0         |                |
| 61                   | Commissions  | 0   | 0         |                |
| 62                   | Crew share   | 0   | 0         |                |
| 63                   | Bonuses  | 0   | 0         |                |
| 64                   | Directors fees   | 0   | 0         |                |
| 65                   | Management salaries  | 0   | 0         |                |
| 66                   | Employee salaries  | 0   | 0         |                |
|                      |  |   |           |                |
|                      | Salaries and wages +   | 0   | 0         |                |
|                      | ==   |   |           |                |
| 10                   | Sub-contracts. +   | 0   | 0         |                |
|                      | Sub-contracts.   |   |           |                |
| - Supplies           |  |   |           |                |
| 30 *                 | Supplies   | 0   | 0         |                |
| 31                   | Supplies   | 0   | 0         |                |
| 32                   | Shop expense   | 0   | 0         |                |
| 33                   |  | 0   | 0         |                |
| 33<br>34             |  | ů<br>0  | 0         |                |
| -1                   | Laundry  | 0   | 0         |                |
|                      | Food and catering  | v   | 0         |                |
| <u> </u>             | Fishing gear   | 0   | 0         |                |
| 37                   | Nets and traps   | 0   | 0         |                |
| 38                   | Salt, bait and ice   | 0   | 0         |                |
| 39                   | Camp supplies  | 0   | 0         |                |
| 50                   | Computer-related expenses  | 0   | 0         |                |
| 51                   | Upgrade  | 0   | 0         |                |
| 52                   | Internet   | 0   | 0         |                |
|                      |  |   |           |                |
|                      | Supplies +   | 0   | 0         |                |
|                      |  |   | ********* |                |
|                      |  |   |           |                |
| 80                   | Property taxes   | 0   | 0         |                |
|                      | (m)  |   |           |                |
| _                    |  |   |           |                |
| Travel expens        | es<br>Travel expenses  | 0   | 0         |                |
| 1                    | Have expenses  | -   |           |                |
| 1                    | Meetings and conventions   | 0   | 0         |                |
| 1                    |  | -   | 0         |                |
| 1                    |  | -   | 0         |                |
| 1                    | Meetings and conventions,  | 0   |           |                |
| ท]                   | Meetings and conventions,  | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| - Utilities          | Meetings and conventions<br>Travel expenses + ==  Utilities Electricity Water Heat | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| Utilities            | Meetings and conventions<br>Travel expenses + ==  Utilities Electricity Water Heat | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0   | 0         |                |
| - Utilities          | Meetings and conventions   | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 0         |                |

Page 4 of 5

| K. Energy Inc.<br>unt/Business No.:866567787RC0001 Year | Ended: | 2003-12-31 | Sch. 9367 |
|---|--------|------------|-----------|
| er expenses   |        |            |           |
| * Other expenses  |        | 703,630    |           |
| Cash over/short   |        | 0          |           |
| Reimbursement of parent company expense                 | 0      | 0          |           |
| Selling expenses  |        | 0          |           |
| Shipping and warehouse expense                          | 0      | 0          |           |
| Delivery, freight and express                           |        | 0          |           |
| Warranty expenses                                       |        | 0          |           |
| Royalty expenses - resident                             | -      | 0          |           |
| Royalty expenses - non-resident                         |        | 0          |           |
| Dumping charges   |        | 0          |           |
| Land fill fees.   |        | 0          |           |
| Vehicle expenses  |        | 0          |           |
| Research and development                                |        | 0          |           |
| Withholding taxes.                                      |        | 0          |           |
| General and administrative expenses                     |        | 680,194    |           |
| Interdivisional   | _      | 0          |           |
| Interfund transfer                                      |        | 0          |           |

0 ..... ..... 1,318,477 1,383,824 + ------

**Total Operating Expenses** = <u>. . . .</u>

Other expenses

2,924,628 2,608,794 

\* Generic Item

Page 5 of 5

### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

### **Income Statement Summary**

These amounts will print on Schedule 125 if only one Schedule 125 has been completed.

1

Total number of schedule 125 forms:

| GIFI | Account | Description  | Amount    | Prior<br>year |  |
|------|---------|--|-----------|---------------|--|
| 9970 |         | Net income/loss before taxes and extraordinary items+                    | 2,757,447 | 778,578       |  |
| 9975 |         | Extraordinary item(s)  | 0         | 0             |  |
| 9976 |         | Legal settlements  | 0         | 0             |  |
| 9980 |         | Unrealized gains/losses  | 0         | 0             |  |
| 9985 |         | Unusual items  | 0         | 0             |  |
| * T  |         | Current income taxes   | 683,000   | 13,000        |  |
| 9995 |         | Deferred income tax provision  | 0         | 293,000       |  |
| 9999 |         | Net Income/Loss after Taxes and<br>Extraordinary Items (mandatory field) | 2,074,447 | 472,578       |  |

Corporate Taxprep / Taxprep des sociétés - TP-08

### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

Sch. 141

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

### NOTES CHECKLIST (1998 and later taxation years)

- This form is to be used by all corporations that do not use a software package to prepare financial statement information and are not eligible to use the GIFI-Short form.
- Use this schedule to report a notes checklist for the corporation's financial statement information,
- For more information, see the "Guide to the General Index of Financial Information (GIFI) for Corporations" and the "T2 Corporation Income Tax Guide."
- The following questions have to be answered:
  - questions 100, 101, and 108;
  - if you answer "yes" to question 101, you have to answer questions 102 to 107;
  - if you answer "yes" to question 108, you have to answer question 109.

### – Part 1 - Involvement of accountant –

| Who reported on or prepared the corporation's financial statements?                            | 10 | 0   |   |   |
|--|----|-----|---|---|
|  |    | [ X | 1 |   |
| An independent auditor with a report that expressed no reservation                             | 1  | [ X | X | 1 |
| An independent auditor with a report that expressed a reservation                              | 2  | [   |   | 1 |
| An independent accountant with a review engagement report that expressed no reservation        |    | I   |   | 1 |
| An independent accountant with a review engagement report that expressed a reservation         | 4  | 1   |   | 1 |
| An independent accountant who conducted a compilation engagement with no review                | 5  |     |   | 1 |
| An independent accountant with a compilation and review engagement resulting in no reservation | 6  | 1   |   | 1 |
| An independent accountant with a compilation and review engagement resulting in a reservation  | 7  | 1   |   | 1 |
| Prepared by an employee/associate/management of the company, or a person for the company,      |    |     |   |   |
| without a review/audit by an independent accountant/auditor                                    | 8  | I   |   | 1 |

#### Part 2 - Other information —

|  |     | Yes/ | No |
|--|-----|------|----|
| were notes to the interior statements prepared   | 101 | [ Y  | 1  |
| Are any values presented at other than cost (  | 102 | [ N  | 1  |
| there been a change in accounting policies since the last return?                        | 103 | [ N  | 1  |
| subsequent events mentioned in the notes?  | 104 | [ N  | 1  |
| Is re-evaluation of asset information mentioned in the notes?                            | 105 | [ N  | 1  |
| Is contingent liability information mentioned in the notes?                              | 106 | [ Y  | 1  |
| Is information regarding commitments mentioned in the notes?                             | 107 | [ N  | 1  |
| Does the corporation have investments in joint venture(s) or partnership(s)?             | 108 | [ N  | 1  |
| If "yes," are you filing financial statements of the joint venture(s) or partnership(s)? | 109 | [    | 1  |
|  |     |      |    |

T2 SCH 141 (01)

Corporate Taxprep / Taxprep des sociétés - TP-08

Although your return does not comply with the CCRA's requirements, you have

chosen to print the RSI schedules and ignore the CCRA's diagnostics. The return's

processing may be delayed because of the occurence of these diagnostics.

BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- **[ 001 ]** 86656 7787 RC 0001
- **[ 060 ]** 2003 01 01
- **[ 061 ]** 2003 12 31
- [**099**] TP08

### XXXXXXXXXXXX

- [002] E.L.K. Energy Inc.
- [003] 2
- [ 004 ]

### XXXXXXXXXXX

- [ **010** ]@ 2
- [ 011 ]
- [ 012 ]
- [ 015 ]
- [ 016 ]
- [ 017 ]
- [ 018 ]

2

### 020 ]*@*

- [ 021 ] \_\_\_\_\_\_ [ 022 ] \_\_\_\_\_\_
- [ 023 ]
- [ 025 ]
- [ 026 ]
- [ 027 ]
- [ 028 ]

| [ 055 ] | For agency use |  |
|---------|----------------|--|
|         |                |  |

|  | Х |
|--|---|
|  |   |

| [ 091 ] |  |
|---------|--|
| [ 092 ] |  |
| [ 093 ] |  |

| [ 094 ] | For agency use |
|---------|----------------|
| [ 095 ] |                |
| [ 096 ] |                |
| [ 097 ] |                |

# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- [ 031 ]@ 172 Forest Avenue
- [ 032 ]
- [035] Essex
- [036] ON
- [ 037 ]
- [038] N8M 3E4

| [ 040 ]      | 5 | [ 166 ] |   | [ 220 ] |   |
|--------------|---|---------|---|---------|---|
| [ 043 ]      |   | [ 167 ] |   | [ 221 ] |   |
| D63 ]        | 2 | [ 168 ] |   | [ 226 ] |   |
| [ 065 ]      |   | [ 169 ] |   | [ 227 ] |   |
| [ 067 ]      | 2 | [ 170 ] |   | [ 231 ] |   |
| [ 070 ]      | 2 | [ 171 ] |   | [ 232 ] |   |
| [ 071 ]      | 2 | [ 172 ] |   | [ 233 ] | 1 |
| [ 072 ]      | 2 | [ 173 ] | 1 | [ 236 ] | 1 |
| [ 076 ]      | 2 | [ 201 ] | 1 | [ 237 ] | 1 |
| [ 078 ]      | 2 | [ 202 ] |   | [ 238 ] |   |
| [ 080 ]      | 1 | [ 203 ] |   | [ 242 ] |   |
| [ 081 ]      |   | [ 204 ] | 1 | [ 243 ] |   |
| <b>082</b> ] | 2 | [ 205 ] |   | [ 244 ] |   |
| [ 085 ]      |   | [ 206 ] |   | [ 249 ] |   |
| [ 150 ]      | 1 | [ 207 ] |   | [ 250 ] |   |
| [ 151 ]      |   | [ 208 ] | 1 | [ 251 ] |   |
| [ 160 ]      |   | [ 210 ] | 1 | [ 252 ] |   |
| [ 161 ]      |   | [ 212 ] |   | [ 253 ] |   |
| [ 162 ]      |   | [ 213 ] |   | [ 291 ] | 2 |
| [ 163 ]      |   | [ 216 ] |   | [ 292 ] | 2 |
| [ 164 ]      |   | [ 217 ] |   | [ 370 ] |   |
| [ 165 ]      |   | [ 218 ] |   | [ 435 ] |   |

BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

| [ 438 ] |             | [ 957 ] | 1            |
|---------|-------------|---------|--------------|
| [ 624 ] |             | [ 958 ] | <u>12</u>    |
| [ 646 ] |             | [ 959 ] |              |
| [ 750 ] | ON          |         | XXXXXXXXXXXX |
| [ 801 ] |             |         |              |
| [ 815 ] |             |         |              |
| [ 894 ] |             |         |              |
| [ 896 ] | 2           |         |              |
| [ 898 ] | 452 326     |         |              |
| [ 910 ] |             |         |              |
| 914 ]   |             |         |              |
| [ 918 ] |             |         |              |
| [ 990 ] | 1           |         |              |
|         | XXXXXXXXXXX |         |              |

- [**280**] 2
- [**281**] 2
- [ 282 ]
- [ 283 ]
- [ 284 ] ELECTRICITY
- 286 ]
- [ 288 ]
- **[ 285 ]** 100
- [ 287 ]
- [ 289 ]
- [ **950** ] SLATER
- [951] SANDRA
- [ 954 ] DIRECTOR OF FINANCE
- **[ 955 ]** 2004 04 01
- **[ 956 ]** 519 776 5291

BN: 86656 7787 RC 0001

Taxation Year End: 2003-12-31

| [ 300 ]      | 2 016 518    | [ 440 ] |              | [ 652 ] |              |
|--------------|--------------|---------|--------------|---------|--------------|
| [ 311 ]      |              | [ 445 ] |              | [ 700 ] | 452 326      |
| [ 312 ]      |              | [ 450 ] |              |         | XXXXXXXXXXXX |
| [ 313 ]      |              | [ 600 ] | 21 004       |         |              |
| [ 314 ]      |              | [ 632 ] |              | [ 704 ] |              |
| [ 320 ]      |              | [ 636 ] |              | [ 708 ] |              |
| [ 325 ]      |              | [ 780 ] |              | [ 716 ] |              |
| [ 331 ]      | 141 203      |         | XXXXXXXXXXXX | [ 720 ] |              |
| [ 332 ]      |              |         | AAAAAAAAAAAA | [ 724 ] |              |
| [ 333 ]      |              | [ 460 ] |              | [ 727 ] |              |
| 334 ]        |              | [ 465 ] |              | [ 728 ] |              |
| [ 335 ]      |              | [ 480 ] |              | [ 760 ] |              |
| [ 340 ]      |              | [ 485 ] |              | [ 765 ] |              |
| [ 350 ]      |              | [ 712 ] |              | [ 770 ] | 452 326      |
| [ 355 ]      |              |         | ****         |         | XXXXXXXXXXXX |
| [ 360 ]      | 1 875 315    |         |              |         |              |
|              | XXXXXXXXXXXX | [ 550 ] | 712 620      | [ 784 ] |              |
|              | AAAAAAAAA    | [ 602 ] |              | [ 788 ] |              |
| [ 400 ]      |              | [ 604 ] |              | [ 792 ] |              |
| [ 405 ]      |              | [ 608 ] | 187 532      | [ 796 ] |              |
| <b>'10</b> ] |              | [ 616 ] |              | [ 797 ] |              |
| [ 425 ]      |              | [ 620 ] |              | [ 800 ] | -            |
| [ 430 ]      |              | [ 628 ] |              | [ 804 ] |              |
|              | XXXXXXXXXXXX | [ 637 ] |              | [ 808 ] |              |
|              | АЛЛЛАЛАЛАЛА  | [ 638 ] |              | [ 812 ] |              |
| [ 415 ]      |              | [ 639 ] | 93 766       | [ 816 ] | 2            |
|              | XXXXXXXXXXXX | [ 640 ] |              | [ 840 ] |              |
|              | АЛЛАЛАЛАЛАЛ  | [ 644 ] |              | [ 890 ] | N            |
| 12           |              | [ 648 ] |              |         | XXXXXXXXXXXX |

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

| [ 995 ] |  |
|---------|--|
|         |  |
|         |  |

### Certification

I, SANDRA SLATER am an authorized signing officer of the corporation.

certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

| Net income (or loss) for income tax purposes [line 200300] | 2 016 518 |
|--|-----------|
| Part I tax payable [line 200700]                           | 452 326   |
| Part I.3 tax payable [line 200704]                         |           |
| Part II surtax payable [line 200708]                       |           |
| Part IV tax payable [line 200712]                          |           |
| Part IV.1 tax payable [line 200716]                        |           |
| art VI tax payable [line 200720]                           |           |
| Part VI.1 tax payable [line 200724]                        |           |
| Part XIV tax payable [line 200728]                         |           |
| Net provincial and territorial tax payable [line 200760]   | 32.       |
| Provincial tax on large corporations [line 200765]         |           |

I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

| 2004-04-01 |   | DIRECTOR OF FINANCE      |
|------------|---|--------------------------|
| Date       | Signature of an authorized signing officer of the corporation | Position, office or rank |

BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- [ 702 ] Actual capital tax
- [ 703 ]
- [ 704 ]

| [ 101 ] | 683 000 | [ 118 ] |              | [ 204 ] |   |
|---------|---------|---------|--------------|---------|---|
| [ 102 ] |         | [ 119 ] |              | [ 205 ] |   |
| [ 103 ] |         | [ 120 ] |              | [ 206 ] |   |
| [ 104 ] | 617 177 | [ 121 ] |              | [ 207 ] |   |
| [ 105 ] |         | [ 122 ] |              | [ 208 ] |   |
| [ 106 ] |         | [ 123 ] |              | [ 209 ] |   |
| [ 107 ] |         | [ 124 ] |              | [ 210 ] |   |
| [ 108 ] |         | [ 125 ] |              | [ 211 ] | 1 |
| 109 ]   |         | [ 126 ] | 644 766      | [ 212 ] |   |
| [ 110 ] |         | [ 127 ] |              | [ 213 ] |   |
| [ 111 ] |         | [ 199 ] | 380 337      | [ 214 ] |   |
| [ 112 ] |         | [ 500 ] | 2 325 280    | [ 215 ] |   |
| [ 113 ] |         |         | XXXXXXXXXXXX | [ 216 ] |   |
| [ 114 ] |         |         | АЛЛЛАЛАЛА    | [ 217 ] |   |
| [ 115 ] |         | [ 201 ] |              | [ 218 ] |   |
| [ 116 ] |         | [ 202 ] |              | [ 219 ] |   |
| [ 117 ] |         | [ 203 ] | **           | [ 220 ] |   |

BN: 86656 7787 RC 0001

Taxation Year End: 2003-12-31

|              |                    | XXXXXXXXXXX |                    |            |
|--------------|--------------------|-------------|--------------------|------------|
|              | [ 393 ]<br>[ 394 ] |             |                    |            |
|              | [ 392 ]<br>[ 393 ] | 35 381      |                    |            |
|              | [ 391 ]            |             |                    |            |
| XXXXXXXXXXXX | [ 346 ]<br>[ 390 ] | 15 324      |                    |            |
|              | [ 345 ]            |             |                    |            |
| 2 686        | [344]              |             |                    |            |
| 37 000       | [ 343 ]            |             |                    |            |
| 338 104      | [ 342 ]            |             |                    |            |
| 2 547        | [ 341 ]            |             |                    |            |
|              | [ 340 ]            |             |                    | XXXXXXXXXX |
|              | [ 316 ]            |             | [ 510 ]            | 2 383 209  |
|              | [ 315 ]            |             | [ 499 ]            | 50 705     |
|              | [ 314 ]            |             | [ 417 ]            |            |
|              | [ 313 ]            |             | [ 416 ]            |            |
|              | [ 312 ]            |             | [ 414 ]            | 1 723 826  |
|              | [ 311 ]            |             | [ 413 ]            |            |
|              | [ 310 ]            |             | [ 411 ]            |            |
|              | [ 309 ]            |             | [ 410 ]            |            |
|              | [ 307 ]<br>[ 308 ] |             | [ 400 ]<br>[ 409 ] |            |
|              | [ 306 ]            |             | [ 407 ]<br>[ 408 ] |            |
|              | [ 305 ]            |             | [ 406 ]            |            |
|              | [ 304 ]            |             | [ 405 ]            | 52 418     |
|              | [ 303 ]            |             | [ 404 ]            |            |
|              | [ 302 ]            |             | [ 403 ]            | 556 260    |
|              | [ 301 ]            | ·           | [ 402 ]            |            |
|              | [ 300 ]            |             | [ 401 ]            |            |

BN: 86656 7787 RC 0001

**Taxation Year End: 2003-12-31** 

|              | [ 200 ] | · · · · · · · · · · · · · · · · · · · | [ 402 ] |              |
|--------------|---------|---------------------------------------|---------|--------------|
|              | [ 205 ] |                                       | [ 405 ] |              |
|              | [ 210 ] |                                       | [ 410 ] |              |
|              | [ 220 ] |                                       | [ 430 ] |              |
|              | [ 225 ] |                                       | [ 440 ] |              |
|              | [ 240 ] |                                       | [ 450 ] |              |
|              | [ 250 ] |                                       | [ 480 ] | 1001010      |
| XXXXXXXXXXXX | [ 280 ] |                                       | [ 941 ] |              |
| 141 203      | [ 951 ] |                                       | [ 942 ] |              |
|              | [ 952 ] |                                       | [ 943 ] |              |
|              | [ 953 ] |                                       |         | XXXXXXXXXXXX |
| 141 203      |         | XXXXXXXXXXX                           |         |              |
|              |         |                                       | [ 502 ] |              |
|              | [ 302 ] |                                       | [ 510 ] |              |
|              | [ 305 ] |                                       | [ 530 ] |              |
|              | [ 310 ] |                                       | [ 550 ] |              |
|              | [ 330 ] |                                       | [ 580 ] |              |
|              | [ 335 ] |                                       | [ 961 ] |              |
|              | [ 340 ] |                                       | [ 962 ] |              |
|              | [ 350 ] |                                       | [ 963 ] |              |
|              | [ 380 ] |                                       |         | XXXXXXXXXXXX |
|              | [ 921 ] |                                       |         |              |
| VVVVVVVVVVV  | [ 922 ] |                                       |         |              |
| XXXXXXXXXXXX | [ 923 ] |                                       |         |              |
|              | [ 931 ] |                                       |         |              |
|              | [ 932 ] | -                                     |         |              |
|              | [ 933 ] |                                       |         |              |
|              |         |                                       |         |              |

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |
|                          |                               |

- [ **602** ] 1.\_\_\_\_\_ \*
- [ 632 ] 1.\_\_\_\_\_ \*

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- [600] 1.\_\_\_\_\_\*
- [ 630 ] <u>1.</u> \*
- [ 660 ] 1.\_\_\_\_\_ \*

| Name: l  | E.L.K. Energy Inc. |                              |   |
|----------|--------------------|------------------------------|---|
| BN: 866  | 56 7787 RC 0001    | Taxation Year End: 2003-12-3 | L |
|          |                    |                              |   |
| [ 604 ]  | 1                  | *                            |   |
|          |                    |                              |   |
| [ 606 ]  | 1                  | *                            |   |
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| [ 608 ]  | 1.                 | *                            |   |
|          |                    |                              |   |
| [ 620 ]  | 1                  | *                            |   |
|          | XXXXXXXXXXX        | XX                           |   |
| [624]    |                    | *                            |   |
| • 034 j  | l                  |                              |   |
| [636]    | 1                  | *                            |   |
| [ 00 0 ] |                    |                              |   |
| [ 638 ]  | 1                  | *                            |   |
|          |                    |                              |   |
| [ 650 ]  | 1                  | *                            |   |
|          | XXXXXXXXXX         | xx                           |   |
|          |                    |                              |   |
| [ 662 ]  | 1                  | *                            |   |
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| 564]     | 1                  | *                            |   |
| [ (70 ]  |                    | *                            |   |
| [0/0]    | 1¢                 | 0                            |   |
| [ 675 ]  | 1                  | *                            |   |
| [ 0/0 ]  |                    |                              |   |
| [ 680 ]  | 1                  | *                            |   |
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|          | XXXXXXXXXX         | лл                           |   |

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### Name: E.L.K. Energy Inc. Taxation Year End: 2003-12-31 BN: 86656 7787 RC 0001 \* 4.\_\_\_\_\_ [101] 2 [207] 1.\_\_\_\_\_ **[200]** 1. 1 2. 2. 8 3. 10 3.\_\_\_\_\_ 4.\_\_\_\_\_ \* 4. 12 \* [**213**] 1,\_\_\_\_\_ **[211]** 1. 107 879 2. 1 196 2.\_\_\_\_\_ 3. 786 3. 4.\_\_\_\_\_ \* 4. 544 \* [**215**] 1. **[212]** 1. 4 2. 20 2.\_\_\_\_\_ 3. 30 3. 4. \* 4. 100 \* XXXXXXXXXXXX **[217]** 1. 384 144 **[201]** 1. 9 495 732 2. 74 814 3, 96 132 2. 372 873 4. 1 170 \* 3. 319 655 4. 626 \* **[ 220 ]** 1. 9 327 346 2. 300 452 [203] 1. 215 758 3. 225 095 2. 2 3 9 3 4. 544 \* 3. 1 572 4. 1 088 \star XXXXXXXXXXXXX [**205**] 1. 2.\_\_\_\_\_

3. \_\_\_\_\_

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

- [ **300** ] 1. 86487 7519 RC 0001 \*
- **[400]** 1. 2 \*

### XXXXXXXXXXXX

- [ 100 ] 1. E.L.K. SOLUTIONS INC. \*
- [200] 1. \_\_\_\_\_ \*
- **[ 500 ]** 1. 10 000 **\***
- **[550]** 1. 100 **\***
- [ **600** ] 1.\_\_\_\_\_\*
- [ 650 ] 1.\_\_\_\_\_ \*

10

**[700]** 1. 100 **\*** 

# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- **[ 200 ]** 748 822
- [ 222 ]
- [ 224 ]
- [ 226 ]
- **[ 230 ]** 748 822

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- [ 242 ]
- [ 244 ]
- [ 246 ]
- **. 48**]

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- **[ 250 ]** 52 418
- **[ 300 ]** 696 404

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- [ 400 ]
- [ 401 ]
- [ 402 ]
- 208 ]
- [ 409 ]
- [ 410 ]

# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- [ 110 ]
- [ 130 ]
- [ 150 ]
- [ 170 ]
- [ 190 ]
- [ 210 ]
- [ 230 ]
- [ 270 ]

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- .20 ]
- [ 140 ]
- [ 160 ]
- [ 180 ]
- [ 200 ]
- [ 220 ]
- [ 240 ]
- [ 280 ]

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

- [002] 1.\_\_\_\_\_\*
- [ 008 ]

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- [ **003** ] 1.\_\_\_\_\_ \*
- [ 009 ]

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- [004] 1.\_\_\_\_\_\*
- [ **010** ]

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[001] 1.\_\_\_\_\_\*

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Taxation Year End: 2003-12-31 BN: 86656 7787 RC 0001

| [ 100 ]        |              | [ 401 ] | 100           |
|----------------|--------------|---------|---------------|
| [ 610 ]        | 1 875 315    | [ 402 ] |               |
| [ 830 ]        | 21 004       | [ 403 ] |               |
| [ 850 ]        | 6 128        | [ 404 ] |               |
|                | xxxxxxxxxx   | [ 405 ] |               |
|                | алалалалала  | [ 406 ] |               |
| 101 ]          | 1 232 802    | [ 407 ] |               |
| 103 ]          | 100          | [ 490 ] | 100           |
| 104 ]          | 5 698 273    |         | XXXXXXXXXXXX  |
| 105 ]<br>106 ] | 4 402 373    | [ 500 ] | 16 611 448    |
| 107 ]          |              |         | ****          |
| 108 ]          | 5 850 000    |         |               |
| 109 ]          |              | [ 701 ] |               |
| 110 ]          |              | [ 711 ] |               |
| 111 ]          |              | [ 712 ] |               |
| 112 ]          |              | [ 713 ] |               |
| 121 ]          | 572 000      | [ 790 ] |               |
| 122 ]          |              |         | XXXXXXXXXXXXX |
| 123 ]          |              |         |               |
| .24 ]          |              | [ 690 ] | 16 611 448    |
| .90 ]          | 16 611 548   | [ 801 ] | 10 000 000    |
|                | XXXXXXXXXXXX | [ 811 ] | 6 611 448     |
|                |              |         | XXXXXXXXXXXX  |

| [ 820 ] | 14 876 |  |
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| [ 861 ] | 14 876 |  |
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| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

- [ 010 ]
- [020] 2
- **[ 030 ]** 2003
- **[ 300 ]** 1. 86656 7787 RC 0001
  - 2. 86487 7519 RC 0001 \*
- [ 500 ] 1.\_\_\_\_\_
  - 2. \_\_\_\_\_ \*

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- **[ 400 ]** 1. 10 000 000
  - 2. \_\_\_\_\_ \*

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- [200] 1. E.L.K. Energy Inc.
  - 2. E.L.K. SOLUTIONS INC. \*

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| [ 120 ] |       |
|---------|-------|
| [ 220 ] |       |
| [ 320 ] |       |
| [ 420 ] |       |
| [ 600 ] | 6 128 |
| [ 820 ] | 3     |
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| ຸ 902 ] |       |
| [ 903 ] |       |
| [ 911 ] |       |
| [ 912 ] | ·     |
| [ 913 ] |       |

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BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

- [100] 1. THE CORPORATION OF THE TOWN OF ESSEX
  - 2. THE CORPORATION OF THE TOWN OF LAKESHORE
  - 3. THE CORPORATION OF THE TOWN OF KINGSVILLE \*
- [200] 1. NR
  - 2. NR
  - 3. NR \*
- [ 300 ] 1.\_\_\_\_\_

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|----|---|
| 2  | * |
| J. |   |

- **[400]** 1. 38
  - 2. 24
  - 3. 38 \*
- **[ 500 ]** 1.
  - 2.
  - 3. \_\_\_\_\_ \*

BN: 86656 7787 RC 0001 Taxation Year End: 2003-12-31

| [ 3640 ] | 21 146 397   | [ 3450 ] | 855 137     |
|----------|--------------|----------|-------------|
|          | XXXXXXXXXXXX | [ 3499 ] | 11 045 651  |
|          | АЛЛАЛАЛАЛА   |          | XXXXXXXXXXX |
| [ 1000 ] | 7 478 565    |          | АЛЛАЛАЛАЛА  |
| [ 1060 ] | 1 802 614    | [ 3500 ] | 100         |
| [ 1062 ] | 2 530 295    | [ 3540 ] | 4 402 373   |
| [ 1120 ] | 251 137      | [ 3600 ] | 5 698 273   |
| [ 1484 ] | 37 200       | [ 3620 ] | 10 100 746  |
| [ 1599 ] | 12 099 811   |          | XXXXXXXXXXX |
| [ 1600 ] | 156 387      |          |             |
| _ 1680 ] | 2 820 441    | [ 3660 ] | 3 623 826   |
| [ 1681 ] | # 1 984 428  | [ 3680 ] | 2 074 447   |
| [ 1740 ] | 14 709 438   | [ 3849 ] | 5 698 273   |
| [ 1741 ] | # 7 796 526  |          | XXXXXXXXXXX |
| [ 2008 ] | 17 686 266   |          |             |
| [ 2009 ] | # 9 780 954  |          |             |
| [ 2242 ] | 100          |          |             |
| [ 2420 ] | 569 174      |          |             |
| [ 2421 ] | 572 000      |          |             |
| [ 2589 ] | 1 141 274    |          |             |
| 2599 ]   | 21 146 397   |          |             |
|          | XXXXXXXXXXX  |          |             |

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[ 2600 ]

- [ 2620 ] 3 313 941
- [ 2680 ] 648 908
- [ 2861 ] 5 850 000
- [ 2961 ] 377 665
- [ 3139 ] 10 190 514
- [ 3320 ] 210 371
- [ 3322 ] 644 766

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

[ 0001 ]

[ 0002 ] MUNICIPALLY OWNED ELECTRICAL DISTRIBUTION COMPANY

[

### XXXXXXXXXXX

[ 0003 ]

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| [ 8519 ] | 5 097 928 |
|----------|-----------|
| [ 9369 ] | 2 757 447 |
| [ 9899 ] |           |
| _ 9970 ] | 2 757 447 |
| [ 9975 ] |           |
| [ 9976 ] |           |
| [ 9980 ] |           |
| [ 9985 ] |           |
| [ 9990 ] | 683 000   |
| [ 9995 ] |           |
| 1 0000 1 | 2 074 447 |

| [ 9368 ] | 14 865 027 |
|----------|------------|
| [ 9367 ] | 2 924 628  |
| [ 9284 ] | 679 507    |
| [ 9270 ] | 638 970    |
| [ 8813 ] | 523 212    |
| [ 8710 ] | 465 762    |

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| 9370] |   |  |
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| 9659] | 0 |  |

**[ 9999 ]** 2 074 447

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[ 9660 ] [ 9898 ] 0

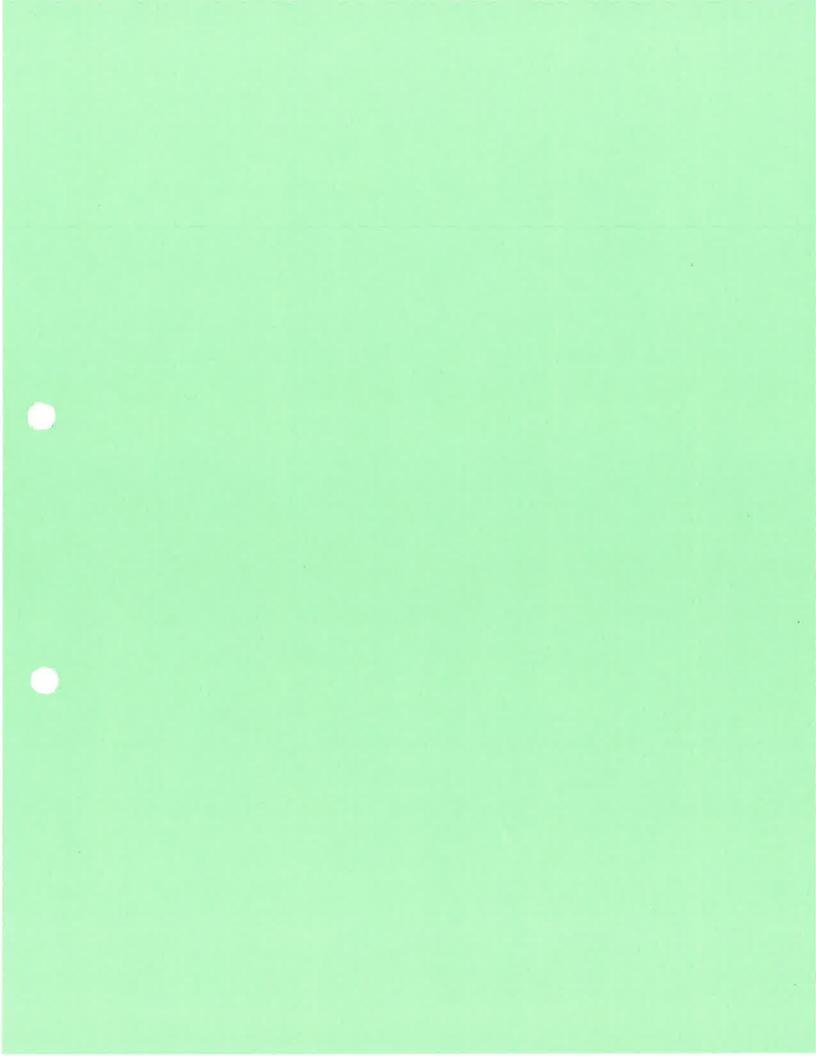
### **3000** ] 17 038 327

- **[ 8089 ]** 17 038 327
- **[ 8094 ]** 495 693
- **[ 8245 ]** 88 454
- **[ 8299 ]** 17 622 474

- [ 8300 ]
- **[ 8320 ]** 11 940 399
- **[ 8518 ]** 11 940 399
- **[ 8670 ]** 617 177

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2003-12-31 |

- [100] 1
- **[101]** 1
- [**102**] 2
- [103] 2
- [104] 2
- [105] 2
- **[106]** 1
- [107] 2
- [108] 2





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Ministry of Finance

Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17, together with the applicable schedules on pages 18-21. Corporations that do not meet the EFF criteria but do meet the Short-18 E

#### **CT23 Corporations Tax and** 2003 For taxation years Annual Return

commencing after September 30, 2001 Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Consumer and Business Services (MCBS) (formerly Ministry of Consumer and Commercial Relations)

The Annual Return (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

| B C 123 Return on pages 3-17, togener with the applicable schedul<br>8-21. Corporations that <u>do not</u> meet the EFF criteria but <u>do</u> mee<br>orm criteria, may request and file the CT23 Short-Form Return ( | t the Short-  | Ministry Use  |
|---|---|---|
| ICBS Annual Return Required? (Not required if already filed on<br>Annual Return exempt, Refer   | Ves No Page 1 of 24                                       |   |
| Corporation's Legal Name (including punctuation)  |   | Ontario Corporations Tax Account No. (MOF)                                  |
|   |   | 1800085   |
| E.L.K. Energy Inc.  |   | This CT23 Return covers the Taxation Year                                   |
| Mailing Address   |   | Start 2003-01-01  |
|   |   | Start 2003-01-01  |
| 172 Forest Avenue   |   | year month day  |
|   |   | End 2003-12-31  |
| Essex   |   |   |
| ON CA N8M-3E4   |   |   |
| Has the mailing address changed   | year month day  | Date of Incorporation or Amalgamation                                       |
| since last filed CT23 Return?   | Date of Change  | year month day  |
| F ~istered/Head Office Address  |   | 2000-01-06  |
| Forest Avenue   |   |   |
| T DIEST AVEILLE   |   |   |
|   |   | Ontario   |
| Essex   |   | Corporation No. 1395434   |
| ON CA N8M-3E4   |   | ()  |
| Location of Books and Records   |   |   |
| 172 Forest Avenue   |   | Canada Customs and Revenue Agency<br>(formerly Revenue Canada) Business No. |
|   |   |   |
|   |   | If applicable, enter  |
| Essex   |   | 866567787RC0001   |
| ON CA N8M-3E4   |   |   |
| Name of person to contact regarding this CT23 Return  | Telephone No. Fax No.                                     | Jurisdiction  |
|   |   | Incorporated ONTARIO  |
| SANDRA SLATER   | 519-776-5291  |   |
| Address of Principal Office in Ontario (Extra-Provincial Corpora  | tions only) (MCBS)  | If not incorporated in Ontario, indicate the                                |
|   |   | date Ontario business activity commenced and ceased:                        |
|   |   | year month day  |
|   |   | Commenced   |
|   |   |   |
| ON CA -   | (1000)  | year month day  |
| Former Corporation Name (Extra-Provincial Corporations only)  | X Not Applicable (MCBS)                                   | Ceased  |
|   |   | X Not Applicable  |
|   |   |   |
|   | No. of Schedule(s)  | Preferred Language/Langue de préférence                                     |
| Information on Directors/Officers/Administrators must be completed of   | n MCBS  | English French<br>anglais français  |
| Schedule A or K as appropriate. If additional space is required for Scl<br>only this schedule may be photocopied. State number submitted (MC  |   | Ministry use  |
|   |   |   |
| If there is no change to the Directors'/Officers'/Administrators' inform<br>submitted to MCBS, please X this box. Schedule(s) A and K are   | ation previously No change                                |   |
|   |   |   |
|   | Certification (MCBS)                                      |   |
| I certify that all information set out in the Annual Return is  | true, correct and complete.                               |   |
| Name of Authorized Person (Print clearly or type in full)   |   |   |
| SANDRA SLATER   |   |   |
| D O P   |   |   |
| Title: X Director Officer Officer   | individual having knowledge<br>affairs of the Corporation |   |

Officer of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End                                      | CT23 Page 3 of 24  |
|---|--|--|--|
| E.L.K. Energy Inc.  | 1800085  | 2003-12-31   |  |
| E.L.K. Energy Inc.<br>CT23 Corporations Tax Return<br>Identification continued (for CT23 filers only)<br>Type of Corporation – Please "X" box(es) if applicab<br>1 Canadian-controlled Private (CCPC) all year<br>(Generally a private corporation of which<br>50% or more shares are owned by<br>Canadian residents.) (fed.s.125(7)(b))<br>2 Other Private<br>3 Public   |  | Ontario Retail<br>(Use Head Offic<br>if applicable, en | ter<br>byer Health Tax Account No.<br>e no.)   |
| <ul> <li>4 Non-share Capital</li> <li>5 X Other (specify)</li> <li>Utility-MEU</li> </ul>   | Share Capital with full voting rights owned by Canadian Residents  | Specify major  | business activity  |
| 1       Family Farm Corporation s.1 (2)         2       Family Fishing Corporation s.1 (2)         3       Mortgage Investment Corporation s.47         4       Credit Union s.51         5       Bank Mortgage Subsidiary s.61 (4)         6       Bank s.1 (2)         7       Loan and Trust Corporation s.61 (4)         8       Non-resident Corporation s.61 (4)         9       Non-resident Corporation s.2(2)(c)         10       Mutual Fund Corporation s.48         11       Non-resident owned investment Corporation s.49         12       Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b) | <ul> <li>Bare Trustee Corporation</li> <li>Branch of Non-resident s.63(1)</li> <li>Financial institution prescribed by<br/>Regulation only</li> <li>Investment Dealer</li> <li>Generator of electrical energy for sale or<br/>producer of steam for use in the generation<br/>of electrical energy for sale</li> <li>Hydro successor, Municipal Electrical Utility<br/>or subsidiary of either</li> <li>Producer and seller of steam for uses other<br/>than for the generation of electricity</li> <li>Insurance Exchange s.74.4</li> <li>Farm Feeder Finance Co-operative<br/>Corporation</li> <li>Professional Corporation<br/>(incorporated professionals only)</li> </ul> |  |  |
| Please "X" box(es) if applicable:  First Year of Filing  Amended Return  Taxation Year End has changed - Canada Customs and Revenue Agency (formerly Revenue Canada) approval required  | Final Taxation Year up to Dissolution (wind-up)<br>(Note: For discontinued businesses, see Guide.)<br>Final Taxation Year before Amalgamation<br>Floating Fiscal Year End  | Corporation<br>establishm<br>Acquisition<br>Date Cont  | r Receipt of Asset(s) involving a<br>n having a Canadian permanent<br>nent outside Ontario<br>n of Control fed s.249(4)<br>rol was acquired<br>month day |
| Was the corporation inactive throughout the taxation year?  |  | Yes No   |  |

| Was the corporation inactive throughout the taxation year? |   |   | X |
|--|---|---|---|
| Has the corporation's Federal T2 Ret                       | urn been filed with the Canada Customs and Revenue Agency (CCRA)? | x |   |
| Are you requesting a refund due to:                        | the Carry-back of a Loss?   |   | x |
|  | an Overpayment?   |   | X |
|  | a Specified Refundable Tax Credit?                                |   | X |
| Are you a Member of a Partnership or Joint Venture?        |   |   | x |

| Each Algority To All       DOLLARS ONLY         Description       DOLLARS ONLY         Series of balance induced in the predictive series and plant description of the asymptotic series and plant description   | Corporation's Legal Name                               | Ontario  | Corporations Tax Account No. (MOF)<br>1800085      | Taxation Year End<br>2003-12-31 | СТ23         | Page 4 of 24   |
|---|--|--|--|---------------------------------|--------------|--|
| Albester - Provide a prince to the prince of  | E.L.K. Energy Inc.                                     |  | 1800085  | 2000 12 01                      | <b>_</b>     |  |
| Table Control Control Control on a provide of the distance proved of the distance of the control Cont   | Allocation - If you carry on a business through a pe   | ermanent establishment in a jurisdiction isdiction, to that jurisdiction (s.39) (Int.B | outside Ontario, you may allocate that<br>"3008).  |                                 |              | DOLLARS ONLY   |
| Tacable factors (the state is the function of data is provide out for during property (Minn States 2)<br>States 1: Share is whether a state index of whether 2 (SA1)<br>States 1: Share is whether a state index of whether 2 (SA1)<br>States 1: Share is whether a state index of whether 2 (SA1)<br>States 1: Share is whether 2 (SA1)<br>Tacable is none (Increasing Increasing In   | Net Income (loss) for Ontario purposes (per reconci    | liation schedule, page 15)   |  | ±                               | From 690     |  |
| Default: Transle informer docubility of phate barceled 20 (vid.) 31(2)       Image: Index of the optimized of the transle informer docubility of phate barceled 20 (vid.) 31(2)       Image: Index of the optimized of the transle informer docubility of phate barceled 20 (vid.) 31(2)       Image: Index of the optimized of the transle informer docubility of phate barceled 20 (vid.) 31(2)       Image: Index of the optimized of the transle informer docubility of phate barceled and informer docubility of phate barceled and informer docubility of the optimized of transle informer docubility optin the optimized of transle informer docubi   |  |  |  |                                 |              |  |
| Descriptions protein control calls (Adde Markuk 97 (Add. 2000)       Image: Control calls (Adde Markuk 97 (Add. 2000)       Image: Control calls (Add. 2000)  | Subtract: Gifts to Her Majesty in right of Canada or a | a province and gifts of cultural property  | (Attach schedule 2)                                |                                 | 2            |  |
| Decret: Folder Per (11 BK       0.       X ×4       From [Tel: 0.0]         Subted: Per year' brees spile/       Not cophriness       From [Tel: 0.0]       0.       X ×4         Subted: Per year' brees spile/       Not cophriness       From [Tel: 0.0]       0.       X ×4         Not cophriness       From [Tel: 0.0]       0.       X ×4       From [Tel: 0.0]         Not cophriness       From [Tel: 0.0]       0.       X ×4       From [Tel: 0.0]         Restrict form [Tel: 0.0]       Not cophriness       From [Tel: 0.0]       Not cophriness       From [Tel: 0.0]         Addition to back income       [D - 1] (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1   | Subtract: Taxable dividends deductible, per federal    | T2 SCH 3   |  |                                 | 3            |  |
| Butted Proyses' bases optid - Non-capital levels $(p_{23}, q_{23}, q_$  | Subtract: Ontario political contributions (Attach sche | dule 2A) (Int.B. 3002)   |  |                                 | 4            |  |
| Transition of the standard form basis       From [7:4]       0,         Part basis       S0.000000%       -         Part basis       From [7:4]       0,         Part basis       Links particular basis       From [7:4]       0,         Table basis       Links particular basis       From [7:4]       0,         Adducts basis b   | Subtract: Federal Part VI,1 tax                        | <u> </u>   |  |                                 | 5            | The second s |
| $\begin{aligned} & \text{Prime basise} & \text{Prime basis} & Prim basis$  | Subtract: Prior years' losses applied Non-o            |  | a a la campa a muna avan persona na como prese     | ****                            | From 704     | 141,203.   |
| From base   | Net c  | From 715<br>apital losses (page 16)  | 0. X rate  | 50.00000% = -                   | 714          |  |
| Linets particular to come (Non-deptital loss) Addition is such that the control for under formation to be found particular to the found particular to   |  | (F=3= ···)   |  | *******                         | From 724     |  |
| Tacable income Non-applie Ideal Provided Programs and Provided Provided Provided Provide  | Restr  | icted farm losses  |  |                                 | From 734     |  |
| Addition to standak income for unsets foreign the detection for fielded updates<br>Adjusted Tasable income<br>Term Tasable income<br>Term To of the field of the standard income for a standard for the standard income<br>Term To of the field of the standard income for a standard for the stan  | Limite   | ed partnership losses  |  |                                 | From 754     |  |
| Adjuend Taxable Income Taxable Income From Taxable Income Taxable Income Taxable Income From Taxable Income From Taxable Income Tax Payable (before deduction of tax cestle) Tax I = Taxable Income Tax Payable (before deduction of tax cestle) Tax I = Taxable Income Tax Payable (before deduction of tax cestle) Tax I = Taxable Income Tax Payable (before deduction of tax cestle) Tax I = Taxable Income Tax Payable (before deduction of tax cestle) Tax I = Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Taxable Income Inter Interve Datables Composes (IGA 122(1)) Tax I = Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Taxable Income Interve Datables Composes (IGA 122(1)) Tax I = Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Taxable Income Interve Datables Composes (IGA 122(1)) Tax I = Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Taxable Income Interve Datables Composes (IGA 122(1)) Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Taxable Income Interve Datables Composes (IGA 122(1)) Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year Tax I = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year TaxII = TaxII Business Deduction Indite Provisions of Tex. 125(5) (not Deen applicable in the taxation year TaxII = TaxIII  |  |  |  | ********                        | 10           | 1,875,315.   |
| Number of Days in Taustion Year         Tauable income         From 10 (or (2) if applicable)       1,875,315, x 30 100,000,0 x x 12,5000 x x 14,0000 x x 14,00000 x 14,00000 x 14,00000 x 14,0000 x x 14,0000 x x 14,0000 x x 14,  | Addition to taxable income for unused foreign tax de   | eduction for federal purposes  |  | 0.                              |              |  |
| Taxable Income       1,875,315,x 32       100.000,9x,2       12,5000,8x       33       365       + 73       365         From 120 (or 22) # applicable)       1,875,315,x 32       100.000,9x,2       12,0000,9x       12,0000,9x </td <td>Adjusted Taxable Income 10 + 11 (</td> <td>if 10 is negative, enter 11)</td> <td> = 20</td> <td>1,875,315.</td> <td></td> <td></td>   | Adjusted Taxable Income 10 + 11 (                      | if 10 is negative, enter 11)   | = 20   | 1,875,315.                      |              |  |
| Taxable Income       1,875,315,x 32       100.000,9x,2       12,5000,8x       33       365       + 73       365         From 120 (or 22) # applicable)       1,875,315,x 32       100.000,9x,2       12,0000,9x       12,0000,9x </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>   |  |  |  |                                 |              |  |
| 1 accele in theome       indication       indi   |  |  | Number   | of Days in Taxation Year        |              |  |
| From       10 (ef 20) # speticable)       1,875,315, x       10,0,000,% x, 12,000,% x       13,365       +73,365       +73,365       ++73,365  | Taxable Income   |  |  |                                 |              |  |
| Income Tax Payable (before deduction of tax credits)  | From 10 (or 20 if applicable) 1.8                      | 75 315 × 30 1 00 000   |  | sectors in the sector sectors   | = + 29       | 234,414.   |
| From       B (or 20) if applicable)       1,875,315,*       20       100,0000 % x _ 14,0000 % x _ 14,00000 % x _ 14,00000 % x _ 14,00000 % x _ 14,000000 % x _ 14,00000 % x _ 14,000000 % x _ 14,0000000 % x _ 14,00000000 % x _ 14,00000000 % x _ 14,00000000 % x _ 14,00000000 % x _ 14,000000000 % x _ 14,000000000000000000000000000000000000   |  |  | 0/0X 12.0000 /0 X 40                               | ec 31 2003                      |              |  |
| Income Tax Payable (before decuction of lax credits) 29 + 32 = 0 234,414. Income Tax Payable (before decuction of lax credits) 29 + 32 = 0 234,414. Incontive Deduction for Small Business Corporations (IDSBC) (s.41) ( <i>if this section is not completed, the IDSBC will be denied.</i> ) Did you claim the federal Small Business Deduction had the provisions of fed.s.125(51) not been applicable in the taxation year? (x) ves $x$ No Income from active business and other purposes (eds.125(51) not been applicable in the taxation year? (x) ves $x$ No Income from active business and other purposes (eds.125(51)) + 65 0 0. Federal Business Init for forsign tax credit (eds.125(10)) + 65 0 0. Federal Business Init for the year deducted for fortign purposes (eds.11) + 65 0. Federal Business Init for the year deducted for fortign purposes (eds.11) + 65 0. Add: Charlos enhancement of forsign tax credit (eds.125(51)) + 65 0. Add: Charlos enhancement of forsign tax credit (eds.125(51)) + 65 0. Federal Business Init for the year deducted for fortign purposes (eds.11) + 65 0. Federal Business Init for the year before the applicable of the applicable applicable of the applicable of the applicable of the appl  | · · · · · · · · · · · · · · · · · · ·                  |  | and before   | Jan. 1, 2005 Total Days         |              |  |
| Income Tax Payable (before deduction of fax credits) $22 + 32 = (2 - 234,414, 1)$ Incentive Deduction for Small Business Corporations (IDSBC) (s.41) (If this section is not completed, the IDSBC will be denied.) DId you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(1)(1) in the taxation year? (N) \ves \ket Ne  Income from acive business and eating to finderal purposes (fed.s.125(1)(1)) $(0)  (0) $  | From 10 (or 20 if applicable) 1,8                      |  |  | 0 + 73 365                      | = + 32       | 0.   |
| Income Tax Payable (eldere deduction of tax credit)  23 + 22  Incentive Deduction for Small Business Corporations (IDSBC) (s.41)  If this section is not completed, the IDSBC will be denied)  Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(1)(a)  Did you claim the federal Small Business Deduction (fed.s.125(1)(a))  Foderal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(a))  Foderal Business of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Dust of the year before the applicable in the taxation year or would you have claimed   |  | Ontario Allocatio  | Π  |                                 |              |  |
| Income Tax Payable (eldere deduction of tax credit)  23 + 22  Incentive Deduction for Small Business Corporations (IDSBC) (s.41)  If this section is not completed, the IDSBC will be denied)  Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(1)(a)  Did you claim the federal Small Business Deduction (fed.s.125(1)(a))  Foderal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(a))  Foderal Business of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Dust of the year before the applicable in the taxation year or would you have claimed   |  |  |  |                                 |              |  |
| Income Tax Payable (eldere deduction of tax credit)  23 + 22  Incentive Deduction for Small Business Corporations (IDSBC) (s.41)  If this section is not completed, the IDSBC will be denied)  Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(1)(a)  Did you claim the federal Small Business Deduction (fed.s.125(1)(a))  Foderal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(a))  Foderal Business of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Losses of other years deducted for federal purposes (fed.s.125(1)(a))  Adv: Dust of the year before the applicable in the taxation year or would you have claimed   |  |  |  |                                 | - 40         | 234 414  |
| Did you claim the federal Small Business Deduction (fed.s.122(1)) in the taxation year or would you have claimed<br>the federal Small Business Deduction had the provisions of fed.s.122(5.1) not been applicable in the taxation year?<br>Noto: Charle of the set of the se  | Income Tax Payable (before deduction of tax            | credits) 29 + 32   | **************                                     |                                 |              | 204,4144   |
| Did you claim the federal Small Business Deduction (fed.s.122(1)) in the taxation year or would you have claimed<br>the federal Small Business Deduction had the provisions of fed.s.122(5.1) not been applicable in the taxation year?<br>Noto: Charle of the set of the se  |  |  |  |                                 |              |  |
| Did you claim the federal Small Business Deduction (fed.s.122(1)) in the taxation year or would you have claimed<br>the federal Small Business Deduction had the provisions of fed.s.122(5.1) not been applicable in the taxation year?<br>Noto: Charle of the set of the se  |  |  |  |                                 |              | ( he denied )  |
| the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year?<br>Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))<br>Federal Business adjustment for foreign tax credit (fed.s.125(1)(b)) + $\frac{41}{52}$ 0,<br>$A^{++}$ Losses of other years deducted for federal purposes (fed.s.111) + $\frac{52}{52}$ 0,<br>C Losses of other years deducted for federal purposes (fed.s.125(5.1)<br>(not exceeding § 200,000)  | Incentive Deduction for Small Bu                       | isiness Corporations (ID:  | (SBC) (S.41)                                       | ection is not completed, i      | ine idado wi | i be demed.)   |
| the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year?<br>Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))<br>Federal Business adjustment for foreign tax credit (fed.s.125(1)(b)) + $\frac{41}{52}$ 0,<br>$A^{++}$ Losses of other years deducted for federal purposes (fed.s.111) + $\frac{52}{52}$ 0,<br>C Losses of other years deducted for federal purposes (fed.s.125(5.1)<br>(not exceeding § 200,000)  | Did you claim the federal Small Business               | Deduction (fed.s.125(1)) in the  | taxation year or would you have                    | e claimed                       | (X) Yes      | <b>V</b> No  |
| Federal taxable income, less adjustment for foreign tax credit (fed.s. 125(1)(b)) + $\frac{51}{52}$ 0,<br>Ar-4. Losses of other years deducted for federal purposes (fed.s. 111) + $\frac{52}{52}$ 0,<br>ct. Losses of other years deducted for Ontario purposes (s.34) - $\frac{53}{53}$ 0,<br>Federal Business timit for the year before the application of fed.s. 125(5.1)<br>(not exceeding \$ 200,000)   | the federal Small Business Deduction ha                | d the provisions of fed.s.125(5.1  | <ol> <li>not been applicable in the tax</li> </ol> | ation year?                     |              |  |
| Federal taxable income, less adjustment for foreign tax credit (fed.s. 125(1)(b)) + $\frac{51}{52}$ 0,<br>Ar-4. Losses of other years deducted for federal purposes (fed.s. 111) + $\frac{52}{52}$ 0,<br>ct. Losses of other years deducted for Ontario purposes (s.34) - $\frac{53}{53}$ 0,<br>Federal Business timit for the year before the application of fed.s. 125(5.1)<br>(not exceeding \$ 200,000)   |  |  |  |                                 |              |  |
| A <sup>A-A</sup> Losses of other years deducted for federal purposes (fields.111) + $\frac{62}{53}$ 0,<br>ct: Losses of other years deducted for Ontario purposes (s.34) = $\frac{53}{53}$ 0,<br>Federal Business limit for the year before the application of fed.s.125(5.1)<br>(not exceeding \$ 200,000) + $\frac{55}{55}$ 0,<br>Add: Ontario enhancement of federal business limit<br>Number of Days in Taxation Year<br>$\int \frac{Days after}{Sept. 30, 2001 and}$ Total Days<br>$\int \frac{Days after}{Sept. 30, 2001 and}$ Total Days<br>$\int \frac{Days after}{Sept. 31, 2002 and}$ Total Days<br>$\int \frac{Bays after}{Sept. 31, 2003 and}$ Total Days<br>$\int \frac{Bays after}{Sept. 31, 2004 and}$ Total Days<br>$\int \frac{Bays after}{$   | Income from active business carried on in Canada       | for federal purposes (fed.s.125(1)(a))   |  | 50                              | 0.           |  |
| A <sup>A-A</sup> Losses of other years deducted for federal purposes (fields.111) + $\frac{62}{53}$ 0,<br>ct: Losses of other years deducted for Ontario purposes (s.34) = $\frac{53}{53}$ 0,<br>Federal Business limit for the year before the application of fed.s.125(5.1)<br>(not exceeding \$ 200,000) + $\frac{55}{55}$ 0,<br>Add: Ontario enhancement of federal business limit<br>Number of Days in Taxation Year<br>$\int \frac{Days after}{Sept. 30, 2001 and}$ Total Days<br>$\int \frac{Days after}{Sept. 30, 2001 and}$ Total Days<br>$\int \frac{Days after}{Sept. 31, 2002 and}$ Total Days<br>$\int \frac{Bays after}{Sept. 31, 2003 and}$ Total Days<br>$\int \frac{Bays after}{Sept. 31, 2004 and}$ Total Days<br>$\int \frac{Bays after}{$   | Enderal taxable income less adjustment for foreign     | tax credit (fed s 125(1)(b))   | 51 0   |                                 |              |  |
| ct: Losses of other years deducted for Ontario purposes (s.34)<br>Federal Business limit for the years before the application of fed.s.125(5.1)<br>(not exceeding \$ 200,000)<br>Add: Ontario enhancement of federal business limit<br>Number of Days in Taxation Year<br>$\begin{bmatrix} & & & Bays after \\ & & & Bays after \\ & & & & From & 55 & 0 + 200,000 \\ & & & & & 10 & 0 + 73 & 365 \\ & & & & & & 55 & 0 + 200,000 \\ & & & & & & & & & & & & & & & & & $  |  |  |  |                                 |              |  |
| Federal Business limit for the year before the application of fed.s. 125(5.1)<br>(not exceeding \$ 200,000) + $\overline{55}$ 0.<br>Ad: Ontario enhancement of federal business limit<br>Number of Days in Taxation Year<br>$\begin{array}{c} & & & & \\ & $  |  |  |  |                                 |              |  |
| Federal Business limit for the year before the application of fed.s. 125(5.1)<br>(not exceeding \$ 200,000)<br>Add: Ontario enhancement of federal business limit<br>Number of Days in Taxation Year<br>$\begin{bmatrix} & & & & & & & & & & & & & & & & & & & $  | icit. Losses of other years deducted for only          |  |  | 54                              | 0.           |  |
| Add: Ontario enhancement of faderal business limit<br>Number of Days in Taxation Year<br>$\begin{bmatrix}                                    $  | Federal Business limit for the year before the applic  |  |  |                                 | 0.           | 5  |
| Number of Days after<br>Sept. 30, 2001 and<br>Days after<br>Sept. 30, 2001 and<br>Total Days<br>$28 \ 0 + 73 \ 365$<br>$28 \ 0 + 200,000$ =+ 43<br>$28 \ 0 + 73 \ 365$<br>$28 \ 0 + 200,000$ =+ 46<br>0.<br>$100 \ 200 \ 31 \ 0 + 73 \ 365$<br>0 + 200,000 =+ 46<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0.<br>0   | (not exceeding \$ 200,000)                             | *  | 55 0.  |                                 |              |  |
| $\begin{bmatrix} & & & & & & & & & & & & & & & & & & &$   |  |  |  |                                 |              |  |
| $\begin{bmatrix} 0 \times 28 & 0 & + & 73 & 365 \\ \times From & 55 & 0 & + & 200,000 & =+ & 43 & 0. \\ \hline Dec. 31, 2002 and & Total Days before Jan 1, 2004 & 0. \\ \hline Dec. 31, 2003 and & Total Days before Jan 1, 2004 & 0. \\ \hline Dec. 31, 2003 and & Total Days before Jan 1, 2005 & 0. + & 200,000 & =+ & 46 & 0. \\ \hline Dec. 31, 2003 and & Total Days before Jan 1, 2005 & 0. + & 200,000 & =+ & 47 & 0. \\ \hline Ontario enhancement of & 13 & 0 & + & 73 & 365 & =+ & 47 & 0. \\ \hline Ontario enhancement of & 43 & + & 46 & + & 47 & -= & 0. & 444 & 0. \\ \hline Gederal business limit & 43 & + & 46 & + & 47 & -= & 0. & 445 & 0. \\ \hline Income eligible for the IDSBC & From & 30 & 100,0000 \% \times & 56 & 0. & = & 60 & 0. \\ \hline ^{\circ} Ontario Allocation & Least of & 50 & 54 & or & 45 \\ \hline ^{\circ} Note: Ontario Allocation for IDSBC purposes may differ from & 30 & if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)). \\ \hline \end{array}$   |  |  |  |                                 |              |  |
| $\begin{bmatrix} 0 \times 28 & 0 & + & 73 & 365 \\ \times From & 55 & 0 & + & 200,000 & =+ & 43 & 0. \\ \hline Dec. 31, 2002 and & Total Days before Jan 1, 2004 & 0. \\ \hline Sec. 31, 2003 and & Total Days before Jan 1, 2004 & 0. \\ \hline Dec. 31, 2003 and & Total Days before Jan 1, 2005 & 0. + & 200,000 & =+ & 46 & 0. \\ \hline Dec. 31, 2003 and & Total Days before Jan 1, 2005 & 0. + & 200,000 & =+ & 47 & 0. \\ \hline Ontario enhancement of & 13 & 0 & + & 73 & 365 & =+ & 47 & 0. \\ \hline Ontario enhancement of & 43 & + & 46 & + & 47 & -= & 0. & 444 & 0. \\ \hline Gederal business limit & 43 & + & 46 & + & 47 & -= & 0. & 445 & 0. \\ \hline Income eligible for the IDSBC & From & 30 & 100,0000 \% \times & 56 & 0. & = & 60 & 0. \\ \hline ^{\circ} Ontario Allocation & Least of & 50 & 54 & or & 45 \\ \hline ^{\circ} Note: Ontario Allocation for IDSBC purposes may differ from & 30 & if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)). \\ \hline \end{bmatrix}$   | Days after<br>Sept. 30, 2001 and Total D               | avs  |  |                                 |              |  |
| $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$  |  |  |  |                                 |              |  |
| $\begin{bmatrix} & & Days after \\ Dec. 31, 2002 and \\ before Jan 1, 2004 \\ X From 55 \\ 0 + 200,000 \\ E + 46 \\ 0 + \\ \hline Dec 31, 2003 and \\ Dec 31, 2003 and \\ Total Days before Jan 1, 2005 \\ 0 + 200,000 \\ E + 47 \\ \hline Dec 31, 2003 and \\ Total Days \\ before Jan 1, 2005 \\ 0 + 200,000 \\ E + 47 \\ \hline Dec 31, 2003 and \\ Total Days \\ before Jan 1, 2005 \\ 0 + 200,000 \\ E + 47 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ E + 47 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline Dec 31, 2003 \\ 0 + 73 \\ 36 \\ 55 \\ - 44 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline E + 47 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline E + 47 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline E + 47 \\ \hline Dec 31, 2005 \\ 0 + 200,000 \\ \hline E + 47 \\ \hline Dec 31, 2005 \\ \hline$ |  |  | )_   |                                 |              |  |
| before Jan 1, 2004<br>$0 \times 31 0 + 73 365$ =+ 46 0.<br>X From 55 0 + 200,000 =+ 47 0.<br>Deasa after<br>Dec 31, 2003 and Total Days<br>before Jan 1, 2005   |  |  |  |                                 |              |  |
| $\begin{bmatrix} 0 \times 31 & 0 + 73 & 365 \\ \times From & 55 & 0 + 200,000 \\ \hline Days after \\ Dec 31, 2003 and \\ before Jan 1, 2005 \\ 0 \times 31 & 0 + 73 & 365 \\ \times From & 55 & 0 + 200,000 \\ \hline Ontario enhancement of \\ federal business limit & 43 + 46 + 47 \\ \hline Harrow & 100,000 \\ \hline Harrow &$  | Dec. 31, 2002 and Total D<br>before Jan 1, 2004        | ays  |  |                                 |              |  |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $  |  | 5  | 2  |                                 |              |  |
| $\begin{array}{c ccccccccccccccccccccccccccccccccccc$   |  | 00 _= =+ <u>46(</u>  | <u>.</u>   |                                 |              |  |
| $\begin{array}{c ccccccccccccccccccccccccccccccccccc$   | Days after<br>Dec 31, 2003 and Total D                 | ays  |  |                                 |              |  |
| $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$  | before Jan 1, 2005                                     |  |  |                                 |              |  |
| Ontario enhancement of federal business limit       43       +       46       +       47       -=       0.+       44       0.+         Business Limit for Ontario purposes       55       +       44       0.+       0.+       45       0.+         Income eligible for the IDSBC       55       +       44       -       -       0.+       45       0.+         * Ontario Allocation       Least of 50,54       -       60       0.+       0.+       60       0.+         * Note: Ontario Allocation for IDSBC purposes may differ from       30       if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).   |  |  | 1  |                                 |              |  |
| federal business limit       43       43       44   | Ontario enhancement of                                 |  |  |                                 |              |  |
| Income eligible for the IDSBC From 30 100.0000 % X 56 0. = 60 0.<br>* Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).  | federal business limit 43 + 46 + 4                     |  |  |                                 | 0.           |  |
| * Ontario Allocation Least of 50, 54 or 45 * Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).   |  |  | 100.0000   |                                 |              | 0.   |
|   |  |  | * Ontario Allocation                               | Least of 50, 54 o               |              |  |
| continued on Page 5   |  | y differ from 30 if Taxable Incom  | ne is allocated to foreign jurisdictions. S        | ee special rules (s.41(4)).     |              |  |

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End   | CT23    | Page 5 of 24                           |
|---|--|---|---------|--|
| E.L.K. Energy Inc.  | 1800085  | 2003-12-31  |         | DOLLARS ONLY                           |
| Income Tax continued from Page 4  |  |   |         |  |
|   |  | mber of Days in Taxation Year   | -       |  |
| Colouistics of IDSBC Bets   | Sept   | Days after<br>t. 30, 2001 and Total Days<br>re Jan 1, 2003                    |         |  |
| Calculation of IDSBC Rate   | <u> </u>   | 0 + 73 365  | = + 79  | .0000                                  |
|   | Dec  | Days after<br>. 31, 2002 and Total Days<br>re Jan. 1, 2004                    |         |  |
| *******   | 7.00% x 31   | 365 + 73 365  | = + 89  | 7.0000                                 |
|   | Dec  | Days after<br>. 31, 2003 and Total Days                                       |         |  |
|   | 8.50 % x 34  | 0 ÷ 73 365  | = + 90  | .0000                                  |
|   |  |   |         |  |
| IDSBC Rate for Taxation Year 79 + 89 + 90   | *****  | *******   | . = 78  | 7.0000                                 |
| Claim 60  | 0. X From 78   | 7.0000%   | = 70    | 0.                                     |
| Corporations claiming the IDSBC must complete the Surtax section to greater than the amount in 114 below.   | below if the corporation's taxable income (or if associat  | ted, the associated group's taxable inc                                       | ome) is |  |
| Surtax on Canadian-controlled priv  | ate corporations (s.41.1)  |   |         |  |
| Applies if you have claimed the Incentive Deduction for Small Busin   | ess Corporations.  |   |         |  |
| ** Short Taxation Years - Special rules apply where the taxation year<br>Associated Corporation - The taxable income of associated corpor<br>* 'ion year end. | ar is less than 51 weeks for the corporation and/or any<br>ations is the taxable income for the taxation year endi | v corporation associated with it,<br>ng on or before the date of this corpora | ation's |  |
| able Income of the corporation  | Fr   | om 10 (or 20 if applicable)   | + 80    | 0.                                     |
| If you are a member of an associated group (X)  | (Yes)  |   |         |  |
| Name of associated corporation (Canadian & foreign)<br>(if insufficient space, attach schedule)   | Ontario Corporations Tax<br>Account No. (MOF)<br>(if applicable)   | Taxation Year End   |         | Taxable Income<br>(if loss, enter nil) |
| See attached  | (ii applicable)  |   | + 82    | 27,768.                                |
|   |  | 4 (4)   | + 83    |  |
|   |  |   | + 84    | 0.                                     |
| Aggregate Taxable Income 80 + 82 + 83   | + <u>84</u> , etc.   |   | = 85    | 0.                                     |
| Number of Days in Taxation  | Year   |   |         |  |
|   | otal Days  |   |         |  |
| Subtract:         0         x         28         0         +         73   | 365 = + 113 0.   |   |         |  |
| Days after<br>Dec. 31, 2002 and   | iotal Days   | -   |         |  |
| 0 x 31 0 + 73   | 365 = + 1150   |   |         |  |
| Days after<br>Dec 31, 2003 and  | Total Days   |   |         |  |
| before Jan 1, 2005<br>0 x 34 0 + 73   | 365 = + [116] 0.   |   |         |  |
|   |  |   |         |  |
| 113 + 11  | 5 + 116 =0   | L   | - 114   | 0.                                     |
| (If negative, enter nil)  |  | ****************  | = 86    | 0.                                     |
|   | N  | umber of Days in Taxation Year  |         |  |
|   | Sept   | Days after<br>t. 30, 2001 and Total Days<br>ore Jan 1, 2003                   |         |  |
| Calculation of Specified Rate for Surtax  | 4.3330% × 28   | 0 + 73 365  | = + 95  | .0000                                  |
|   | Dec  | Days after<br>. 31, 2002 and Total Days                                       |         |  |
|   | 4.6670 <sub>%</sub> x 31   | re Jan. 1, 2004<br>365 + 73 365   | = + 96  | 4.6670                                 |
|   |  | Days after<br>31, 2003 and Total Days   |         |  |
|   | befo   | 0 + 73 365  | = + 97  | .0000                                  |
| Specified rate of surtax for Taxation Year 95 + 96  | . <u>4.6670</u> % x <u>34</u>  | 0 + [73] 505  | = 94    | .0000                                  |
|   |  | nanaran termenik takini dalah dalah d   |         |  |
|   | . X From 94 .0000 %  | ·····   | = 87    | <u> </u>                               |
| From 87   | . X From 60  | From 114 (  | ). = 88 | 0.                                     |
| Surtax Lesser of 70 or 88   |  |   | = 100   | 0                                      |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End  | СТ2:             | B Page 6 of 24   |
|--|---|--|------------------|------------------|
| E.L.K. Energy Inc.   | 1800085   | 2003-12-31   |                  | DOLLARS ONLY     |
| Income Tax continued from Page 5   |   |  |                  |                  |
| Additional Deduction for Credit L  | Inions (s.51(4)) (Attach schedule 17)   |  | 110              | 0.               |
| Manufacturing and Processing P   | rofits Credit (M&P) (s.43)  |  |                  |                  |
| Applies to Eligible Canadian Profits from manufacturing and pro  |   | Canada, as determined by regulation  | ns.              |                  |
| Eligible Canadian Profits from mining are the "resource profits fro<br>and resource allowances but excluding amounts from sale of Ca<br>schedule 27. | om the mining operations", as determined for Ontario depl<br>nadian resource property, rentals or royalties, If you are c | etion purposes, after deducting deple<br>laiming this credit, attach a copy of O | etion<br>Intario |                  |
| The whole of the active business income qualifies as Eligible Car<br>mining, farming, logging or fishing is 20% or less of the total activ           | nadian Profits if: a) your active business income from sou<br>e business income and b) the total active business incom    | rces other than manufacturing and pr<br>he is \$250,000 or less.                 | ocessing,        |                  |
| Eligible Canadian Profits  |   |  | + 120            | 0.               |
| Subtract: Income eligible for the Incentive Deduction for Small  | Business Corporations (IDSBC)   |  | – From 56        | 0.               |
| Add: Adjustment for Surtax on Canadian-controlled private  | corporations  |  |                  |                  |
| From 100 0. + From 30 1 (  | 0.0000 % + From 78 7.000  | )% = 121   | 0.               |                  |
| Lesser of 56 or 121 *0   | ntario Allocation   |  | + 122            | 0.               |
| 120 - 56 + 122   |   |  | = 130            | 0.               |
| Taxable Income   |   | *****************  | + From 10        | 1,875,315.       |
| Subtract: Income eligible for the Incentive Deduction for Small  | Business Corporations (IDSBC)   |  | – From <u>56</u> | 0.               |
| Add: Adjustments for Surtax on Canadian-controlled privat  |   |  | + From 122       | 0.               |
|  |   | .0000%   | - 140            | <u> </u>         |
| ct: Amount by which Canadian and foreign investment in   | come exceeds net capital losses   |  | - 141            | 1,875,315.       |
| 10 – 56 + 122 – 140 – 141  |   |  | = 142            | 1,070,010        |
| Claim  |   |  |                  |                  |
| Giann  | Num   | ber of Days in Taxation Year   |                  |                  |
|  |   | Days after   |                  |                  |
|  |   | : 30, 2001 and Total Days<br>re Jan 1, 2004                                      | ·                | 0                |
| 143O. X From 30 1(   | 0.0000 % × <u>1.5000</u> % × <u>33</u>  | 0 ÷ 73 365   | = + 154          | 0.               |
| Lesser of 130 or 142   | ntario Allocation   |  |                  |                  |
|  | Dec   | Days after<br>31, 2003 and Total Days  |                  |                  |
| [143] 0. X From [30] 1(  |   | re Jan 1, 2005   | = + 156          | 0.               |
|  | ntario Allocation   | 0 ÷ 73 365   | ·                |                  |
|  |   |  |                  |                  |
| M&P claim for taxation year 154 + 156  |   |  | = 160            | 0.               |
|  |   | indiations. Concentration to 42(4)   | 1                |                  |
| * Note: Ontario Allocation for M&P Credit purposes may differ fr   | om 30 if Taxable Income is allocated to foreign ju  | nsaictions, See special fules (s.43(1)   | )                |                  |
| Includatoring and Processing Profits Credit  | for Electrical Generating Corporations  |  | = 161            | 0.               |
|  | for Original substance that Duradu as   |  |                  |                  |
| Manufacturing and Processing Profits Credit<br>and Sell Steam for uses other than the Gener  |   |  | = 162            | 0.               |
|  | ,   |  |                  |                  |
|  |   |  |                  |                  |
| Credit for Foreign Taxes Paid (s.4   | 40)   |  |                  |                  |
| Applies if you paid tax to a jurisdiction outside Canada   |   | h schedule).   | 170              | 0.               |
| .,   |   |  |                  |                  |
|  |   |  |                  |                  |
| Credit for Investment in Small Bu  | isiness Development Corpora   | tions (SBDC)   |                  |                  |
| Applies if you have an unapplied, previously approved  | credit from prior years' investments in new issues  | of equity shares in Small Busin  | iess Developme   | nt Corporations. |

Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)
Eligible Credit 175 0. Credit Claimed 180 0.

## Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 ..... = 190 234,414. continued on Page 7

| Corporation's Legal Name  | Ontario Corporations Tax Account No.                                 | (MOF)                   | Taxation Year End | СТ23  | Page 7 of 24 |
|---|--|-------------------------|-------------------|-------|--------------|
| E.L.K. Energy Inc.  | 1800085  |                         | 2003-12-31        |       | DOLLARS ONLY |
| Income Tax continued from Page 6<br>Specified Tax Credits (Refer to Guide)  |  |                         |                   |       |              |
| Ontario Innovation Tax Credit (OITC) (s.43.3) Applies to res  | search and development in Ontario.                                   |                         |                   |       |              |
| Eligible Credit From 5620 OITC Claim Form (Attach original Claim  | Form)  |                         |                   | 191   | 0.           |
| Co-operative Education Tax Credit (CETC) (s.43.4) Applies   | s to employment of eligible students.                                |                         |                   |       |              |
|   |  |                         |                   | 192   | 0.           |
| Ontario Film & Television Tax Credit (OFTTC) (s.43.5)   |  |                         |                   |       |              |
| Applies to qualifying Ontario labour expenditures for eligible Canadia  | an content film and television produc                                | tions.                  |                   |       |              |
| Eligible Credit From 5899 either Claim Form from Ontario Media D<br>or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.  | Development Corporation (OMDC)                                       |                         |                   |       |              |
| (Attach the original Certification/Claim Form received from the OMDC<br>received from the OMDC along with a completed MOF CT Schedule |  |                         |                   | 193   | 0.           |
| Graduate Transitions Tax Credit (GTTC) (s.43.6)   |  | No. of Graduates        | From 6596         |       |              |
| Applies to employment of eligible unemployed post secondary gradu   | uate.  | 194                     | 0                 |       |              |
| Eligible Credit From 6598 Summary Schedule G  |  |                         |                   | 195   | 0.           |
| Ontario Book Publishing Tax Credit (OBPTC) (s 43.7)   |  |                         |                   |       |              |
| Applies to qualifying expenditures in respect of eligible literary works  | s by eligible Canadian authors.                                      |                         |                   |       |              |
| Finishe Credit From 6900 OBPTC Claim Form (Attach both the or   | riginal Claim Form and the Certificati                               | on Form)                |                   | 196   | 0.           |
| Untario Computer Animation and Special Effects Tax Cr   | edit (OCASE) (s.43.8)  |                         |                   |       |              |
| Applies to labour relating to computer animation and special effects  |  |                         |                   |       |              |
| Eligible Credit From 6700 Claim Form Certified by Ontario Media I   | Development Corporation  |                         |                   |       |              |
| (Attach the original Claim/Certification Form with the CT23 Tax Retu  |  |                         |                   | 197   | 0.           |
|   |  |                         |                   |       |              |
| Ontario Business-Research Institute Tax Credit (OBRIT   |  |                         |                   |       |              |
| Applies to qualifying R&D expenditures under an eligible research in  |  |                         |                   |       | 0            |
| Eligible Credit From 7100 OBRITC Claim Form (Attach original Cla  | aim Form)  |                         |                   | 198   | 0.           |
| Ontario Production Services Tax Credit (OPSTC) (s.43.10   | )  |                         |                   |       |              |
| Applies to qualifying Ontario labour expenditures for eligible product  | tions where the OFTTC has not been                                   | n claimed.              |                   |       |              |
| Eligible Credit From 7300 either Claim Form from Ontario Media D<br>or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.  |  |                         |                   |       |              |
| (Attach the original Certification/Claim Form received from the OMDC<br>received from the OMDC along with a completed MOF CT Schedule | C <b>or</b> the original Certification Form 193/199, as applicable.) |                         |                   | 199   | 0.           |
| Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.   | .43.11)  |                         |                   |       |              |
| 'es to qualifying labour expenditures of eligible products for the  |  |                         |                   |       |              |
| Eligible Credit From 7400 Claim Form certified by Ontario Media   |  |                         |                   | _     |              |
| (Attach original Claim/Certification Form.)   |  |                         |                   | 200   | 0.           |
| Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)  |  |                         |                   |       |              |
| Applies to qualifying expenditures in respect of eligible Canadian so   | und recordings.  |                         |                   |       |              |
| Eligible Credit From 7500 OSRTC Claim Form (Attach both the or  | riginal Claim Form and the Certificati                               | on Form)                |                   | 201   | 0.           |
| Other (specify)   | *****  |                         |                   | 201.1 | 0.           |
| Total Specified Tax Credits [191] + [192] + [193] + [19   | 95 + 196 + 197 + 198 + 19  |                         | v] + 2011 -       | = 220 | 0.           |
|   |  |                         |                   |       |              |
| Specified Tax Credits Applied to reduce Income Tax  |  | • • • • • • • • • • • • |                   | = 225 | 0.           |
| Income Tax 190 - 225 OR Enter NIL if reporting Non-Ca   | apital Loss (amount cannot be nega                                   | tive)                   |                   | 230   | 234,414.     |
| To determine if the Corporate Minimum Tax (CMT) is applicable CMT on <b>Page 8</b> . If CMT is not applicable, transfer amount in     |  |                         |                   | ne    |              |
| OR<br>If CMT is not applicable for the current taxation year but your co  | rporation has CMT Credit Carryover                                   | s that you want to      | apply to reduce   |       |              |

| Corporation's Legal Name  | Ontario Corporations Tax Account No.  | (MOF)                               | Taxation Year End                                   | CT23           | Page 8 of 24   |
|---|---|-------------------------------------|---|----------------|--|
| E.L.K. Energy Inc.  | 1800085   |                                     | 2003-12-31  |                | DOLLARS ONLY   |
| Corporate Minimum Tax (CMT)   |   |                                     |   |                |  |
| Determination of Applicability  |   |                                     |   |                |  |
| Applies if either Total Assets 249 exceeds \$5,000,000 or * These amounts include the corporation's and associated corp           |   |                                     | al assets and total revenue                         | е.             |  |
| Short Taxation Years - Special rules apply for determining tot period of any partnership(s)/joint venture(s) of which the corport | al revenue where the taxation year of the ration or associated corporation is a mem   | corporation or<br>ber, is less that | any associated corporation 51 weeks.                | on or any fis  | cal  |
| Associated Corporation - The total assets or total revenue of before the date of the claiming corporation's taxation year end.    |   | ets or total reve                   | nue for the taxation year e                         | ending on or   |  |
| * Total Assets of the corporation   |   | + 240                               | 21,146,397.   |                |  |
| * Total Revenue of the corporation  |   |                                     | •••••••   | + 241          | <u> </u>   |
| If you are a member of an associated group (x)  | 2 X (Yes)   |                                     |   |                |  |
| Name of associated corporation (Canadian & foreign) Acc   | ario Corporations Tax<br>ount No. (MOF) Taxation Year Enc<br>pplicable)   | 1                                   | * Total Assets                                      | * To           | otal Revenue   |
| See attached  |   | + 243                               | 384.464.+   | + 244          | 147,740.   |
| ł   |   | + 245                               |   | + 246          |  |
| Aggregate Total Assets 240 + 243 + 245 +  | 247 , etc.  | + 247                               | 21.530.861  | + [240]        | •  |
|   | _   |                                     |   | 250            | 17,770,214.  |
| Subtract: Foreign Tax Credit for CMT purposes (Attach schedu           Subtract: Income Tax                                       | 2,757,447。 X From 30<br>gative, enter zero Ont<br>ule)<br>arryover, transfer 230 from Page 7 to<br>r, complete A & B below. | ario Allocation                     | - From 1  | 77<br>90<br>80 | <u>110,298.</u><br><u>0.</u><br><u>234,414.</u><br><u>0.</u><br>overs, on Page 20. |
| CMT Credit Carryover available  |   |                                     | From 23   | 807            | 16,246.  |
|   |   | awa 27509 900                       |   |                |  |
| Application of CMT Credit Carryovers  |   |                                     | + From 1  | 90]            | 234,414.   |
| If 276 - 277 is negative, enter NIL in 290  | + From 276<br>- From 277<br>=   |                                     | <u>110,298.</u><br><u>0.</u><br><u>110,298.</u> – 2 | 90             | <u>110,298.</u><br>124,116.  |
| B. Income tax (after deduction of specified credits)<br>Subtract: CMT credit used to reduce income taxes                          |   |                                     |   | 30             | <u>234,414.</u><br>16,246.   |
|   | ******  |                                     | = 3   | 20             | 218,168.   |
| If A & B apply, 310 cannot exceed the lesser of 230   | , 300 and your CMT credit carryover   | <sup>.</sup> available              | 2307  |                | Transfer lo page 17  |
| If only B applies, 310 cannot exceed the lesser of  | 30 and your CMT credit carryover ava  | ilable 230                          | 7.  |                |  |

2003-12-31

#### E.L.K. Energy Inc.

#### Capital Tax (Refer to Guide and Int.B. 3011)

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital tax for the taxation year. A Corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If

Investment Allowance is claimed. Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B. 3017).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable Income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B 3010).

## **Paid-up Capital**

| Paid-up capital stock (Int.B. 3012 and 3015)  | + 350 100                     |
|---|-------------------------------|
| Retained earnings (if deficit, deduct) (Int.B. 3012)  | <u>+ 351</u> <u>5,698,273</u> |
| € <sup>1</sup> 'al and other surpluses, excluding appraisal surplus (Inf.B.3012)  | + 352 4,402,373               |
| and advances (Attach schedule) (Int.B. 3013)  | + 353 6,438,036               |
| Bank loans (Int.B. 3013)  | + 354                         |
| Bankers acceptances (Int.B. 3013)   | + 355 (                       |
| Bonds and debentures payable (Int.B. 3013)  | + 356                         |
| Mortgages payable (Int.B. 3013)   | + 357                         |
| Lien notes payable (Int.B. 3013)  | + 358 (                       |
| Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)  | + 359 - 572,000               |
| Contingent, investment, investment, investory and similar reserves (Int.B. 3012)  | + 360 644,766                 |
| Other reserves not allowed as deductions for income tax purposes ( <i>Attach schedule</i> ) (Int.B. 3012)   | + 361                         |
|   | + 362                         |
| Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)  | = 370 16,611,548              |
|   |                               |
| Subtract: Amounts deducted for income tax purposes in excess of amounts blocked (Retain calculations. Do not submit.) (Int.B. 3012)   | _ 371 159,46_                 |
| Deductible R & D expenditures and ONTTI costs deferred for income tax<br>if not already deducted for book purposes (Int.B. 3015)  | - 372 ((                      |
| Tetal Paid-up Capital   | = 380 16,771,009              |
| ct: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)   | - 381                         |
| Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the |                               |
| assets are used both in generating electicity from a renewable or alternative energy source and are qualifying property as prescribed by regulation   | _ 382(                        |
| Net Paid-up Capital   | = 390 16,771,009              |

1800085

#### Eligible Investments (Refer to Guide and Int.B. 3015)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

| Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998) | + 402 | 0.   |
|---|-------|------|
| Mortgages due from other corporations   | + 403 | 0.   |
| Shares in other corporations (certain restrictions apply) (Refer to Guide)  | + 404 | 100. |
| Loans and advances to unrelated corporations  | + 405 | 0.   |
| Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)   | + 406 | 0.   |
| Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)  | + 407 | 0.   |
| Total Eligible Investments  | = 410 | 100. |

## continued on Page 10

| Corporation's Legal N  | lame  | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End                                | CT23 Page 10 of 24  |
|--|---|--|--|---|
| E.L.K. Energy Inc.   |   | 1800085  | 2003-12-31                                       | DOLLARS ONLY  |
| <b>Capital Tax</b>   | continued from Page 9   |  |  |   |
| Total Assets (I  | nt.B. 3015)   |  |  |   |
| Share of partnershi<br>Subtract: Investmen<br>Total Assets as ac<br>Amounts in 360 a<br>Subtract: Amounts<br>Subtract: Appraisal | liabilities deducted from assets<br>p(s)/joint venture(s) total assets (Attack<br>in in partnership(s)/joint venture(s)<br><b>djusted</b><br>and <u>361</u> (if deducted from assets)<br>in <u>371</u> , <u>372</u> and <u>381</u><br>surplus if booked<br>ther adjustments (specify on an attacked |  |  | $\begin{array}{c} + 420 \\ - 21,146,397. \\ + 421 \\ - 0. \\ + 422 \\ - 423 \\ - 423 \\ - 423 \\ - 440 \\ - 441 \\ - 159,461. \\ - 442 \\ - 442 \\ - 0. \\ + 443 \\ - 442 \\ - 0. \\ + 443 \\ - 159,858. \end{array}$ |
|  |   |  |  |   |
| Investment All<br>Taxable Capita   |   | 10 No  | ot to exceed 410                                 | = 460 <u>79</u> .<br>= 470 <u>16,770,930</u> .  |
| Gross Revenue  | (as adjusted to include the share of an   | y partnership(s)/joint venture(s) Gross Revenue)   | 480  | 17,622,474.   |
| Total Assets (as   |   |  | From 430   | 21,146,397.   |
|  |   |  |  |   |
| lculation  | of Capital Tax for all co   | orporations except Financial Instit  | tutions  |   |
| Note: This version   | n (2003) of the CT23 may only be use  | ed for a taxation year that commenced after Septemb  | oer 30, 2001.                                    |   |
| (Financial Institut  | ions use calculations on page 13.)  |  |  |   |
| Important:   | If the corporation is a family farm of Financial Institution, complete onl  | corporation, family fishing corporation or a credit un<br>y Section A below.   | ion that is not a                                |   |
| OR   | If the corporation is NOT a membe<br>calculations in Section B below ar<br>the corporation.   | r of an associated group and/or partnership, review<br>id select and complete the one specific subsection (  | only the capital tax<br>e.g. B3) that applies to | 5   |
| OR   | if applicable, complete Section D o   | an associated group and/or partnership, complete Se<br>r Section E on page 12. Note: if the corporation is a m<br>03 CT23 guide for additional instructions before com | ember of a connected                             | l   |

### SECTION A

section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial .ution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

| SECTION B | S | ECT | ION | B |
|-----------|---|-----|-----|---|
|-----------|---|-----|-----|---|

This section applies if the corporation is NOT a member of an associated group and/or partnership.

| B1.     | If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.                         |
|---------|---|
| B2.     | If taxable capital, 470 on page 10, is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.  |
| B3.     | If taxable capital, $470$ on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount From $523$ to $543$ on page 12, and complete the return from that point.<br>+ From $470$ |
| ** If f | loating taxation year, refer to Guide.  |
| cont    | inued on Page 11  |

| Corporation's Legal Name  | Ontario   | Corporations Tax Account No. (MO   | F) Taxation Year End  | CT23 Page 11 of 24   |
|---|---|--|---|--|
| E.L.K. Energy Inc.  |   | 1800085  | 2003-12-31  | DOLLARS ONLY   |
| <b>Capital Tax Calculation</b>  | <b>on</b> continued from page 10  |  |   |  |
| SECTION C   |   |  |   |  |
| This section applies ONLY to a c  | orporation that is a member of an assoc<br>ou must check either <u>509</u> or <u>524</u> and<br>I E.  | iated group (exluding financ<br>I complete this section befor  | ial institutions and corpo<br>e you can calculate your o  | rations exempt from<br>capital tax calculation                   |
| C1. 509 (X if applicable)   | All corporations that you are associat  | ed with <u>do not have a</u> perma   | nent establishment in Car   | nada.  |
|   | If taxable capital 470 on page 10 is \$5,   | 000,000 or less, enter NIL in [  | on page 12 and comple   | te the return from that point.                                   |
|   | If taxable capital 470 on page 10 exceed Section D and the return from that point.  | eds \$5,000,000 proceed to Sec   | tion D, enter \$5,000,000 in  | 542 Section D, and complete                                      |
| C2. X 524 (X if applicable)   | One or more of the corporations that  | you are associated with mair   | <u>ntains a permanent establ</u>  | ishment in Canada.   |
|   | If the taxation year ends before January  | y 1, 2003, you must complete t   | he Calculation below.   |  |
|   | If the taxation year ends after December<br>allocate the \$5,000,000 taxable capital er<br>group may file an election under subser<br>used to allocate the taxable capital exem<br>filed, all members of the group will then b<br>portion (portion is henceforth referred to<br>\$5,000,000 taxable capital exemption, to<br>corporation's total assets multiplied by its | xemption by completing the Ca<br>ction 69(2,1) of the Corporation<br>ption among the associated gro-<br>pe required to file in accordance<br>as <b>Net Deduction</b> ) of the \$15,<br>each corporation in the group | <i>dculation</i> below. Or, the ass<br>as Tax Act, whereby total as<br>oup. Once a ss.69(2.1) elect<br>with the election and alloc:<br>000 capital tax effect, relating<br>on the basis of the ratio that | ociated<br>ssets are<br>stion is<br>ate a<br>ng to the           |
|   | The total asset amounts and Ontario allo<br>from each corporation's financial informa<br>calendar year.   | cation percentages to be used<br>tion from its last taxation year e  | for this calculation must be<br>ending in the immediately pr  | taken<br>receding  |
|   | In addition, although each corporation in<br>apportioned by the total asset formula, th<br>Deduction among the group on what eve<br>reallocated amounts does not exceed the<br>associated group.  | e group may, at the group's op<br>r basis the corporate group wis  | tion, reallocate the group's shes, as long as the total of  | total Net<br>the   |
| Calculation Do NOT complete   | this calculation if ss.69(2.1) election is  | filed  |   |  |
| Taxable Capital From 470 on p   |   |  |   | From 470 16,770,930.   |
| Determine aggregate taxable ca<br>corporations exempt from capi   | apital of an associated group (excluding<br>tal tax) and/or partnership having a peri   | g financial institutions and manent establishment in Car   | nada  |  |
| mes of associated corporations (exc<br>corporations exempt form capital to<br>wing a permanent establishment in C<br>(if insufficient space, attach schedule) | ax) or related partners   | Ontario Corporations Tax<br>Account No. (MOF)<br>(if applicable)   | Taxation Year End   | Taxable Capital  |
| See attached  |   | · · · · · ·  |   | + 531 76,914.  |
|   |   |  |   | + 532  |
|   |   |  |   | + 533  |
| Aggregate Taxable Capital   | '0 + 531 + 532 + 533, etc.  |  |   | =[540]   |
|   | bove is \$5,000,000 or less, the corporation<br>in 523 in section D on page 12, as applie   |  | vear, is NIL.   | <u>.</u>   |
|   | bove is greater than \$5,000,000, the corpor<br>order to calculate its Capital Tax for the tax  |  |   | 1  |
|   | 16,770,930. + From 540  | <u>16,847,844.</u> ×   | 5,000,000   | = 541 4 , 977 , 174 .<br>Transfer to 542 in Section D on page 12 |
|   | ilection filed. Attach a copy of the electi<br>proceed to Section E on page 12.   | on with this CT23 Return.  |   |  |
|   |   |  |   |  |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)<br>1800085   | Taxation Year End 2003-12-31 | CT23 Page 12 of 24  |
|--|---|------------------------------|---|
| E.L.K. Energy Inc.   | 1800085   | 2000-12-01                   | DOLLARS ONLY  |
| Capital Tax Calculation continued from Page  | 11  |                              |   |
| SECTION D  |   |                              |   |
| This section applies if the corporation IS a member of an a taxable capital, 540 <i>on page 11, exceeds \$5,000,000.</i> | ssociated group and/or partnership whose total .        | AGGREGATE                    |   |
| Complete the following calculation and transfer the amount $\ \mbox{From}$   | m 523 to 543, and complete the return from that         | t point.                     |   |
| + From 470 16,770,930.<br>- 542 4,977,174.<br>= 471 11,793,756. x From 30  |   | <u>365</u><br>365            | Total Capital Tax for<br>the taxation year<br>= + 523 35,381.<br>Transfer to 543 and complete<br>the return from that point |
| SECTION E  |   |                              |   |
| This section applies if a corporation is a member of an ass  | ociated group and the associated group has file         | d a ss.69(2.1) election      |   |
| + From 470 X From 30   | <u>100.0000</u> % x <u>.3000%</u><br>Ontario Allocation |                              | = + 561 0.  |
| Capital tax deduction From 995 relating to your  | corporation's capital tax deduction, on ss.69(2.1) elec | ction form F                 | = 562 0.  |
| Capital Tax  |   | <u>365</u><br>365            | = 563 0.<br>Transfer to 543 and complete<br>the return from that point.   |
| ** If floating taxation year, refer to Guide.  |   |                              |   |
| P  |   |                              |   |
|  |   |                              |   |
| Capital Tax before application of specified credits<br>Subtract: Specified Tax Credits applied to reduce capital tax     | payable (Refer to Guide)                                |                              | = 543 35,381.<br>- 546 0.   |
| Capital Tax 543 – 546 (amount cannot be negative)  |   | ********                     | = 550 35,381.<br>Transfer to Page 17  |

| Calculation of Capital Tax for Financial Institutions   |                                       |
|---|---------------------------------------|
| I.1. Credit Unions only   |                                       |
| For taxation years commencing after May 4, 1999 enter NiL in 550 on page 12, and complete the return from that point.   |                                       |
| I.2. Other than Credit Unions   |                                       |
| (Retain details of calculations for amounts in boxes $565$ and $570$ . Do not submit with this tax return.)   |                                       |
| 565       0 + X       0.6%       X From       30  | + <u>569</u> <u>0.</u>                |
| 570       0.1       0.00 % X From       30 </td <td>+ 574 0.</td> | + 574 0.                              |
| Capital Tax for Financial Institutions – other than Credit Unions (before Section II)   | = 575 0.                              |
| ** If floating taxation year, refer to Guide.   |                                       |
| II. Small Business Investment Tax Credit  |                                       |
| (Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)  |                                       |
| Allowable Credit for Eligible Investments   | - 585 0.                              |
| Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x)   |                                       |
| Capital Tax – Financial Institutions 575 – 585  | = 586 0.<br>Transfer to 543 on Page12 |
| • <b></b>   |                                       |
| (1) Uninsured Benefits Arrangements   | = 588 0.                              |
| <ul> <li>(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under</li> <li>(1) above, add both taxes together and enter total tax in 588 .)</li> </ul>  |                                       |
| Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.   |                                       |
| Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)  | - 589 0.                              |
| Premium Tax 588 - 589   | = 590 0.<br>Transfer to page 17       |

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DOLLARS ONLY

1800085

Ontario Corporations Tax Account No. (MOF)

Taxation Year End 2003-12-31

Corporation's Legal Name

Capital Tax continued from Page 12

-

| Net Income (loss) for federal income tax purposes, per federal T2 SCH 1   |                | + 600                  | 2,016,518,<br>Transfer lo Page 15 |
|---|----------------|------------------------|-----------------------------------|
| Add:         Federal capital cost allowance         Federal cumulative eligible capital deduction         Ontario taxable capital gain         Federal non-allowable reserves. Balance beginning of year         Federal allowable reserves. Balance end of year         Ontario non-allowable reserves. Balance end of year         Ontario allowable reserves. Balance end of year         Ontario allowable reserves. Balance beginning of year         Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)         Federal resource allowance         Federal foreign exploration and development expenses         Management fees, rents, royalties and similar payments to non-arms' length non-residents   | + 606          | 18,<br>0,<br>26,<br>0, |                                   |
| Number of Days in Taxation Year         Days after         Sept. 30, 2001 and Total Days         before Jan, 1, 2004         33 $365 + 73$ $365$ Days after         Days after       Days after         Dec. 31, 2003 and Total Days       before Jan, 1, 2005         612 $0.x$ $5 + 14.0000$ X         34 $0 + 73$ $365$ = + 634  | <u> </u>       |                        |                                   |
| Total add-back amount for Management fees, etc.       633 + 634       =         Federal Scientific Research Expenses claimed in year from line 460 of fed, form T661         excluding any negative amount in 473 from Ont. CT23 schedule 161   | 0.+613<br>+615 | 0.<br>0.               |                                   |
| Add any negative amount in 473 from Ont. CT23 Schedule 161  | + 616          | 0.                     |                                   |
| Federal allowable business investment loss  | + 620          | 0.                     |                                   |
| Total of other items not allowed by Ontario but allowed federally (Attach schedule)          T - ^al of Additions       601       10       611       +       615       +       616       +       614  | 2 077 2        | 0.<br>70. 640          | 2,977,270.<br>Transfer to Page 15 |
| Deduct:         Ontario capital cost allowance (excludes amounts deducted under [575])         Ontario cumulative eligible capital deduction         Federal taxable capital gain         Ontario non-allowable reserves. Balance beginning of year         Ontario allowable reserves. Balance end of year         Federal allowable reserves. Balance end of year         Federal allowable reserves. Balance beginning of year         Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)         Ontario depletion allowance         Ontario current cost adjustment (Attach schedule)         Incentive for new electricity supply (section 13.6 deduction from income)         (Applies only to electrical generating corporations.)         CCA for investments in qualifying energy-efficient equipment and for assets | + 655          | 18.<br>0.<br>26.<br>0. |                                   |

.....

681

650 to 659 + 661 + 674 + 675

Ontario Corporations Tax Account No. (MOF)

1800085

continued on Page 15

2,977,270.

Transfer to Page 15

Taxation Year End

2003-12-31

DOLLARS ONLY

# Reconcile net income (loss) for federal income tax purposes with net income (loss)

Corporation's Legal Name

E.L.K. Energy Inc.

| Corporation's Legal Name                                   |  | Ontario Corporations Tax Account No. (MOI              | F) Taxation Year End | CT23            | 8 Page 15 of 24                         |
|--|--|--|----------------------|-----------------|---|
| E.L.K. Energy Inc.   |  | 1800085  | 2003-12-31           |                 | DOLLARS ONLY                            |
| for Ontario purposes                                       | e (loss) for federal in<br>s if amounts differ   | come tax purposes with                                 | n net income (loss)  |                 |   |
| continued from Page 14                                     |  |  |                      | + [000]         | 2,016,518.                              |
| Net Income (loss) for federal inc                          | come tax purposes, per federal T   | 2 SCH 1  | Fro                  |                 | 25 - 220 - 740 / 2000                   |
| Total of Additions   | · · · · · · · · · · · · · · · · · · ·  |  | Fro                  | m = 640         | 2,977,270.                              |
| Subtotal of deductions on page                             | 14 and the second and the second activities of | From :   | = 681 2,977,27       | <u>0.</u>       |   |
| (Applies only to those corpora                             | x Incentive (ONTTI) Gross-up<br>ations whose Ontario allocation is le<br>io) (CCA) on prescribed qualifying  | ess than 100% in the current taxation ye               | ear.)                |                 |   |
| intellectual property deducted i                           | in the current taxation year   | 662 0.   |                      |                 |   |
| ONTTI Gross-up deduction of<br>From Gross-up<br>662 0 From | o of CCA<br>x100   | From 662 0.  | = 663                | 0.              |   |
| Workplace Child Care Tax In                                | ncentive   | 7  |                      |                 |   |
| Qualifying expenditures:                                   | <u>665</u> <u>O.</u> X   | 30.00% × 100<br>From 30 100.0000<br>Ontario Allocation | = 666                | 0               |   |
| Workplace Accessibility Tax                                | Incentive  | 7  |                      |                 |   |
| Qualifying expenditures:                                   | 667 0. ×   | From 30 100.0000                                       | = 668                | 0.              |   |
| Number of L<br>Employees accommodated                      | 669 0  | Ontario Allocation                                     |                      |                 |   |
| Ontario School Bus Safety T                                | Fax Incentive (OSBSTI): (Applies<br>1999 and before January 1, 2006.)  | to the eligible acquisition of school (Refer to Guide) |                      | _               |   |
| Qualifying expenditures:                                   | <u>670</u> <u>0</u> ×  | 30.00% x 100<br>From 30 100.0000<br>Ontario Allocation | = 671                | 0.              |   |
| Educational Technology Tax                                 | x Incentive: (Applies to qualifying  | amounts incurred after May 2, 2000.)                   |                      |                 |   |
| Qualifying expenditures:                                   | - <u>0.</u> ×  | 15.00% x<br>From 30 100.000<br>Ontario Allocation      | = [673]              | 0.              |   |
| Ontario allowable business                                 | investment loss  |  | + 678                | 0.              |   |
|  | Expenses claimed in year in  | 477  | * 679                | 0.              |   |
|  | derally for an amount that was n   | egative  | + 677                | 0.              |   |
|  | lowed by Ontario (Attach schedule)   |  | + 664                | 0.              |   |
| Total of Deductions  | + 663 + 666 + 668 + 671 + 6  | 73 + 678 + 679 + 677 + 664                             | =2,977,2             | 7 <b>0.</b> 680 | 2,977,270.                              |
| Net income (loss) for                                      | r Ontario Purposes   | <b>600</b> + <b>6</b> 40 - <b>6</b> 80                 |                      | = 690           | <b>2,016,518,</b><br>Transfer to Page 4 |

| Corporation's | Legal | Name |
|---------------|-------|------|
| Corporations  | regai | namo |

E.L.K. Energy Inc.

Ontario corporations Tax Account No. (MOF) 1800085 Taxation Year End 2003-12-31 CT23 Page 16 of 24 DOLLARS ONLY

|   | Continuity of Losses Carried Forward |                                     |                         |                           |                                    |                                   |  |
|---|--------------------------------------|-------------------------------------|-------------------------|---------------------------|------------------------------------|-----------------------------------|--|
| ·   | Non-Capital Losses<br>(1)            | Total<br>Capital Losses<br>(9) (10) | Farm Losses             | Restricted Farm<br>Losses | Listed Personal<br>Property Losses | Limited Partnership<br>Losses (6) |  |
| Balance at Beginning of Year  | 700 (2)<br>141,203                   | 710 (2)                             | 720 (2)                 | 730                       | 740                                | 750                               |  |
| Add:<br>Current year's losses (7)                                   | 701 0                                | 711<br>0                            | 721<br>0                | 731                       | 0                                  | [751]<br>C                        |  |
| Losses from predecessor corporations (3)                            | 702 0                                | 0                                   | 722<br>0                | 732<br>0                  |                                    | 752                               |  |
| Subtotal  | 703<br>0                             | 0                                   | 723 0                   | 733 0                     | 743                                | 753                               |  |
| Subtract:<br>Utilized during the year<br>to reduce taxable income   | 704 (2)<br>141,203<br>705            | 715 (2) (4)<br>0                    | 724 (2)<br>0<br>725     | 734 (2) (4)<br>735        | 744 (4)<br>0<br>745                | (4)<br>0                          |  |
| Expired during the year<br>Carried back to prior<br>vears to reduce | 0<br>706 (2) to Page 17              | 716 (2) to Page 17                  | 0<br>726 (2) to Page 17 | 0<br>736 (2) to Page 17   | 0<br>746<br>0                      |                                   |  |
| taxable income (5)  | 707                                  | 717<br>0                            | 727<br>0                | 737 0                     | 0                                  | 757                               |  |
| Balance at End of Year  | 709 (8)<br>O                         | 0                                   | 729 0                   | 739                       | 749                                | 759<br>C                          |  |

:S:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed,s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

## Analysis of Balance at End of Year by Year of Origin

- (7) Include amount form 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

|       | Year of Origin<br>(oldest year first)<br>year month day | Non-Capital Losses | Non-Capital Losses<br>of Predecessor<br>Corporations | Total Capital Losses<br>from Listed<br>Personal Property only<br>(9) (10) | Farm Losses                           | Restricted Farm Losses   |
|-------|---|--------------------|--|---|---------------------------------------|--|
|       | 9th preceding taxation year                             |                    |  | (*) (**)  | 850                                   | 870  |
| 800   | ······································                  |                    |  |   | 0                                     | 0  |
| 1     | 1995-09-30<br>Bth preceding taxation year               |                    | 1  |   | 7                                     | 871  |
| ·     | 2. 354  |                    |  |   | 851                                   | Laure and the second seco |
|       | 1996-09-30  |                    |  |   | 0                                     | 0  |
| 802   | 7th preceding taxation year                             |                    |  |   | 852                                   | 872  |
|       | 1997-09-30  |                    |  |   | 0                                     | 0  |
| 803   | 6th preceding taxation year                             | 820                | 830  | 840   | 853                                   | 873  |
|       | 1998-09-30  | 0                  | 0  | 0   | 0                                     | 0  |
| 804   | 5th preceding taxation year                             | 821                | 831  | 841   | 854                                   | 874  |
|       | 1999-09-30  | 0                  | 0  | 0   | 0                                     | 0  |
| 805   | 4th preceding taxation year                             | 822                | 832  | 842   | 855                                   | 875  |
|       | 2000-09-30  | 0                  | 0  | 0   | 0                                     | 0  |
| 806   | 3rd preceding taxation year                             | 823                | 833  | 843   | 856                                   | 876  |
| 000   | 2001-09-30  | 0                  | 0  | 0   | 0                                     | 0  |
| 807   | 2nd preceding taxation year                             | 824                | 834  | 844   | 857                                   | 877  |
|       | 2001-12-31  | 0                  | 0  | 0   | 0                                     | 0  |
| 808   | 1st preceding taxation year                             | 825                | 835  | 845   | 858                                   | 878  |
| 000   | 2002-12-31  | 0                  | 0  |   | 0                                     | 0  |
|       | Current taxation year                                   |                    | 836  | 846   | 859                                   | 879  |
| 809   |   | <u>826</u><br>0    | 0  |   | 0                                     | 0  |
|       | 2003-12-31  |                    |  |   | · · · · · · · · · · · · · · · · · · · |  |
| Total |   | 829                | 839  | 849   | 869                                   | 889  |
|       |   | 0                  | 0  | 0   | d Comorata Tavaraa 20                 | 0  |

CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003, 0103

1800085

Taxation Year End 2003-12-31

## E.L.K. Energy Inc. Request for Loss Carry-Back (s.80(16))

**Applies** to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Ministry of Finance.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:

1) the first day of the taxation year after the loss year,

- the day on which the corporation's return for the loss year is delivered to the Minister, or
- the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

| Application of Losses   | Non-Capital<br>Losses | Total Capital<br>Losses | Farm Losses   | Restricted Farm<br>Losses |
|---|-----------------------|-------------------------|---------------|---------------------------|
| Total amount of loss  | 910                   | 920                     | 930<br>0      | 940<br>0                  |
| Deduct: Loss to be carried back to preceding taxation years<br>and applied to reduce taxable income |                       |                         |               |                           |
| i) 3rd preceding  | 911                   | 921                     | 931           | 941                       |
| nd preceding 902  | 912                   | 922                     | 932           | 942                       |
| iii) 1st preceding  | 913<br>0              | 923                     | 933           | 943 0                     |
| Total loss to be carried back   | From 706              | From 716                | From 726<br>0 | From 736                  |
| Balance of loss available for carry-forward   | 919                   | 929                     | 939           | 949                       |
|   |                       |                         |               |                           |

| Summ       | ary   |                            |
|------------|---|----------------------------|
| Income ta: | <b>x</b> + From 230 or 320  | 218,168.                   |
| Corporate  | Minimum Tax + From 280  | 0.                         |
| Capital Ta | <b>x</b> + From 550   | 35,381.                    |
| Premium 7  | <b>Fax</b> + From 590   | 0.                         |
| ı Tax      | Payable = 950   | 253,549.                   |
| Subtract:  | Payments  | 52,588                     |
|            | Capital Gains Refund (s.48) _ 965                                   | 0.                         |
|            | Qualifying Environmental<br>Trust Tax Credit (Refer to Guide) _ 985 | 0.                         |
|            | Specified Tax Credits<br>(Refer to Guide) - 955                     | 0.                         |
|            | Other<br>(specify) =  | 0.                         |
| Balance    | = 970   | 200,961.                   |
| If payment | t due Enclosed * 990  | 200,961.                   |
| lf overpay | ment: Refund (Refer to Guide) = 975                                 | 0.                         |
| А          | pply to   | 0.                         |
| + Maka un  | r cheque (drawn on a Canadian financial institu                     | (Includes credit interest) |
|            |   |                            |

#### Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, *payable to the Minister of Finance* and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (*Refer to Guide for other payment methods.*)

## Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

SANDRA SLATER

Title

DIRECTOR OF FINANCE

Full Residence Address

Signature

Date
2004-04-01

Note: Section 76 of the Corporations Tax Act provides penalties for making false or misleading statements or omissions.

| Light Keinstein       100005       2004-123-1       Page 16 of 24         Corporate Minimum Tax - Schodule A:       Light Keinstein       Light Keinstein       Doubles and the school of  | Corporation's Legal Name   | Ontario Corporations Tax Account No, (MOF)                    | Taxation Year End   | CT2           | 3 Schedule A   |
|--|--|---|---|---------------|--|
| Calculation of CMT Base Base-Shallowskie approximate coordinate by Super-Interdent of Fluancell Interductions (SF1) and on Hause Act (Catanal, Splander to control of the CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Subtract (to the sector trained control on accombare with CAPP) Control on comparison Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector trained control on accombare with the income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income loss  Subtract (to the sector device) (sector than income lose  Subtract (to the sector device) (sector than incom   |  |   | 2003-12-31  |               | Page 18 of 24  |
| Banks - Net incorrelates as preport accepted by Superficience of Financial Institutions (SF)       Intermediate         Not incorrelates (consequence)       2 (200)       2 . 074 . 447.         Subtract (10 the consequence)       2 (200)       0 .         Provision for accouncy of incorne tases / beside of current incorne tases       2 (200)       0 .         Banks - Statistic (consequence)       2 (200)       0 .         Dividends reacouncy of incorne tases / beside of current incorne tases       2 (200)       0 .         Dividends reacouncy of incorne tases / beside of current incorne tases       2 (200)       0 .         Dividends reacouncy of incorne tases / beside of current incorne tases       2 (200)       0 .         Dividends reacounce/secoluble divide of case 3 (200)       2 (200)       0 .         Subtract (10 the center the (loce 10 case 3 (200)       2 (200)       0 .         Subtract (200)       Carrent loce 1 case 1 (200)       0 .       2 (200)         Subtract (200)       Carrent loce 1 case 1 (200)       0 .       2 (200)       0 .         Subtract (200)       Carrent loce 1 case 1 (200)       0 .       2 (200)       0 .         Subtract (200)       Carrent loce 1 case 1 (200)       0 .       2 (200)       0 .       2 (200)         Subtract (200)       Carrent loce 1 case 1 (200)   | <b>Corporate Minimum Tax - Schedule A</b>  |   |   |               | DOLLARS ONLY   |
| under the Jamk Act (Canada), upiquetal so consolitation/equity methods are at used.          Viet informations: dimensionalized, defamined in accordance with GAMP)       12100       2,074,447.         Subtract (to the extent reflected in net income/loss):       0       0         Provision for defamed nonze taxes (codid): horell to fulue income taxes       12000       0         Equity income/solventiable deductible under fes. 512       12000       0         Dividends research/equity income taxes       12000       0       10000         Dividends research/equity income taxes       12000       0       10000         Dividend research/equity income taxes       12000       0       10000         Dividend research/equity income for disposal est. of property for cument/prop ysm       12000 </td <td></td> <td></td> <td></td> <td></td> <td></td>  |  |   |   |               |  |
| Subtract (to the extent reflected in net income/loss): Provision for accere of income taxes / bandle of autom taxes and income taxes / bandle of autom taxes and income taxes / bandle of autom taxes and income taxes / bandle of autom taxes / bandl   | Banks - Net income/loss as per report accepted by Superinten-<br>under the Bank Act (Canada), adjusted so consolidation/equity | dent of Financial Institutions (SFI)<br>methods are not used. |   |               |  |
| Provision for accessory of particulars (sound): heard if dura income taxes       - 2000       0,         Bow Sol for defined income taxes       - 2000       0,         Bow Sol for accessor theorem income taxes       - 2000       0,         Bow Sol for accessor theorem income taxes       - 2000       0,         Decidend recent values (alcolub under ford, s. 13)       - 12000       0,         Decidend recent values (alcolub under ford, s. 13)       - 12000       0,         Decidend recent values (alcolub under ford, s. 13)       - 12000       0,         Bow Sol for accessor for alcolub under ford, s. 130       - 12000       0,         Provision for current taxes / cast of current torome taxes       - 12100       0,         Provision for current taxes / cast of current torome taxes       - 12100       0,         Balbotal       - 21100       0,       - 12100       0,         States of accessor for accessor  | Net Income/Loss (unconsolidated, determined in accordance w  | ith GAAP)   |   | <u>+</u> 2100 | 2,074,447.   |
| Provision for deterred income taxes <ul> <li>Even 0</li> <li>Even 0<!--</td--><td>•</td><td>Law 201</td><td>0</td><td></td><td></td></li></ul>   | •  | Law 201   | 0   |               |  |
| Provide in the state problem of the state of the state of the state of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Dividends representatives with deductible under feds. 113       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)       Image: State of partnershop (splint) with used (income)         Subtobal       Image: State of partnershop (splint)   |  |   |   |               |  |
| Exploit State if particulations <ul> <li>Even 0.</li> <li>Even 0.</li></ul>   |  |   |   |               |  |
| Divides transmit provides the under red ± 112       • Evel       0.         Divides relevation deductible under red ± 113       • Evel       0.         Divides relevation deductible under red ± 113       • Evel       0.         Divides relevation deductible under red ± 113       • Evel       0.         Divides relevation deductible under red ± 113       • Evel       0.         Divides relevation deductible under red ± 101(1)       • Evel       0.         Subtail       • Evel       0.       • Evel       0.         Add (to extern reflected in net income/loss):       • Evel       0.       • Evel       0.         Provision for current taxes / Cast of durate income taxes       • Evel       0.       • Evel       0.         Dividend tax inder doese taxes (deltal/ cast of at net income per France/B deltant version taxes       • Evel       0.       • Evel       0.         Dividend tax       • Evel       0.       • Evel       0.       • Evel       0.         Subtail       • Evel       0.       <   |  |   |   |               |  |
| Dividends resided extractible under focs 113   |  |   |   |               |  |
| Dividend meak-elementative deductible under fed a 23(2)       +       207       0,         Redeal Part VI, ten reduct on dividues       0, x + 4       208       0,         Subtail       =       0,       200       0,         Subtail       =       0,       200       0,         Subtain       =       0,       200       0,         Subtain       =       0,       200       0,         Provision for diemed income taxes       +       2010       0,         Subtain       =       0,       0,       2010       0,         Add/Subtract:       Anounts relating to s.57.9 election/regulations for disposate of or disposate of or disposate of or 2010       -       2010       -         ** Fed.s.85       +       2118       0, or - 2121       0,       -         ** Anounts relating to s.57.9 election/regulations for disposate of or disposate of or 2010       -       2010       -         ** Anounts relati  |  |   |   | -             |  |
| Perior Diract V1 tax set on dividends<br>deciminal ropids, under feds. 191. (1)      X x 4   |  |   |   |               |  |
| declared and paid, under folds 191.111)       Q_x X84       + [2109]       Q_x         Add (to extent reflected in net income/loss):       + [2109]       Q_x       Q_x         Provision for current lasses / cost of current income lasses       + [2110]       Q_x       Q_x         Equiviposas from corporations       + [2110]       Q_x       Q_x         Dividends first have been deducted to arrive at hell income per<br>Financial Statements s 07.41 (including advidual under folds.137(4.11))       + [2110]       Q_x         Subtotal       =       683., 000.4       [2110]       Q_x         Add/Subtract:       Amounts relating to s.57.9 election/regulations for current/per years       + [2100]       Q_x         ** Feds.85       + [2120]       Q_x or - [2120]       Q_x         ** Pads.85.1       + [2120]       Q_x or - [2120]       Q_x         ** Amounts relating to analyzamations (red.s.87) as presented in negulations for current/pror years       + [2120]       Q_x or - [2120]       Q_x         ** Amounts relating to induction for the statement of the obstate into the statement of the st   |  | · · · · · · · · · · · · · · · · · · ·                         | 0   |               |  |
| Subtrail       -       <   | declared and paid, under fed.s.191.1(1)  |   |   |               | 0  |
| Provision for current taxes / cost of current income taxes       + 2110       6.6.3.,000.,         Provision for deferred income taxes (bible) / cost of future income taxes       + 2112       0,         Equity losses from coproceed income taxes (bible) / cost of future income taxes       + 2112       0,         Share of partnership(s)/joint venture(s) losses       + 2112       0,         Builded       = 68.3,000,       2112       0,         Subtotal       = 68.3,000,       2112       0,         Add/Subtract:       Anounts relating to s.57.9 election/regulations for disposals etc. of property for current/pior years       + 2112       0,         ** Feds.85       - (2113)       0, or - (2127)       0,         ** Feds.85.1       + (2118)       0, or - (2127)       0,         ** Feds.85.1       + (2122)       0, or - (2122)       0,         ** Feds.85.1       + (2122)       0, or - (2122)       0,         ** Feds.85.1       + (2120)       0, or - (2122)       0,         ** Preds.810 no solves tells algorithms (bids.87) as prescribed in regulations to current/prior years       + (2120)       0,         ** Feds.8.5.1       + (2120)       - (2122)       0,       - (2122)       0,         ** Texts relating to bis 57.0 decin/regulations for disposelse to current/prior years   | Subtotal   |   | 0   | - [2109]      |  |
| Provision to culture labels Costs do culture line to the set of future income taxes<br>Provision for culture (a) losses<br>Share of partnership(s)/joint vonture(s) losses<br>Dividends that have board adducted to arrive at nel income per<br>Provision Statements S7.4(1)(sectuding dividends under fed.s.137(4.1))<br>Subtoral<br>Add/Subtract:<br>Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years<br>** Fed.s.85<br>** Fed.s.85<br>** Fed.s.85<br>** Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years<br>** Fed.s.85<br>** Amounts relating to an algometions (fed.s.87) as<br>prescribed in regulations for current/prior years<br>** Amounts relating to an algometions (fed.s.87) as<br>prescribed in regulations for current/prior years<br>** Amounts relating to an algometions (fed.s.87) as<br>prescribed in regulations for current/prior years<br>** Amounts relating to an algometions (fed.s.87) as<br>prescribed in regulations for current/prior years<br>** Amounts relating to an algometions (fed.s.87) as<br>** Control and assometions (for all the relations (for all the relations (for all the relations (for all the relations (for all the remained   | Add (to extent reflected in net income/loss):  |   |   |               |  |
| $\begin{array}{c} 2112 \\ Equity losses from corporations \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\$  | Provision for current taxes / cost of current income taxes   | + 2110  |   | -             |  |
| Equity losses from corporations $\frac{1}{2112}$ 0,<br>Share of partnership(s)joint verture(s) losses $\frac{1}{2113}$ 0,<br>Dividends that have been deducid to arrive at net income per<br>Frinandial Statements 5.7.0 election/regulations for disposals etc. of property for current/prior years<br>$\frac{1}{2113}$ 0,<br>Subtoal $\frac{1}{2114}$ 0,<br>$\frac{1}{2114}$ 0,<br>$\frac{1}{2114}$ 0,<br>$\frac{1}{2113}$ 0,<br>$\frac{1}{$   | Provision for deferred income taxes (debits) / cost of futu  | re income taxes + 21.11                                       |   |               |  |
| Shall of partnersingleyinin vehicle() bases<br>Dividends that have been deducled to arrive at net income per<br>Financial Statements 57.41.1) (excluding dividends under feds. 137(4.1)) $+ 114 0$ , $114 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $2116 0$ , $683,000$ , $114 0$ , $1116 0$ ,  | Equity losses from corporations  | + 2112  |   | _             |  |
| Financial Statements 5.57.4(1.1) (excluding dividends under [od.s.137(4.1)) $(2115)$ 683,000, $(2115)$ 6,000, $(2$   | Share of partnership(s)/joint venture(s) losses  | + 2113  | 0   | •             |  |
| Financial Statements 5.57.4(1.1) (excluding dividends under [od.s.137(4.1)) $(2115)$ 683,000, $(2115)$ 6,000, $(2$   |  |   |   |               |  |
| Subtotal       683,000.+       2115       683,000.+         Add/Subtract:       Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years       ••       Fed.s.85       ••       2119       0.         ••       Fed.s.85       ••       2119       0.       0.       0.         ••       Fed.s.85       ••       2120       0.       0.       0.         ••       Fed.s.87       ••       2122       0.       0.       0.         ••       Fed.s.87       ••       2120       0.       0.       0.         ••       Amounts relating to maigligenations (fed.s.87) as prescribed in regulations for current/prior years       ••       2122       0.       or - (2125)       0.         ••       Amounts relating to vinde.51.3(4).1(4) and 44 for the start not otherwise deducted in determining CMT eductor + (2128)       0.       or - (2126)       0.         ••       Amounts relating to s.20(1)(c) or (d) of 1TA to the extent not otherwise deducted in determining CMT eductor extent not otherwise deducted in determining CMT eductor extent not otherwise deductors       = (2128)       0.       2(129)       0.         ••       Other adjustments       ± (2120)       = (2130)       2., 757., 447.       •         Subtotal (Additions)  | Dividends that have been deducted to arrive at net incom   | ne per  | 0   |               |  |
| Add/Subtract:         Anounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years         ** Fed.s.85         ** Fed.s.85         ** Fed.s.85.1         ** Fed.s.97         ** Anounts relating to analgamations (fied.s.87) as prescribed in regulations for current/prior years         ** Anounts relating to wind-ups (led.s.87) as prescribed in regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations for current/prior years         ** Anounts relating to s.57.10 election/regulations         ** Anounts relating to s.57.10 election/regulations         ** Anounts relating to s.57.10 election/regulations         ** On election/regulations         ** Anounts relating to s.57.10 election/regulations         ** Contravise deducted in determination         ** Contravise deducted in determination         ** Contregulations         *   |  |   | 683,000   | 2115          | 683,000.   |
| Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years<br>** Fed.s.85  |  | ······  |   |               |  |
| ** Fed.s.85 + $\frac{2116}{2120}$ , or $-\frac{2117}{213}$ , $\frac{1}{2113}$ , $\frac{1}{2123}$ , $\frac{1}{2133}$  | Add/Subtract:  |   |   |               |  |
| $ \begin{array}{c} 1 \\ 1 \\ 1 \\ 2118 \\ 1 \\ 1 \\ 2118 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 $  | Amounts relating to s.57.9 election/regulations for dispos   | als etc. of property for current/prior years                  |   |               |  |
| $ \begin{array}{c} 1 \\ 1 \\ 1 \\ 2118 \\ 1 \\ 1 \\ 2118 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 $  | ++ <b>F</b> -4 - 05  | [2116] O. er [2117]   | 0   | 20            |  |
|  |  |   |   |               |  |
| ** Amounts relating to amalgamations (fed.s.87) as<br>prescribed in regulations for current/prior years  |  |   | 174   |               |  |
| prescribed in regulations for current/prior years $\dots + [2122]$ $0 \cdot \text{or} - [2123]$ $0 \cdot o$   | ** Fea.s.97  |   | , in the second s | -             |  |
| prescribed in regulations for current/prive years $\dots + \frac{2124}{2126}$ $0 \cdot \text{or} - \frac{2125}{2127}$ $0 \cdot \text{er}$<br>** Amounts relating to s.57.10 election/regulations for replacement reds. 31(4). 14(6) and 44 for $\dots + \frac{2126}{2126}$ $0 \cdot \text{or} - \frac{2127}{2127}$ $0 \cdot \text{errent/prive years}$<br>Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income $1 - \frac{2150}{2129}$ $0 \cdot \text{errent/prive}$<br>Subtotal (Additions) $\dots = 0 \cdot \frac{2129}{2129}$ $0 \cdot \frac{2129}{2129}$ $0 \cdot \frac{2130}{2 \cdot 757 \cdot 447}$ ,<br>** Other adjustments $\frac{1}{2100} - \frac{2109}{2109} + \frac{2115}{2115} + \frac{2128}{2129} \pm \frac{2130}{2130}$ $\frac{2}{2131} - \frac{2}{2} \cdot 757 \cdot 447$ ,<br>** Share of partnership(s)/joint venture(s) adjusted net income/loss $\frac{1}{2132} = 0 \cdot \frac{2133}{2 \cdot 757 \cdot 447}$ ,<br>Adjusted net income (loss) (if loss, transfer to $\frac{2202}{202}$ in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) = \frac{2133}{2 \cdot 757 \cdot 447},<br>* CMT losses: pre-1994 Loss $\frac{1}{2134} = \frac{1}{2134} = \frac{1}{2} \cdot 1$ | ** Amounts relating to amalgamations (fed.s.87) as<br>prescribed in regulations for current/prior years                        | + 2122 0 • or - 2123  | 0   | •             |  |
| for replacement re fed s. 13(4), 14(6) and 44 for $+ [2128] 0$ , or $- [2127] 0$ .<br>Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income $- [2150] 0$ ,<br>Subtotal (Additions) $- [2128] 0$ , $+ [2128] 0$ , $- [2129] 0$ ,<br>Subtotal (Subtractions) $- [2120] 0$ , $+ [2128] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2129] 0$ , $- [2130] 0$ , $- [2130] 0$ , $- [2131] 2, 757, 447$ , $- [2132] 0$ , $- [2132] 0$ , $- [2133] 2, 757, 447$ , $- [2132] 0$ , $- [2133] 2, 757, 447$ , $- [2132] 0$ , $- [2133] 2, 757, 447$ , $- [2132] 0$ , $- [2134] 0$ , $- [2136] 2, 757, 447$ .  |  | + 2124 0. or - 2125   | 0   | •             |  |
| current/prior years $(1, 1, 2, 2, 2, 5, 7, 4, 4, 7, 4$   |  | 412   |   |               |  |
| Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not<br>otherwise deducted in determining CMT adjusted net income<br>Subtotal (Additions) =   | for replacement re fed.s.13(4), 14(6) and 44 for<br>current/prior vears  | + 2126 0. or - 2127   | 0   | •             |  |
| otherwise deducted in determining CMT adjusted net income $-[2130]$ $C_*$ Subtotal (Additions)= $0_*$ $\frac{1}{2122}$ $0_*$ Subtotal (Subtractions)= $0_*$ $\frac{1}{2122}$ $0_*$ ** Other adjustments= $0_*$ $\frac{1}{2130}$ $\frac{1}{2130}$ Subtotal $\pm 2100 - 2109 \pm 2115 \pm 2128 - 2129 \pm 2130$ = $2131 - 2,757,447,$ ** Share of partnership(s)/joint venture(s) adjusted net income/loss $\pm 2130$ =Adjusted net income (loss) (if loss, transfer to $2202$ in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)=2133 - 2,757,447.+From $2210$ $0_*$ * CMT losses: pre-1994 Loss++ $0_*$ * CMT losses: other eligible losses++* CMT losses: other eligible losses++* CMT losses: applied cannot exceed adjusted net income or increase a loss= $0_*$ ** Retain calculations. Do not submit with this tax return.= $0_*$ CMT Base= $2,757,447.$  |  | xtent not   |   |               |  |
| Subtotal (Subtractions) = $0_{-}$ [2129] $0_{-}$<br>** Other adjustments ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 2,757,447.<br>** Share of partnership(s)/joint venture(s) adjusted net income/loss ± [2132] 0.<br>Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) = [2133] 2,757,447.<br>Deduct: * CMT losses: pre-1994 Loss + From [2210] 0.<br>* CMT losses: other eligible losses + From [2210] 0.<br>* CMT losses applied cannot exceed adjusted net income or increase a loss +* Retain calculations. Do not submit with this tax return.<br>CMT Rase = [2136] 2,757,447.  | otherwise deducted in determining CMT adjusted net inco  | ome 2150 _  | 0   | •             |  |
| Subtotal (Subtractions) = $0_{-}$ [2129] $0_{-}$<br>** Other adjustments ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 2,757,447.<br>** Share of partnership(s)/joint venture(s) adjusted net income/loss ± [2132] 0.<br>Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) = [2133] 2,757,447.<br>Deduct: * CMT losses: pre-1994 Loss + From [2210] 0.<br>* CMT losses: other eligible losses + From [2210] 0.<br>* CMT losses applied cannot exceed adjusted net income or increase a loss +* Retain calculations. Do not submit with this tax return.<br>CMT Rase = [2136] 2,757,447.  |  | 0   |   | 2128          | 0  |
| <b>Subtotal</b> (Subtrations) $\pm$ Other adjustments $\pm$ [2130] $\pm$ [2130] $\pm$ [2130] $\pm$ [2131] $2,757,447.$ <b>Subtotal</b> $\pm$ [2100] $\pm$ [2115] $\pm$ [2128] $\pm$ [2129] $\pm$ [2130] $\pm$ [2131] $2,757,447.$ <b>**</b> Share of partnership(s)/joint venture(s) adjusted net income/loss $\pm$ [2132] $0.$ <b>Adjusted net income (loss)</b> (if loss, transfer to[2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) $=$ [2133] $2,757,447.$ Deduct: $\star$ CMT losses: pre-1994 Loss $\pm$ From[2210] $0.$ $\star$ CMT losses: other eligible losses $\pm$ From[2211] $0.$ $\star$ CMT losses applied cannot exceed adjusted net income or increase a loss $\pm$ Retain calculations. Do not submit with this tax return. $=$ [2135] $2,757,447.$  |  |   | 0   |               |  |
| Subtotal $\pm$ [2100] - [2109] + [2115] + [2128] - [2129] $\pm$ [2130       = [2131] 2,757,447.         ** Share of partnership(s)/joint venture(s) adjusted net income/loss $\pm$ [2132] 0.         Adjusted net income (loss) (if loss, transfer to       [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)       = [2133] 2,757,447.         Deduct:       * CMT losses: pre-1994 Loss       + From       [2210] 0.         * CMT losses: other eligible losses       - 0.       = 0.         ** Retain calculations. Do not submit with this tax return.       = 0.       [2135] 2,757,447.  | Subtotal (Subtractions)  | ······ = -  | v   | · [2120]      |  |
| Subtotal $\pm$ [2100] - [2109] + [2115] + [2128] - [2129] $\pm$ [2130] $=$ [2131] 2,757,447,*** Share of partnership(s)/joint venture(s) adjusted net income/loss $\pm$ [2132] 0.Adjusted net income (loss) (if loss, transfer to[2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) $=$ [2133] 2,757,447.Deduct:* CMT losses: pre-1994 Loss $+$ From[2210] 0.* CMT losses: other eligible losses $+$ $=$ 0.[2131] 0.* CMT losses applied cannot exceed adjusted net income or increase a loss $=$ 0.[2134] 0.* Retain calculations. Do not submit with this tax return. $=$ [2135] 2,757,447.   | ** Other adjustments   |   |   | ± 2130        | 0.   |
| Subtotal       1 (2100)       - (2109)       + (2113)       + (2130)         ** Share of partnership(s)/joint venture(s) adjusted net income/loss       + (2132)       0.         Adjusted net income (loss) (if loss, transfer to       (2202) in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)       = (2133)       2,757,447.         Deduct:       * CMT losses: pre-1994 Loss       + From (2210)       0.         * CMT losses: other eligible losses       + (2134)       0.         * CMT losses applied cannot exceed adjusted net income or increase a loss       = (2134)       0.         ** Retain calculations. Do not submit with this tax return.       = (2135)       2,757,447.  |  |   |   |               |  |
| Adjusted net income (loss) (if loss, transfer to       2202 in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)       = 2133 2,757,447.         Deduct: * CMT losses: pre-1994 Loss       + From 2210 0.       0.         * CMT losses: other eligible losses       - 0.       - 0.         * CMT losses applied cannot exceed adjusted net income or increase a loss       - 0.       - 2134 0.         ** Retain calculations. Do not submit with this tax return.       = 2135 2,757,447.  | Subtotal ± 2100 - 2109 + 2115 + 2128 -   | 2129 ± 2130   | ******  | = 2131        | 2,757,447.   |
| Adjusted net income (isss) (in loss, italister to<br>Deduct: * CMT losses: pre-1994 Loss + From 2210 0.<br>* CMT losses: other eligible losses + 2211 0.<br>* CMT losses applied cannot exceed adjusted net income or increase a loss + 2134 0.<br>* Retain calculations. Do not submit with this tax return.<br>CMT Base = 2135 2,757,447.  | ** Share of partnership(s)/joint venture(s) adjusted net incom   | e/loss  |   | + 2132        | 0.   |
| Adjusted net income (ibss) (in loss, iterister to<br>Deduct: * CMT losses: pre-1994 Loss + From 2210 0.<br>* CMT losses: other eligible losses   |  |   | ward Page 10  | - 2133        | 2,757,447.   |
| CMT losses other eligible losses     * CMT losses applied cannot exceed adjusted net income or increase a loss     ** Retain calculations. Do not submit with this tax return.     (CMT Base)     (CMT Base)   | Adjusted net income (loss) (if loss, transfer to 2202 in So  | chequie B: Continuity of CMT Losses Carried For               | walu, Faye 13.)   |               |  |
| CMT losses other eligible losses     * CMT losses applied cannot exceed adjusted net income or increase a loss     ** Retain calculations. Do not submit with this tax return.     (CMT Base)     (CMT Base)   |  | + From [2210]   | 0   |               |  |
| <ul> <li>CMT losses applied cannot exceed adjusted net income or increase a loss</li> <li>** Retain calculations. Do not submit with this tax return.</li> <li>CMT Base</li> </ul>   |  |   |   |               |  |
| ** Retain calculations. Do not submit with this tax return.<br><b>CMT Base</b>   | ··· CIVIT IUSSES, UNER ENGINE IUSSES   |   |   |               | 0,   |
|  |  | increase a loss   |   |               |  |
|  |  |   |   | 2425          | 2 757 447  |
|  | CMT Base   |   |   |               | and the second s |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF) | ••••   | Schedule B & C<br>Page 19 of 24 |
|--|--|--|---------------------------------|
| Corporate Minimum Tax (CMT)  | 1800085                                    | 2003-12-31   | dollars only                    |
| Schedule B: Continuity of CMT Loss   | ses Carried Forward                        |  |                                 |
| Balance at Beginning of year (1), (2)  |  | + 2201   | ]0.                             |
| Losses from predecessor corporations on amalgan<br>Losses from predecessor corporations on wind-up   | (3) + 2204                                 | 30.  |                                 |
|  | ind-up (x) 2206 Yes =                      | 0. + 2207  | ]0.                             |
| Adjustments (attach schedule)  |  | <u>+</u> 2208  | ]0.                             |
| CMT losses available 2201 + 2207 ± 2208  |  | = 2209   | ]0.                             |
|  |  | 1 <u>0.</u>  | ]0.                             |
| ances at End of Year (5) 2209 - 2213   |  | = 2214   | ]0.                             |
| Notes:   |  |  |                                 |
| <ol> <li>Pre-1994 CMT loss (see s.57.1(1)) should be included in<br/>beginning of the year. Attach schedule showing compute<br/>loss.</li> </ol> | tion of pre-1994 CMT to which fe           | nd indicate whether CMT losses are a ree<br>ed.s.87 applies and/or a wind-up to which<br>5(8) and s.57.5(9))     |                                 |
| (2) Where acquisition of control of the corporation has occu<br>CMT losses can be restricted. (see s.57.5(3) and s.57.5                          | (7)) income                                | es must be used to the extent of the less<br>2133 and CMT losses available 2209<br>2214 must equal sum of 2270 + |                                 |

## Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

|           | Year of Origin<br>(oldest year first)<br>year month day | CMT Losses of Corporation | CMT Losses<br>of Predecessor Corporations |
|-----------|---|---------------------------|---|
| 2240      | 9th preceding taxation year                             | 2260                      | 2280                                      |
|           | 2001-12-31  | 0                         | 0   |
| · 7       | 8th preceding taxation year                             | 2261                      | 2281                                      |
| -         | 2002-12-31  | 0                         | 0   |
| 2242      | 7th preceding taxation year                             | 2262                      | 2282                                      |
|           | 2003-12-31  | 0                         | 0   |
| 2243      | 6th preceding taxation year                             | 2263                      | 2283                                      |
|           |   | 0                         | 0   |
| 2244      | 5th preceding taxation year                             | 2264                      | 2284                                      |
| Less I.C. |   | 0                         | 0   |
| 2245      | 4th preceding taxation year                             | 2265                      | 2285                                      |
|           |   | 0                         | 0   |
| 2246      | 3rd preceding taxation year                             | 2266                      | 2286                                      |
| [LLIO]    |   | 0                         | 0   |
| 2247      | 2nd preceding taxation year                             | 2267                      | 2287                                      |
|           |   | 0                         | 0   |
| 2248      | 1st preceding taxation year                             | 2268                      | 2288                                      |
|           |   | 0                         | 0   |
| 2249      | Current taxation year                                   | 2269                      | 2289                                      |
|           |   | 0                         | 0   |
|           |   | 2270                      | 2290                                      |
| Totals    | i   | 0                         | 0   |

e sum of amounts 2270 + 2290 est equal amount in 2214

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF) | Taxation Year End                             | CT23 Schedule D & E                       |
|--|--|---|---|
| E.L.K. Energy Inc.   | 1800085                                    | 2003-12-31                                    | Page 20 of 24                             |
| Corporate Minimum Tax (CMT)  |  |   | DOLLARS ONLY                              |
| Schedule D: Continuity of CMT Cred   | lit Carryovers                             |   |   |
| Balance at Beginning of year (1)   |  | +   | 2301 16,246.                              |
| Add: Current year's CMT Credit ( 280 on page 8. If n<br>CMT Credit Carryovers from predecessor corporat              | ions (2) + 2302                            | <u> </u>                                      |   |
| Amalgamation (x) 2303 Yes W  | /ind-up (x) 2304 Yes                       | 0.+   | 2305 0.                                   |
| Adjustments (Attach schedule)  |  | e example a receiver a rec                    | 2306O.                                    |
| CMT credit carryover available 2301 + 2305   | ± 2306                                     | =   | 2307 <u>16,246.</u><br>Transfer to Page 8 |
| Subtract:       CMT Credit utilized during the year to reduce in CMT Credit expired during the year         Subtotal | + 2308                                     | <u>    16,246.</u><br><u>    0.</u><br>16,246 | 2309 16,246.                              |
| Balance at End of Year (3) 2307 - 2309   |  | erener i                                      | 2310 0.                                   |

### Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(3) Amount in 2310 must equal sum of 2370 + 2390

## Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

|        | Year of Origin<br>(oldest year first)<br>year month day | CMT Credit Carryovers<br>of Corporation | CMT Credit Carryovers of<br>Predecessor Corporation(s) |                      |
|--------|---|---|--|----------------------|
| 2340   | 9th preceding taxation year                             | 2360                                    | 2380   |                      |
|        | 2001-12-31  | 0                                       | 0  |                      |
| Ĩ      | 8th preceding taxation year                             | 2361                                    | 2381   |                      |
|        | 2002-12-31  | 0                                       | 0  |                      |
| 2342   | 7th preceding taxation year                             | 2362                                    | 2382   |                      |
|        | 2003-12-31  | 0                                       | 0  |                      |
| 2343   | 6th preceding taxation year                             | 2363                                    | 2383   |                      |
|        |   | 0                                       | 0  |                      |
| 2344   | 5th preceding taxation year                             | 2364                                    | 2384   |                      |
|        |   | 0                                       | 0  |                      |
| 2345   | 4th preceding taxation year                             | 2365                                    | 2385   |                      |
|        |   | 0                                       | 0  |                      |
| 2346   | 3rd preceding taxation year                             | 2366                                    | 2386   |                      |
|        |   | 0                                       | 0  |                      |
| 2347   | 2nd preceding taxation year                             | 2367                                    | 2387   |                      |
|        |   | 0                                       | 0  |                      |
| 2348   | 1st preceding taxation year                             | 2368                                    | 2388   |                      |
|        |   | 0                                       | 0  |                      |
| 2349   | Current taxation year                                   | 2369                                    | 2389   |                      |
|        |   | 0                                       | 0  | ,                    |
| Totals |   | 2370                                    | 2390   | The sum of amounts   |
|        |   | 0                                       | 0  | must equal amount in |

70 + 2390 2310



| Corporation's Legal Name                              | Ontario Corporations Tax Account No. (MOF) |                            |                      | Taxation Year End                      |
|---|--|----------------------------|----------------------|--|
| E.L.K. Energy Inc.                                    |  | 1800085                    |                      | 2003-12-31                             |
|   |  |                            |                      | 1                                      |
| Name of Associated Corporation (Canadian and Foreign) |  | Corporations Tax<br>Number | Taxation Year<br>End | Taxable Income<br>(if loss, enter nil) |
|   |  |                            |                      | + 27,768                               |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  |                            |                      | +                                      |
|   |  | Transfer to 85             | Total                | = 27,768                               |
|   |  | Tansfer to 85              | 01 118 0123          | 21,100                                 |

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| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2003-12-31        |

| Name of Associated Corporation<br>(Canadian and Foreign) | Corporations Tax<br>Number | Taxation Year<br>End | Total<br>Assets                             | Total<br>Revenue                            |
|--|----------------------------|----------------------|---|---|
| E.L.K. SOLUTIONS INC.                                    | 1800362                    | 2003-12-31           | + 384,464                                   | + 147.740                                   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | ÷   | +   |
|  |                            | 1                    | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            |                      | +   | +   |
|  |                            | Totals               | = 384,464<br>Transfer to 249<br>of the CT23 | = 147,740<br>Transfer to 250<br>of the CT23 |

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| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2003-12-31        |

| Loans or Advances Credited or Advanced to Corporation<br>(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more,<br>and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end) |   |           |
|---|---|-----------|
| Shareholders' promissory notes  | + | 5,850,000 |
| Current portion of cistomer deposits  | + | 377,665   |
| Customer deposits   | + | 210,371   |
|   | + | 0         |
|   | + | 0         |
|   | ÷ | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | ÷ | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
|   | + | 0         |
| Total<br>Transfer to 353 of the CT23  | = | 6,438.036 |

| T      | 0            | ы            | 4                        | S            | 9          | 7                      | 80         | თ    | 10        | 11       | 12         | 13          |
|--------|--------------|--------------|--------------------------|--------------|------------|------------------------|------------|------|-----------|----------|------------|-------------|
| Class  | Ontario      | Cost of      | Net                      | Proceeds     | Ontario    | 50% rule               | Reduced    | CCA  | Recapture | Terminal | Ontario    | Ontario     |
| number | unde-        | acquisitions | acquisitions adjustments | of           | unde -     | (1/2 of                | unde-      | rate | of        | loss     | capital    | unde -      |
|        | preciated    | during the   | (show                    | dispositions | preciated  | the amount,            | preciated  | ٥ŀ٩  | capital   |          | cost       | preciated   |
|        | capital      | year (new    | negative                 | during the   | capital    | if any, by             | capital    |      | cost      |          | allowance  | capital     |
|        | cost at the  | property     | amounts in               | year         | cost       | which the              | cost       |      | allowance |          | (column 8  | cost        |
|        | beginning    | must be      | brackets)                | (amount      | (column 2  | net cost               | (column 6  |      |           |          | multiplied | at the end  |
|        | of the year  | available    |                          | not to       | plus       | of                     | snurm      |      |           |          | by         | of the year |
|        | (unde-       | for use)     |                          | exceed       | column 3   | acquisitions column 7) | column 7)  |      |           |          | column 9;  | (column 6   |
|        | preciated    |              |                          | the capital  | or minus   | exceeds                |            |      |           |          | or a lower | minus       |
|        | capital      |              |                          | cost)        | column 4   | column 5)              |            |      |           |          | amount)    | column 12)  |
|        | cost at the  |              |                          |              | minus      |                        |            |      |           |          |            |             |
|        | end of the   |              |                          |              | column 5)  |                        |            |      |           |          |            |             |
|        | prior year's |              |                          |              |            |                        |            |      |           |          |            |             |
|        | CCA          | See note 1   |                          |              |            | See note 2             |            |      |           |          |            |             |
|        | schedule)    | below        |                          |              |            | below                  |            |      |           |          |            |             |
|        |              |              |                          |              |            |                        |            |      |           | *******  |            |             |
| н      | 9,495,732    | 215,758      | 0                        | 0            | 9,711,490  | 107,879                | 9,603,611  | 4    | 0         | 0        | 384,144    | 9,327,346   |
| 8      | 372,873      | 2,393        | 0                        | Ð            | 375,266    | 1,196                  | 374,070    | 20   | 0         | 0        | 74,814     | 300,452     |
| 10     | 319,655      | 1,572        | 0                        | 0            | 321,227    | 786                    | 320,441    | 30   | 0         | 0        | 96,132     | 225,095     |
| 12     | 626          | 1,088        | 0                        | 0            | 1,714      | 544                    | 1,170      | 100  | 0         | 0        | 1,170      | 544         |
|        |              |              |                          |              |            |                        |            |      |           |          |            |             |
| Total  | 10,188,886   | 220,811      | 0                        | 0            | 10,409,697 | 110,405                | 10,299,292 |      | 0         | 0        | 556,260    | 9,853,437   |
|        | **********   |              |                          |              |            |                        |            |      |           | *****    |            |             |

ont. Sch. 008 2003-12

Year Ended:

Is the corporation electing under regulation 1101(5g)? [Y/N] N

Summary of Capital Cost Allowance

E.L.K. Energy Inc. Corp. Tax Acct. No. : 1800085 Note 1% Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3.

[650] on the CT23

[650]

[650]

Enter in boxes

(Canada) List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3 If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss. CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003

| Ø | Ontario |
|---|---------|
|---|---------|

## Ontario Cumulative Eligible Capital Deduction Schedule 10

#### or taxation years 2000 and later)

| (For t | axation | years | 2000 | and | later) |  |
|--------|---------|-------|------|-----|--------|--|
|        |         |       |      |     |        |  |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. Taxation Year End<br>(MOF)       |
|--|---|
| E.L.K. Energy Inc.   | 1800085 2003-12-31  |
| <ul> <li>For use by a corporation that has eligible capital property.</li> </ul>   |   |
| • A separate cumulative eligible capital account must be kept for each business.   |   |
| Part 1 - Calculation of current year deduction and carry-forward   |   |
| Ontario Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter zero)  |   |
| Add: Cost of eligible capital property acquired during the taxation year   | 0 <sup>B</sup>  |
| Amount transferred on amalgamation or wind-up of subsidiary  | 0 <sup>°</sup>  |
| Other adjustments +  | $\begin{array}{c} 0^{D} \\ 0 \end{array} \times 0.75 = 0 \end{array}$ |
| Total of B + C + D =   |   |
| Subtotal A + E   | = 748,822   |
| <b>Deduct:</b> Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + | 0 <sup>G</sup>  |
| The gross amount of a reduction in respect of a forgiven debt obligation   | 0 H   |
| as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)  | 0 1   |
| Total of G + H + I = [   | 0 X 0.75 = 0  |
| Ontario cumulative eligible capital balance F – J  |   |
| If K is negative, enter zero at line M and proceed to Part 2   |   |
|  | (   |
| Current year deduction 748,822 X 7.00% *   | =52,418   |
| * The maximum current year deduction is 7%. However, you can claim any amount up to the maximum  | Enter amount in box 651 of the CT23                                   |
| Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero)  | = 696,404 <sup>N</sup>  |
| Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after I   | December 21, 2000, the  |
| deduction may not exceed the maximum amount prorated for the number of days in the taxation  | year divided by 365 or 366 days.                                      |
| Part 2 - Amount to be included in income arising from disposition  |   |
| Only complete this part if the amount at line K is negative  |   |
| Amount from line K above (show as a positive amount)   | 0'  |
| Total cumulative eligible capital deductions from income for<br>axation years beginning after June 30, 1988  | 01  |
| rotal of all amounts which reduced cumulative eligible capital<br>in the current or prior years under subsection 80(7) of the ITA  | 0 <sup>2</sup>  |
| Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988   |   |
| Negative balances in the cumulative eligible capital account   |   |
| that were included in income for taxation years beginning 04 before July 1, 1988   |   |
| Line 3 deduct line 40  | 05  |
| Total lines 1 + 2 + 5  | 0,6   |
| Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000   | 07  |
| Deduct line 7 from line 6  | 0   |
| N - O (cannot be negative)   |   |
| Amount on line 5 0 X 1/2   |   |
| P - Q  | 0   |
| Amount on line R 0 X 2/3 *   |   |
| Lesser of line N or line O   |   |
| Amount to be included in income S + T  | 0   |

\* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S



## **Taxable Capital of Associated Corporations**

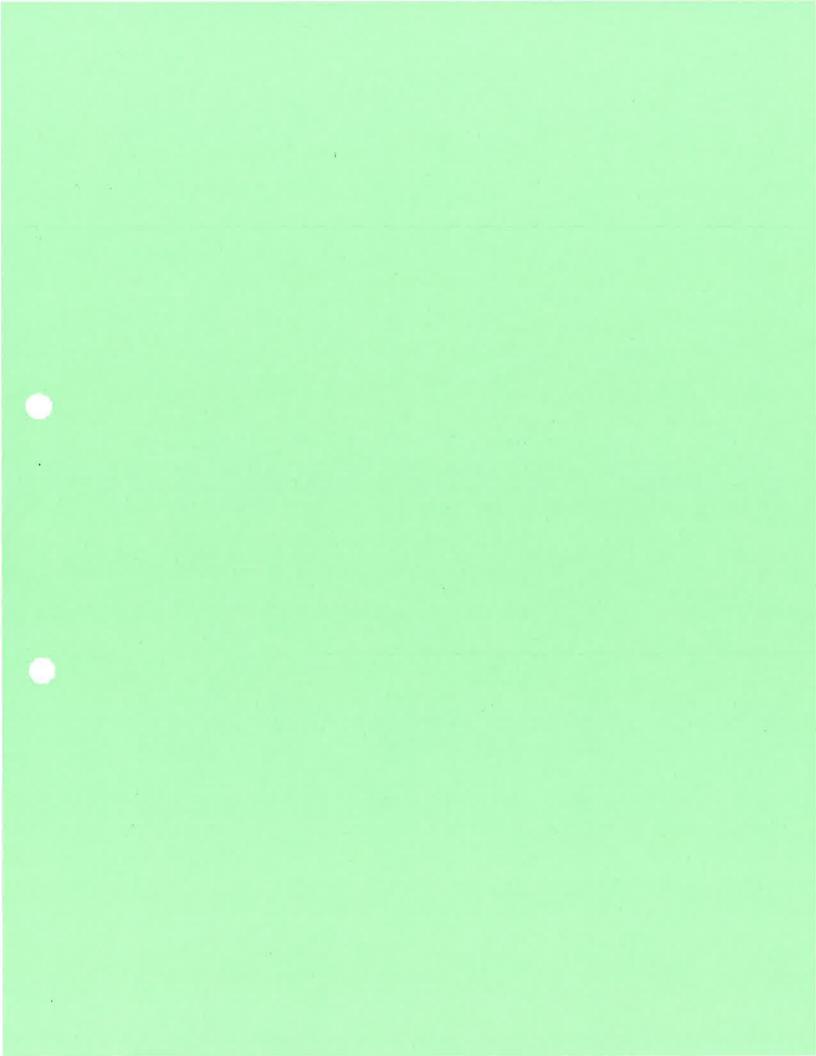
(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |  |
|--------------------------|--|-------------------|--|
|                          |  |                   |  |
| E.L.K. Energy Inc.       | 1800085                                    | 2003-12-31        |  |

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

| Name of Associated Corporation<br>(Must have a PE in Canada) | Corporations Tax<br>Account No. (MOF)<br>(if applicable) | Taxation Year End                 | Taxable Capital                    |
|--|--|-----------------------------------|------------------------------------|
| E.L.K. SOLUTIONS INC.  | 1800362  | 2003-12-31                        | + 76,914                           |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | ( <del>+</del>                     |
|  |  |                                   | +                                  |
|  |  |                                   | ÷                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  |  |                                   | +                                  |
|  | Aggrega  | te of taxable capital<br>Transfer | = 76,914<br>to box 540 of the CT23 |



| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 | Year Ended: | Instal-1<br>2003-12-31 |
|---|-------------|------------------------|
|   |             |                        |

- FEDERAL TAX INSTALMENTS

For The Taxation Year Ended: 2004-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made either to an authorized financial institution or filed with form T9 (instalment form) and addressed to the appropriate Revenue Canada Taxation Centre.

| Date       | Instalments<br>Required | Instalments<br>Paid | Cumulative<br>Difference | Instalments<br>Payable |
|------------|-------------------------|---------------------|--------------------------|------------------------|
| 2004-01-31 | . 37,694                | 0                   | 0                        | 37,694                 |
| 2004-02-29 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-03-31 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-04-30 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-05-31 | 37,694                  | 0                   | 0                        | 37,694                 |
| ^^04-06-30 | 37,694                  | 0                   | 0                        | 37,694                 |
| )4-07-31   | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-08-31 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-09-30 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-10-31 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-11-30 | 37,694                  | 0                   | 0                        | 37,694                 |
| 2004-12-31 | 37,694                  | 0                   | 0                        | 37,694                 |
|            |                         |                     |                          |                        |
| Total      | 452,328                 | 0                   |                          | 452,328                |
|            |                         |                     |                          |                        |

Page 1 of (1 or 3)

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Corporate Taxprep / Taxprep des sociétés - TP-08

| E.L.K. Energy Inc.<br>Account/Business No.:866567787RC0001 Year  | Ended:           | 2003-12-       | Instal-Fed. |
|--|------------------|----------------|-------------|
|  |                  |                |             |
| Indicate Instalment Method Chosen [1-3]: 1<br>1st Instalment Base Method   |                  |                |             |
| If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) $1$                         |                  |                |             |
| — 1. 1st INSTALMENT BASE METHOD  |                  |                |             |
| 1st Instalment Base Amount<br>(Amount (I) Below)   | 452,326 /        | 12 =           | 37,694      |
|  | Monthly Instal   | ments Required | 37,694      |
| 2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD     2nd Instalment Base Amount: Indicate:     Part   Tax Part I.3, VI & VI.I Tax Provincial Tax | 0<br>11,648<br>0 |                |             |
| Total  | 11,648 /         | 12 = (A)       | 971         |
| Less: 1/12 of Estimated Current Yr Credits [(H) below / 12]  |                  |                | 0           |
| Each of the first 2 Instalment Payments  |                  |                |             |
| Total tax from (I) below   |                  |                |             |
|  | 450,384          | 10 =           | 45,039      |
| Each of the remaining 10 Instalment Payments   |                  |                | 45,039      |
|  |                  |                |             |
| - 3. ESTIMATED TAX METHOD  |                  |                |             |
| Instalment Base Amount<br>(Amount (I) Below)   | •5:              | 0 / 12 =       | = 0         |
|  | Monthly Instal   | ments Required | 0           |
|  |                  |                | Page 2 of 3 |

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

Instal-Fed. 2003-12-31

| INSTALMENT BASE CALCULATION  |   |   |
|--|---|---|
|  | 1st Instalment<br>Base Method                   | Estimated<br>Tax<br>Method                |
| Taxable Income   | 1,875,315                                       | 0   |
| CALCULATION OF TAX PAYABLE<br>Total of:  |   |   |
| Federal Part I Tax.       Federal Part I Tax.         Federal Surtax.       Refundable Tax on a CCPC's Investment Income.  | 712,620<br>21,004<br>0                          | 0<br>0<br>0                               |
| Subtotal (A)   | 733,624   | 0   |
| Less Total of:<br>Small Business Deduction   | 0<br>0<br>187,532<br>0<br>0<br>93,766<br>0<br>0 | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |
| Investment ax credit per Schedule ST and         resource deduction  | 0<br>0<br>281,298                               | 0<br>0<br>0                               |
| Total Part   Tax Payable.       (A) - (B)       = (C)         Add:       Part I.3 Tax.       (D)         Part VI Tax.       (D.1)         Part VI.I Tax.       (D.2)         Provincial/Territorial Tax.       (E) | 452,326<br>0<br>0<br>0<br>0                     | 0<br>0<br>0<br>0<br>0                     |
| Parts I, I.3, VI, VI.I and<br>Provincial/Territorial Tax = (F)   | 452,326   | 0   |
| stment for Short Taxation Years:<br>x عن5/# of days in year if < 365   | 365 / 365<br>452,326                            | 365 / O<br>O                              |
| Less - Estimated Current Year Credits:<br>Investment Tax Credit Refund   | 0<br>0<br>0                                     | 0<br>0<br>0                               |
| Provincial and Territorial Capital<br>Gains Refund   | 0<br>0<br>0<br>0                                | 0<br>0<br>0<br>0                          |
| Total Estimated Current Year Credits         (H)   | 0   | 0   |
| INSTALMENT BASE AMOUNT   | 452,326   | 0   |

Page 3 of 3

| E.L.K. | . Ene | ergy I | nc. |          |
|--------|-------|--------|-----|----------|
| Corp.  | Tax   | Acct.  | No. | :1800085 |

Year Ended:

2003-12-31

## - ONTARIO TAX INSTALMENTS

## For The Taxation Year Ended: 2004-12-31

The following is a list of Ontario instalments payable for the current taxation year. The last column indicates the instalments payable to the Ontario Ministry of Revenue. The instalments are due no later than on the dates indicated otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Minister of Finance. Payment may be made either to a chartered bank in Ontario or filed with an instalment form and addressed to:

> Ministry of Revenue (Ontario) **Corporation Tax Branch** P.O. Box 620 33 King Street West Oshawa, Ontario L1H 8E9

#### **Quarterly Instalment**

| Date       | Instalments<br>Required | Instalments<br>Paid | Cumulative<br>Difference | Instalments<br>Payable |
|------------|-------------------------|---------------------|--------------------------|------------------------|
| 2004-03-31 | - 0                     | 0                   | 0                        | 0                      |
| 2004-06-30 | 0                       | 0                   | 0                        | 0                      |
| 2004-09-30 | 0                       | 0                   | 0                        | 0                      |
| 2004-12-31 | Õ                       | Ō                   | 0                        | 0                      |
|            |                         |                     |                          |                        |
|            | 0                       | 0                   |                          | 0                      |
|            |                         | ===========         |                          | ==========             |

|            | Instalments | Instalments<br>Paid | Cumulative<br>Difference | Instalments<br>Payable |
|------------|-------------|---------------------|--------------------------|------------------------|
| Date       | Required    | Palo                | Difference               |                        |
| 2004-01-31 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-02-29 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-03-31 | 21,130      | 0                   | 0                        | 21,130                 |
| )4-04-30   | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-05-31 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-06-30 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-07-31 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-08-31 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-09-30 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-10-31 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-11-30 | 21,130      | 0                   | 0                        | 21,130                 |
| 2004-12-31 | 21,130      | 0                   | 0                        | 21,130                 |
|            |             |                     |                          |                        |
| Total      | 253,560     | 0                   |                          | 253,560                |
|            |             |                     |                          | =========              |

CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003 Page 1 of (1 or 3)

| E.L.K. Energy Inc.<br>Corp. Tax Acct. No. :1800085 Yea   | r Ended:           | In<br>2003-12-31       | stal-Ont.           |
|--|--------------------|------------------------|---------------------|
| ndicate Instalment Method Chosen [1-3]: $1$  |                    |                        |                     |
| I. 1st Instalment Base Method<br>2. Combined 1st and 2nd Instalment Base Method<br>3. Estimated Tax Method         |                    |                        |                     |
| Do not used the quarterly payment even if applicable "X" to continue monthloayments                                | y<br>              |                        | []                  |
| f instalments are starting late, indicate the MONTH in which you want them o start (1=January, 2=February, etc.) 1 |                    |                        |                     |
| - 1. 1st INSTALMENT BASE METHOD  |                    |                        |                     |
| 1st Instalment Base Amount<br>(Amt (I) Below)  | 253,549 /          | 12 =                   | 21,130              |
|  | Monthly Ins        | alments Required       | 21,130              |
|  | Quarterly Ins      | alments Required       | 0                   |
| — 2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD   |                    |                        |                     |
| 2nd Instalment Base Amount:  |                    |                        |                     |
| Indicate: Income Tax, C.M.T  | 16,246<br>28,644   |                        |                     |
| Total  | 44,890             | / 12 = (A)             | 3,741               |
| Each of the first 2 Instalment Payments  |                    | = (B)                  | 3,741               |
| Total tax from (I) below   | 253,549<br>7,482   |                        |                     |
|  | 246,067            | / 10 =                 | 24,607              |
| Each of the remaining 10 Instalment Payments   |                    |                        | 24,607              |
|  | Quarterly Instalme |                        | 0                   |
|  |                    |                        |                     |
|  |                    |                        |                     |
| Instalment Base Amount<br>(Amt (I) Below)  | 0                  | / 12 =                 | 0                   |
|  | Monthly Ins        | talments Required      | 0                   |
|  | Quarterly Ins      | talments Required      | 0                   |
|  | CCH Canadian Ltd ( | Corporate Taxprep, 200 | 03 CT23, ver. 3-200 |

CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003 Page 2 of 3

Instal-Ont. E.L.K. Energy Inc. 2003-12-31 Corp. Tax Acct. No. :1800085 Year Ended: - INSTALMENT BASE CALCULATION Estimated 1st Instalment Tax Method Base Method 0 1,875,315 \_\_\_\_\_\_ =========== CALCULATION OF TAX PAYABLE 234,414 0 (A) Gross Ontario Tax..... Less Total of: 0 0 Incentive Deduction for an S.B.C., net of surtax..... 0 0 0 0 0 0 Credit for Investment in S.B.D.C.... 0 0 0 0 ---0 0 (B) 234,414 0 Income Tax.....(A) **=**2 (C) (B) 12 0 35,381 (D) Capital Tax.... **:** 0 -16,246 (E) Corporate minimum tax paid (credited)..... 0 0 Premium Tax..... (F) ------0 253,549 (C+D+E+F) = (G) Total Income Tax and Other Taxes Adjustment for Short Taxation Years 365 1 365 1 365 365 0 253,549 (H) 0 0 -----\_\_\_\_\_ 0 253,549 (I) \_\_\_\_\_ ===========

> CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003 Page 3 of 3

| Solution State Corporations Tax Brance<br>Corporations Tax Brance<br>PO Box 620<br>33 King Street West<br>Oshawa ON LIH BE9   | Hydro PIL   | Electricity . 998  | of Account<br>Corporations Tax Act, R.S.O.<br>to and including 2004/07 |            |
|---|---|--|--|------------|
| -   |   | Account No.  | Statement Date<br>(year, month, day)                                   | Page       |
| EL.K. ENERGY INC.   |   | 1800085  | 2004/07/09   | 1 of 1 BIC |
| TRANSACT  | IONS BY ASSESSED  | TAXATION YEAR  | ीरम  | This       |
| FFEC., ve DATE ID NUMBER DESCRIPTION<br>2004/06/05 OPENING BALANCE FOR<br>2004/06/24 47 return assess<br>2004/06/24 48 interest - asse<br>2004/07/09 50 interest *<br>BALANCE DUE **  | ment  | AMOUNT<br>705,875.000<br>√705,875.00<br>4,306.01<br>13.12              |  |            |
| TRANSACTIO  | ONS BY UNASSESSED   | TAXATION YEAR  |  |            |
| 2004/06/05 OPENING BALANCE FOR<br>2004/07/05 49 PIL payment<br>BALANCE  | 8: 2004/12/31   | 127,072.000<br><u>58,824.000</u><br>185,896.000                        | CR   |            |
| **Remember to include additional intere<br>the balance is compounded daily from th<br>payment is received by the Ontario Elec<br>The current interest rate is 0.0191780%.<br>The 2001 Ontario Budget simplified insta<br>with total tax payable in the current or p<br>less than \$10,000. For tax years commer<br>now pay quarterly instalments. | ne date of this Notice/<br>tricity Financial Corpo<br>alment requirements for<br>receding year of \$2,0 | Statement until<br>bration (OEFC)<br>or corporations<br>00 or more and |  |            |
|   |   |  |  |            |
|   |   |  |  | • • • •    |
|   |   | a standarda<br>Angeleria   | • •  | •          |
|   | 2 v   | •  |  |            |
| •.  |   | <b>-</b> .   |  |            |
| ax (Re)Assessment Enquiries:<br>• Toronto (416) 730-5585<br>• FAX (416) 730-5593  | Account Billing Enqui<br>• Oshawa and Local<br>• Toronto (416) 920-5                                    |  | 0-262-0784 ext. 3036   | 003 PX5000 |
|   | 0000138   |  |  |            |

Vagreed to tax returns filed for 2004.

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| 1 |   |
|---|---|
| 2 | APPENDIX 9-Q  |
| 3 | 2004 Audited Financial Statements, Tax Returns and Assessment |

Non-Consolidated Financial Statements of

## E.L.K. ENERGY INC.

Year ended December 31, 2004

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the non-consolidated balance sheet of E.L.K. Energy Inc. as at December 31, 2004 and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended. These non-consolidated financial statements have been prepared for tax return filing purposes. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance the basis of accounting described in note 1 to the non-consolidated financial statements.

These non-consolidated financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Directors of E.L.K. Energy Inc. and the federal and provincial income tax authorities for income tax purposes. The non-consolidated financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

**Chartered Accountants** 

Windsor, Canada March 9, 2005

# E.L.K. ENERGY INC.

Non-Consolidated Balance Sheet

December 31, 2004, with comparative figures for 2003

|   | 2004          | 2003          |
|---|---------------|---------------|
| Assets  |               |               |
| Current assets:                                   |               |               |
| Cash:   |               |               |
| Unrestricted                                      | \$ 6,202,997  | \$ 6,552,279  |
| Restricted  | 926,286       | 926,286       |
| Accounts receivable                               | 1,686,887     | 1,746,664     |
| Work in process                                   | 21,738        | 55,950        |
| Prepaid expenses                                  | 73,547        | 37,200        |
| Unbilled revenue                                  | 2,753,894     | 2,530,295     |
| Inventories                                       | 338,326       | 251,137       |
|   | 12,003,675    | 12,099,811    |
| Capital assets, at cost (note 3)                  | 18,102,055    | 17,686,266    |
| Less accumulated amortization                     | 10,388,863    | 9,780,954     |
|   | 7,713,192     | 7,905,312     |
| Regulatory assets (note 4)                        | 46,502        | 569,174       |
| Future payments in lieu of income taxes (note 12) | 990,000       | 572,000       |
| Investment in subsidiary – E.L.K. Solutions Inc.  | 100           | 100           |
|   | \$ 20,753,469 | \$ 21,146,397 |

|  | 2004          | 2003          |
|--|---------------|---------------|
| Liabilities and Shareholders' Equity     |               |               |
| Current liabilities:                     |               |               |
| Accounts payable and accrued liabilities | \$ 2,561,458  | \$ 3,313,941  |
| Payment in lieu of income taxes payable  | 360,515       | 648,908       |
| Current portion of customer deposits     | 340,419       | 377,665       |
| Shareholders' promissory notes (note 5)  | 5,200,000     | 5,850,000     |
|  | 8,462,392     | 10,190,514    |
|  |               |               |
| Long-term liabilities:                   | 0 40 000      | 010 071       |
| Customer deposits                        | 248,996       | 210,371       |
| Employee future benefits (note 6)        | 653,229       | 644,766       |
|  | 902,225       | 855,137       |
| Shareholders' equity:                    |               |               |
| Share capital (note 7)                   | 100           | 100           |
| Retained earnings                        | 6,986,379     | 5,698,273     |
| Contributed surplus                      | 4,402,373     | 4,402,373     |
| i  | 11,388,852    | 10,100,746    |
| Contingency (note 8)                     |               |               |
|  | \$ 20,753,469 | \$ 21,146,397 |

See accompanying notes to non-consolidated financial statements.

# E.L.K. ENERGY INC.

Non-Consolidated Statement of Earnings

## Year ended December 31, 2004, with comparative figures for 2003

|  | 2004          | 2003          |
|--|---------------|---------------|
| Service revenue                                | \$ 16,227,060 | \$ 17,454,657 |
| Service revenue adjustment                     | 223,599       | (416,330)     |
|  | 16,450,659    | 17,038,327    |
| Cost of electricity                            | 12,574,922    | 11,940,399    |
| Gross margin on service revenue                | 3,875,737     | 5,097,928     |
| Other operating revenue:                       |               |               |
| Interest and other                             | 445,719       | 495,693       |
| Late payment charges                           | 67,219        | 88,454        |
|  | 512,938       | 584,147       |
|  | 4,388,675     | 5,682,075     |
| Expenditures:                                  |               |               |
| Administration                                 | 705,839       | 679,507       |
| Billing and collecting                         | 521,215       | 523,212       |
| Amortization                                   | 607,909       | 617,177       |
| Interest                                       | 428,047       | 465,762       |
| Operations and maintenance                     | 447,559       | 638,970       |
|  | 2,710,569     | 2,924,628     |
| Income before payments in lieu of income taxes | 1,678,106     | 2,757,447     |
| Payments in lieu of income taxes:              |               |               |
| Current  | 808,000       | 683,000       |
| Future   | (418,000)     | _             |
|  | 390,000       | 683,000       |
| Net earnings                                   | \$ 1,288,106  | \$ 2,074,447  |

See accompanying notes to non-consolidated financial statements.

# E.L.K. ENERGY INC.

Non-Consolidated Statement of Retained Earnings

Year ended December 31, 2004, with comparative figures for 2003

|                            | 2004         | 2003         |
|----------------------------|--------------|--------------|
| Balance, beginning of year | \$ 5,698,273 | \$ 3,623,826 |
| Net earnings               | 1,288,106    | 2,074,447    |
| Balance, end of year       | \$ 6,986,379 | \$ 5,698,273 |

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2004, with comparative figures for 2003

|  | 2004         | 2003         |
|--|--------------|--------------|
| Cash provided by (used in):                        |              |              |
| Operations:  |              |              |
| Net earnings                                       | \$ 1,288,106 | \$ 2,074,447 |
| Items not involving cash:                          |              |              |
| Amortization of capital assets                     | 607,909      | 617,177      |
| Increase in employee future benefits               | 8,463        | 5,661        |
| Future payments in lieu of income taxes            | (418,000)    | -            |
| Changes in non-cash operating working capital      | (1,331,268)  | 954,246      |
|  | 155,210      | 3,651,531    |
| Financing:   |              |              |
| Decrease in shareholders' promissory notes         | (650,000)    | (650,000)    |
| Increase (decrease) in long-term customer deposits | 38,625       | (41,957)     |
|  | (611,375)    | (691,957)    |
| Investing:   |              |              |
| Capital assets additions, net                      | (415,789)    | (220,810)    |
| Decrease in regulatory assets                      | 522,672      | 297,532      |
|  | 106,883      | 76,722       |
| Increase (decrease) in cash                        | (349,282)    | 3,036,296    |
| Cash, beginning of year                            | 7,478,565    | 4,442,269    |
| Cash, end of year                                  | \$ 7,129,283 | \$ 7,478,565 |

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2004

E.L.K. Energy Inc. supplies and distributes electric power and maintains electrical distribution systems in the following communities: Essex, Harrow, Belle River, Comber, Kingsville, and Cottam.

E.L.K. Energy Inc. also performs the billing function for the Municipality of the Town of Essex Water Department.

#### 1. Basis of presentation:

The non-consolidated financial statements have been prepared in accordance with the significant accounting policies set out below. These non-consolidated financial statements materially differ from Canadian generally accepted accounting principles because they are non-consolidated. The Company's investment in its wholly-owned subsidiary, E.L.K. Solutions Inc., is accounted for using the cost method. Earnings from the investment are recognized only to the extent dividends are received or receivable. Consolidated financial statements are available for distribution.

#### 2. Significant accounting policies:

(a) Restricted cash:

Included within the cash balance is an amount of \$926,286 which consists of an irrevocable standby letter of credit issued in favour of the Independent Electricity Market Operator ('IMO") as collateral in support of the Company's purchase of electricity.

(b) Inventories:

Inventories are valued at the lower of cost and market.

(c) Capital assets:

Capital assets are stated at cost. Buildings, plant and equipment and the transmission and distribution system are amortized on the straight-line basis at rates suggested by the Ontario Energy Board. These rates of amortization range from 2% to 25%.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 2. Significant accounting policies: (continued)

(d) Revenue recognition:

Revenue from the sale of electrical energy is recognized when power is delivered to customers. Billings from the last meter reading date prior to December 31 are adjusted based on a number of factors to reflect estimated usage to the year end date. These estimates are reflected on the balance sheet as unbilled revenue. Unbilled revenue is the amount of electricity that has been shipped to customers but not billed by the end of the year.

(e) Employee future benefits:

The Company provides post retirement benefits for employees who retire from active employment. The Company measures the costs of its obligation based on its best estimate.

The Company accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits.

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro rated on service and the actuary's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(f) Payments in lieu of taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the Electricity Act, the Company is required to compute taxes under the ITA and OCTA and remit such amounts thereunder computed to the Ministry of Finance (Ontario). These amounts, referred to as PILs under the Electricity Act, are applied to reduce certain debt obligations of the former Ontario Hydro continuing as Ontario Electricity Financial Corporation.

The Company provides for amounts in lieu of corporate income taxes using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 2. Significant accounting policies: (continued)

(f) Payments in lieu of taxes ("PILs"): (continued)

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(g) Pension plan:

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The Fund is a contributory defined benefit pension plan.

(h) Customer deposits:

Customer deposits comprise cash collections from electricity customers which are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individuals upon termination of their electricity service.

(i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Due to these uncertainties, actual results reported in future periods might differ from those estimates.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 3. Capital assets:

|                               |      |           |         |                     | 2004              | 2003              |
|-------------------------------|------|-----------|---------|---------------------|-------------------|-------------------|
|                               |      | Cost      |         | nulated<br>tization | Net book<br>value | Net book<br>value |
| Land<br>Building, plant and   | \$   | 156,387   | \$      | _                   | \$<br>156,387     | \$<br>156,387     |
| equipment<br>Transmission and |      | 2,960,271 | 2,1     | 62,535              | 797,736           | 836,013           |
| distribution system           | 1    | 4,985,397 | 8,2     | 226,328             | 6,759,069         | 6,912,912         |
|                               | \$ 1 | 8,102,055 | \$ 10,3 | 888,863             | \$<br>7,713,192   | \$<br>7,905,312   |

#### 4. Regulatory assets:

|   | 2004          | 2003          |
|---|---------------|---------------|
| Transition costs                                | \$<br>255,488 | \$<br>425,180 |
| Post-market opening retail settlement variances | (208,986)     | 143,994       |
|   | \$<br>46,502  | \$<br>569,174 |

Regulatory assets represent costs incurred by the Company for the purpose of supporting the deregulation of the electricity industry in Ontario. These amounts have been accumulated pursuant to regulation underlying the Electricity Act ("EA") and deferred in anticipation of their future recovery in electricity distribution charges.

Transition costs represent specific and incremental costs to the Company for systems and process changes to support the opening of the competitive electricity market in Ontario on May 1, 2003 ("Market Opening"). These costs have been deferred pursuant to regulation underlying the Electricity Act and are subject to review and approval for recovery by the OEB. Expenditures determined to be ineligible for recovery will be expensed in the period of such determination.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 4. Regulatory assets: (continued)

Post-market opening retail settlement variances represent amounts that have accumulated since Market Opening and comprise:

- a) variances between amounts charged by the Independent Electricity Market Operator ("IMO") for the operation of the wholesale electricity market and grid, various wholesale market settlement charges and transmission charges, and the amounts billed to customers by the Company based on the OEB approved market service rate; and,
- b) variances between the amounts charged by the IMO to allow for purchases of imported electricity and the amounts billed to customers by the Company based on the OEB approved rates.

#### Restructuring of the electricity industry in Ontario

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA"), conferred on the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity consumers, and the responsibility for ensuring the distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions to electricity distributors which may include, among other things, specified accounting records, regulatory accounting principles, separation of accounts for distinct business and filing and processing requirements for rate setting purposes. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may result in accounting treatments that differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

Under the OEBA, electricity distributors must receive approval of the Ministry of Energy to apply to the OEB for a change in the rates they may charge. On December 19, 2003, the Minister of Energy notified all distributors in Ontario advising them to apply to the OEB for recovery of deferred costs referred to as regulatory assets. It is the government's intention that regulatory assets be recovered over a four-year period. The Board's intention is to provide for recovery of 25% of the regulatory assets as at December 31, 2002 on amended rate schedules, to be issued April 1, 2004, with a March 1, 2004 effective date. During 2004, the Company has recovered \$169,692 of deferred costs.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 5. Shareholders' promissory notes:

The shareholders' promissory notes are payable on demand, accrue interest at 7.25% payable annually, and are secured by a general security agreement.

#### 6. Employee future benefits:

E.L.K. Energy Inc. pays certain benefits on behalf of its retired employees.

The Corporation measures its accrued benefit obligation for accounting purposes as at December 31 each year. A valuation date of December 31, 2002 has been used with the initial valuation period 12 months ended December 31, 2003. Extrapolations from the initial calculations are performed for subsequent periods. Management intends to obtain the next valuation in 2006.

Information about E.L.K. Energy Inc.'s defined benefit plans, which are unfunded, is as follows:

|   | 2004   | 2003   |
|---|--|--|
| Accrued benefit obligation, beginning of year<br>Service cost<br>Interest cost<br>Benefits paid | \$<br>644,766<br>5,038<br>37,806<br>(34,381) | \$<br>639,105<br>4,753<br>37,394<br>(36,486) |
| Projected accrued benefit obligation, end of year, as determined by actuarial valuation         | \$<br>653,229                                | \$<br>644,766                                |

The main actuarial assumptions employed for the valuations are as follows:

|  | 2004        | 2003      |
|--|-------------|-----------|
| Discount rate<br>Rate of compensation increase | 5.75%<br>3% | 6%<br>3%  |
| Medical trend rate:<br>Initial<br>Ultimate     | 9.4%<br>4%  | 10%<br>4% |

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 6. Employee future benefits (continued):

The approximate impact of a 1% change in health insurance trend rates is as follows:

| Change in obligation for 1% increase in trend rates | \$<br>57,000 |
|---|--------------|
| Change in obligation for 1% decrease in trend rates | (49,000)     |

#### 7. Share capital:

The authorized and issued share capital is as follows:

|   | 2004      | 2003      |
|---|-----------|-----------|
| Authorized:<br>Unlimited common shares<br>Issued:<br>10,000 common shares | \$<br>100 | \$<br>100 |

The common shares were issued as follows:

|  | # of Common<br>shares   | An | nount<br>paid  |
|--|-------------------------|----|----------------|
| Town of Essex<br>Town of Lakeshore<br>Town of Kingsville | 3,800<br>2,400<br>3,800 | \$ | 38<br>24<br>38 |
|  | 10,000                  | \$ | 100            |

#### 8. Contingency:

The Company belongs to the Municipal Electrical Association Reciprocal Insurance Exchange ("Exchange"). This is a pooling of the public liability insurance risks of many Ontario electrical distribution utilities. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. Since joining the Exchange, the Company has not been subject to any assessments for loss experiences.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 9. Pension costs:

The Company makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS") which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2004 was \$85,432 (2003 – \$44,523) for current service and is included as an expense on the statement of earnings.

In 2004 the contribution rates were 6.0% for employees earnings below the year's maximum pensionable earnings and 8.8% thereafter. The contribution rates remain the same for 2005.

#### 10. Supplemental cash flow information:

|  | 2004                     | 2003                    |
|--|--------------------------|-------------------------|
| Cash paid during the year for:<br>Interest<br>Payments in lieu of income taxes     | \$  428,047<br>1,133,393 | \$    465,762<br>52,588 |
| Cash received during the year for:<br>Interest<br>Payments in lieu of income taxes | 181,467<br>_             | 142,447<br>45,777       |

#### 11. Related party transactions:

The amounts due to/from shareholders and subsidiary are as follows:

|   | 2004                              | 2003                               |
|---|-----------------------------------|------------------------------------|
| Due to shareholders, included in accounts payable<br>Due from shareholders, included in accounts receivable<br>Due from subsidiary, included in accounts receivable | \$<br>386,694<br>1,750<br>588,447 | \$<br>257,596<br>23,260<br>331,737 |

These amounts are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2004

#### 12. Future payments in lieu of income taxes:

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax liabilities and assets are as follows:

|  | 2004          | 2003          |
|--|---------------|---------------|
| Future tax liabilities:                            |               |               |
| Regulatory assets                                  | \$<br>127,000 | \$<br>128,000 |
| Investment   | 11,000        | 9,000         |
| Total future tax liabilities                       | \$<br>138,000 | \$<br>137,000 |
|  |               |               |
| Future tax assets:                                 |               |               |
| Capital assets                                     | \$<br>658,000 | \$<br>636,000 |
| Employee future benefits                           | 236,000       | 233,000       |
| Intangible assets                                  | 234,000       | 252,000       |
| Total future tax assets before valuation allowance | 1,128,000     | 1,121,000     |
| Valuation allowance for future tax assets          | _             | (412,000)     |
| Total future tax assets                            | 1,128,000     | 709,000       |
| Net future tax assets                              | \$<br>990,000 | \$<br>572,000 |

#### 13. Fair value of financial assets and liabilities:

The fair value of the Company's cash, accounts receivable, accounts payable and accrued liabilities, customer deposits and shareholders' promissory notes approximate their carrying values.

It is not practical to determine the fair value of the investment in subsidiary as it is not publicly traded.

Financial assets held by the Company expose it to credit risk. As at December 31, 2004, there were no significant concentrations of credit risk with respect to any class of financial assets.

The Company earns its revenue from a broad base of customers located principally in the towns of Essex, Lakeshore, and Kingsville. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

| OntarioMinistry of Final<br>Corporations Tax<br>PO Box 642<br>33 King Street W<br>Oshawa ON Life  | k Branch<br>/est   |         |  |   |   | Certificate<br>turn CT23   |
|---|--|---------|--|---|---|--|
|   |  |         |  | Corporation   | 's Ontario Tax A  |  |
|   | -  |         |  |   | 1800085   |  |
| <ul> <li>First Year of Filing</li> <li>Amended Return</li> <li>Taxation Year End has changed<br/>(approval by Revenue Canada required)</li> <li>Exempt From Filing</li> </ul>                       | Final Taxation Year up<br>to Dissolution<br>Final Taxation Year<br>before Amalgamation<br>Floating Fiscal Year End<br>Subject to CMT | L fe    | hange of Control<br>d. s.249(4)<br>ate Control was acquired<br>year month day  | ]Start  | Date of Incorpora<br>year month<br>2000-01<br>Return for Taxati<br>year month<br>2004-01<br>year month  | day<br>-06<br>on Year<br>day<br>-01  |
| Change of Information? Yes No X   |  |         |  | End   | 2004-12   | 2-31   |
| Corporation's Legal Name<br>E.L.K. Energy Inc.<br>Mailing Address   |  |         |  |   | venue Canada T<br>If incorrect or missi<br>866567787<br>Jurisdiction Incor  | RC0001   |
| 172 ⊢orest Avenue   |  |         |  |   | ONTARIO   |  |
| Essex   |  | N8M-3E4 | Certification  |   |   | · · · · · · · · · · · · · · · · · · ·  |
| Transmitter Data<br>Transmitter Number: 0009036<br>Transmitter Name: KPMG<br>Name of Person to Contact:<br>Telephone Number: 519-251-3500<br>Facsimile Number: 519-251-3530<br>Transmitter Address: |  |         | I am an authorized signi<br>this Return, including all<br>part of this Return, and<br>and complete Return, ar<br>the books and records of<br>financial statements acc<br>operating results of the<br>the Corporations Tax Ac<br>taxation year is consiste<br>specifically disclosed in<br>Name | schedules and st<br>been examined by<br>id that the informa<br>if the corporation.<br>urately reflect the<br>corporation as rec<br>dr. The method of<br>nt with that of the | atements filed wi<br>v me and is a true<br>ation is in agreen<br>I further certify th<br>financial position<br>juired under sect<br>computing incom<br>previous year, e | th or as<br>e, correct<br>lent with<br>nat the<br>a and<br>on 75 of<br>le for this |
|   |  |         | SANDRA SLATER  |   |   |  |
| Disk rence Number: 120  |  |         |  | E   |   |  |
| 250 Aggregate of Total Revenue:   | 17,242,569   |         | Full Residence Address   |   |   |  |
| 249 Aggregate of Total Assets:  | 21,471,476   |         |  |   |   |  |
| 10 Taxable Income (Non-capital Loss):   | 2,222,958  |         |  |   |   |  |
| 950 Total Tax Payable:  | 348,693  |         |  |   |   |  |
| 960 Payments:   | 0  |         |  |   |   |  |
| 990 Enclosed:   | 348,693  |         |  |   |   |  |
| Apply Refund to Year:<br>980 Amount to apply:<br>975 Refund: 0  | 0<br>Yes No X  |         | Signature  | U   | Date<br>2005-04-08  | Phone Number<br>519-776-5291   |
| If Yes, Due to:<br>Loss Carryback:  | Yes No   |         |  |   |   |  |
| Overpayment:  | Yes No   |         |  |   |   |  |
| Refundable Tax Credit:  | Yes No   |         | Ministry<br>Use Only Return I.D.   |   | 20050408143   |  |

KEH

| <b>%</b> 0         | ntario G  | Ilnistry of Finance<br>Corporations Tax Branch<br>O Box 642<br>3 King Street West<br>Oshawa ON L1H 8T1 |                                   | Enter the amount of paym         | nent and indi | Payment Advice |
|--------------------|---|--|-----------------------------------|----------------------------------|---------------|----------------|
| Corporation        | n's Ontario Tax Account   | Number   | Date of Incorporation             | Taxation Year End                |               | Payment Amount |
|                    |   | year month day   |                                   | year month day                   |               |                |
|                    | 1800085   |  | 2000-01-06                        | 2003-12-31                       | \$            | 0              |
| Corporation        | n's Legal Name  |  |                                   | year month day                   |               |                |
| E.L.K. Energy Inc. |   | 2004-12-31   | \$                                | 348,693                          |               |                |
|                    |   |  |                                   | Total Payment                    | \$            | 348.693        |
| Submit you         | ur cheque (drawn on a C   | Canadian financial ins   | titution) or money order, in Cana | dian funds, payable to the Minis | ter of Financ | сө.            |
| Send to:           | Ontario Ministry of Fin<br>Corporations Tax Bra<br>PO Box 642<br>33 King Street West<br>Oshawa ON L1H 8T1 | nch  |                                   |                                  |               |                |

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Page 2 of 2

Inc >te information will result in a delay processing an assessment

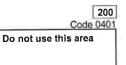
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(Vous pouvez obtenir ce formulaire en français à www.adrc.gc.ca ou au 1 800 959-3376.)

Canada Corporate Taxprep / Taxprep des sociétés - TP-10

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055

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the Income Tax Act. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the T2 Corporation - Income Tax Guide (T4012).

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

| ldentification   |  |
|--|--|
| Business Number (BN)   |  |
| Business Number (BN) 001 866567787RC0001<br>Corporation's name   |  |
| 002 E.L.K. Energy Inc.   |  |
|  |  |
| Has the corporation changed its name since the last time we were notified? 003 1 Yes 2 No X  | If Yes, do you have a copy of the articles of amendment?                         |
| Address of head office   | To which taxation year does this return apply?                                   |
| Has the address changed since the last time we were notified?  | Taxation year start Taxation year-end  |
| The State Polynemic of Decay of the State Stat | 060 2004-01-01 061 2004-12-31<br>YYYY/MM/DD YYYY/MM/DD                           |
| 011 172 Forest Avenue  | Has there been an acquisition of control   |
| City Province, territory, or state   | to which subsection 249(4) applies since   |
| 015 Essex 016 ON   | the previous taxation year?  |
| Country (other than Canada) Postal code/ZIP code   | If Yes, give the date control was  |
| 018 N8M-3E4  | acquired   |
| Mailing address (if different from head office address)  | Is the corporation a professional  |
| Has the address changed since the last time we were notified?  | corporation that is a member of  |
|  | a partnership?   |
| 021 <u>c/o</u>   | Is this the first year of filing after:  |
| 022  | Incorporation?   |
| 023  | Amalgamation?  |
| City Province, territory, or state   | If Yes, complete and attach Schedule 24.   |
| 025         026           Country (other than Canada)         Postal code/ZIP code   | Has there been a windup of a subsidiary  |
|  | under section 88 during the current<br>taxation year?     072     1 Yes     2 No |
| Location of books and records  | If Yes, complete and attach Schedule 24.   |
| Has the location of books and records changed since the last time we were  | Is this the final taxation year before   |
| notified?  | amalgamation?  |
| 031 172 Forest Avenue  | Is this the final return up to   |
| ,2   | dissolution?   |
| City Province, territory, or state   | Le die gewenne die en en eiden te of Connede 2                                   |
| 035 Essex 036 ON<br>Country (other than Canada) Postal code/ZIP code   | Is the corporation a resident of Canada?   |
|  | 080 1 Yes X 2 No If <i>No</i> , give the country of residence.                   |
|  | 081  |
| 040 Type of corporation at the end of the taxation year  | Is the non-resident corporation claiming   |
| 1 Canadian-controlled 4 Corporation controlled by a public corporation   | an exemption under an income tax<br>treaty?                                      |
|  | If Yes, complete and attach Schedule 91.   |
| 2 Corporation 5 X Other corporation (specify, below)   | If the corporation is exempt from tax under section 149, tick                    |
|  | one of the following boxes:  |
| 3 Corporation Utility-MEU  | 085 1 Exempt under paragraph 149(1)(e) or (l)                                    |
| If the type of corporation changed during  | 2 Exempt under paragraph 149(1)(j)   |
| the taxation year, provide the effective   | 3 Exempt under paragraph 149(1)(t)   |
| date of the change   | 4 Exempt under other paragraphs of section 149                                   |

#### Agence des douanes **T2 CORPORATION INCOME TAX RETURN** et du revenu du Canada

1

Canada Customs

and Revenue Agency

| E.L.K. E | nergy Inc. 866567787RC0001   |          |            | 2004-12-31  |
|----------|--|----------|------------|-------------|
| <u> </u> | Attachments  |          |            | - hadidaa   |
| Financ   | tial statement information: Use GIFI schedules 100, 125, and 141. * We do not pulse – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.  | rint the | ese s      | cneaules.   |
| Sched    | ules – Answer the following questions. For each response, attach to the 12 return the schedule that upplies.   | `        | /as        | Schedule    |
| Guide    |  | 150      |            | 9           |
| 27       | Is the corporation related to any other corporations?  | 151      | <u>×</u>   | 19          |
| 28       | Does the corporation have any non-resident shareholders?   | 160      |            | 23          |
| 29       | Is the corporation an associated Canadian-controlled private corporation?  |          | -          | 23<br>49    |
| 30       | Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?   | 161      |            | 49          |
| 32       | Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents  | 162      |            | 11          |
| 33       | If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?  | 163      |            | 44<br>14    |
| 34       | Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?   | 164      | _          |             |
| 35       | Is the corporation claiming a deduction for payments to a type of employee benefit plan?   | 165      | _          | 15<br>TE004 |
| 37       | Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?   | 166      | -          | T5004       |
| 38       | Is the corporation a member of a partnership for which a partnership identification number has been assigned?  | 167      |            | T5013       |
| 40       | Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?   | 168      |            | 22          |
| 41       | Did the corporation have any foreign affiliates during the year?   | 169      |            | 25          |
| 42       | Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of  | 170      |            | 29          |
|          | the federal Income Tax Regulations?  | 171      | -          | T106        |
| 43       | Has the corporation had any non-arm's length transactions with a non-resident?   | 172      |            |             |
| 47       | Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?   |          |            |             |
| 46       | For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?  | 173      | X          | 50          |
| 55       | Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?   | 201      | X          | 1           |
| 78-81    | Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or   | 202      | X          | 2           |
| 82 104   | ecological property?<br>Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?  | 203      |            | 3           |
| 6        | Is the corporation claiming any type of losses?  | 204      |            | 4           |
| าม       | Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in  | 205      |            | 5           |
| 56       | more than one jurisdiction?<br>Has the corporation realized any capital gains or incurred any capital losses during the taxation year?   | 206      | -1) 13<br> | 6           |
|          | i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends   |          |            |             |
| 103      | <ol> <li>I) is the corporation claiming the small business deduction and reporting income inclusion of a property (claim table and the deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or         <ul> <li>ii) is the corporation claiming the refundable portion of Part I tax?</li> <li></li></ul></li></ol> | 207      |            | 7           |
| 57       | Does the corporation have any property that is eligible for capital cost allowance?  | 208      | X          | 8           |
| 58       | Does the corporation have any property that is eligible capital property?  | 210      | X          | 10          |
| 59       | Does the corporation have any resource-related deductions?   | 212      |            | 12          |
| 60       | Is the corporation claiming reserves of any kind?  | 213      |            | 13          |
| 61       | Is the corporation claiming a patronage dividend deduction?  | 216      |            | 16          |
| 62       | Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?  | 217      |            | 17          |
| 150      | Is the corporation an investment corporation or a mutual fund corporation?   | 218      |            | 18          |
| 131      | Was the corporation carrying on business in Canada as a non-resident corporation?  | 220      |            | 20          |
| 118      | Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?   | 221      |            | 21          |
| 155      | Is the corporation a non-resident-owned investment corporation claiming an allowable refund?   | 226      |            | 26 *        |
|          | Does the corporation have any Canadian manufacturing and processing profits?   | 227      |            | 27          |
| 121      | Is the corporation claiming an investment tax credit?  | 231      |            | 31          |
| 63       | Is the corporation claiming any scientific research and experimental development expenditures?   | 232      |            | T661        |
| 124      | Is the corporation subject to gross Part I.3 tax?  | 233      |            | 33/34/35    |
| 124      | Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?   | 236      | X          | 36          |
| 124      | Is the corporation claiming a surtax credit?   | 237      |            | 37          |
| 128      | Is the corporation subject to gross Part VI tax on capital of financial institutions?  | 238      |            | 38          |
| 128      | Is the corporation claiming a Part I tax credit?   | 242      |            | 42          |
| 120      | Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?  | 243      |            | 43          |
| 129      | Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?  | 244      |            | 45          |
| 129      | Is the corporation subject to Part II – Tobacco Manufacturers' surtax?   | 249      |            | 46          |
| 128      | For financial institutions: is the corporation a member of a related group of financial institutions   | 250      |            | 39          |
| 4-0      | with one or more members subject to gross Part VI tax?   | 253      |            | T1131       |
| 152      | Is the corporation claiming a Canadian film or video production tax credit refund?   | 254      |            | T1177       |
| 153      |  | 255      |            | 92 *        |
| 130      | Is the corporation subject to Part XIII.1 tax?   | -        | _          |             |

#### E.L.K. Energy Inc.

|    | ttachments – continued from page 2   | _   |          |
|----|--|-----|----------|
|    | e item   |     | Schedule |
| 44 | Did the corporation have any foreign affiliates that are not controlled foreign affiliates?  | 256 | T1134-A  |
| 44 | Did the corporation have any controlled foreign affiliates?  | 258 | Т1134-В  |
| 44 | Did the corporation own specified foreign property in the year with a cost amount over \$100,000?                                      | 259 | T1135    |
|    |  | 260 | T1141    |
| 44 | Did the corporation datable of four property to a new reserves   | 261 | T1142    |
| 44 | Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?                                |     | T1145    |
|    | Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?                                  | 262 | _        |
|    | Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?               | 263 | T1146    |
|    | Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? | 264 | T1174    |
|    |  |     |          |

| A statistics of the foregraphic or  |            |  |                  |   |  |  |
|---|------------|--|------------------|---|--|--|
| Additional information     Is the corporation inactive?     Has the major business activity changed since the last return | <br>was fi | led? (enter Yes for first-time filers) 280 1 Yes 281 1 Yes | 2 No X<br>2 No X |   |  |  |
|   |            | ,  |                  |   |  |  |
| What is the corporation's major business activity?<br>(Only complete if Yes was entered at line 281.)                     |            |  |                  | - |  |  |
| If the major activity involves the resale of goods, indicate whether it is wholesale or retail                            |            |  |                  |   |  |  |
| Specify the principal product(s) mined, manufactured,   | 284        | LELOIIdelli  | 285 100%         | 6 |  |  |
| sold, constructed, or services provided, giving the<br>opproximate percentage of the total revenue that each              | 286        |  | 2870%            | • |  |  |
| oduct or service represents.  | 288        |  | <b>289</b> %     | 6 |  |  |
| Did the corporation immigrate to Canada during the taxation y   | /ear?      | 291 1 Yes  | 2 No X           |   |  |  |
| Did the corporation emigrate from Canada during the taxation  | ı year?    | 292 1 Yes  | 2 No X           | 1 |  |  |

| — Та      | xable income  |           |                                |       |                    |
|-----------|---|-----------|--------------------------------|-------|--------------------|
| Net incon | ne or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI         |           |                                | 300   | <u>2,222,983</u> A |
| Deduct:   | Charitable donations from Schedule 2  | 311       | 25                             |       |                    |
|           | Gifts to Canada, a province, or a territory from Schedule 2                                 | 312       | 0                              |       |                    |
|           | Cultural gifts from Schedule 2  | 313       | 0                              |       |                    |
|           | Ecological gifts from Schedule 2  | 314       | 0                              |       |                    |
|           | Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 | 320       | 0                              |       |                    |
|           | Part VI.1 tax deduction from Schedule 43*   | 325       | 0                              |       |                    |
|           | Non-capital losses of preceding taxation years from Schedule 4                              | 331       | 0                              |       |                    |
|           | Net-capital losses of preceding taxation years from Schedule 4                              | 332       | 0                              |       |                    |
|           | Restricted farm losses of preceding taxation years from Schedule 4                          | 333       | 0                              |       |                    |
|           | Farm losses of preceding taxation years from Schedule 4                                     | 334       | 0                              |       |                    |
|           | Limited partnership losses of preceding taxation years from Schedule 4                      | 335       | 0                              |       |                    |
|           | Taxable capital gains or taxable dividends allocated from           a central credit union  | 340       | 0                              |       |                    |
|           | Prospector's and grubstaker's shares  | 350       | 0                              |       |                    |
|           | S   | ubtotal   | 25                             |       | <u>25</u> в        |
|           | Subtotal (amount A m  | inus an   | nount B) (if negative, enter " | 0")   | <u>2,222,958</u> c |
| Add:      | Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions                        |           |                                | 355   | <u> </u>           |
| Taxable   | income (amount C plus amount D)   | • • • • • |                                | 360 = | <u>2,222,958</u>   |
| Income e  | xempt under paragraph 149(1)(t)   |           |                                | 370   | 0                  |
|           | income for a corporation with exempt income under paragraph 149(1)(t) (line 360 n           | ninus lin | ie 370)                        | =     | <u>2,222,958</u> z |
| * This an | nount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.                  |           |                                |       |                    |

| E.L.K. Energy Inc.   | 8  | 66567787RC0001               | 2004-12-3  |
|--|--|------------------------------|--|
| Small business deduction   |  |                              |  |
| Canadian-controlled private corporations (CCPCs) throughout the taxa   |  |                              | 400 0 A  |
| Income from active business carried on in Canada from Schedule 7   |  |                              | 400 <u> </u>   |
| Taxable income from line 360 on page 3, minus 10/3 of the amount at line 6 the amount at line 636** on page 7, and minus any amount that, because of   | 32* on page 7, <b>minus</b> 3 ti<br>federal law, is exempt fro | imes<br>om Part I tax ••••   | 405 O B  |
| Calculation of the business limit:   |  |                              |  |
| For all CCPCs, calculate the amount at line 4 below.<br>200,000 x Number of days in the taxation year before 2003  | 0 -  | 0 1                          |  |
| 200,000 x Number of days in the taxation year before 2003<br>Number of days in the taxation year   | 0 =  |                              |  |
|  | 0  | 0 2                          |  |
| 225,000 x Number of days in the taxation year in 2003<br>Number of days in the taxation year   | 0 =  | 02                           |  |
| 250,000 x Number of days in the taxation year in 2004  | 366 =  | 0 3                          |  |
| Number of days in the taxation year  | 0  |                              |  |
| 300 000 x Number of days in the taxation year after 2004   | 0 =  | 0 3.1                        |  |
| 300,000 x Number of days in the taxation year  |  |                              |  |
| Add amounts at lin   | es 1, 2, 3, and 3.1  | 0 4                          |  |
| Business limit (see notes 1 and 2 below)   |  |                              | 410 <u>0</u> C   |
| Notes: 1. For CCPCs that are note associated, enter the amount from line   | 4 at line 410. However, if                                     | the corporation's            | 2 March 19 M |
| taxation year is less than 51 weeks, prorate the amount from line  | e 4 by the number of days                                      | in the taxation year         |  |
| divided by 365, and enter the result on line 410.  |  |                              |  |
| 2. For associated CCPCs, use Schedule 23 to calculate the amour  | nt to be entered at line 410                                   | Э.                           |  |
| Business limit reduction:  |  |                              |  |
| Amount C 0 x 415 ***   | 0 D =  |                              | O E  |
| 11,2   | 250  |                              |  |
| Reduced business limit (amount C minus amount E) (if negative, enter "0")  |  |                              | 425 <u> </u>   |
| Small business deduction - 0.00% of whichever amount is least: A, B, C,  | , or F   |                              | 430 <u> </u>   |
| (enter amount G on line 9 of page 7)   |  |                              | 11 00D01   |
| <ul> <li>Calculate the amount of foreign non-business income tax credit deducti<br/>investment income (line 604) and without reference to the corporate tax</li> </ul>   | ble at line 632 without refe                                   | erence to the refundable ta: | x on the CCPC's  |
| <ul> <li>** Calculate the amount of foreign business income tax credit deductible a</li> </ul>   | at line 636 without reference                                  | ce to the corporate tax redu | uctions under section 123.4.   |
|  |  |                              |  |
| <ul> <li>*** Large corporation tax</li> <li>The large corporation tax to be entered at line 415 is the gross Part I.</li> </ul>  | 3 tax, which is the amoun                                      | t before deducting the surta | ax credits, increased to   |
| reflect a full-year tax liability if the taxation year is less than 51 weeks   | . For the purpose of the b                                     | usiness limit reduction, the | gross Part I.3 tax is equal  |
| to 0.225% x (taxable capital employed in Canada minus \$10,000,000)  | ).   |                              |  |
| <ul> <li>If the corporation is not associated with any corporation in both the cu</li> </ul>   | urrent and the preceding ta                                    | axation years, enter the cor | poration's gross Part 1.3  |
| <ul><li>tax for its preceding taxation year.</li><li>If the corporation is not associated with any corporation in the current</li></ul>  | tovation year but was as                                       | sociated in the preceding t  | axation year, and its  |
| current taxation year:   |  |                              |  |
| <ul> <li>starts before December 21, 2002, enter the corporation's gross P</li> </ul>   | art I.3 tax for its precedin                                   | g taxation year; or          |  |
| <ul> <li>starts after December 20, 2002, enter the corporation's gross Par</li> </ul>  | t I.3 tax for its current tax                                  | cation year.                 |  |
| <ul> <li>For corporations associated in the current taxation year, see Schedul</li> </ul>  | le 23 for the special rules                                    | that apply.                  |  |
|  |  |                              |  |
| Accelerated tax reduction  | that sistered the small  | husiness deduction           |  |
| Canadian-controlled private corporations throughout the taxation year  | r that claimed the small                                       | 300,000                      |  |
| Reduced business limit (amount from line 425)  |  | 0 × line 4 above             | = <u> </u>   |
|  |  | 1                            | 0.5  |
| Net active business income (amount from line 400) *  |  |                              | <u>О</u> в   |
| axable income from line 360 on page 3 minus 3 times the amount at line 6   | 336** on page 7,   | 0 c                          |  |
| and minus any amount that, because of federal law, is exempt for Part I tax  | · · · · · · · · · · · · · · · · · · ·                          | <u> </u>                     |  |
| Deduct:  |  | <u>0</u> d                   |  |
|  |  | 0                            | 0 е  |
| Amount C minus amount D (if negative, enter "0")   |  | 0                            | <u> </u>   |
| Amount A, B, or E above, whichever is less   |  |                              | <u> </u>   |
|  | 0_ x 100/7 =   | 0 g                          |  |
| Amount Z from Part 9 of Schedule 27  | X 100// -  | <u>0</u> е<br>О н            |  |
| Amount QQ from Part 13 of Schedule 27  |  | 0.1                          |  |
|  | · · · · · · · · · · · · · · · · · · ·                          |                              |  |
| Amount used to calculate the credit union deduction (amount E in Part 3 of 3   |  | 0 ı                          |  |
| Amount on line 400, 405, 410, or 425 of the small business deduction, which  | hever is less  | <u> </u>                     |  |
| Total of amounts G, H, I, J, and K   |  | 0                            | 0 L  |
|  |  |                              | <u> </u>   |
| Accelerated tax reduction - 7% of amount M (enter amount N on line 637   |  |                              | <u> </u>   |
| * If the amount at line 450 of Schedule 7 is positive, members of partners   | hins need to use Schedul                                       |                              | business income.   |
| <ul> <li>If the amount at line 450 of Schedule 7 is positive, members of parties at a second sec</li></ul> | at line 636 without reference                                  | ce to the corporate tax redu | uctions under section 123.4.   |

|   |   | 8665677871  | RC0001  | 2004-12-31       |  |
|---|---|---|---|------------------|--|
| Resource deduction     axable resource income [as defined in s  | ubsection 125.11(1)]  |   | [435]   | <u> </u>         |  |
|   |   | Number of days in the taxation year in 2003                             | <u> </u>  | O e              |  |
| Amount A  | 0 ×   | Number of days in the taxation year                                     | $\frac{-3}{366} \times 1\% =$   |                  |  |
|   | 0 ,   | Number of days in the taxation year in 2004                             | <u>366</u> x 2% =   | 0 0              |  |
| Amount A  | <u> </u>  | Number of days in the taxation year                                     | 366   |                  |  |
| A   | 0 .   | Number of days in the taxation year in 2005                             | <u>    0                                </u>  | 0 0              |  |
| Amount A  | <u>0    x                            </u>   | Number of days in the taxation year                                     | 366   |                  |  |
|   | 0 x   | Number of days in the taxation year in 2006                             | 0 x 5% =  | 0                |  |
| Amount A  | <u>U</u> _x   | Number of days in the taxation year                                     | 366   |                  |  |
| esource deduction – total of amounts  | B, C, C.1, and C.2  |   | 438   | 0                |  |
| nter amount D on line 10 of page 7)   |   |   |   |                  |  |
| — General tax reduction for   | Canadian-control  | led private corporations  |   |                  |  |
| anadian-controlled private corporat   |   |   |   |                  |  |
|   |   |   |   | 0                |  |
| axable income from line 360 on page 3   | )   |   |   |                  |  |
| mount Z from Part 9 of Schedule 27  |   | <u> </u>  | <u> </u>  |                  |  |
| mount QQ from Part 13 of Schedule 2   | 7   |   | 0.0   |                  |  |
| axable resource income from line 435  |   |   | <u>0</u> H  |                  |  |
| mount used to calculate the credit unio   |   |   | 0   |                  |  |
| Amount used to calculate the cleuit unic  | n deduction (amount I   |   | <u>v</u>  |                  |  |
|   |   |   | J   |                  |  |
| Amount on line 400, 405, 410, or 425 or   | n page 4, whichever is  |   |   |                  |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line  | n page 4, whichever is<br>440 of page 6   | less  | 0 J   |                  |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate   | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou                                   | less  | <u>0</u> ј<br>О к   | 0                |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L   | n page 4, whichever is<br>440 of page 6<br>ad tax reduction (amou                                   | less  | <u>О</u> г<br>О к<br>О л  |                  |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate   | n page 4, whichever is<br>440 of page 6<br>ad tax reduction (amou                                   | less  | <u>О</u> г<br>О к<br>О л  |                  |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,                                     | n page 4, whichever is<br>440 of page 6<br>ad tax reduction (amou                                   | less  | <u>О</u> г<br>О к<br>О л  | 0                |  |
| mount on line 400, 405, 410, or 425 or<br>ggregate investment income from line<br>mount used to calculate the accelerate<br>fotal of amounts F, G, H, I, J, K, and L  | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")                 | less  | 0 J<br>0 K<br>0 L<br>0  | 0                |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,<br>Amount N                         | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")                 | less<br>int M of page 4)<br>Number of days in the taxation year in 2002 | $ \begin{array}{c} 0 \\ 0 \\ 0 \\ 0 \\ - \\ 0 \\ - \\ 0 \\ - \\ 366 \\ 0 \\ 0 \\ - \\ - \\ 0 \\ - \\ - \\ 0 \\ - \\ - \\ 0 \\ - \\ - \\ - \\ - \\ - \\ - \\ - \\ - \\ - \\ -$   | 0                |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,                                     | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")<br><u>0</u> x - | less  |   | 0                |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,<br>Amount N                         | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")<br>0x<br>0x     | less  | $\begin{array}{c} 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 1 \\ 0 \\ 0$ | 0<br>0<br>0<br>0 |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,<br>Amount N                         | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")<br><u>0</u> x - | less  | $\begin{array}{c} 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 $  | <u> </u>         |  |
| Amount on line 400, 405, 410, or 425 or<br>Aggregate investment income from line<br>Amount used to calculate the accelerate<br>Fotal of amounts F, G, H, I, J, K, and L<br>mount E minus amount M (if negative,<br>Amount N<br>Amount N<br>Amount N | n page 4, whichever is<br>440 of page 6<br>ed tax reduction (amou<br><br>enter "0")<br>0x           | less  | $\begin{array}{c} 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 1 \\ 0 \\ 0$ | <u> </u>         |  |

| Corporations other than a Canadian-controlled priv<br>a mutual fund corporation, or a non-resident-owned   | rate corporation, an investment corporation, a mortgage<br>d investment corporation   | nvestment corporation,       | 3                  |
|--|---|------------------------------|--------------------|
|  |   | ····· —                      | <u>2,222,958</u> s |
| Amount Z from Part 9 of Schedule 27<br>Amount QQ from Part 13 of Schedule 27<br>Taxable resource income from line 435 above<br>Amount used to calculate the credit union deduction (ar | x 100/7 =<br>mount E in Part 3 of Schedule 17)  | 0 T<br>0 U<br>0 V<br>0 W     |                    |
| Total of amounts T, U, V, and W  |   | 0                            | <u> </u>           |
| Amount S minus amount X (if negative, enter "0")   |   | =                            | 2,222,958 Y        |
| Amount Y <u>2,222,958</u>  | xNumber of days in the taxation year in 2002  | $\frac{0}{366} \times 3\% =$ | <u>0</u> z         |
| Amount Y 2,222,958   | xNumber of days in the taxation year in 2003  | 366<br>x 5% =                | <u>0</u> AA        |
| Amount Y 2,222,958   | Number of days in the taxation year<br>Number of days in the taxation year after 2003 | 366<br><u>366</u> x 7% = _   | <u>155,607</u> вв  |
| General tax reduction - total of amounts Z, AA, and E  | Number of days in the taxation year   | 366                          | <u>155,607</u> cc  |
| (enter amount CC on line 639 of page 7)  |   |                              | nade               |

| E.L.K. Energy Inc.  | 866567787RC0001                             | 2004-12-31 |
|---|---|------------|
| Refundable portion of Part I tax  |   |            |
| Canadian-controlled private corporations throughout the taxatic               | on year                                     |            |
| Aggregate investment income 440(amount P from Part 1 of Schedule 7)           | <u>0</u> x 26 2/3% =                        | A          |
| Foreign non-business income tax credit from line 632 on page 7                | 0   |            |
| Deduct:   |   |            |
| Foreign investment income 445<br>(amount O from Part 1 of Schedule 7)         | 0 x 9 1/3% = 0<br>(if negative, enter "0")0 | <u>О</u> В |
| Amount A minus amount B (if negative, enter "0")                              |   | <u> </u>   |
| Taxable income from line 360 on page 3  | 0   |            |
| Deduct:<br>Amount on line 400, 405, 410, or 425 on page 4, whichever is less  | 0_  |            |
| Foreign non-business<br>income tax credit from<br>line 632 of page 7 0 x 25/9 | =0  |            |
| Foreign business income<br>tax credit from line 636<br>of page 7 0 x 3        | =   | 0 D        |
|   |   | 0 E        |
| Net amount  |   | 0 F        |
| Refundable portion of Part I tax – Amount C, D, or E, whichever is            | s less                                      |            |

| Refundable dividend tax on hand  | No.                |
|--|--------------------|
| Refundable dividend tax on hand at the end of the preceding taxation year       460         Deduct: Dividend refund for the previous taxation year       460         =       = | 0<br>0<br>0<br>0 A |
| Add the total of:         Refundable portion of Part I tax from line 450 above         Total Part IV tax payable from line 360 on page 2 of Schedule 3                         | <u>0</u>           |
| Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation                                      | <u>О</u><br>ОВ     |
| Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B   |                    |

| Private and subject corporations at the time taxable dividends were paid in the taxation year |   |
|---|---|
| Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 0 x 1/3     | A |
| Refundable dividend tax on hand at the end of the taxation year from line 485 above           | В |
| Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8)  | 0 |

page 6 Corporate Taxprep / Taxprep des sociétés - TP-10

| L.K. Energy Inc.   | 866567787RC0001   |  |                  |  |  |
|--|-------------------|--|------------------|--|--|
| Part I tax   |                   |  |                  |  |  |
| Base amount of Part I tax – 38.00% of taxable income (line 360 or amount Z, whichever app  | lies) from page 3 | 550  | <u>844,724</u> A |  |  |
| Corporate surtax calculation   |                   |  |                  |  |  |
| Base amount from line A above  |                   | 844,724 1                                  |                  |  |  |
| 10% of taxable income (line 360 or amount Z, whichever applies) from page 3  |                   | <u>222,296</u> 2<br><u>0</u> 3<br>0 4      |                  |  |  |
| Federal logging tax credit from line 640 below          Federal qualifying environmental trust tax credit from line 648 below                        |                   | 0 5  |                  |  |  |
| For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less: |                   |  |                  |  |  |
| 28.00% of taxable income from line 360 of page 3   |                   | <u>    0  </u> 6                           |                  |  |  |
| (line A <b>plus</b> lines C and D <b>minus</b> line F)<br>Total of lines 2 to 6  |                   | 222,296 7                                  |                  |  |  |
| Net amount (line 1 minus line 7)   |                   | 622,428 8                                  |                  |  |  |
| Corporate surtax – 4.00% of the amount on line 8   |                   |  | 24,897           |  |  |
| Recapture of investment tax credit from line PPP in Part 21 of Schedule 31   |                   |  | 0                |  |  |
| (for a CCPC throughout the taxation year) Aggregate investment income from line 440 on page 6 Taxable income from line 360 on page 3 Deduct:         | <u> </u>          | 0 i  |                  |  |  |
| Deduct: Amount on lines 400, 405, 410, or 425 of page 4, whichever is less   | 0                 | O ii                                       |                  |  |  |
| Net amount   |                   |  |                  |  |  |
| Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii   | Subtotal (ac      | d lines A, B, C, and D)                    | 0<br>869,621     |  |  |
| Deduct:  |                   | 0 9  |                  |  |  |
| Small business deduction from line 430 of page 4   | 608               | 222,296                                    |                  |  |  |
| Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27  | 616               | 0  |                  |  |  |
| Investment corporation deduction   |                   | 0  |                  |  |  |
| (taxed capital gains 624 0)  | 628               | 0  |                  |  |  |
| Additional deduction – credit unions from Schedule 17<br>Federal foreign non-business income tax credit from Schedule 21                             | 632               | 0  |                  |  |  |
| Federal foreign business income tax credit from Schedule 21  | 636               | 0  |                  |  |  |
| Accelerated tax reduction from amount N of page 4  | 637               | 0  |                  |  |  |
| Resource deduction from line 438 of page 5   |                   | 0 10                                       |                  |  |  |
| General tax reduction for CCPCs from amount R of page 5  | 638               | 0  |                  |  |  |
| General tax reduction for each of amount CC of page 5  | 639               | 155,607                                    |                  |  |  |
| Federal logging tax credit from Schedule 21  | 640<br>644        | 0  |                  |  |  |
| Federal political contributions 6460   |                   |  |                  |  |  |
| Federal qualifying environmental trust tax credit  | 648               | 0  |                  |  |  |
| Investment tax credit from Schedule 31   | 652               | <u> </u>                                   | 377,903          |  |  |
| Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8)  |                   |  | 491,718          |  |  |
| Fait i tax payable - Line L minus inte r lenter artount o or inte roo or page of   |                   | REPORT OF CONTRACTOR CONTRACTOR CONTRACTOR |                  |  |  |

| Pent Liss payable from Sected 33, 54, or 55 Part II surses payable from Schodule 34, 54, or 55 Part II surses payable from Schodule 34 Part Vis payable from Schodule 32 Part Vis payable from Schodule 31 Part Vis payable from Schodule 3 Part Vis payable from Schodule 3 Part Vis payable from Schodule 31 Part Vis payable from Schodule 31 Part Vis payable from Schodule 3 Part Vis payable  | K. Energy Inc.   |  | 866567787RC0001   | 2004-12            |
|--|--|--|---|--------------------|
| Peri Lis puppible from Schedule 3. S. 4, or 55 Peri Lis autops to from Schedule 3. S. 4, or 55 Peri Lis autops to from Schedule 3. S. 4, or 55 Peri Lis autops to from Schedule 3. Peri Lis autops to from Schedul   | — Summary of tax and credits —   |  |   |                    |
| Find 1: Star payable from Schedule 33, str. of 35   Part 1: Star payable from Schedule 33   Part 1: Star payable from Schedule 32   Pointical particular payable from Schedule 32   Pointical particular payable from Schedule 32   Provincial and territorial tax   P  | Federal tax  |  |   |                    |
| Part II surge systelic from Schedule 33       34, or 35       1749         Part II surge systelic from Schedule 3       7740       7740         Part IV tax populate from Schedule 3       7740       7740         Part IV tax populate from Schedule 3       7740       7740         Part IV tax populate from Schedule 3       7740       7740         Part IV tax populate from Schedule 33       7740       7740         Part IV tax populate from Schedule 34       7740       7740         Part IV tax populate from Schedule 32       7740       7740         Part IV tax populate from Schedule 32       7740       7740         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Provincial tax on farge capporations (Now Evance)       780       0         Canadiam filion vaccels tarend from Schodu  |  |  | 700   | <u>    491,718</u> |
| Part II suspapped from Schedule 43       770         Part VI is payelite from Schedule 43       776         Part XII is payelite from Schedule 42       776         Part XII is payelite from Schedule 42       776         Of provide of refformal is payelite from Schedule 42       776         Of provide of refformal is payelite from Schedule 43       776         Of provide of refformal is payelite from Schedule 41       778         Of provide of refformal is payelite from Schedule 51       778         Of most han one junidiction, enter fruit/pic yand concluse 35       778         Oraliza payelite from Schedule 31       778         Oraliza payelite from Schedule 31       778         Oraliza payelite from Schedule 31       778         Oraliza payelite schedule is schedule 51       778         Oraliza payelite is refurit from Schedule 31       778         Oraliza payelite is refurit from Schedule 31       779         Oraliza payelite is refurit from Schedule 31       779         Oraliza payelite is refurit from Schedule 31       779         Oraliza p   |  |  | 704   | (                  |
| Part VI tax payable from Schedule 3 1716   Part VI tax payable from Schedule 33 724   Part VI tax payable from Schedule 33 724   Part VI tax payable from Schedule 32 724   Part VI tax payable from Schedule 32 724   Point and retrificial particulation 729   O growted and terrificial particulation 720   Point and terrificial particulation 720   ON provincial and terrificial particulation 720   O provincial and terrificial particulation 721   O constant finant of the form T1131 728   O provincial and terrificial particulation 601   O a provincial and terrificial particulation 601   O a provincial and terrificial par   |  |  | 708   | (                  |
| Part VI Lap applain from Schedule 43       778         Part VI Lap applain from Schedule 83       724         Part XII Lap applain from Schedule 82       724         Pert XIV tax payable from Schedule 82       724         Pert XIV tax payable from Schedule 82       728         Pert XII Lap applain from Schedule 82       728         If more than one juriedictor, enter "multiple" are complete Schedule 63       788         Net provisiol and territorial tax spatial (scope Duebec, Chatro, and Abert)       788         Provincial territorial tax spatial (scope Duebec, Chatro, and Abert)       788         Provincial tax conducts tax codit refund from Schedule 81       778         Dividend refund from Schedule 81       778         Provincial and territorial tax payable investion to accell refund from Form T1137       787         Provincial and territorial tax payable investion to accell refund from Form T1137       778         Provincial and territorial tax payable investion to accell refund from Schedule 8       992         O       0       0         Tax emitted as accell refund from Schedule 8       992         O       0       0   |  |  | 712   | (                  |
| Part VI is a payable from Schedule 33               // 24               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72               // 72  |  |  | 716   | (                  |
| Part VI tax payable from Schedule 33 Part VI. It tax payable from Schedule 92 Provincial and territorial tax payable (xoaqt Cubecho, Charlo, and Aberla) Provincial tax on targe corporations (New Brunswick and Novs Scolia) Total tax payable [770] 491,70  Provincial and territorial tax payable [XIII] Provincial tax on targe corporations (New Brunswick and Novs Scolia) Total tax payable [770] 491,70 491,70  Provincial and territorial tax payable [XIII] Provincial tax on targe corporations (New Brunswick and Novs Scolia) Total tax payable [770] 491,70   |  | *  | 720   |                    |
| Part VI. It is payable from Schedule 92       727         Part XI. It is payable from Schedule 92       727         Part XI. Vice payable from Schedule 92       728         Provincial and terriforal tax:       4.91.71         Revenced or terriforation:       729         If more than on exhibition multiple" and complete Schedule 51       760         Net provincial and terriforal tax:       720         If more than on exhibition multiple" and complete Schedule 51       760         Provincial and terriforal tax:       710         Provincial tax on large corporations (New Brunswick and Nova Scala)       760         Provincial and terriforal tax:       710         Provincial tax on large corporations (New Brunswick and Nova Scala)       780         Provincial and terriforal tax:       710         Provincial and terriforal tax:       710         Provincial and terriforal tax:       717         O       717       72         O       717       727         Divect april and from Schedule 18       728  | Part VI tax payable from Schedule 38   |  |   |                    |
| Part XNI: tax payable from Schedule 22       reg         Part XNI: tax payable from Schedule 23       rotal federal tax:         Provincial and territorial tax:       Provincial retriction is usered tool in the payable form Schedule 31         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction, enter "multiple" and complete Schedule 51       0         (if now han one junisdiction enter the schedule 51       0         (if now schedule 51   |  | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  |   |                    |
| Part XM kap applies from Shedule 20       Total federal tax       491,71         Provincial and territorial jurisdiction       [750] ON       0         (if more than out-indigities the psychle (accept Quebee, Ontario, and Alberts)       [766]       0         Provincial and territorial tax       0       0         Viet control and territorial provincial form Schedule 31       [776]       0         Deduct other credits:       [776]       0         Investment tax credit refund from Schedule 31       [786]       0         Dividend refund from Schedule 31       [786]       0         Dividend refund from Schedule 31       [786]       0         Dividend refund from Schedule 31       [787]       0         Dividend refund from Schedule 31       [788]       0         Canadim film or video production tax credit refund from Form T1177       800       0         Total tax polyable       [797]       0       800       0         Tax withhold 3 control       [806]       0       0       0         Tax withhold 3 control       [806]       0       0       0         Tax withhold 3 controls from Schedule 16       [816]       0       0       0         Tax withhold 3 controls from Schedule 16       [816]       0       0   | Part XIII.1 tax payable from Schedule 92   |  | California (a) a second a s |                    |
| dd provincial and territorial tax:       Provincial territorial guideticon         Provincial territorial guideticon       Tradition         (if more than one jurisdiction, enter "multiple" and complete Schedule 5)         Net provincial and territorial tax payable (acceq) Cueleto, Chaino, and Alberta)       760         Provincial tax on large corporations (New Bunswick and Nova Scolia)       760         Divident offund from Schedule 31       760         Divident offund from Schedule 31       770         Divident offund from Schedule 31       776         Divident offund from Schedule 18       772         Federal captal gains refund from Schedule 18       772         Canadian line video production services tax credit refund from Form T1131       776         Total axpanetic dup offund from Schedule 18       981         Offunde production services tax credit refund from Schedule 19       984         Provincial and territorial captal gains refund from Schedule 19       984         Or consident dup offund from Schedule 19       984         Provincial and territorial teritorial territorial territorial territorial te  | Part XIV tax payable from Schedule 20  |  |   |                    |
| Deduct other credits:       Total tax payable       Total tax payable <t< th=""><th>(if more than one jurisdiction, enter "multip<br/>Net provincial and territorial tax payable (exc</th><th>ept Quebec, Ontario, and Alberta)</th><th></th><th></th></t<>  | (if more than one jurisdiction, enter "multip<br>Net provincial and territorial tax payable (exc | ept Quebec, Ontario, and Alberta)  |   |                    |
| beduct other credits:       Tavestment tax credit refund from Schedule 31       Tavestment from Schedule 32       Tavestment from Schedule 31       Tavestment from Schedule 31       Tavestment from Schedule 31       Tavestment from Schedule 31       Tavestment from Schedule 32       Tavestment from Schedule 31       Tavestment from Schedule 32       Tavestment from Schedule 31       Tavestment from Schedule 32       Tavestment from Schedule 32       Tavestment from Schedule   |  |  | 0   |                    |
| Investment tax credit refund from Schedule 31 179   Dividen or fund from page 6 784   Operating and part of from Schedule 18 784   Foderal qualitying environmental trust tax credit refund from Form T1131 786   Canadian film or video production services tax credit refund from Form T1131 786   Film or video production services tax credit refund from Form T1131 786   Total apprents on which tax has been withheld 801   O Allowable refund for on-resident-owned investment corporations   Frowincial and territorial organizations 804   O 915   Provincial and territorial refund from Schedule 18   Frowincial and territorial refund from Schedule 18   Provincial and territorial refund from Schedule 18   Provincial and territorial refund from Schedule 18   Balance (line A minus line 8)   It is instainents paid   Tax instainents paid   O   Tax instainents paid   O   Induct deposit refund   Geoge in quality for thomas on block:   Induct deposit refund   Induct deposit refund   Instauron number   Start   Certification   913   Start E   Porticies and instauton in Canada, or to change banking information year   Instaution number   111, 611;   112   113   114   115   115   116   116   117   1116   111 <   |  |  | Total tax payable 770   | 491,71             |
| Involvement tax creat return from Schoole 31 74   Outviend routh from page 6 744   Federal capital gains returnd from Schoole 18   Fordard quality environmental trust tax credit refund from Form T1131   798   Canadian film or video production tax credit refund from Form T1131   798   Film or video production tax credit refund from Form T1137   798   799   790   791   793   794   795   796   797   798   799   799   790   791   793   794   795   796   797   798   799   799   799   799   799   790   791   793   794   794   795   796   797   798   799   790   790   791   791   793   793   794   794   795   790   790   790   790   790   791   791   791   791   791   791   791   791   791   791   791   791   792   793   793  | Deduct other credits:  |  |   |                    |
| Divident feture from Schedule 18 Federal quality gains refund from Schedule 18 Federal quality gains quality gains quality for the one-month extension of the date the balance of tax is due? Federal quality gains quality gains quality for the one-month extension of the date the balance of tax is due? Federal quality gains quality for the one-month extension of the date the balance of tax is due? Federal quality gains quality for the one-month extension of the date the balance of tax is due? Federal quality gain the mathematic quality for the one-month extension of the  | Investment tax credit refund from Schedule 3   | 31   | ••  |                    |
| Federal capital gains refund from Schedule 18 788 0   Canadan film or video production services tax credit refund from Form T1131 786 0   Film or video production services tax credit refund from Form T1131 786 0   Canadan film or video production services tax credit refund from Form T1177 797 0   Tax withheld at source 801 0   Total payments on which tax has been withheld 801 0   Allowable refund for non-resident-owned investment corporations from Schedule 26 804 0   Provincial and territorial refundable tax credits from Schedule 18 808 0   Provincial and territorial refundable tax credits from Schedule 18 815 0   Royatiles deductible under Syncrude Remission Order 815 0   Tax instalments paid 0 480,106 480,106   Attendade and territorial refundable tax credits from Schedule 5 812 0   Catl payment 0 11,612 0   Refuence 814 0 0 11,612   Tax instalments paid 11,612 818 0 11,612   Catl deposit request 919 Account number 898 11,612   Start Change information 910 Balance (ine A ninus line 8) 11,612   Fit corporation is a Canadian-controlled private corporation throughout the taxation year, doe not hearpe or refund a difference of \$2 or less. 898 11,612   Start Change information 919 Account number 954 Direct Or FiNANCE <t< td=""><td>Dividend refund from page 6</td><td></td><td></td><td></td></t<>  | Dividend refund from page 6  |  |   |                    |
| Federal qualitying environmental trust tax credit refund 792 0   Canadian film or video production tax credit refund from Form T1131 796 0   Tax inthold at source 000 0   Total payments on which tax has been withheld 801 0   Allowable refund for non-resident-owned Investment corporations 0   Form Schedule 28 0   Provincial and torritorial capital gains refund from Schedule 18 00   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Provincial and torritorial capital gains refund from Schedule 18 0   Tax remited under Syncrude Remission Order 819   Otal credits 840 10.6   Refund code 844 0   Overpayment 0   Balance (line A minus line B) 11.611   Balance information 910   If the capitor synches have a balance unpaid.   Enclosed payment 986   11.611   Start Change information   Balance unpaid 11.612   Institution number 815   Account number 11.612   Enclosed payment 986 <td< td=""><td></td><td>8</td><td>. 7880</td><td></td></td<>   |  | 8  | . 7880  |                    |
| Canadian film or video production tax credit refund from Form T1131       796       0         Film or video production services tax credit refund from Form T1177       800       0         Tax withheld is source       801       0         Allowable refund for non-resident-owned investment corporations       804       0         Frowincial and territorial capital gains refund from Schedule 18       804       0         Provincial and territorial capital gains refund from Schedule 18       812       0         Provincial and territorial capital gains refund from Schedule 18       812       0         Provincial and territorial capital gains refund from Schedule 18       812       0         Revelties deductible under Synorude Remission Order       816       0       480,106         Tax instalments paid       Total credits       800       480,106       480,106         Refund code       894       0       O       0       11,631         To have the corporation's fault deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information year, account at a financial institution in Canada, or to change banking information year, account at a financial institution in Canada, or to change banking information year, account at a financial institution in Canada, or to change banking information year, account at a financial institution in Canada, or to change or fault adifference of \$2 or less.  |  |  | 792 0   |                    |
| Film or video production services tax credit refund from Form T1177       797       0         Tax withheld at source       0         Total payments on which tax has been withheld       801       0         Allowable refund for non-resident-owned investment corporations       804       0         From Schedule 28       0       804       0         Provincial and territorial capital gains refund from Schedule 18       804       0         Tax remitted under Syncrude Remission Order       816       0         Tax instalments paid       Total orgenital       816       0         Allowable refund code       894       0       0       480,106         Allowable refund code       894       0       0       480,106       480,106         Tax instalments paid       Total orgetits       804       0       0       480,106       480,106       480,106       480,106       480,106       480,106       480,106       11,61;       500       480,106       11,61;       500       480,106       500       480,106       500       500       500       500       500       500       500       500       500       500       500       500       500       500       500       500       500       500 <td< td=""><td></td><td></td><td>796 0</td><td></td></td<>   |  |  | 796 0   |                    |
| Tax withheld at source   |  |  | 797 0   |                    |
| Total payments on which tax has been withheld       801       0         Allowable refund for non-resident-owned investment corporations       804       0         Frowincial and territorial capital gains refund from Schedule 18       803       0         Provincial and territorial refundable tax cordits from Schedule 5       812       0         Royallise deductible under Syncucke Remission Order       816       0         Tax rentited under Syncucke Remission Order       816       0         Tax instalments paid       Total credits       890       480,106         Balance (line A minus line B)       11.61         Start       Change information balow:       11.61         Value aready gave us, complete the information balow:       910       Balance (line A minus line B)       11.61         914       Institution number       918       Account number       Balance unpaid       11.61         914       Institution number       918       Account number       Balance unpaid       11.61         914       Institution number       918       Account number       Balance unpaid       11.61         914       Institution number       919       SANDRA       956       DIRECTOR OF FINANCE         920       SLATER       951       SANDRA       956 <td></td> <td></td> <td>800 0</td> <td></td>  |  |  | 800 0   |                    |
| Total payments of multical for non-reliable and remindent comparisons       804       0         Provincial and territorial refundable tax credits from Schedule 18       804       0         Provincial and territorial refundable tax credits from Schedule 5       916       0         Revented and territorial refundable tax credits from Schedule 5       916       0         Tax remited under Syncrude Remission Order       818       0         Tax remited under Syncrude Remission Order       816       0         Tax remited under Syncrude Remission Order       816       0         Tax remited under Syncrude Remission Order       818       0         Direct deposit request       Total credits       890       480,106         To have the cooparation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you alwas a balance unpaid.       If the result is positive, you have a balance unpaid.         Start       Change information       910  |  |  |   |                    |
| from Schedule 26   |  |  |   |                    |
| mont Schedule 20       B08       0         Provincial and territorial capital gains refund from Schedule 16       B08       0         Provincial and territorial refundable tax credits from Schedule 5       0       B12       0         Royallies deductible under Syncrude Remission Order       B15       0       B18       0         Tax remitted under Syncrude Remission Order       B16       0       480,106       480,106         Tax remitted under Syncrude Remission Order       0       Balance (line A minus line B)       11,61         Tax remitted under Syncrude Remission Order       0       Balance (line A minus line B)       11,61         Tax remitted under Syncrude Remission Order       0       Balance (line A minus line B)       11,61         To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information Branch number       B11,61       Enclosed payment       11,61         914       Institution number       918       Account number       Belance unpaid       11,61         914       Institution number       918       Account number       Belance applies.       Belance applies.       Belance applies.       Belance applies.       Belance applies.       Belance applies.       Start       2 No X       X<  | Allowable refund for non-resident-owned inve   | estment corporations   |   |                    |
| Provincial and territorial central central gains rerund from Schoule 15       912       0         Royatties deductible under Synorude Remission Order       915       0         Tax remitted under Synorude Remission Order       916       0         Tax instalments paid       0       916       0         Sefund code       894       0       Overpayment       0       916       480,106         Mind code       894       0       Overpayment       0       11,61         Direct deposit request       If the result is negative, you have an overpayment.       If the result is negative, you have a balance unpaid.         Encound at difficiencial institution in Canada, or to change banking information you already gave us, complete the information below:       910       Enter the amount on whichever line applies.         914  | from Schedule 26   |  |   |                    |
| Provincial and territorial refundable tax credits from Schedule 5  | Provincial and territorial capital gains refund  | from Schedule 18   |   |                    |
| Revented under Syncrude Remission Order       11         Tax remited under Syncrude Remission Order       11         Tax instalments paid       Total credits       880       480,106       480,106         Refund code       894       0       Overpayment       0       Balance (line A minus line B)       111.61         If the result is negative, you have a balance unpaid.       Encerted teposit request       If the result is negative, you have a balance unpaid.         To have the corporation's refund deposited directly into the corporation's bank account at financial institution in Canada, or to change banking information you already gave us, complete the information below:       910       Enter the amount on whichever line applies.         914       Institution number       910       Balance unpaid       11,612         914       Institution number       818       11,612         914       Institution number       Account number       898       11,612         914       Institution number       Account number       898       11,612         914       Institution number       Account number       898       12,612         950       SLATER       951       SANDRA       954       Director or FINANCE         950       SLATER       951       SANDRA       954       Director or FINANCE  | Provincial and territorial refundable tax credi  | ts from Schedule 5   |   |                    |
| Tax remitted under Syncrude Remission Order       11         Tax instalments paid       Total credits         Tax instalments paid       Total credits         Refund code       894       O       Overpayment         O       Direct deposit request       If the result is negative, you have an overpayment. If the result is negative, you have an overpayment. If the result is negative, you have an overpayment. If the result is negative, you have an overpayment. If the result is negative, you have an ablance unpaid. Enter the amount on whichever line applies. We do not charge or refund a difference of \$2 or less.         Start       Change information       910         Institution number       Account number       Balance unpaid         Institution number       Account number       Balance unpaid         Institution number       918       Account number         If the corporation is a Canadian-controlled private corporation throughout the taxalion year, does it qualify for the one-month extension of the date the balance of tax is due?       956         O       SLATER       951       SANDRA       954       DIRECTOR OF FINANCE         955       2.0.0.50.4 - 0.8       Signature of the authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is to the based for the previous year excrept as specifically discloseed in a statemenentached to this return.      <   | Royalties deductible under Syncrude Rem  | hission Order 815  | 0   |                    |
| Tax instalments paid       10 <td< th=""><th>Tax remitted under Syncrude Remission Ord</th><th>ler</th><th></th><th></th></td<>   | Tax remitted under Syncrude Remission Ord  | ler  |   |                    |
| Refund code       894       Overpayment       0       480,106       480,106         Direct deposit request       0       Balance (line A minus line B)       11,61         To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:       If the result is negative, you have a balance unpaid. Entire the amount on whichever line applies. We do not charge or refund a difference of \$2 or less.         914       Institution number       910       Balance unpaid       11,612         914       Institution number       910       Balance unpaid       11,612         914       Institution number       910       Balance unpaid       11,612         914       Institution number       910       Enclosed payment       10,612         914       Institution number       910       Enclosed payment       10,612         914       Institution number       Account number       Enclosed payment       10,612         915       SANDRA       954       DIRECTOR OF FINANCE       2 No X         - Certification       954       DIRECTOR OF FINANCE       955       2 00,5-0,4-0.8       956       51,9-77.6-52.91         Ista at ame in block letters       First name in block letters       Pose  |  |  | 840 480,106   |                    |
| Refund code       894       Overpayment       Overpayment       Overpayment       Balance (line A minus line B)       11,61            — Direct deposit request        If the result is negative, you have a overpayment.        If the result is negative, you have a balance unpaid.             To have the corporation's refund deposited directly into the corporation's bank         account at a financial institution in Canada, or to change banking information         you already gave us, complete the information below:        If the result is negative, you have a balance unpaid.             Start        Change information        910        If the result is negative, you have a balance unpaid.             Pital        Institution number        910        Enter the amount on whichever line applies.             Pital        918        Account number        Balance unpaid        11,612             Pital        918        Account number        Balance unpaid        11,612             Pital        1918        Account number        Balance unpaid        11,612            Institution number        918        Account number        Balance unpaid        11,612             Pita corporation is a Canadian-controlled private corporatio  |  | Total credi  | ts 890 480,106  | 480,10             |
| Late device Direct deposit request   To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:   Istart Change information   910 Branch number   914 918   Institution number Account number   Istart P18   Account number Branch number   Institution number Account number   Balance unpaid 11,612   914 918   Institution number Account number   Balance unpaid 11,612   Institution number Account number   Both Registrice 2 No X   Certification 950 SLATER 951 SANDRA 954 DIRECTOR OF FINANCE Position, office, or rank m an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. If urther certify that the method of calculating companying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. If urther certify that the method of calculating companying schedules and statements, and the taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.   955 2005-04-08   Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation below   958 Name in block letters   Name in block letter  | Refund code 894 0 Overnavme  | ent 0  | Balance (line A minus line B)   | 11,61              |
| To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:       If the result is positive, you have a balance unpaid. Enter the amount on whichever line applies. We do not charge or refund a difference of \$2 or less.         Image: Start       Change information       910         Image: Institution number       Image: Imag   |  |  |   |                    |
| To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:   Start Change information   910   | Direct deposit request   |  | If the result is negative, you have a   | n overpayment.     |
| account at a financial institution in Canada, or to change banking information         you already gave us, complete the information below:         Start       Change information         910   |  | rectly into the corporation's bank   | If the result is positive, you have a   | balance unpaid.    |
| you already gave us, complete the information below:<br>Start Change information 910<br>Branch number<br>Branch numbe | account at a financial institution in Canada, or   | r to change banking information  |   |                    |
| Start       Change information       910   | you already gave us, complete the information  | n below:   |   | rence              |
| Branch number       Branch number       Balance unpaid       11,61:         914       918       Account number       Balance unpaid       11,61:         Institution number       Account number       Balance unpaid       11,61:         if the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?       Bef 1 Yes       2 No X         - Certification   |  | 910  | or \$2 or less.   |                    |
| 914       918       Enclosed payment       898       11,612         Institution number       Account number       Enclosed payment       898       11,612         if the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?       896       1 Yes       2 No       X         - Certification       951       SANDRA       954       DIRECTOR OF FINANCE       Position, office, or rank         950       SLATER       951       SANDRA       954       DIRECTOR OF FINANCE       Position, office, or rank         man authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating come for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       957       1 Yes       2 No         958   | Start Change Information   |  | Relence uppeid  | 11 613             |
| Institution number       Account number       Enclosed payment       898       11,61:         If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?       896       1 Yes       2 No X         — Certification  |  | Branch Humber  |   | 11,012             |
| Instruction number         if the corporation is a Canadian-controlled private corporation throughout the taxation year,         if the corporation is a Canadian-controlled private corporation throughout the taxation year,         if the corporation is a Canadian-controlled private corporation throughout the taxation year,         if the corporation is a Canadian-controlled private corporation throughout the taxation year,         if the corporation is a Canadian-controlled private corporation throughout the taxation year,         if the corporation is a Canadian-controlled private corporation of the date the balance of tax is due?         if the corporation is a Canadian-controlled private corporation of the date the balance of tax is due?         if the corporation is a Canadian-controlled private corporation.         if the corporation is a consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         if the contact person the same as the authorized signing officer? If No, complete the information below         if the contact person the same as the author  |  |  |   | 11 613             |
| does it qualify for the one-month extension of the date the balance of tax is due?       Ites 2 NO X         - Certification       951 SANDRA       954 DIRECTOR OF FINANCE         Position, office, or rank       Position, office, or rank         M an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, nd that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating come for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       957       1 Yes       2 No         958  |  |  |   |                    |
| 950       SLATER       951       SANDRA       954       DIRECTOR OF FINANCE         Last name in block letters       First name in block letters       Position, office, or rank         m an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, not that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating come for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       Telephone number         958       Name in block letters       959       2005         Name in block letters       Telephone number         958       Name in block letters       Telephone number         958       Indicate the language of your choice.       1 English/Anglais       X       2 Francais/French   | If the corporation is a Canadian-controlled prides it qualify for the one-month extension of     | vate corporation throughout the taxation year, the date the balance of tax is due?   | 896 1 Yes   | 2 No X             |
| 950       SLATER       951       SANDRA       954       DIRECTOR OF FINANCE         Last name in block letters       First name in block letters       Position, office, or rank         m an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, not that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating come for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       Telephone number         958       Name in block letters       959       2005         Name in block letters       Telephone number         958       Name in block letters       Telephone number         958       Indicate the language of your choice.       1 English/Anglais       X       2 Francais/French   | - Certification  |  | ()  |                    |
| Last name in block letters       First name in block letters       Position, office, or rank         m an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, including accompanying schedules and statements attached to this return.         955       2005-04-08       956       519-776-5291       Telephone number         958       959       959       959       1  | 950 SLATER   | 951 SANDRA   |   |                    |
| man authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements,<br>and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating<br>icome for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.<br>955 2005-04-08<br>Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation<br>956 519-776-5291<br>Telephone number<br>958 2005 - 04 - 08<br>Date (yyyy/mm/dd) Signature of the authorized signing officer? If No, complete the information below<br>957 1 Yes X 2 No<br>958 7 1 Yes X 2 No<br>958 7 1 Pelphone number<br>959 9 7 1 Yes X 2 No<br>959 7 1 Yes X 2 Francais/French   |  |  | rs Position, offi   | ce, or rank        |
| and that the information given on this return is, to the best of my knowledge, correct and complete. Further certify that the method of calculating is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.         955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       957       1 Yes       X       2 No         958       959       959       959       1 Yes       X       2 No       1         958       959       959       959       1 Yes       X       2 No       1         958       1 Anguage of correspondence - Langue de correspondance       1 English/Anglais       X       2 Français/French       1   | am an authorized signing officer of the cornorat   | ion. I certify that I have examined this return, i   | ncluding accompanying schedules and staten  | nents,             |
| 955       2005-04-08       956       519-776-5291         Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       Telephone number         958  | and that the information given on this return is   | to the best of my knowledge correct and com  | niete. I turther certify that the method of calcu   | laung              |
| Date (yyyy/mm/dd)       Signature of the authorized signing officer of the corporation       Telephone number         a the contact person the same as the authorized signing officer? If No, complete the information below       957       1 Yes       X       2 No         958       959         Telephone number         Date (yyyy/mm/dd)         Signature of the authorized signing officer? If No, complete the information below         958       959         Telephone number         Date (yyyy/mm/dd)         Name in block letters         Telephone number         Date (py your choice.         Indicate the language of your choice.         1 English/Anglais         X  |  | and a manager of the state of t |   |                    |
| s the contact person the same as the authorized signing officer? If <i>No</i> , complete the information below 957 1 Yes X 2 No 958<br>958   | 955 2005-04-08   |  |   |                    |
| the contact person the same as the authorized signing officer? If <i>No</i> , complete the information below  957 1 Yes X 2 No  959  959  Telephone number  Language of correspondence - Langue de correspondance  Indicate the language of your choice.  1 English/Anglais X 2 Francais/Erench  | Date (yyyy/mm/dd) Sig  | gnature of the authorized signing officer of the   | corporation Tel   | ephone number      |
| 958 959<br>Name in block letters Telephone number<br>— Language of correspondence - Langue de correspondance<br>Indicate the language of your choice. 1 English/Anglais X 2 Français/French  |  | ed signing officer? If No, complete the information  | tion below 957 1 Yes  | <b>X</b> 2 No      |
| 958     Telephone number       Language of correspondence - Langue de correspondance     Telephone number       Indicate the language of your choice.     1 English/Anglais     X 2 Français/French  |  |  |   |                    |
| Name in block letters     Telephone number       —     Language of correspondence - Langue de correspondance   | 958  |  |   |                    |
| Indicate the language of your choice.  |  | ne in block letters  | Tel   | ephone number      |
| Indicate the language of your choice.  |  |  |   |                    |
|  |  |  |   |                    |
|  |  |  | 1 English/Anglais X 2 Français/Fre  | ench               |

| GENERAL INDEX OF FINANCIAL INFORMATION (GIFI) Opening Balance Sheet |            |   |            |  |  |
|---|------------|---|------------|--|--|
| gifi A  | Account    | Description   | Amount     |  |  |
| — Asset   | ts ———     |   |            |  |  |
| 1599  |            | Total current assets  |            |  |  |
| 2008  |            | Total tangible capital assets   | + 0        |  |  |
| 2009  |            | Total accumulated amortization of tangible capital assets   |            |  |  |
| 2178  |            | Total intangible capital assets   |            |  |  |
| 2179  |            | Total accumulated amortization of intangible capital assets   | - 0        |  |  |
| 2589  |            | Total long-term assets  | + 0        |  |  |
| 2590  |            | Assets held in trust  | + 0        |  |  |
|   |            |   | ********** |  |  |
| 2599  |            | Total Assets (mandatory field)  | = 0        |  |  |
|   |            |   |            |  |  |
| 3450<br>3460<br>3470  |            | Total long-term liabilities<br>Subordinated debt<br>Arnounts held in trust<br>Total liabilities (mandatory field) | 0<br>0<br> |  |  |
| Shar<br>3620  | eholder eo | quity —<br>Total shareholder equity (mandatory field)   | 0          |  |  |
| 3640  |            | Total Liabilities and Shareholder Equity  | 0          |  |  |
| 3849  |            | Retained Earnings/Deficit - End (mandatory field)   | 0          |  |  |

Corporate Taxprep / Taxprep des sociétés - TP-10

E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

Sch. 101 2004-12-31

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

#### 2004-12-31

Sch. 100

#### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

| Identification of the corporati | on (Imported Data) |                   |            |
|---------------------------------|--------------------|-------------------|------------|
| Name of the corporation         | E.L.K. Energy Inc. |                   |            |
| Business Number                 | 866567787RC0001    | Taxation year end | 2004-12-31 |
| Address                         |                    | City              | ESSEX      |
| Province, Territory             |                    | Postal code       | N8M-3E4    |
|                                 |                    |                   |            |

#### **Balance Sheet**

| iIFI   | Account | Description   |   | Amount     | Prior<br>Year |  |
|--|---------|---|---|------------|---------------|--|
|  | iets —— | Total current assets  | + | 12,003,675 | 12,099,811    |  |
| 1599<br>2008<br>2009<br>2178<br>2179<br>2589<br>2590 |         | Total tangible capital assets                               |   | 18,102,055 | 17,686,266    |  |
| 009  |         | Total accumulated amortization of tangible capital assets.  |   | 10,388,863 | 9,780,954     |  |
| 178  |         | Total intangible capital assets                             |   | 0          | 0             |  |
| 179  |         | Total accumulated amortization of intangible capital assets |   | 0          | 0             |  |
| 89   |         | Total long-term assets                                      | ÷ | 1,036,602  | 1,141,274     |  |
| 590  |         | Assets held in trust  | + | 0          | 0             |  |
|  |         |   |   |            |               |  |
| 99   |         | Total Assets (mandatory field)                              | = | 20,753,469 | 21,146,397    |  |

|   |                                     |             |            | _ |
|---|-------------------------------------|-------------|------------|---|
| Liabilities —<br>3139<br>3450<br>3460<br>3470 | Total current liabilities.          | 8,462,392   | 10,190,514 |   |
| 3450  | Total long-term liabilities         | 902,225     | 855,137    |   |
| 3460  | Subordinated debt                   | 0           | 0          |   |
| 3470  | Amounts held in trust               | 0           | 0          |   |
|   |                                     |             |            |   |
| 3499  | Total liabilities (mandatory field) | 9,364,617   | 11,045,651 |   |
|   |                                     | *********** |            |   |
|   |                                     |             |            |   |

| Shareholder equity | 11,388,852 | 10,100,746 |  |
|--------------------|------------|------------|--|
|--------------------|------------|------------|--|

| 3640 | Total Liabilities and Shareholder Equity | 20,753,469 | 21,146,397 |  |
|------|--|------------|------------|--|
|      |  |            |            |  |
|      |  |            |            |  |

| 3849 | Retained Earnings/Deficit - End (mandatory field) | 6,986,379 | 5,698,273 |  |
|------|---|-----------|-----------|--|
|      |   |           |           |  |
|      |   |           | 14:4      |  |

Corporate Taxprep / Taxprep des sociétés - TP-10

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

#### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

#### **Current Assets**

| GIFI                         | Account     | Description   | Amount      | Prior<br>year |  |
|------------------------------|-------------|---|-------------|---------------|--|
| — Cas                        | h and depos |   | 7,129,283   | 7,478,565     |  |
| 1000                         |             | Cash and deposits   | 0           | 0             |  |
| 1002                         |             | Deposits in Canadian banks and institutions<br>- Canadian currency<br>Deposits in Canadian banks and institutions | 0           | 0             |  |
| 1003                         |             | - foreign currency  | 0           | 0             |  |
| 1003<br>1004<br>1005<br>1006 |             | Deposits in foreign banks - Canadian currency   | 0           | 0             |  |
| 1005                         |             | Deposits in foreign banks - foreign currency.   | 0           | 0             |  |
| 1006                         |             | Credit union central deposits   | 0           | 0             |  |
| 1007                         |             | Other cash like instruments   | 0           | 0             |  |
|                              |             |   |             |               |  |
|                              |             | Cash and deposits   | + 7,129,283 | 7,478,565     |  |

| — Accounts re                | ceiv | able   | _ |           |           |  |
|------------------------------|------|--|---|-----------|-----------|--|
| 1060                         | *    | Accounts receivable                            |   | 1,708,625 | 1,802,614 |  |
| <b>۲</b> ٦                   |      | Trade accounts receivable                      |   | 2,753,894 | 2,530,295 |  |
| 100+                         |      | Trade accounts receivable from related parties |   | 0         | 0         |  |
| 1066                         |      | Taxes receivable                               |   | 0         | 0         |  |
| 1067                         |      | Interest receivable                            |   | 0         | 0         |  |
| 1067<br>1068<br>1069<br>1071 |      | Holdbacks receivable                           |   | 0         | 0         |  |
| 1069                         |      | Leases receivable                              |   | 0         | 0         |  |
| 1071                         |      | Accounts receivable from employees             |   | 0         | 0         |  |
| 1073                         |      | Amounts receivable from members of NPOs        |   | 0         | 0         |  |
|                              |      |  |   |           | ********* |  |
|                              |      | Accounts receivable                            | + | 4,462,519 | 4,332,909 |  |
|                              |      |  |   |           |           |  |
|                              |      |  |   |           |           |  |

| - Allowance for c | oubtful accounts   |            |   |  |
|-------------------|--|------------|---|--|
| 1061 *            | Allowance for doubtful accounts                                  | 0          | 0 |  |
| 1063              | Allowance for doubtful trade accounts receivable                 | 0          | 0 |  |
| 1065              | Allowance for doubtful trade accounts receivable related parties | 0          | 0 |  |
| 1070              | Allowance for doubtful amounts contained in leases receivable.   | 0          | 0 |  |
| L                 | Allowance for doubtful accounts receivable from employees        | 0          | 0 |  |
|                   |  |            |   |  |
|                   | Allowance for doubtful accounts                                  | 0          | 0 |  |
|                   |  | ********** |   |  |
|                   |  |            |   |  |

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| L.K. En        | ergy Inc.<br>usiness No.: 866567787RC0001 Year Ende |             | 2004-12-31 | Sch. 1599 |
|----------------|---|-------------|------------|-----------|
| count/B        | usiness No.: 866567787RC0001 Year Ende              | 34:         | 2004-12-51 |           |
| Inventories    |   |             |            |           |
| ) *            | Inventories   | 338,326     | 251,137    |           |
| í              | Inventory of goods for sale                         | 0           | 0          |           |
| -              | Inventory parts and supplies                        | 0           | 0          |           |
|                | Inventory properties                                | 0           | 0          |           |
|                | Inventory of aggregates                             | 0           | 0          |           |
| 5              |   | 0           | 0          |           |
| <u>,</u>       | Work in progress                                    | 0           | 0          |           |
| 2              | Raw materials                                       | 0           | 0          |           |
| J              | Inventory of securities                             | 0           |            |           |
|                |   | + 338,326   | 251,137    |           |
|                | Inventories   |             | 251,157    |           |
|                |   |             |            |           |
| Short-term inv | estments  | 0           | 0          |           |
| ĺ              | Canadian term deposits                              | 0           | 0          |           |
| 2              | Canadian shares                                     | 0           | 0          |           |
| 1              | Canadian bonds                                      | 0           | 0          |           |
| ลี             | Canadian treasury bills                             | 0           | 0          |           |
| 5              | Securities purchased under resale agreements        | 0           | 0          |           |
|                | Other short-term Canadian investments               | 0           | 0          |           |
|                |   | 0           | 0          |           |
| <u>_</u>       | Short-term foreign investments                      |             |            |           |
|                |   | + 0         | 0          |           |
|                | Short-term investments                              |             |            |           |
|                |   |             |            |           |
| Loans and no   | tes receivable                                      |             |            |           |
|                | Loans and notes receivable                          | 0           | 0          |           |
| 1              | Demand loans receivable                             | 0           | 0          |           |
| 2              | Other loans receivable                              | 0           | 0          |           |
| =              |   | 0           | 0          |           |
| 3              | Notes receivable                                    | 0           | 0          |           |
| 4              | Mortgages receivable                                |             |            |           |
|                |   | + 0         | 0          |           |
|                | Loans and notes receivable                          |             |            |           |
|                |   |             |            |           |
| Due from sha   | reholder(s)/director(s)                             |             |            |           |
| o .            | * Due from shareholder(s)/director(s)               | 0           | 0          |           |
| 1              | Due from individual shareholder(s).                 | 0           | 0          |           |
| 2              | Due from corporate shareholder(s)                   | 0           | 0          |           |
| ∩]             | Due from director(s)                                | 0           | 0          |           |
|                |   |             |            |           |
|                | Due from shareholder(s)/director(s)                 | + 0         | 0          |           |
|                |   | *********** | *********  |           |
|                |   |             |            |           |
|                |   |             |            |           |
| 0              | Investment in joint venture(s)/partnership(s)       | + 0         | 0          |           |

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| L.K.   | Energy Inc.<br>/Business No.:866567787RC0001 Year Ende  | ed:                   | 2004-12-31       | Sch. 1599 |
|--|---|-----------------------|------------------|-----------|
| ccount   |   |                       |                  |           |
|  | nvestment in related parties  |                       |                  |           |
| 1400   | * Due from/investment in related parties  | 0                     | 0                |           |
| 401  | Demand notes from related parties   | 0                     | 0                |           |
| 1402   | Interest receivable from related parties  | 0                     | 0                |           |
| 1403   | Loans/advances due from related parties   | 0                     | 0                |           |
|  |   |                       |                  |           |
|  | Due from/investment in related parties  | + 0                   | 0                |           |
|  |   | **********            |                  |           |
| 1460   | Customers' liability under acceptances.   | + 0                   | 0                |           |
|  |   | + 0                   | 0                |           |
| Other curr   | ent assets  | + 0                   | 0                |           |
| — Other curr   | ent assets  |                       |                  |           |
| Other curr<br>480<br>481   | * Other current assets<br>Deferred income taxes   |                       |                  |           |
| Other curr   | * Other current assets<br>Deferred income taxes<br>Accrued investment income .  |                       |                  |           |
| - Other curr<br>480<br>481<br>482<br>483                           | * Other current assets<br>Deferred income taxes<br>Accrued investment income<br>Taxes recoverable/refundable  |                       |                  |           |
| - Other curr   | * Other current assets<br>Deferred income taxes<br>Accrued investment income<br>Taxes recoverable/refundable<br>Prepaid expenses                          | 0<br>0<br>0<br>0      | 0<br>0<br>0<br>0 |           |
| - Other curr<br>480<br>481<br>482<br>483<br>484<br>485             | * Other current assets     Deferred income taxes     Accrued investment income .     Taxes recoverable/refundable.     Prepaid expenses Drilling advances | 0<br>0<br>0<br>73,547 | 0<br>0<br>0<br>0 |           |
| - Other curr   | * Other current assets<br>Deferred income taxes<br>Accrued investment income<br>Taxes recoverable/refundable<br>Prepaid expenses                          | 0<br>0<br>0<br>73,547 | 0<br>0<br>0<br>0 |           |
| Other curr<br>1480<br>1481<br>1482<br>1483<br>1484<br>1485<br>1486 | * Other current assets     Deferred income taxes     Accrued investment income .     Taxes recoverable/refundable.     Prepaid expenses Drilling advances | 0<br>0<br>0<br>73,547 | 0<br>0<br>0<br>0 |           |

 Image: Total Current Assets
 = 12,003,675
 12,099,811

\* Generic Item

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### E.L.K. Energy Inc.

Year Ended: Account/Business No.: 866567787RC0001

Sch. 2008 2004-12-31

#### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

#### **Tangible Capital Assets**

| Account  | Description  | Amount  | Prior<br>year  |  |
|--|--|---|--|--|
| <br>J  | Land   | 156,387   | 156,387  |  |
| j  | Land improvements  | - 0   | 0  |  |
| Depletable as:   | sets   |   |  |  |
| -  | * Depletable assets  | 0   | 0  |  |
| 2  | Petroleum and natural gas properties   | 0   | 0  |  |
| 4  | Mining properties  | 0   | 0  |  |
| 6  | Deferred exploration and development charges   | 0   | 0  |  |
| 8  | Quarries   | 0   | 0  |  |
| 6<br>8<br>0  | Gravel pits  | 0   | 0  |  |
| 2  | Timber limits  | 0   | 0  |  |
|  |  | + 0   | 0  |  |
|  | Depletable assets  |   |  |  |
| Buildings —  | * Buildings<br>Manufacturing and processing plant<br>Buildings under construction  | 2,960,271<br>0<br>0   | 2,820,441<br>0<br>0  |  |
| 2  |  | 0<br>0<br>+ 2,960,271   | 0  |  |
| 4  | Manufacturing and processing plant<br>Buildings under construction   | 0<br>0<br>+ 2,960,271   | 0<br>0<br>2,820,441  |  |
| 4  | Manufacturing and processing plant<br>Buildings under construction<br>Buildings<br>quipment, furniture, and fixtures<br>* Machinery, equipment, furniture, and fixtures  | 0<br>0<br>+ 2,960,271   | 0<br>0<br>2,820,441<br>14,709,438                          |  |
| ∠<br>4<br>Machinery, eo  | Manufacturing and processing plant<br>Buildings<br>Buildings<br>guipment, furniture, and fixtures  | 0   | 0<br>0<br>2,820,441  |  |
| ∠<br>4<br>Machinery, ec  | Manufacturing and processing plant<br>Buildings under construction<br>Buildings<br>quipment, furniture, and fixtures<br>* Machinery, equipment, furniture, and fixtures  | 0<br>0<br>+ 2,960,271<br>====================================     | 0<br>0<br>2,820,441<br>14,709,438                          |  |
| A<br>Machinery, ec<br>0  | Manufacturing and processing plant<br>Buildings under construction<br>Buildings<br>quipment, furniture, and fixtures<br>* Machinery, equipment, furniture, and fixtures<br>Motor vehicles<br>Tools and dies  | 0<br>0<br>+ 2,960,271<br>====================================     | 0<br>0<br>2,820,441<br>14,709,438<br>0                     |  |
| A<br>Machinery, ec<br>0  | Manufacturing and processing plant<br>Buildings under construction<br>Buildings<br>quipment, furniture, and fixtures<br>* Machinery, equipment, furniture, and fixtures<br>Motor vehicles<br>Tools and dies<br>Construction and excavating equipment   | 0<br>0<br>+ 2,960,271<br>   | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0                |  |
| Machinery, ec  | Manufacturing and processing plant<br>Buildings under construction<br>Buildings  | 0<br>0<br>+ 2,960,271<br>   | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0           |  |
| Machinery, ec<br>0<br>2<br>4<br>8<br>8   | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0           | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0           |  |
| 4<br>4<br>Machinery, ec<br>0<br>2<br>4<br>6<br>8<br>8<br>0<br>0<br>2   | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| Machinery, ec<br>0<br>2<br>4<br>6<br>8<br>10   | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| 4<br>4<br>Machinery, ec<br>0<br>2<br>4<br>6<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8<br>8  | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| <u>الم</u>   | Manufacturing and processing plant.         Buildings under construction.         Buildings         Buildings         *         Machinery, equipment, furniture, and fixtures.         Motor vehicles.         Tools and dies.         Construction and excavating equipment.         Forestry and logging equipment.         Fishing gear and nets.         Mining equipment for resource industries.         Production equipment for other than resource industries.                                  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| <u>الم</u>   | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| <u>الم</u>   | Manufacturing and processing plant.<br>Buildings under construction.<br>Buildings<br>guipment, furniture, and fixtures<br>* Machinery, equipment, furniture, and fixtures.<br>Motor vehicles.<br>Tools and dies.<br>Construction and excavating equipment.<br>Forestry and logging equipment.<br>Forestry and logging equipment.<br>Fishing gear and nets.<br>Mining equipment.<br>Oil and gas systems.<br>Production equipment for resource industries.<br>Production equipment.<br>Shipping equipment. | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| ۲         4         Machinery, ec         0         ١٤         ٩         ٥         ١٤         ٩         ٥         ١٤         ٩         ١٤         ٩         ١٤     < | Manufacturing and processing plant.<br>Buildings under construction  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0      | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |
| <u>الم</u>   | Manufacturing and processing plant.<br>Buildings under construction  | 0<br>0<br>+ 2,960,271<br>14,985,397<br>0<br>0<br>0<br>0<br>0<br>0 | 0<br>0<br>2,820,441<br>14,709,438<br>0<br>0<br>0<br>0<br>0 |  |

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| ccount/Business No.: 866567787RC0001 Year Ende   | d:           | Sch.<br>2004-12-31                                  | 2008 |
|--|--------------|---|------|
| - Machinery, equipment, furniture, and fixtures (cont'd)   |              |   |      |
| 70 Small tools   | 0            | 0   |      |
| 72 Radio and communication equipment.  | 0            | 0   |      |
| Kadio and communication equipment  | 0            | 0   |      |
| Musical instruments  | 0            | 0   |      |
| 3 Satellites   | 0            | 0   |      |
| Earth stations   | 0            | 0   |      |
|  | 0            | 0   |      |
|  | ů<br>O       | 0   |      |
|  | 0            | Ő   |      |
| Other machinery and equipment  | 0            | 0   |      |
| Furniture and fixtures   | U            | Ū   |      |
|  | + 14.985,397 | 14,709,438  |      |
| Machinery, equipment, furniture, and fixtures  |              | 14,709,438  |      |
|  |              |   |      |
|  |              |   |      |
| * Other tangible capital assets  | 0            | 0   |      |
| Conter tangible capital assets   |              | 0<br>0<br>0   |      |
| Conter tangible capital assets   |              | 0<br>0<br>0<br>0                                    |      |
| * Other tangible capital assets         Logging roads         Asphalt and parking areas         Wharves         Fences   |              | 0<br>0<br>0<br>0<br>0<br>0                          |      |
| <ul> <li>* Other tangible capital assets</li> <li>Logging roads</li> <li>Asphalt and parking areas</li> <li>Wharves</li> <li>Fences</li> <li>Capital leases - buildings</li> </ul>   |              | 0<br>0<br>0<br>0<br>0<br>0<br>0                     |      |
| <ul> <li>* Other tangible capital assets</li> <li>Logging roads</li> <li>Asphalt and parking areas</li> <li>Wharves</li> <li>Fences</li> <li>Capital leases - equipment</li> </ul>   |              | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0           |      |
| <ul> <li>* Other tangible capital assets</li> <li>Logging roads</li> <li>Asphalt and parking areas</li> <li>Wharves</li> <li>Fences</li> <li>Capital leases - buildings</li> <li>Capital leases - equipment</li> <li>Capital leases - vehicles</li> </ul>  |              | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |      |
| * Other tangible capital assets         Logging roads         Logging roads         Asphalt and parking areas         Wharves         Fences         Capital leases - buildings         Capital leases - equipment         Capital leases - vehicles   |              |   |      |
| *       Other tangible capital assets         Logging roads       Logging roads         Asphalt and parking areas       Mharves         Wharves       Fences         Capital leases - buildings       Capital leases - equipment         Capital leases - vehicles       Capital leases - others |              |   |      |
| 2       Logging roads  |              |   |      |

Other tangible capital assets

2008

Total Tangible Capital Assets

= 18,102,055 17,686,266

0

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\* Generic Item

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#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

#### Sch. 2009 2004-12-31

### GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

#### Accumulated Amortization of Tangible Capital Assets

| GIFI Account  | Description  | Amount   | Prior<br>year  | 6 |
|---|--|--|--|---|
| 1602  | Land improvements  | 0  | 0  |   |
| Accumulated a 1621 * 1623 1625 1627 1629 1631 1633  | mortization of depletable assets         Depletable assets         Petroleum and natural gas properties         Mining properties         Deferred exploration and development charges.         Quarries         Gravel pits         Timber limits.         Accumulated amortization of depletable assets  | 0<br>0<br>0<br>0<br>0<br>0<br>0  | 0<br>0<br>0<br>0<br>0<br>0   |   |
| 1681 *  | mortization of buildings   | 2,162,535  | 1,984,428  |   |
| 1683  | Manufacturing and processing plant,  | 0<br>+ 2,162,535   | 0<br>1,984,428   |   |
| Accumulated a<br>1741 *<br>1743<br>1745<br>1745<br>1749<br>1751<br>1755<br>1755<br>1757<br>1759<br>1761<br>1763<br>1765<br>1776<br>1775<br>1775<br>1777<br>1779<br>1777<br>1779<br>1778<br>1778<br>1778 | mortization of machInery, equipment, furniture, and fixtures         Machinery, equipment, furniture, and fixtures.         Motor vehicles.         Tools and dies.         Construction and excavating equipment.         Forestry and logging equipment.         Forestry and logging equipment.         Fishing gear and nets.         Mining equipment.         Oil and gas systems.         Production equipment for resource industries.         Production equipment.         Shipping equipment.         Shipping equipment.         Ships and boats.         Aircraft.         Signs.         Small tools.         Radio and communication equipment.         Computer equipment/software.         Musical instruments.         Satellites.         Earth stations.         Transportation equipment. | 8,226,328<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 7,796,526<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |   |

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| .L.K. E       | nergy Inc.  |            | Sch. 2009<br>2004-12-31 |
|---------------|---|------------|-------------------------|
| count/        | Business No.: 866567787RC0001 Year Ende                   | ea:        | 2004-12-31              |
| - Accumulater | d amortization of other tangible capital assets           |            |                         |
| 01            | * Other tangible capital assets                           | 0          | 0                       |
| 103           | Logging roads   | 0          | 0                       |
| 05            | Asphalt and parking areas                                 | 0          | 0                       |
| 07            | Wharves   | 0          | 0                       |
| 09            | Fences  | 0          | 0                       |
| 11            | Capital leases - buildings                                | 0          | 0                       |
| 3             | Capital leases - equipment                                | 0          | 0                       |
| 5             | Capital leases - vehicles                                 | 0          | 0                       |
| 7             | Capital leases - others                                   | 0          | 0                       |
| 9             | Leasehold improvements                                    | 0          | 0                       |
| 2             | Campsites   | 0          | 0                       |
|               |   |            |                         |
|               | Accumulated amortization of other tangible capital assets | + 0        | 0                       |
|               |   | ********** |                         |

| 2009           | Total Accumulated Amortization of Tangible Capital Assets | =    | 10,388,863    | 9,780,954                    |  |
|----------------|---|------|---------------|------------------------------|--|
| * Generic Item | Corporate Taxprep   | / Ta | xprep des soc | Page 2 of 2<br>iétés - TP-10 |  |

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Year Ended:

#### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

#### Long-Term Assets

| SIFI Account  | Description  | Ar | mount  | Prior<br>year |
|---|--|----|--|---------------|
|   |  |    |  |               |
|   | holder(s)/director(s)  |    | 0  | 0             |
| *   | Due from shareholder(s)/director(s)  |    | 0  | 0             |
| 2181  | Due from individual shareholder(s)   |    | U  | 0             |
| 2181<br>2182<br>2183  | Due from corporate shareholder(s)  |    | 0  | 0             |
| 2183  | Due from director(s)   |    | 0  | U             |
|   |  | -  |  |               |
|   | Due from shareholder(s)/director(s)  | +  | 0  | 0             |
|   |  | 87 | **********   |               |
|   |  |    |  |               |
| 190   | Due from members   | ÷  | 0  | 0             |
|   |  | т  | 0  | 0             |
| 2200  | Investment in joint venture(s)/partnership(s)  | т  | 0  |               |
|   | Investment in joint venture(s)/partnership(s)<br>Due from joint venture(s)/partnership(s)  | +  | 0  | 0             |
|   |  | +  | v  | 0             |
| Due from/inves  | Due from joint venture(s)/partnership(s)   | +  | 0  |               |
| — Due from/inves  | Due from joint venture(s)/partnership(s)   | +  | 0  | 0             |
| – Due from/inves  | Due from joint venture(s)/partnership(s)   | +  | 0  | 0             |
| * 2241 2242   | Due from joint venture(s)/partnership(s)   | +  | 0  | 0<br>0<br>100 |
| Due from/inves<br>*<br>2241/<br>2242<br>2243  | Due from joint venture(s)/partnership(s)   | +  | 0<br>0<br>0<br>100<br>0  | 0             |
| Due from/inves<br>*<br>2241/<br>2242<br>2243  | Due from joint venture(s)/partnership(s)         tment in related parties         Due from/investment in related parties         Due from/investment in Canadian related parties         Shares in Canadian related corporations         Loans/advances to Canadian related corporations         Investment in Canadian related corporations at cost   | +  | 0  | 0<br>0<br>100 |
| - Due from/inves<br>241<br>242<br>243<br>244<br>245   | Due from joint venture(s)/partnership(s)   | +  | 0  | 0<br>0<br>100 |
| - Due from/inves<br>*<br>241<br>242<br>243<br>244<br>245<br>246                             | Due from joint venture(s)/partnership(s)   | +  | 0  | 0<br>0<br>100 |
| - Due from/inves<br>*<br>2241<br>2242<br>2243<br>2244<br>2245<br>2246<br>2247               | Due from joint venture(s)/partnership(s)   | +  | 0  | 0<br>0<br>100 |
| Due from/inves<br>*<br>2241<br>2242<br>2243<br>2244<br>2244<br>2245<br>2246<br>2247<br>2248 | Due from joint venture(s)/partnership(s)         Atment in related parties         Due from/investment in related parties         Due from/investment in Canadian related parties         Shares in Canadian related corporations         Loans/advances to Canadian related corporations at cost         Investment in Canadian related corporations at equity         Due from/investment in foreign related parties         Loans/advances to Canadian related corporations at cost         Investment in Canadian related corporations at equity | +  | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                | 0<br>0<br>100 |
| Due from/inves<br>*<br>2241<br>2242<br>2243<br>2244<br>2245<br>2246<br>2246<br>2249         | Due from joint venture(s)/partnership(s)   | +  | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 0<br>0<br>100 |
| Due from/inves<br>* 2241 2242 2243 2244 2245 2246 2244 2245 2246 2247 2248 2249             | Due from joint venture(s)/partnership(s)         Atment in related parties         Due from/investment in related parties         Due from/investment in Canadian related parties         Shares in Canadian related corporations         Loans/advances to Canadian related corporations at cost         Investment in Canadian related corporations at equity         Due from/investment in foreign related parties         Loans/advances to Canadian related corporations at cost         Investment in Canadian related corporations at equity | +  | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0                | 0<br>0<br>100 |
| — Due from/inves  | Due from joint venture(s)/partnership(s)   | +  | 0<br>0<br>100<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | 0<br>0<br>100 |

Investment in co-tenancy...... + 0 0

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| G.L.K. Er                   | nergy Inc.  |     |           | Sch. 2589 |
|-----------------------------|---|-----|-----------|-----------|
| ccount/H                    | Business No.: 866567787RC0001 Year End              | ed: | 2004-12-3 | 1         |
|                             |   |     |           |           |
|                             |   |     |           |           |
| - Long term inv             |   | 0   | 0         |           |
| 00                          | * Long term investments                             | 0   | 0         |           |
| 01                          | Foreign shares                                      | 0   | 0         |           |
| 301<br>302<br>303           | Other types of foreign investments                  | 0   | 0         |           |
| 303                         | Canadian shares                                     | 0   | 0         |           |
| 304                         | Government of Canada debt                           | 0   | 0         |           |
| 005                         | Canadian, provincial, and municipal government debt | 0   | 0         |           |
| 06                          | Canadian corporate bonds and debentures             | 0   | 0         |           |
| 07                          | Debt securities                                     | 0   | 0         |           |
| 06<br>07<br>08<br>09<br>100 | Equity securities                                   | 0   | 0         |           |
| <u></u>                     |   | 0   | 0         |           |
| 009                         | Securities purchased under resale agreements        | 0   | 0         |           |
| 310                         | Central credit union shares                         | 0   | 0         |           |
| 311                         | Other Canadian long-term investments                | 0   | 0         |           |
|                             |   |     |           |           |
|                             | Long term investments                               | + 0 | 0         |           |
|                             | -   |     |           |           |

| 10 | Long-term loar       | s ————                         |            |   |
|----|----------------------|--------------------------------|------------|---|
|    | 2360 *               | Long-term loans                | 0          | 0 |
|    | 2361                 | Mortgages                      | 0          | 0 |
|    | 2362                 | Personal and credit card loans | 0          | 0 |
|    | 2361<br>2362<br>2363 | Business and government loans  | 0          | 0 |
|    | 2364                 | Line of credit                 | 0          | 0 |
|    |                      |                                |            |   |
|    |                      | Long-term loans                | + 0        | 0 |
|    |                      | -                              | ********** |   |
|    |                      |                                |            |   |

| Other long-t                         | erm |  |   | 16 500     | F ( 0 184 |  |
|--------------------------------------|-----|--|---|------------|-----------|--|
| 2420                                 | *   | Other long-term assets                 |   | 46,502     | 569,174   |  |
| 2420<br>2421                         |     | Deferred income taxes                  |   | 990,000    | 572,000   |  |
| 2422                                 |     | Deferred pension charges               |   | 0          | 0         |  |
| 2423                                 |     | Deferred unrealized exchange losses    |   | 0          | 0         |  |
| 2424                                 |     | Other deferred items/charges           |   | 0          | 0         |  |
| 2422<br>2423<br>2424<br>2428<br>2427 |     | Reserve fund                           |   | 0          | 0         |  |
| 2427                                 |     | Cash surrender value of life insurance |   | 0          | 0         |  |
|                                      |     |  |   |            |           |  |
|                                      |     | Other long-term assets                 | + | 1,036,502  | 1,141,174 |  |
|                                      |     |  |   | ********** |           |  |
|                                      |     |  |   |            |           |  |

| 2425 | Accumulated amortization of deferred charges | 0 | 0 |  |
|------|--|---|---|--|
|      |  |   |   |  |

| 2589 | Total Long-Term Assets | = | 1,036,602 | 1,141,274 |  |
|------|------------------------|---|-----------|-----------|--|
|      |                        |   | <br>      |           |  |
|      |                        |   | <br>      |           |  |

\* Generic Item

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### E.L.K. Energy Inc. Sch. 3139 Account/Business No.: 866567787RC0001 Year Ended: 2004-12-31

#### **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

#### **Current Liabilities**

| GIFI Account | Description    | Amount | Prior<br>year |   |  |
|--------------|----------------|--------|---------------|---|--|
| [2600]       | Bank overdraft | +      | 0             | 0 |  |

| * | Amounts payable and accrued liabilities | 2,561,458   | 3,313,941  |  |
|---|---|-------------|------------|--|
|   | Trade payables                          | 0           | 0          |  |
|   | Trade payables to related parties       | 0           | 0          |  |
|   | Holdbacks payable                       | 0           | 0          |  |
|   | Wages payable                           | 0           | 0          |  |
|   | Management fees payable                 | 0           | 0          |  |
|   | Bonuses payable                         | 0           | 0          |  |
|   | Employee deductions payable             | 0           | 0          |  |
|   | Withholding taxes payable               | 0           | 0          |  |
|   | Interest payable                        | 0           | 0          |  |
|   | Amounts payable to members of NPOs      | 0           | 0          |  |
|   |   |             |            |  |
|   | Amounts payable and accrued liabilities | + 2,561,458 | 3,313,941  |  |
|   |   |             | ********** |  |

2680

| Taxes | payable | ŝ  | • | 4 |   |   |
|-------|---------|----|---|---|---|---|
| Taxoo | payaolo | ۰. |   |   | - | 1 |

360,515 648,908

| Short term debt                  | Short term debt   | 0   | 0 |  |
|----------------------------------|---|-----|---|--|
| 21                               | Loans from Canadian banks                                 | 0   | 0 |  |
| 21<br>22<br>33<br>24<br>25<br>55 | Liability for securities sold short                       | 0   | 0 |  |
| 03                               | Liability for securities sold under repurchase agreements | 0   | 0 |  |
| 04                               | Gold and silver certificates.                             | 0   | 0 |  |
| 05                               | Cheques and other items in transit                        | 0   | 0 |  |
| 06                               | Lien notes  | 0   | 0 |  |
| _                                |   |     |   |  |
|                                  | Short term debt   | + 0 | 0 |  |
|                                  |   |     |   |  |
| он                               |   |     |   |  |
| 0                                | Deferred income   | + 0 | 0 |  |

|                                | older(s)/director(s)                   |             |           |  |
|--------------------------------|--|-------------|-----------|--|
| 2780 *                         | Due to shareholder(s)/director(s)      | 0           | 0         |  |
| 2781                           | Due to individual shareholder(s).      | 0           | 0         |  |
| 2782                           | Due to corporate shareholder(s)        | 0           | 0         |  |
| 2780 *<br>2781<br>2782<br>2783 | Due to director(s)                     | 0           | 0         |  |
|                                |  |             | ********* |  |
|                                | Due to shareholder(s)/director(s)      | + 0         | 0         |  |
|                                |  | *********** |           |  |
|                                |  |             |           |  |
|                                |  |             |           |  |
| 2840                           | Due to joint venture(s)/partnership(s) | + 0         | 0         |  |

| E.L.K. Ener<br>Account/Bus | gy Inc.<br>iness No.:866567787RC0001 Year End   | ed:                 | 2004-12-3 | Sch. 3139<br>1 |
|----------------------------|---|---------------------|-----------|----------------|
| 2861 C                     | les<br>Due to related parties<br>Pemand notes due to related parties<br>Interest payable to related parties | 0<br>5,200,000<br>0 |           |                |
| C                          | ue to related parties   | + 5,200,000         | 5,850,000 |                |

|      | Current portion of long-term liability + | 0 | 0 |  |
|------|--|---|---|--|
| 2940 | Bankers' acceptances +                   | 0 | 0 |  |

| Other current li     2960     * | abilities —<br>Other current liabilities           | 0         | 0       |  |
|---------------------------------|--|-----------|---------|--|
| 2961                            | Deposits received                                  | 340,419   | 377,665 |  |
| 962                             | Dividends payable                                  | 0         | 0       |  |
| 2963                            | Deferred income taxes                              | 0         | 0       |  |
| 2964                            | Reserve for guarantees, warranties or indemnities. | 0         | 0       |  |
| 2965                            | General provisions/reserves                        | 0         | 0       |  |
| 966                             | Crew shares  | 0         | 0       |  |
|                                 |  |           |         |  |
|                                 | Other current liabilities                          | + 340,419 | 377,665 |  |
|                                 |  |           |         |  |

3139

**Total Current Liabilities** 

= 8,462,392 10,190,514

\* Generic Item

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| FI                  | Account             | Description   | Amount | Pri<br>yea  |        |  |
|---------------------|---------------------|---|--------|-------------|--------|--|
|                     |                     |   |        |             |        |  |
| - Lon               | g-term debt<br>*    | Long-term debt  |        | 0           | 0      |  |
| 141                 |                     | Mortgages   |        | 0           | 0      |  |
| 42                  |                     | Farm credit corporation loan                              |        | 0           | 0      |  |
| 43                  |                     | Chartered bank loan                                       |        | 0           | 0      |  |
| 44                  |                     | Credit Union/Caisse Populaire loan                        |        | 0           | 0      |  |
| 45                  |                     | Provincial government loan                                |        | 0           | 0      |  |
| 46                  |                     | Supply company loan                                       |        | 0           | 0      |  |
| 47                  |                     | Private loan  |        | 0           | 0      |  |
| 148                 |                     | Central, league, and federation loans                     |        | 0           | 0      |  |
| 149                 |                     | Line of credit  |        | 0           | 0      |  |
| 150                 |                     | Liability for securities sold short                       |        | 0           | 0      |  |
| 151                 |                     | Liability for securities sold under repurchase agreements |        | 0           | 0      |  |
| 152                 |                     | Lien notes  |        | 0           | 0      |  |
|                     |                     |   |        |             |        |  |
|                     |                     | Long-term debt  | +      | 0           | 0      |  |
|                     |                     |   |        |             |        |  |
| -                   |                     |   | _      |             |        |  |
| 200                 |                     | Deposit liabilities of financial institutions             |        | 0           | 0      |  |
| 210                 |                     | Bonds and debentures                                      | +      | 0           | 0      |  |
| 220                 |                     | Deferred income   | +      | 0           | 0      |  |
| 240                 |                     | Deferred income taxes                                     | +      | 0           | 0      |  |
|                     |                     |   |        |             |        |  |
|                     | e to sharehol       | der(s)/director(s)  |        | 0           | 0      |  |
| 260<br>261          | n                   | Due to shareholder(s)/director(s).                        |        | 0           | 0      |  |
| 262                 |                     | Due to individual shareholder(s).                         |        | 0           | 0      |  |
| 262                 |                     | Due to corporate shareholder(s).                          |        | 0           | 0      |  |
| 203                 |                     | Due to director(s)  |        |             |        |  |
|                     |                     |   | +      | 0           | 0      |  |
|                     |                     | Due to shareholder(s)/director(s)                         |        | -           |        |  |
|                     |                     |   |        |             |        |  |
|                     |                     |   |        |             |        |  |
| -                   |                     | Due to members  | +      | 0           | 0      |  |
| -                   |                     | Due to members<br>Due to joint venture(s)/partnership(s)  | +      | 0           | 0<br>0 |  |
| 280                 |                     |   | +<br>+ |             |        |  |
|                     | e to related o      | Due to joint venture(s)/partnership(s)                    | +<br>+ |             |        |  |
| <br>Du              | e to related p      | Due to joint venture(s)/partnership(s)                    | +<br>+ |             |        |  |
| Du                  | e to related p<br>* | Due to joint venture(s)/partnership(s)                    | +<br>+ | 0           | 0      |  |
| - Du<br>300         | e to related p<br>* | Due to joint venture(s)/partnership(s)                    | +<br>+ | 0           | 0      |  |
| - Du<br>300         | e to related p<br>* | Due to joint venture(s)/partnership(s)                    | + +    | 0<br>0<br>0 | 0      |  |
| Duo<br>3300<br>3301 | e to related p<br>* | Due to joint venture(s)/partnership(s)                    | + +    | 0<br>0<br>0 | 0      |  |

Year Ended:

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Corporate Taxprep / Taxprep des sociétés - TP-10

E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

| E.L.K. Energy Inc | d.                   |      |        |
|-------------------|----------------------|------|--------|
| Account/Business  | No.: 866567787RC0001 | Year | Ended: |

Sch. 3450 2004-12-31

| * | Other long-term liabilities                         | 248,996   | 210,371 |  |
|---|---|-----------|---------|--|
|   | Long-term obligations/commitments/capital leases    | 0         | 0       |  |
|   | Reserves for guarantees, warranties, or indemnities | 653,229   | 644,766 |  |
|   | Provision for site restoration                      | 0         | 0       |  |
|   | Contributions to qualifying environmental trust     | 0         | 0       |  |
|   | General provisions/reserves                         | 0         | 0       |  |
|   | Preference shares restated                          | 0         | 0       |  |
|   | Member allocations                                  | 0         | 0       |  |
|   | Deferred revenue from incomplete contracts          | 0         | 0       |  |
|   |   |           |         |  |
|   | Other long-term llabilities                         | + 902,225 | 855,137 |  |
|   |   |           |         |  |

3450

**Total Long-Term Liabilities** 

902,225 855,137

\* Generic Item

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Corporate Taxprep / Taxprep des sociétés - TP-10

=

| DCII.             | 3620 |
|-------------------|------|
| Ended: 2004-12-31 |      |
|                   |      |

### GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Shareholder equity

| SIFI                                      | Account            | Description                               | An | nount                                 | Prior<br>year                         |  |
|---|--------------------|---|----|---------------------------------------|---------------------------------------|--|
| — Sha<br>3500<br>3520                     | areholder equ      | uity<br>Common shares<br>Preferred shares |    | 100<br>0                              | 100<br>0                              |  |
| <b>Co</b><br>3540<br>3541<br>3542<br>3543 | ntributed and<br>* | Contributed and other surplus             | +  | 4,402,373<br>0<br>0<br>0<br>4,402,373 | 4,402,373<br>0<br>0<br>0<br>4,402,373 |  |
| 3570<br>3600                              |                    | Head office account                       |    | 0<br>6,986,379                        | 0<br>5,698,273                        |  |
| 3620                                      |                    | Total Shareholder equity                  | -  | 11,388,852                            | 10,100,746                            |  |

\* Generic Item

Corporate Taxprep / Taxprep des sociétés - TP-10

# E.L.K. Energy Inc. Account/Business No.:866567787RC0001

Year Ended:

2004-12-31

# **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

# **Retained Earnings/Deficit**

| iFi                                    | Account             | Description   | ,       | Amount                     | Prior<br>year          |  |
|--|---------------------|---|---------|----------------------------|------------------------|--|
| 3660                                   |                     | Retained earnings/deficit - start   | +       | 5,698,273<br>1,288,106     | 3,623,826<br>2,074,447 |  |
| 3680                                   |                     | Net income/loss   | <b></b> | 1,200,100                  | 2,0/1,11/              |  |
| - Div                                  | idends decla<br>*   | red<br>Dividends declared .   | _       | 0                          | 0                      |  |
| 701                                    |                     |   |         | 0                          | 0                      |  |
| 702                                    |                     | Cash dividends  |         | 0                          | 0                      |  |
| 02                                     |                     | Patronage dividends   | 06      |                            |                        |  |
|  |                     | Dr. Marsha dasharad   |         | 0                          | 0                      |  |
|  |                     | Dividends declared  |         |                            |                        |  |
| 720                                    |                     | Prior period adjustments  | +       | 0                          | 0                      |  |
| Oth<br>741<br>742<br>743<br>744<br>745 | ner items affe<br>* | ecting retained earnings         Other items affecting retained earnings         Share redemptions         Special reserves         Currency adjustments         Unusual revenue items         Interfund transfer |         | 0<br>0<br>0<br>0<br>0<br>0 | 0<br>0<br>0<br>0<br>0  |  |
|  |                     | Other items affecting retained earnings   | +       | 0                          | 0                      |  |
|  |                     |   | _       |                            |                        |  |

\* Generic Item

| E.L.K. Energy In | с.                   |      |        |
|------------------|----------------------|------|--------|
| Account/Business | No.: 866567787RC0001 | Year | Ended: |

# GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

#### **Income Statement**

| GIFI | Description    |  |
|------|----------------|--|
| 0002 | Operating name |  |

|            |                                   |   |            | Prior      |
|------------|-----------------------------------|---|------------|------------|
| FI Account | Description                       |   | Amount     | year       |
|            |                                   |   |            |            |
| ome Statem | ent Information                   |   |            |            |
|            | Total sales of goods and services | + | 16,450,659 | 17,038,327 |
|            | Cost of sales                     |   | 12,574,922 | 11,940,399 |
|            |                                   |   |            |            |
| 9          | Gross profit/loss                 | = | 3,875,737  | 5,097,928  |
|            |                                   |   |            |            |
| 18         | Cost of sales                     | + | 12,574,922 | 11,940,399 |
| 7          | Total operating expenses          |   | 2,710,569  | 2,924,628  |
| -          |                                   |   |            | ********** |
| •          | Total expenses (mandatory field)  | = | 15,285,491 | 14,865,027 |
|            |                                   |   |            |            |
| 299        | Total revenue (mandatory field)   | + | 16,963,597 | 17,622,474 |
| 168        | Total expenses (mandatory field)  |   | 15,285,491 | 14,865,027 |
|            |                                   |   |            |            |
| 369        | Net non-farming income            | = | 1,678,106  |            |
|            | Het het hanning meene             |   |            |            |

| Interview       Interview |   | 0 |
|---|---|---|
| Total farm expenses (mandatory field)   | • |   |
| 99 Net farm income  | = 0                                     | 0 |
| Net farm income   |   |   |

| Extraordinary items and income taxes (linked to Schedule 140) |  |
|---|--|

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|             |             | Sch.                   | 125 |
|-------------|-------------|------------------------|-----|
| Year Ended: | 2004-12-31  |                        |     |
|             | Year Ended: | Year Ended: 2004-12-31 |     |

| Account/Business | No.: 866567787RC0001 | Year | Ended: | 2004-12-31 |
|------------------|----------------------|------|--------|------------|
|                  |                      |      |        |            |
|                  |                      |      |        |            |

| 975                  | Extraordinary item(s)                 | 0         | 0         |
|----------------------|---------------------------------------|-----------|-----------|
| ]                    | Legal settlements                     | 0         | 0         |
| ]                    | Unrealized gains/losses               | 0         | 0         |
| 1                    | Unusual items                         | 0         | 0         |
| 90                   | Current income taxes                  | 808,000   | 683,000   |
| 80<br>85<br>90<br>95 | Deferred income tax provision         | -418,000  | 0         |
| -                    |                                       |           |           |
|                      | Net Income/Loss after Taxes and       |           |           |
| 99                   | Extraordinary Items (mandatory field) | 1,288,106 | 2,074,447 |
|                      |                                       |           |           |

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# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

# **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

# Revenue

| FI           | Account       | Description   | Amount       | Prior<br>year |  |
|--------------|---------------|---|--------------|---------------|--|
| 000          |               | Trade sales of goods and services                   | + 16,450,659 | 17,038,327    |  |
| 320          |               | Sales of goods and services to related parties.     |              | 0             |  |
| 030          |               | Interdivisional sales                               |              | 0             |  |
| – Sa         | les from reso | urce properties                                     |              |               |  |
| 040          | *             | Sales from resource properties                      | 0            | 0             |  |
| 041          |               | Petroleum and natural gas sales                     | 0            | 0             |  |
| 042          |               | Petroleum and natural gas sales to related parties. | 0            | 0             |  |
| 043          |               | Gas marketing                                       | 0            | 0             |  |
| 044          |               | Processing revenue                                  | 0            | 0             |  |
| 3045         |               | Pipeline revenue                                    | 0            | 0             |  |
| 046          |               | Seismic sales                                       | 0            | 0             |  |
| 047          |               | Mining revenue                                      | 0            | 0             |  |
| 8048         |               | Coal revenue  | 0            | 0             |  |
|              |               | Oil sands revenue                                   | 0            | 0             |  |
| 049          |               |   | 0            | 0             |  |
| 3049<br>3050 |               | Royalty income                                      | 0            | 0             |  |
|              |               | Oil and gas partnership/joint venture income/loss   | 0            | 0             |  |
| 3053         |               | Mining partnership/joint venture income/loss        |              | 0             |  |
| 3053         |               | Other production revenue                            | 0            | U             |  |
|              |               | ×   | + 0          | 0             |  |
|              |               | Sales from resource properties                      |              |               |  |
|              |               |   |              | 15,020,205    |  |
| 8089         |               | Total sales of goods and services                   |              | 17,038,327    |  |
| _            | vestment reve |   |              |               |  |
| 8090         | *             | Investment revenue                                  | 0            | 0             |  |
| 8091         |               | Interest from foreign sources                       | 0            | 0             |  |
| 092          |               | Interest from Canadian bonds and debentures         | 0            | 0             |  |
| 3093         |               | Interest from Canadian mortgage loans               | 0            | 0             |  |
| · ·          |               | Interest from other Canadian sources                | 445,719      | 495,693       |  |
|              |               | Dividend income                                     | 0            | 0             |  |
|              |               | Dividends from Canadian sources                     | 0            | 0             |  |
| 3096         |               |   | 0            | 0             |  |
| 8096<br>8097 |               | Dividends from foreign sources                      | 0            |               |  |
|              |               | Dividends from foreign sources                      |              |               |  |
|              |               |   | + 445,719    | 495,693       |  |

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| L.K. Ene<br>count/Bu | rgy Inc.<br>siness No.:866567787RC0001 Year Ende                           | d:          | 2004-12-31 | ch. 8299 |
|----------------------|--|-------------|------------|----------|
| Interest income      | financial institutions)  |             |            |          |
| - Interest income (  | Interest income (financial institutions)                                   | 0           | 0          |          |
| 101                  | Loan interest  | 0           | 0          |          |
|                      |  | 0           | 0          |          |
| 102                  | Securities interest  | 0           | 0          |          |
| 103                  | Deposits with banks interest   | U           | U          |          |
|                      |  |             |            |          |
|                      | Interest income (financial institutions)                                   | + 0         | 0          |          |
|                      |  |             |            |          |
| - Commission rev     | enue – Commission revenue  | 0           | 0          |          |
| 121                  | Commission income on real estate transactions                              | 0           | 0          |          |
| 121                  | Commission income on real estate transactions                              |             |            |          |
|                      |  | + ^         | 0          |          |
|                      | Commission revenue   | τ U         | •          |          |
|                      |  | *********** |            |          |
| - Rental revenue     |  |             |            |          |
| *                    | Rental revenue   | 0           | 0          |          |
| 141                  | Real estate rental revenue   | 0           | 0          |          |
| 142                  | Film rental revenue  | 0           | 0          |          |
|                      |  | **********  | ********** |          |
|                      | Rental revenue   | + 0         | 0          |          |
|                      |  | *********** |            |          |
| *                    |  |             |            |          |
| 150                  | Vehicle leasing  | + 0         | 0          |          |
| - Fishing revenue    |  |             |            |          |
| * 160                | Fishing revenue  | 0           | 0          |          |
| 161                  | Fish products  | 0           | 0          |          |
| 162                  | Other marine products  | 0           | 0          |          |
| 163                  |  | 0           | 0          |          |
| =                    | Fishing grants, credits, and rebates                                       | 0           | 0          |          |
| 164                  | Fishing subsidies  | 0           | 0          |          |
| 165                  | Compensation for loss of fishing income or property.                       |             | 0          |          |
| 3166                 | Sharesman income   | 0           | U          |          |
|                      |  |             |            |          |
|                      | Fishing revenue  | + 0         | 0          |          |
|                      |  |             |            |          |
|                      |  |             |            |          |
| Realized gains/l     | osses on disposal of assets<br>Realized gains/losses on disposal of assets | 0           | 0          |          |
| 6211                 | Realized gains/losses on sale of investments                               | 0           | 0          |          |
|                      |  | 0           | 0          |          |
| 8212                 | Realized gains/losses on sale of resource properties                       | v           |            |          |
|                      |  |             | 0          |          |
|                      | Realized gains/losses on disposal of assets                                | + 0         | U          |          |
|                      |  |             |            |          |

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| E.L.K. E | Inergy Inc | 3.                   |      |        |
|----------|------------|----------------------|------|--------|
| Account/ | 'Business  | No.: 866567787RC0001 | Year | Ended: |

Sch. 8299 2004-12-31

| — NPO amounts | received  |     |           |            |  |
|---------------|---|-----|-----------|------------|--|
| 3220          | NPO amounts received                                    |     | 0         | 0          |  |
| 221           | Membership fees   |     | 0         | 0          |  |
| 222           | Assessments   |     | 0         | 0          |  |
| 23            | Gifts   |     | 0         | 0          |  |
| 224           | Gross sales and revenues from organizational activities |     | 0         | 0          |  |
|               |   |     |           |            |  |
|               | NPO amounts received                                    | +   | 0         | 0          |  |
|               |   | ==; | ********* | ********** |  |
|               |   |     |           |            |  |

| Other revenue                          | 0   | 0   |  |
|--|---|---|--|
| Foreign exchange gains/losses          | 0   | 0   |  |
| Income/loss of subsidiaries/affiliates | 0   | 0   |  |
| Income/loss of other divisions         | 0   | 0   |  |
| Income/loss of joint ventures          | 0   | 0   |  |
| Income/loss of partnerships            | 0   | 0   |  |
| Realization of deferred revenues       | 0   | 0   |  |
| Royalty income other than resource     | 0   | 0   |  |
| Alberta royalty tax credits            | 0   | 0   |  |
| Management and administration fees     | 0   | 0   |  |
| Telecommunications revenue             | 0   | 0   |  |
| Consulting fees                        | 0   | 0   |  |
|  | 0   | 0   |  |
|  | 0   | 0   |  |
|  | 0   | 0   |  |
| Credit services                        | 67,219  | 88,454  |  |
| Card services                          | 0   | 0   |  |
| Patronage dividends                    | 0   | 0   |  |
| Insurance recoveries                   | 0   | 0   |  |
| Expense recoveries                     | 0   | 0   |  |
| Bad debt recoveries                    | 0   | 0   |  |
|  |   |   |  |
| Other revenue                          | + 67,219  | 88,454  |  |
|  |   |   |  |
|  | Foreign exchange gains/losses<br>Income/loss of subsidiaries/affiliates<br>Income/loss of other divisions<br>Income/loss of partnerships<br>Realization of deferred revenues<br>Royalty income other than resource<br>Alberta royalty tax credits<br>Management and administration fees.<br>Telecommunications revenue<br>Consulting fees<br>Subsidies and grants<br>Sale of by-products<br>Deposit services<br>Card services<br>Patronage dividends<br>Insurance recoveries<br>Bad debt recoveries | Foreign exchange gains/losses       0         Income/loss of subsidiaries/affiliates       0         Income/loss of other divisions       0         Income/loss of partnerships       0         Income/loss of partnerships       0         Realization of deferred revenues       0         Royalty income other than resource       0         Alberta royalty tax credits       0         Consulting fees       0         Subsidies and grants       0         Sale of by-products       0         Order services       0         Order services       0         Order services       0         Osale of by-products       0         Opeosit services       0         Order services       0         Order services       0         Osale of by-products       0         Opeosit services       0         O       0         Deposit services       0         O       0         Expense recoveries       0         Bad debt recoveries       0         O       0         O       0         O       0 | Foreign exchange gains/losses       0       0         Income/loss of subsidiaries/affiliates       0       0         Income/loss of other divisions       0       0         Income/loss of other divisions       0       0         Income/loss of joint ventures       0       0         Income/loss of partnerships       0       0         Realization of deferred revenues       0       0         Royalty income other than resource       0       0         Alberta royalty tax credits       0       0         Management and administration fees       0       0         Consulting fees       0       0         Subsidies and grants       0       0         Sale of by-products       0       0         Deposit services       0       0         Patronage dividends       0       0         Insurance recoveries       0       0         Bad debt recoveries       0       0         Other revenue       +       67, 219       88, 454 |

8299

Total Revenue

= 16,963,597 17,622,474

\* Generic Item

Page 3 of 3

| E.L.K. Energy In | с.                   |             |  |
|------------------|----------------------|-------------|--|
| Account/Business | No.: 866567787RC0001 | Year Ended: |  |

1

# GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

# **Cost of Sales**

| GIFI      | Account            | Description   |   | Amount      | Prior<br>year |  |
|-----------|--------------------|---|---|-------------|---------------|--|
| 0.5       | oning invento      |   |   |             |               |  |
| 8300      | ening invento<br>* | Opening inventory   |   | 0           | 0             |  |
| 8301      |                    | Opening inventory - finished goods  |   | 0           | 0             |  |
| 8302      |                    | Opening inventory - raw materials   |   | 0           | 0             |  |
| 8303      |                    | Opening inventory - goods in process.   |   | 0           | 0             |  |
|           |                    |   |   |             |               |  |
|           |                    | Opening inventory   | + | 0           | 0             |  |
|           |                    |   |   | *********** | *********     |  |
|           |                    |   | _ |             |               |  |
| 8320      |                    | Purchases/cost of materials   | + | 12,574,922  | 11,940,399    |  |
| 8340      |                    | Direct wages  | + | 0           | 0             |  |
| 8350      |                    | Benefits on direct wages  | + | 0           | 0             |  |
| 8360      |                    | Trades and sub-contracts  | + | 0           | 0             |  |
| 8370      |                    | Production costs other than resource  | + | 0           | 0             |  |
|           |                    |   |   |             |               |  |
| <b>ke</b> | source produ<br>*  | ction costs<br>Resource production costs  |   | 0           | 0             |  |
| 8401      |                    |   |   | 0           | 0             |  |
| 8402      |                    | Pipeline operations   |   | 0           | 0             |  |
| 8403      |                    | Site restoration costs  |   | 0           | 0             |  |
| 8404      |                    | Gross overriding royalty  |   | 0           | 0             |  |
| 8405      |                    | Freehold royalties  |   | 0           | 0             |  |
| 8406      |                    | Other producing properties rental.  |   | 0           | 0             |  |
| 8407      |                    | Prospect/geological   |   | 0           | 0             |  |
| 8408      |                    | Well operating, fuel and equipment  |   | 0           | 0             |  |
| 8409      |                    | Well abandonment and dry holes.   |   | 0           | 0             |  |
| 8410      |                    | Other lease rentals   |   | 0           | 0             |  |
| 8411      |                    | Exploration expenses  |   | 0           | 0             |  |
| B412      |                    | Development expenses  |   | 0           | 0             |  |
| لتتب      |                    | Bevelopment expenses in the transferred state of the second state |   |             |               |  |
|           |                    | Resource production costs   | + | 0           | 0             |  |
|           |                    |   |   |             | ***********   |  |
|           |                    |   |   |             |               |  |
|           | own charges        |   |   |             | 0             |  |
| 8435      | *                  | Crown charges   |   | 0           | 0             |  |
| 8436      |                    | Crown royalties   |   | 0           | 0             |  |
| 8437      |                    | Crown lease rentals   |   | 0           | 0             |  |
| 8438      |                    | Freehold mineral tax  |   | 0           | 0             |  |
| 8439      |                    | Mining taxes  |   | 0           | 0             |  |
| 8440      |                    | Oil sand leases   |   | 0           | . 0           |  |
| 8441      |                    | Saskatchewan resource surcharge   |   | U           | 0             |  |
|           |                    |   |   | ^           | 0             |  |
|           |                    | Crown charges   | + | 0           |               |  |
|           |                    |   |   |             |               |  |

Page 1 of 2 Corporate Taxprep / Taxprep des sociétés - TP-10

| K. Energy Inc.<br>Dunt/Business No.: 866567787RC0001 Year Ende | ed:          | 2004-12-31    | Sch. 851 |
|--|--------------|---------------|----------|
|  |              |               |          |
| the direct costs      Other direct costs                       | 0            | 0             |          |
| Equipment hire and operation                                   | 0            | 0             |          |
| Log yard   | 0            | 0             |          |
| Forestry costs   | 0            | 0             |          |
|  | 0            | 0             |          |
| Logging road costs   | 0            | 0             |          |
| Stumpage costs   | 0            | 0             |          |
| Royalty costs  | 0            | 0             |          |
| Freight in and duty  | 0            | Ô             |          |
| Inventory write down   | 0            | 0             |          |
| Direct cost amortization of tangible assets                    | 0            | 0             |          |
| Direct cost amortization of natural resource assets            | 0            | 0             |          |
| Overhead expenses allocated to cost of sales                   | 0            |               |          |
|  | + 0          | 0             |          |
| Other direct costs   |              |               |          |
| sing inventory   | 0            | 0             |          |
| * Closing inventory  | 0            | 0             |          |
| Closing inventory - finished goods                             | 0            | 0             |          |
| Closing inventory - raw materials                              | 0            | 0             |          |
| Closing inventory - goods in process                           | U            | U             |          |
|  | - 0          | 0             |          |
| Closing inventory  |              |               |          |
|  | **********   |               |          |
| Cost of Sales  | = 12,574,922 | 11,940,399    |          |
|  |              |               |          |
|  |              | <b>D</b> 0 (0 |          |
| eric Item<br>Corporate Taxprep /                               |              | Page 2 of 2   |          |

# GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

# **Operating Expenses**

| FI  | Account           | Description   | Amount           | Prior<br>year                           |  |
|---|-------------------|---|------------------|---|--|
|   |                   |   |                  |   |  |
|   | vertising and     | promotion   | 0                | 0                                       |  |
| 520   | w                 | Advertising and promotion   | 0                | 0                                       |  |
| 521<br>522  |                   | Advertising   | 0                | 0                                       |  |
| 522<br>523  |                   | Donations   | 0                | 0                                       |  |
| 524   |                   | Meals and entertainment.  | 0                | 0                                       |  |
| 024   |                   | Promotion   |                  |   |  |
|   |                   | Advertising and promotion   | + 0              | 0                                       |  |
|   |                   |   |                  |   |  |
|   |                   |   |                  |   |  |
| 570   |                   | Amortization of intangible assets   | + 0              | 0                                       |  |
| 590   |                   | Bad debt expense  | + 0              | 0                                       |  |
|   |                   |   |                  |   |  |
|   | an losses —       |   |                  |   |  |
| 610   | *                 | Loan losses   | 0                | 0                                       |  |
|   |                   | Provision for loan losses   | 0                | 0                                       |  |
|   |                   |   |                  |   |  |
|   |                   |   |                  |   |  |
|   |                   | Loan losses   | + 0              | 0                                       |  |
|   |                   |   |                  | 0                                       |  |
|   |                   |   |                  | 31.                                     |  |
| — Em  | nployee bene<br>* | Loan losses   |                  | 31.                                     |  |
| — Em  | NY                | Loan losses fits Employee benefits  |                  |   |  |
| — Em  | NY                | Loan losses         fits         Employee benefits         Group insurance benefits   |                  |   |  |
| — Em  | NY                | Loan losses fits Employee benefits  | 0                | 0                                       |  |
| — Em<br>6620<br>8621  | NY                | Loan losses         fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.  | 0                | 0                                       |  |
| — Em<br>6620<br>8621  | NY                | Loan losses         fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.  | 0                | 0                                       |  |
| - Em<br>620<br>621  | NY                | fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.  |                  | 0<br>0<br>0<br>0<br>0                   |  |
| - Em  | NY                | fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Employee benefits  |                  | 000000000000000000000000000000000000000 |  |
| — Em<br>6620<br>8621  | NY                | fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Amortization of natural resource assets.   | +<br>+           | 0 |  |
| — Em<br>6520<br>6521<br>6623  | NY                | fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Employee benefits  |                  | 000000000000000000000000000000000000000 |  |
| - Em<br>6620<br>6621<br>5622<br>56623<br>56650<br>577<br>576<br>576<br>576<br>576<br>576<br>576<br>576  |                   | fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Amortization of natural resource assets.   | +<br>+           | 0 |  |
| — Em<br>5620<br>5621<br>5622<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5623<br>5624<br>5624<br>5624<br>5624<br>5624<br>5624<br>5624<br>5624<br>5624<br>5625<br>5624<br>5625<br>5624<br>5624<br>5625<br>5624<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625<br>5625  | NY                | Loan losses         fits         Employee benefits  | +<br>+           | 0 |  |
| - Em<br>1620<br>1621<br>1622<br>1623<br>1623<br>1623<br>1623<br>1626<br>1626<br>1626<br>1626<br>1626<br>1626<br>1626<br>1626<br>1626<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1627<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>1677<br>16777<br>1777<br>1777<br>1777<br>1777<br>1777<br>1777<br>1777<br>1777<br>1777<br>1777 | surance —         | Loan losses         fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Amortization of natural resource assets.         Amortization of tangible assets.         Insurance. | + 0<br>+ 607,909 | 0<br>0<br>0<br>0<br>0<br>617,177        |  |
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| - Em<br>6520<br>6623<br>6650<br>- Ins<br>6690   | surance —         | Loan losses         fits         Employee benefits.         Group insurance benefits.         Employer's portion of employee benefits.         Contributions to deferred income plans.         Employee benefits         Amortization of natural resource assets.         Amortization of tangible assets.         Insurance. | + 0<br>+ 607,909 | 0<br>0<br>0<br>0<br>0<br>0<br>617,177   |  |

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| L.K. Er<br>count/H               | nergy Inc.<br>Business No.:866567787RC0001 Year Ende  | ed:   | 2004-12-31   | Sch. 9367 |
|----------------------------------|---|---|--|-----------|
| Interest and b                   | pank charges  |   |  |           |
|                                  | * Interest and bank charges   | 428,047   | 465,762  |           |
| ĵ –                              | Interest on short-term debt   | 0   | 0  |           |
| j                                | Interest on bonds and debentures  | 0   | 0  |           |
| j                                | Interest on mortgages   | 0   | 0  |           |
| j                                | Interest on long-term debt  | 0   | 0  |           |
| j                                | Bank charges  | 0   | 0  |           |
| j                                | Credit card charges   | 0   | 0  |           |
| ]                                | Collection and credit costs   | 0   | 0  |           |
| J                                |   |   |  |           |
|                                  |   | + 428,047   | 465,762  |           |
|                                  | Interest and bank charges   |   |  |           |
|                                  |   |   |  |           |
|                                  |   |   |  |           |
|                                  | (financial institutions) — * Interest paid (financial institutions)   | 0   | 0  |           |
| ]                                | Interest paid (mancial institutions).   | 0   | 0  |           |
|                                  |   | 0   | 0  |           |
| ]                                | Interest paid on bonds and debentures   |   |  |           |
|                                  |   |   |  |           |
|                                  |   |   | 0  |           |
|                                  | Interest paid (financial institutions)  | + 0   | 0  |           |
|                                  | Interest paid (financial institutions)  |   | 0  |           |
| ]<br>]                           | tes, licences, and memberships  * Business taxes, licences, and memberships Business taxes Franchise fees   |   |  |           |
| ]<br>]                           | <b>tes, licences, and memberships *</b> Business taxes, licences, and memberships Business taxes Business taxes   |   | 0<br>0<br>0<br>0<br>0  |           |
| ]<br>]                           | tes, licences, and memberships  * Business taxes, licences, and memberships.  Memberships Business taxes Franchise fees Government fees   | 000000000000000000000000000000000000000   | 0<br>0<br>0<br>0<br>0<br>0   |           |
| ]<br>]                           | tes, licences, and memberships  * Business taxes, licences, and memberships Business taxes Franchise fees   |   | 0<br>0<br>0<br>0<br>0  |           |
| ]<br>]                           | tes, licences, and memberships  * Business taxes, licences, and memberships Business taxes Franchise fees Government fees Business taxes, licences, and memberships   | +   | 0<br>0<br>0<br>0<br>0<br>0<br>0                                    |           |
| Business tax                     | tes, licences, and memberships  * Business taxes, licences, and memberships.  Memberships Business taxes Franchise fees Government fees   | +   | <br>0<br>0<br>0<br>0<br>0<br>0                                     |           |
|                                  | tes, licences, and memberships  * Business taxes, licences, and memberships Business taxes Franchise fees Government fees Business taxes, licences, and memberships   | + 0   | 0<br>0<br>0<br>0<br>0<br>0<br>0                                    |           |
|                                  | tes, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees.       Franchise fees.         Government fees.       Business taxes, licences, and memberships         Business taxes, licences, and memberships       Business taxes, licences, and memberships         New Brunswick tax on large corporations.       Nova Scotia tax on large corporations.  | + 0   | <br>0<br>0<br>0<br>0<br>0<br>0<br><br>0<br>0                       |           |
|                                  | res, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees       Government fees.         Business taxes, licences, and memberships         New Brunswick tax on large corporations         Nova Scotia tax on large corporations         Nova Scotia tax on large corporations   | + 0   | <br>0<br>0<br>0<br>0<br>0<br>0<br><br>0<br>0                       |           |
| ]<br>]<br>]<br>]<br>Office expen | res, licences, and memberships         *       Business taxes, licences, and memberships.         Business taxes.       Business taxes.         Franchise fees.       Government fees.         Business taxes, licences, and memberships         Business taxes, licences, and memberships         New Brunswick tax on large corporations.         Nova Scotia tax on large corporations.         Nova Scotia tax on large corporations.         Office expenses.                                  | + 0<br>+ 0<br>+ 0<br>+ 0  | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |           |
| ]<br>]<br>]<br>]<br>Office expen | tes, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees.       Franchise fees.         Government fees.       Government fees.         Business taxes, licences, and memberships         New Brunswick tax on large corporations.         Nova Scotia tax on large corporations.         Nova Scotia tax on large corporations.         Office expenses.         Office stationery and supplies. | + 0<br>+ 0<br>+ 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 | <br>0<br>0<br>0<br>0<br>0<br><br>0<br>0<br>0<br>0                  |           |
| ]<br>]<br>]<br>]<br>Office expen | tes, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees.       Franchise fees.         Government fees.       Government fees.         Business taxes, licences, and memberships         New Brunswick tax on large corporations.         Nova Scotia tax on large corporations.         Office expenses.         Office stationery and supplies.         Office utilities.                      | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0                      |  |           |
| ]<br>]<br>]<br>]<br>Office expen | tes, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees.       Franchise fees.         Government fees.       Government fees.         Business taxes, licences, and memberships         New Brunswick tax on large corporations.         Nova Scotia tax on large corporations.         Nova Scotia tax on large corporations.         Office expenses.         Office stationery and supplies. | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0                      |  |           |
| Office expen                     | tes, licences, and memberships         *       Business taxes, licences, and memberships.         Memberships       Business taxes.         Franchise fees.       Franchise fees.         Government fees.       Government fees.         Business taxes, licences, and memberships         New Brunswick tax on large corporations.         Nova Scotia tax on large corporations.         Office expenses.         Office stationery and supplies.         Office utilities.                      | + 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0<br>+ 0                      |  |           |

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| En        | ergy Inc.<br>Usiness No.: 866567787RC0001 Year Ende | d:            | Sch. 93<br>2004-12-31 |
|-----------|---|---------------|-----------------------|
| nt/B      | usiness No.: 866567787RC0001 Year Ende              |               |                       |
| sional fe | es ————   |               |                       |
| *         | Professional fees                                   | 0             | 0                     |
|           | Legal fees  | 0             | 0                     |
|           | Accounting fees                                     | 0             | 0                     |
|           | Consulting fees                                     | 0             | 0                     |
|           | Architect fees                                      | 0             | 0                     |
|           | Appraisal fees                                      | 0             | 0                     |
|           | Laboratory fees                                     | 0             | 0                     |
|           | Medical fees  | 0             | 0                     |
|           | Veterinary fees                                     | 0             | 0                     |
|           | Brokerage fees                                      | 0             | 0                     |
|           | Transfer fees                                       | 0             | 0                     |
|           | Management and administration fees                  | 0             | 0                     |
|           |   | 0             | 0                     |
|           | Refining and assay                                  | 0             | 0                     |
|           | Registrar and transfer agent fees                   | 0             | 0                     |
|           | Restructuring costs                                 | 0             | 0                     |
|           | Security commission fees                            | 0             | 0                     |
|           | Training expense                                    | 0             | 0                     |
|           | Studio and recording                                |               |                       |
|           |   | + 0           | 0                     |
|           | Professional fees                                   |               |                       |
|           |   | 2222222222222 |                       |
|           |   |               |                       |
|           | Rental  | 0             | 0                     |
|           | Real estate rental                                  | 0             | 0                     |
|           | Occupancy costs                                     | 0             | 0                     |
|           | Condominium fees.                                   | 0             | 0                     |
|           |   | 0             | 0                     |
|           | Equipment rental<br>Motor vehicle rentals           | 0             | 0                     |
|           | Motor vehicle rentals<br>Moorage (boat)             | 0             | 0                     |
|           | Moorage (hoat)                                      | 0             | 0                     |
|           |   |               | •                     |
|           | Storage   | 0             | 0                     |
|           |   | 0             | 0                     |
|           | Storage   |               |                       |
|           | Storage   | + 0           | 0                     |

| Repairs and m |   | 0           | 0 |  |
|---------------|---|-------------|---|--|
| i0 <b>*</b>   | Repairs and maintenance                           | U           | 0 |  |
| 51            | Repairs and maintenance - buildings               | . 0         | 0 |  |
| f             | Repairs and maintenance - vehicles                | 0           | 0 |  |
|               | Repairs and maintenance - boats                   | •           | 0 |  |
| 34            | Repairs and maintenance - machinery and equipment |             | 0 |  |
|               |   |             |   |  |
|               | Repairs and maintenance                           | + 0         | 0 |  |
|               | Repairs and maintenense                           | *========== |   |  |

|     | Other repair |   | d maintenance                 | - |             |            |  |
|-----|--------------|---|-------------------------------|---|-------------|------------|--|
| ſ   | 9010         | * | Other repairs and maintenance |   | 0           | 0          |  |
|     | 9011         |   | Machine shop expense          |   | 0           | 0          |  |
|     | 9012         |   | Road costs                    |   | 0           | 0          |  |
|     | 9013<br>9014 |   | Security                      |   | 0           | 0          |  |
|     | 9014         |   | Garbage removal               |   | 0           | 0          |  |
|     |              |   |                               |   |             | ********** |  |
|     |              |   | Other repairs and maintenance | + | 0           | 0          |  |
|     |              |   |                               |   | *********** | ********** |  |
| - 1 |              |   |                               |   |             |            |  |

| .L.K. E<br>count/ | nergy Inc.<br>'Business No.:866567787RC0001 Year Ende | ed:        | Sc<br>2004-12-31 | h. 9367 |
|-------------------|---|------------|------------------|---------|
|                   |   |            |                  |         |
| - Salaries and    | * Salaries and wages.                                 | 0          | 0                |         |
| 061               | Commissions   | 0          | 0                |         |
| 062               |   | 0          | 0                |         |
|                   | Crew share  | -          | 0                |         |
| 063               | Bonuses   | 0          | 0                |         |
| 064               | Directors fees  | U          | U                |         |
| 065               | Management salaries                                   | U          | 0                |         |
| 066               | Employee salaries                                     | 0          | 0                |         |
|                   | Salaries and wages                                    | + 0        | 0                |         |
|                   | Odidites and wayes                                    | ********** |                  |         |
|                   |   |            |                  |         |
| 10                | Sub-contracts   | + 0        | 0                |         |
|                   |   |            |                  |         |
| - Supplies -      | * Supplies  | 0          | 0                |         |
| 131               |   | 0          | 0                |         |
| 131               | Small tools   | 0          | 0<br>0           |         |
|                   | Shop expense  | 0          | 0                |         |
| 9133              | Uniforms  | U          | 9                |         |
| 134               | Laundry   | 0          | 0                |         |
| 135               | Food and catering                                     | 0          | 0                |         |
| 9136              | Fishing gear  | 0          | 0                |         |
| 137               | Nets and traps  | 0          | 0                |         |
| 1                 | Salt, bait, and ice                                   | 0          | 0                |         |
| 9139              | Camp supplies .                                       | 0          | 0                |         |
|                   |   |            |                  |         |
| - Computer-re     | elated expenses Computer-related expenses             | 0          | 0                |         |
| 9151              |   | 0          | 0                |         |
| 9152              | Internet  | 0          | 0                |         |
|                   |   |            |                  |         |
|                   | Supplies and computer-related expenses                | + 0        | 0                |         |
|                   |   |            |                  |         |
| 180               | Property taxes  | + 0        | 0                |         |
|                   |   |            |                  |         |
| 9180              | Property taxes  |            |                  |         |
| Travel expension  | * Travel expenses                                     | 0          | 0                |         |
| 9201              |   | 0          | 0                |         |
| 5201              | Meetings and conventions                              |            |                  |         |
|                   |   |            |                  |         |
|                   | Travel expenses                                       | + 0        | 0                |         |
|                   |   |            |                  |         |
|                   |   |            |                  |         |
|                   |   |            | Page 4 of 5      |         |

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| tilities |   |                                   | 0           | 0           |  |
|----------|---|-----------------------------------|-------------|-------------|--|
|          | * | Utilities                         | 0           | 0           |  |
|          |   | Electricity                       | 0           | 0           |  |
|          |   | Water                             | 0           | 0           |  |
|          |   | Heat                              | 0           | 0           |  |
|          |   | Fuel costs                        | 0           | 0           |  |
|          |   | Telephone and telecommunications. | 0           | 0           |  |
|          |   |                                   |             |             |  |
|          |   | Utilities                         | + 0         | 0           |  |
|          |   |                                   | *********** | *********** |  |

| * Other expenses       Cash over/short         Cash over/short       Reimbursement of parent company expense         Selling expenses       Selling expenses         Shipping and warehouse expense       Shipping and warehouse | 447,559<br>0<br>0<br>0 | 638,970<br>0<br>0<br>0 |
|--|------------------------|------------------------|
| Reimbursement of parent company expense  | 0<br>0<br>0            | 0<br>0<br>0            |
| Selling expenses   | 0<br>0                 | 0                      |
|  | 0                      | 0                      |
| Shipping and warehouse expense   | 0                      |                        |
|  | 9                      | 0                      |
| Delivery, freight and express  | 0                      | 0                      |
| Delivery, freight and express  | 0                      | 0                      |
| Royalty expenses - resident  | 0                      | 0                      |
| Warranty expenses         Royalty expenses - resident         Royalty expenses - non-resident         Dumping charges         Land fill fees         Vehicle expenses  | 0                      | 0                      |
| Dumping charges  | 0                      | 0                      |
| Land fill fees   | 0                      | 0                      |
| ] Vehicle expenses   | 0                      | 0                      |
| Research and development   | 0                      | 0                      |
| Withholding taxes  | 0                      | 0                      |
| General and administrative expenses  | 705,839                | 679,507                |
| Interdivisional expenses   | 0                      | 0                      |
| ٥ Interfund transfer   | 0                      | 0                      |
|  |                        |                        |
| Other expenses +   | 1,153,398              | 1,318,477              |
|  |                        |                        |

9367

**Total Operating Expenses** 

2,924,628 2,710,569 = ------

\* Generic Item

Page 5 of 5

Sch. 9367

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

# **GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)**

#### **Income Statement Summary**

These amounts will print on Schedule 125 if only one Schedule 125 has been completed.

1

Total number of schedule 125 forms:

| GIFI | Account | Description  | Amount    | Prior<br>year |  |
|------|---------|--|-----------|---------------|--|
| 9970 |         | Net income/loss before taxes and extraordinary items+                      | 1,678,106 | 2,757,447     |  |
| 9975 |         | Extraordinary item(s)  | 0         | 0             |  |
| 9976 |         | Legal settlements  | 0         | 0             |  |
| 9980 |         | Unrealized gains/losses  | 0         | 0             |  |
| 9985 |         | Unusual items  | 0         | 0             |  |
| 9990 |         | Current income taxes   | 808,000   | 683,000       |  |
| 9995 |         | Deferred income tax provision  | -418,000  | 0             |  |
| 9999 |         | Net Income/Loss after Taxes and<br>Extraordinary Items (mandatory field) = | 1,288,106 | 2,074,447     |  |

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2004-12-31

Sch. 141

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

#### NOTES CHECKLIST

- This form is to be used by all corporations that do not use a software package to prepare financial statement information and are not eligible to use the GIFI-Short form.
- Use this schedule to report a notes checklist for the corporation's financial statement information,
- For more information, see the "Guide to the General Index of Financial Information (GIFI) for Corporations" and the "T2 Corporation Income Tax Guide."
- For the purposes of this schedule, the person who reported on or prepared the financial statement of the corporation is referred to as the "accounting practitioner."

|   | man and the state of the second term  |     |       |     |    |  |
|---|---|-----|-------|-----|----|--|
| ŕ | — Part 1 - Accounting practitioner information  |     |       |     |    |  |
|   | Choose only one of the following three options, whichever applies to the accounting practitioner:   | 096 |       |     |    |  |
|   | Chartered accountant  | 1   |       | [ ] | 1  |  |
|   | Other professional designation  | 2   |       | l   | 1  |  |
|   | No professional designation   | 3   |       | t   | Ì  |  |
|   | Is the accounting practitioner connected* with the corporation?   | 097 | [Y/N] | [ ] | 1] |  |
|   | * A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation. |     |       |     |    |  |

#### — Part 2 - Type of involvement —

| Choose the option that represents the highest level of involvement of the accounting practitioner: | 098 |     |    |
|--|-----|-----|----|
| Completed an auditor's report  | 1   | [ X |    |
| Completed a review engagement report   | 2   | l   | 1. |
| Compiled the financial statements along with reviewing the books                                   | 3   | [   | 1  |
| Conducted a compilation engagement   | 4   | ĺ.  | Ĵ. |

| Part 3 - Reservations If you selected option "1" or "2" under Type of involvement above, answer the following question: |             |
|---|-------------|
| Has the accounting practitioner expressed a reservation?  | [Y/N] [ N ] |
| T2 SCH 141 (04)   | Page 1 of 2 |

| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Year Ended:             | 200 | 94-12-31   | Sch. | 141 |
|---|-----|------------|------|-----|
| — Part 4 - Other information  |     | Yes/No     |      |     |
| Were notes to the financial statements prepared?                                    | 101 | [Y]        |      |     |
| If you answered "Yes" to the question at line 101, complete lines 102 to 107 below: |     |            |      |     |
| Are any values presented at other than cost?  | 102 | [N]        |      |     |
| Has there been a change in accounting policies since the last return?               | 103 | [N]        |      |     |
| Are subsequent events mentioned in the notes?                                       | 104 | [N]        |      |     |
| Is re-evaluation of asset information mentioned in the notes?                       | 105 | [N]        |      |     |
| Is contingent liability information mentioned in the notes?                         | 106 | [Y]        |      |     |
| Is information regarding commitments mentioned in the notes?                        | 107 | [N]        |      |     |
| Does the corporation have investments in joint venture(s) or partnership(s)?        | 108 | [N]        |      |     |
| If you answered "Yes" to the question at line 108, complete line 109 below:         |     |            |      |     |
| Are you filing financial statements of the joint venture(s) or partnership(s)?      | 109 | 1 1        |      |     |
|   | P   | age 2 of 2 |      |     |

| E.L.K. Energy Inc.<br>Account/Business No.:866567787RC0001 Year Ended:  | Sch. 001<br>2004-12-31 |  |  |  |  |  |  |  |  |
|---|------------------------|--|--|--|--|--|--|--|--|
| Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada   |                        |  |  |  |  |  |  |  |  |
| NET INCOME (LOSS) FOR INCOME TAX PURPOSES   |                        |  |  |  |  |  |  |  |  |
| <ul> <li>The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss)<br/>as reported on the financial statements and its net income (loss) for tax purposes.</li> </ul>   |                        |  |  |  |  |  |  |  |  |
| <ul> <li>Please provide us with the applicable details in the identification area, and complete the applicable<br/>lines that contain a numbered black box. You should report amounts in accordance with the Generally<br/>Accepted Accounting Principles (GAAP).</li> </ul>  |                        |  |  |  |  |  |  |  |  |
| - Sections, subsections, and paragraphs referred to an this schedule are from the "Income Tax Act."   |                        |  |  |  |  |  |  |  |  |
| - For more information, see the "T2 Corporation Income Tax Guide."  |                        |  |  |  |  |  |  |  |  |
| Net income (loss) after taxes and extraordinary items per financial statements  | 1,288,106 A            |  |  |  |  |  |  |  |  |
| Additions:  |                        |  |  |  |  |  |  |  |  |
| Provision for income taxes - current       101       808,000         Provision for income taxes - deferred       102       -418,000         Amortization of tangible assets       104       607,909         ( able donations from Schedule 2       112       25         Non-deductible meals and entertainment expenses       121       1,241         Reserves from financial statements - balance at the end of the year       126       653,229 |                        |  |  |  |  |  |  |  |  |
| Subtotal of additions   | 1,652,404              |  |  |  |  |  |  |  |  |
| Other Additions:  |                        |  |  |  |  |  |  |  |  |
| Miscellaneous Other Additions:  |                        |  |  |  |  |  |  |  |  |
| 600Addition of revenue capitalized for accounting290169,692601Addition of expenses capitalized for accounting P/Y291352,980602Capital tax accrued in the accounts29237,000603aEnerconnect Limited Partnership income00603b000603c00   |                        |  |  |  |  |  |  |  |  |
| Subtotal of Other Additions   | 559,672                |  |  |  |  |  |  |  |  |
| Total Additions 500   | 2,212,076              |  |  |  |  |  |  |  |  |

Corporate Taxprep / Taxprep des sociétés - TP-10

| E.L.K. Energy Inc.<br>Account/Business No.:866567787RC0001 Year   | End               | led:                         | 2004-12-31 | Sch. | 001 |
|---|-------------------|------------------------------|------------|------|-----|
| Deductions:   |                   |                              |            |      |     |
| Capital cost allowance from Schedule 8<br>Cumulative eligible capital deduction from Schedule 10<br>Reserves from financial statements-balance at the beginning of the year | 403<br>405<br>414 | 546,206<br>48,748<br>644,766 |            |      |     |
| Subtotal of Deductions  |                   | 1,239,720                    | 1,239,720  |      |     |
| Other Deductions:   |                   |                              |            |      |     |
| Miscellaneous Other Deductions:   |                   |                              |            |      |     |
| _   | 392               | 27 170                       |            |      |     |
| 702 Actual capital tax  | 499               | 37,479<br>                   | 37,479     |      |     |
|   | al Ded            | uctions 510                  | 1,277,199  |      |     |
| Net income (loss) for income tax purposes   |                   |                              | 2,222,983  |      |     |

T2 SCH 1 E (01)

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# CHARITABLE DONATIONS AND GIFTS

- For use by corporations to claim any of the following:

- Charitable donations;

- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as

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described under subsections 87(1) and 88(1) of the federal "Income Tax Act."

- File one completed copy of this schedule with your "T2 Corporation Income Tax Return."
- For more information, see the "T2 Corporation Income Tax Guide."

| — Part 1 - Charitable donations —        |    |            |            |                     |       |                     |                  |  |
|--|----|------------|------------|---------------------|-------|---------------------|------------------|--|
| - Fart I - Charitable donations -        |    |            |            |                     |       |                     | Amount (\$100 or |  |
| Charity/Recipient                        |    |            |            |                     |       |                     | more only)       |  |
|  |    |            |            |                     |       |                     | 0                |  |
|  |    |            |            |                     |       | Subtotal            | 0                |  |
|  |    |            |            |                     |       |                     |                  |  |
|  | A  | dd: Tota   | al donatio | ons of less than \$ | 100 e | each                | 25               |  |
|  |    |            |            |                     |       |                     |                  |  |
|  |    |            |            | Total donations     | in cu | rrent taxation year | 25               |  |
|  |    |            |            |                     |       |                     |                  |  |
|  |    |            |            | Federal             |       | Quebec              | Alberta          |  |
| Charitable donations at end of preceding |    |            |            |                     |       |                     |                  |  |
| taxation year                            |    |            |            | 0                   | А     | 0                   | 0                |  |
| Deduct:                                  |    |            |            |                     |       |                     |                  |  |
| Donations expired after 5 taxation years |    |            | 239        | 0                   |       | 0                   | 0                |  |
|  |    |            |            |                     |       |                     |                  |  |
| Charitable donations at beginning of     |    |            |            |                     |       |                     |                  |  |
| taxation year                            |    |            | 240        | 0                   |       | 0                   | 0                |  |
|  |    | CALL COLOR |            | •                   |       | 17                  | ~                |  |
| Add:                                     |    |            |            |                     |       |                     |                  |  |
| Donations transferred on amalgamation or | _  |            |            |                     |       |                     |                  |  |
| wind-up of subsidiary,                   | 0  | В          |            |                     |       |                     |                  |  |
| Total current year charitable            |    |            |            |                     |       |                     |                  |  |
| donations made                           | 25 | С          |            |                     |       |                     |                  |  |
|  |    |            |            |                     |       |                     |                  |  |
| Subtotal:                                |    |            |            |                     |       |                     |                  |  |
| Amount B plus amount C                   | 25 |            |            | 25                  | D     | 25                  | 25               |  |
|  |    |            |            |                     |       |                     |                  |  |

T2 SCH 2 E (99)

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#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

Year Ended:

2004-12-31

Federal Quebec Alberta 25 E 25 25 Total donations available ..... Deduct: Amount applied against taxable income: 25 25 F 25 \*\*\*\*\*\*\*\*\* ..... ..... 0 G 0 0 -----------

| — Amounts car                                | ried forward - Charitable donations — |      |            |            |           |  |  |
|--|---------------------------------------|------|------------|------------|-----------|--|--|
| Year of origin:                              |                                       |      | Federal    | Quebec     | Alberta   |  |  |
| 1st prior year                               | -                                     | 2003 | 0          | 0          | 0         |  |  |
| 2nd prior year                               |                                       | 2002 | 0          | 0          | 0         |  |  |
| 3rd prior year                               | -                                     | 2001 | 0          | 0          | 0         |  |  |
| 4th prior year                               |                                       | 2001 | 0          | 0          | 0         |  |  |
| 5th prior year                               | *                                     | 2000 | 0          | 0          | 0         |  |  |
| 6th prior year *                             |                                       | 1999 | 0          | 0          | 0         |  |  |
|  |                                       |      |            | ********** | ********* |  |  |
| Total (to line A)                            |                                       | • •  | 0          | 0          | 0         |  |  |
| ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,      |                                       |      | ********** |            |           |  |  |
| * These donations expired in the prior year. |                                       |      |            |            |           |  |  |
|  |                                       |      |            |            |           |  |  |

| Part 2 - Maximum deduction calculation for donations   |                     |          |            |   |
|--|---------------------|----------|------------|---|
| Come for tax purposes * multiplied by 75%  |                     |          | 1,667,237  | Н |
| Come for tax purposes multiplied by 10701  |                     |          |            |   |
|  |                     |          |            |   |
| Taxable capital gains arising in respect of gifts of capital property:                         | 0                   |          |            |   |
| - per line 895 of schedule 6   | 0                   |          |            |   |
| - other  | -                   |          |            |   |
| Total  | 0                   |          |            |   |
| Taxable capital gain in respect of deemed gifts of non-qualifying                              |                     |          |            |   |
| securities per subsection 40(1.01) 227   | 0                   | J        |            |   |
| Add the lesser of:   |                     |          |            |   |
| 1) The amount of the recapture of capital cost   |                     |          |            |   |
| allowance in respect of charitable gifts 0   | К                   |          |            |   |
|  |                     |          |            |   |
| 2) The lesser of:  |                     |          |            |   |
| i) Proceeds of dispositions  |                     |          |            |   |
| less outlays and expenses  |                     |          |            |   |
|  |                     |          |            |   |
|  |                     |          |            |   |
|  |                     |          |            |   |
| The lesser of amounts L and M <sup>235</sup> 0   | N                   |          |            |   |
|  |                     |          |            |   |
|  | 0                   | 0        |            |   |
| The lesser of amounts K and N  | 0                   | 0        |            |   |
|  |                     |          |            | 5 |
| Subtotal: Amount I plus amount J plus amount O.  | 0                   |          | 0          | P |
|  |                     |          |            | _ |
|  | Amount P multiplied | i by 25% | 0          | Q |
|  |                     |          |            |   |
| Maximum deduction allowable: (amount H plus amount Q)  | *****               |          | 1,667,237  | R |
|  |                     |          |            |   |
| Claim for charitable donations: (not exceeding the lesser of amount E from Part 1,             |                     |          |            |   |
| amount R and net income for tax purposes)  |                     |          | 25         | S |
| (Enter amount S on line 311 of the T2 return)  |                     |          | ********** |   |
| * For credit unions this amount is before the deduction of payments pursuant to allocations in |                     |          |            |   |
| proportion to borrowing and bonus interest.  |                     |          |            |   |
|  |                     |          |            |   |
|  |                     |          |            |   |

Sch. 002

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2004-12-31

Sch. 002

| ſ | — Part 3 - Gifts to Canada or a province   |   |  |
|---|--|---|--|
|   | Gifts to Canada or a province at the end of the preceding taxation year                      | 0 |  |
|   | Deduct: Gifts to Canada or a province expired after 5 taxation years                         | 0 |  |
|   |  |   |  |
|   | Gifts to Canada or a province at the beginning of the taxation year                          | 0 |  |
| ļ | Add: Gifts to Canada or a province transferred on amalgamation or                            |   |  |
|   | wind-up of a subsidiary  | 0 |  |
|   | Total current year gifts made to Canada or a province *                                      | 0 |  |
|   | Total current year gins made to Canada of a province   |   |  |
|   |  |   |  |
|   | Subtotal   | 0 |  |
|   | Deduct: Amount applied against taxable income (enter this amount on line 312                 |   |  |
|   | of the T2 return)  | 0 |  |
|   |  |   |  |
|   | 380  | 0 |  |
|   | Gifts to Canada or a province closing balance  |   |  |
|   |  |   |  |
|   | * Not applicable for gifts made after February 18, 1997, unless a written agreement was made |   |  |
|   | before this date. If the taxation year straddles February 18, 1997, and gifts were made      |   |  |
|   |  |   |  |
|   | after this date, enter the amount at line 210 and complete part 2.                           |   |  |
|   |  |   |  |

| — Part 4 - Gifts of certified cultural property       | Federal | Quebec    | Alberta |  |
|---|---------|-----------|---------|--|
|   | Federal | - ACCEPCO | ,       |  |
| Gifts of certified cultural property at the end       | 0       | 0         | 0       |  |
| of the preceding taxation year                        | 0       | 0         | 0       |  |
| Deduct: Gifts of certified cultural property expired  |         | 0         | 0       |  |
| after 5 taxation years                                | 0       | 0         | 0       |  |
|   |         |           |         |  |
| Gifts of certified cultural property at the beginning |         | _         |         |  |
| of the taxation year 440                              | 0       | 0         | 0       |  |
| Add: Gifts of certified cultural property transferred |         |           |         |  |
| on amalgamation or wind-up of a subsidiary            | 0       |           |         |  |
| Total current year gifts of certified                 |         |           |         |  |
| cultural property                                     | 0       |           |         |  |
|   |         |           |         |  |
| Subtotal  | 0       | 0         | 0       |  |
| Deduct: Amount applied against taxable income         |         |           |         |  |
| (enter this amount on line 313                        |         |           |         |  |
| of the T2 return)460                                  | 0       | 0         | 0       |  |
|   |         |           |         |  |
| Gifts of certified cultural property                  |         |           |         |  |
| - Closing balance                                     | 0       | 0         | 0       |  |
|   |         |           |         |  |
|   |         |           |         |  |

# — Amounts carried forward - Gifts of certified cultural property —

– Part 4 - Gifts of certified cultural property ——

| Year of origin:                              |       | Federal | Quebec     | Alberta |  |
|--|-------|---------|------------|---------|--|
| 1st prior year                               | 2003  | 0       | 0          | 0       |  |
| 2nd prior year                               | 2002  | 0       | 0          | 0       |  |
| 3rd prior year                               | 2001  | 0       | 0          | 0       |  |
| 4th prior year                               | 2001  | 0       | 0          | 0       |  |
| 5th prior year                               | 2000  | 0       | 0          | 0       |  |
| th prior year *                              | 1999  | 0       | 0          | 0       |  |
|  |       |         |            |         |  |
|  | Total | 0       | 0          | 0       |  |
|  |       |         | ********** |         |  |
| * These donations expired in the prior year. |       |         |            |         |  |

Page 3 of 4 Corporate Taxprep / Taxprep des sociétés - TP-10

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001

ecologically sensitive land ..... 510

Year Ended:

0

0

0

0

.....

.....

2004-12-31

0

0

0

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0

0

.....

| — Part 5 - Gifts of certified ecologically sensitive land —  |           |           |         |
|--|-----------|-----------|---------|
|  | Federal   | Quebec    | Alberta |
| Gifts of certified ecologically sensitive land at the end of |           |           |         |
| of the preceding taxation year                               | 0         | 0         | 0       |
| Deduct: Gifts of certified ecologically sensitive land       |           |           |         |
| expired after 5 taxation years                               | 0         | 0         | 0       |
|  | ********* | ********* |         |
| Gifts of certified ecologically sensitive land at            |           |           |         |
| the beginning of the taxation year                           | 0         | 0         | 0       |

| - Closing balance | 580 | 0 | 0 | 0 |
|-------------------|-----|---|---|---|
|                   |     |   |   |   |
|                   | -   |   |   |   |

| Year of origin:  |       | Federal    | Quebec | Alberta     |
|------------------|-------|------------|--------|-------------|
|                  | 2003  | 0          | 0      | 0           |
| 1st prior year   |       |            | 0      | 0           |
| 2nd prior year   | 2002  | 0          |        |             |
| 3rd prior year   | 2001  | 0          | 0      | 0           |
| 4th prior year   | 2001  | 0          | 0      | 0           |
| 5th prior year   | 2000  | 0          | 0      | 0           |
| 6th prior year * | 1999  | 0          | 0      | 0           |
| , -              |       |            |        | **********  |
|                  | Total | 0          | 0      | 0           |
|                  |       | ********** |        | *********** |

Subtotal

580

\* These donations expired in the prior year.

Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of

Total current year gifts of certified

Deduct: Amount applied against taxable income (enter this amount on line 314 of

Gifts of certified ecologically sensitive land

Page 4 of 4 Corporate Taxprep / Taxprep des sociétés - TP-10

# Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N  $\,$ 

| Class<br>No.<br>[200] | UCC at<br>Beginning<br>of Year<br>[201] | Cost of<br>Additions<br>During Year<br>[203] | Adjustments<br>[205] | Lesser of<br>Cost or<br>Proceeds<br>[207] | 1/2 of<br>[203] - [207]<br>[211] | Rate<br>%<br>[212] | Recapture of<br>Capital Cost<br>Allowance<br>[213] | Terminal (<br>Loss<br>[215] | Capital Cost<br>Allowance<br>[217] | Undepreciated<br>Capital Cost<br>end of year<br>[220] |
|-----------------------|---|--|----------------------|---|----------------------------------|--------------------|--|-----------------------------|------------------------------------|---|
| 1                     | 9,327,346                               | 275,969                                      | 0                    | 188,808                                   | 43,580                           | 4                  | 0  | 0                           | 374,837                            | 9,039,670   |
| 8                     | 300,452                                 | 6,323  | 0                    | 0   | 3,161                            | 20                 | 0  | 0                           | 60,723                             | 246,052   |
| 10                    | 225,095                                 | 69,074                                       | 0                    | 0   | 34,537                           | 30                 | 0  | 0                           | 77,890                             | 216,279   |
| 12                    | 544                                     | 64,423                                       | 0                    | 0   | 32,211                           | 100                | 0  | 0                           | 32,756                             | 32,211  |
|                       |   |  |                      |   |                                  |                    |  |                             | ****                               | *********   |
| Total                 | 9,853,437                               | 415,789                                      | 0                    | 188,808                                   | 113,489                          |                    | 0  | 0                           | 546,206                            | 9,534,212   |
|                       |   | *********                                    | **********           |   |                                  |                    |  |                             |                                    | **********  |
|                       |   |  |                      |   | Onenaka Mar                      | mmon /             | Townron dag a                                      | ociátág - TD                | -10                                |   |

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended: RELATED AND ASSOCIATED CORPORATIONS

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)

- associated corporation(s)

|                       |       |             |       | Number |        | Number    | % of   |          |
|-----------------------|-------|-------------|-------|--------|--------|-----------|--------|----------|
|                       | Ctry  |             | Rela- | of     | % of   | of        | pre-   | Book     |
|                       | of    |             | tion- | common | common | preferred | ferred | value of |
|                       | resi- | Business    | ship  | shares | shares | shares    | shares | capital  |
| Namé                  | dence | Number      | Code  | owned  | owned  | owned     | owned  | stock    |
|                       |       | (Note)      |       |        |        |           |        |          |
| [100]                 | [200] | [300]       | [400] | [500]  | [550]  | [600]     | [650]  | [700]    |
|                       |       |             |       |        |        |           |        |          |
| E.L.K. SOLUTIONS INC. | 86    | 1877519RC00 | 001 2 | 10,000 | 100.00 | 0         | 0.00   | 100      |

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

1

| E.L.H<br>Accou | . Energy Inc.<br>Int/Business No.: 866567787RC0001 Year Ended:   | 2004-12-3   | Sch. 010<br>1 |
|----------------|--|-------------|---------------|
| Canada C       | ustoms and Revenue Agency/Agence des douanes et du revenu du Canada  |             |               |
| CUMUL          | ATIVE ELIGIBLE CAPITAL DEDUCTION   |             |               |
|                | by a corporation that has eligible capital property. For more information, see the "T2 Corporation Tax Guide." |             |               |
| - A sepa       | ate cumulative eligible capital account must be kept for each business.  |             |               |
| Part           | 1 - Calculation of current year deduction and carry-forward  |             |               |
| Cumulati       | re eligible capital - Balance at the end of the preceding taxation year  |             |               |
|                | e, enter "0")  | 696,404 A   |               |
| Add:           | Cost of eligible capital property acquired<br>during the taxation year   |             |               |
|                | during the taxation year         222         0           Other adjustments         226         0               |             |               |
|                | *********  |             |               |
|                | Subtotal (line 222 plus line 226) 0 x 0.75 = 0 B   |             |               |
|                | Non-taxable portion of a non-arm's   |             |               |
|                | length transferor's gain realized on   |             |               |
|                | the transfer of an eligible capital  |             |               |
|                | property to the corporation after           December 20, 2002         228         0 x 0.50 =         0 C       |             |               |
|                |  |             |               |
|                | amount B minus amount C (if negative, enter "0") 0   | 0 D         |               |
|                | Amount transferred on amalgamation or wind-up of subsidiary  | 0 E         |               |
|                |  |             |               |
|                | Subtotal (add amounts A, D, and E) [230]   | 696,404 F   |               |
| Deduct:        | Proceeds of sale (less outlays and expenses not<br>otherwise deductible) from the disposition of               |             |               |
|                | all eligible capital property during   |             |               |
|                | the taxation year 242 0 G  |             |               |
| 1              | The gross amount of a reduction in respect of  |             |               |
|                | a forgiven debt obligation as provided for in<br>subsection 80(7)  |             |               |
|                | Other adjustments  |             |               |
|                | [248]  | L 0         |               |
|                | (add amounts G, H, and I) 0 x 0.75 =   |             |               |
| Cumulat        | ve eligible capital balance (amount F minus amount J)  | 696,404 K   |               |
|                | t K is negative, enter "0" at line M and proceed to Part 2)  |             |               |
|                | re eligible capital for a property no longer<br>ter ceasing to carry on that business                          |             |               |
| owned at       | amount K 696,404   |             |               |
|                | less amount from line 249 0  |             |               |
|                | rear deduction   |             |               |
| Current        | /ear deduction   |             |               |
|                | (line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 48,748                                  | 48,748 L    |               |
|                |  |             |               |
| Cumulat        | ive eligible capital - Closing balance (amount K minus amount L)<br>/e, enter "0")                             | 647,656 M   |               |
|                |  | *********   |               |
|                | can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum               |             |               |
| amo            | int prorated by the number of days in the taxation year divided by 365.  |             |               |
|                |  | Page 1 of 2 |               |

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Sch. 010

T2 SCH 10 (04)

|   |                   |        |         |             |     | Sch. | 010 |
|---|-------------------|--------|---------|-------------|-----|------|-----|
| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001                                       | Year              | Ended: |         | 2004-12-    | -31 |      |     |
| — Part 2 - Amount to be included in income arising from disposi                                   | tion –            |        |         |             |     |      |     |
| (complete this part only if the amount at line K is negative)                                     | lion              |        |         |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Amount from line K (show as a positive amount),   |                   |        | •••••   | 0           | N   |      |     |
| Total of cumulative eligible capital (CEC) deductions from income                                 |                   |        |         |             |     |      |     |
| for taxation years beginning after June 30, 1988  | 400               | 0      | 1       |             |     |      |     |
| Total of all amounts which reduced CEC in the current or  |                   |        |         |             |     |      |     |
| prior years under subsection 80(7)  | 401               | 0      | 2       |             |     |      |     |
| Total of CEC deductions claimed for taxation years  |                   |        |         |             |     |      |     |
| beginning before July 1, 1988 0   | 3                 |        |         |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Negative balances in the CEC account that were<br>included in income for taxation years beginning |                   |        |         |             |     |      |     |
|   | 4                 |        |         |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Line 3 minus line 4 (if negative, enter "0")0   |                   | 0      | 5       |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Total of lines 1, 2, and 5  |                   | 0      | 6       |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Amounts included in income under paragraph 14(1)(b), as that                                      |                   |        |         |             |     |      |     |
| paragraph applied to taxation years ending after June 30, 1988                                    |                   |        |         |             |     |      |     |
| and before February 28, 2000, to the extent that it is for  |                   |        |         |             |     |      |     |
| an amount described at line 400 0   | 7                 |        |         |             |     |      |     |
| Ausounts at line T from Schedule 10 ending after  |                   |        |         |             |     |      |     |
|   | 8                 |        |         |             |     |      |     |
|   |                   |        |         |             |     |      |     |
| Subtotal (line 7 plus line 8) 0   |                   | 0      | 9       |             |     |      |     |
| =======================================   |                   |        |         |             |     |      |     |
| Line 6 minus line 9 (if negative, enter "0")  | ****              | 0      |         | 0           | 0   |      |     |
|   |                   |        |         |             | _   |      |     |
| Line N minus line O (if negative, enter "0")  |                   |        |         |             | P   |      |     |
|   | Line 5            | 0      | x 1/2 = | -           | Q   |      |     |
|   |                   |        |         | 0           | R   |      |     |
| Line P minus line Q (if negative, enter "0")  | • • • • • • • • • |        |         |             |     |      |     |
|   | mount R           | 0      | x 2/3 = |             | s   |      |     |
|   |                   |        |         | 0           |     |      |     |
| Amount N or amount O, whichever is less   |                   |        | 0.000   |             |     |      |     |
| Amount to be included in income (amount S plus amount T)  |                   |        | 12      |             |     |      |     |
| (erfor this amount on line 108 of Schedule 1)   |                   |        | 410     | 0           |     |      |     |
|   |                   |        |         |             |     |      |     |
|   | _                 |        |         |             |     |      |     |
|   |                   |        |         | Page 2 of 2 |     |      |     |

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

#### CONTINUITY OF RESERVES

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

#### Part 1 - Capital gains reserves -Deduct Balance Transfer on Add Description of property Balance at at the end the beginning amalgamation of the year or wind-up of of the year subsidiary \$ \$ \$ \$ 004 003 002 001 0 2 . . 010 0 008 009 0 0 0 0 Totals -----\_\_\_\_\_ \_\_\_\_\_\_ ----------------The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains

reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

| — Financial Statement Reserv  | ves (not deduct                            | tible) ———   |       |        |                                      |
|-------------------------------|--|--|-------|--------|--------------------------------------|
| Description                   | Balance at<br>the beginning<br>of the year | Transfer on<br>amalgamation<br>or wind-up of<br>subsidiary | Add   | Deduct | Balance<br>at the end<br>of the year |
| EMPLOYEE FUTURE BENEFITS      | 644,766                                    | 0  | 8,463 | 0      | 653,229                              |
|                               | 0  | 0  | 0     | 0      | 0                                    |
|                               | 0  | 0  | 0     | 0      | 0                                    |
|                               | 0  | 0  | 0     | 0      | 0                                    |
|                               | 0  | 0  | 0     | 0      | 0                                    |
|                               | 0  | 0  | 0     | 0      | 0                                    |
| Reserves From Section 2 below | 0  | 0  | 0     | 0      | 0                                    |
|                               |  |  |       |        | *********                            |
| Totals                        | 644,766                                    | 0  | 8,463 | 0      | 653,229                              |
|                               |  | **********   |       |        |                                      |

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

T2 SCH 13 (99)

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as a deduction.

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

2004-12-31

# — Part 2 - Other reserves

| Description   |     |            | Balance at the beginning of the year |            | Transfer on<br>amalgamation<br>or wind-up of<br>subsidiary | Add      | Deduct |   |            | Balance<br>at the end<br>of the year |        |
|---|-----|------------|--------------------------------------|------------|--|----------|--------|---|------------|--------------------------------------|--------|
| [X  | q   |            | \$                                   |            | \$   | \$       | \$     |   |            | \$                                   |        |
| Reserve for doubtful<br>debts[<br>Reserve for undelivered | 1   | 110        | 0                                    | 115        | 0  |          | 0      | 0 | 120        |                                      | 0      |
| oods and services   | 1   | 130        | 0                                    | 135        | 0  |          | 0      | 0 | 140        |                                      | 0      |
| Reserve for prepaid rent [                                | ]   | 150        | 0                                    | 155        | 0  |          | 0      | 0 | 160        |                                      | 0      |
| Reserve for December 31, 1995 income [                    | 1   | 170        | 0                                    | 175        | 0  |          | 0      | 0 | 180        |                                      | 0      |
| Reserve for refundable containers [                       | J   | 190        | 0                                    | 195        | 0  |          | 0      | 0 | 200        |                                      | 0      |
| Reserve for unpaid<br>amounts[                            | 1   | 210<br>230 | 0                                    | 215<br>235 | 0  |          | 0      | 0 | 220<br>240 |                                      | 0<br>0 |
| Other tax reserves [                                      | d,  |            |                                      | <u> </u>   | •••••  |          |        |   |            | ********                             |        |
| Tota  | als | 270        | 0                                    | 275        | 0  | ======== | 0      | 0 | 280        | ********                             | 0      |

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial rents. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax

purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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| E.L.K. Energy Inc.<br>Account/Business No.: 866567787RC0001 Y   | oar     | Ended:     | 2004-12-31  | Sch. | 036 |
|---|---------|------------|-------------|------|-----|
| ACCOUNT/BUSINESS NO.: 86656/78/RC0001 1   | ear     | Ended.     | 2001 12 31  |      |     |
| Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada   |         |            |             |      |     |
| AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX   |         |            |             |      |     |
| <ul> <li>Members of a related group of corporations should use this schedule to allocate the cap of \$10,000,000 or \$50,000,000 among the members of the related group.</li> <li>Do not file this agreement if no members of the related group have to pay Part I.3</li> </ul> |         | uction     |             |      |     |
| Are any members of the related group liable to pay Part I.3 tax?  |         |            | [Y/N] [ Y ] |      |     |
| <ul> <li>In cases where a related corporation has more than one taxation year ending in a calend<br/>it has to file an agreement for each of those taxation years.</li> </ul>   | dar yea | <u>t</u> i |             |      |     |
| <ul> <li>A corporation that is related to any other corporation at any time in a taxation year of<br/>the corporation that ends in a calendar year may file such an agreement.</li> </ul>   |         |            |             | 595  |     |

- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

| - Ac     | reement   |                   |                           |                         |  |  |  |  |  |
|----------|---|-------------------|---------------------------|-------------------------|--|--|--|--|--|
|          |   |                   |                           | Year Month Day          |  |  |  |  |  |
| Date fil | ed (do not use this area)   |                   |                           |                         |  |  |  |  |  |
| lr a     | an amended agreement?   |                   |                           | 020 [Y/N] [ N ]<br>Year |  |  |  |  |  |
| Calend   | Calendar year to which the agreement applies  |                   |                           |                         |  |  |  |  |  |
| Note:    | Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included. |                   |                           |                         |  |  |  |  |  |
|          |   |                   | Allocation of             | Taxation year end       |  |  |  |  |  |
|          |   |                   | capital deduction         | to which this           |  |  |  |  |  |
|          | of all corporations which   |                   |                           | agreement applies       |  |  |  |  |  |
| are me   | mbers of the related group  | Business Number   | for the year              |                         |  |  |  |  |  |
|          |   | (Note 1)          | \$                        | (Note 2)                |  |  |  |  |  |
| ĺ        | 200   | 300               | 400                       | 500                     |  |  |  |  |  |
| E.L.K    | . Energy Inc.   | 866567787RC0001   | 45,000,000                |                         |  |  |  |  |  |
| See a    | ttached   |                   | 5,000,000                 |                         |  |  |  |  |  |
|          |   |                   |                           |                         |  |  |  |  |  |
| Total    | (Before 2004 must not exceed \$10,000   | ,000              | 50,000,000                |                         |  |  |  |  |  |
|          | After 2003 must not exceed \$50,000,00  | 00)               |                           |                         |  |  |  |  |  |
|          |   | ,                 |                           |                         |  |  |  |  |  |
| Note 1   | : If a corporation is not registered, ent   | er "NR."          |                           |                         |  |  |  |  |  |
| Note 2   |   |                   |                           |                         |  |  |  |  |  |
|          | ending in the same calendar year ar   |                   |                           | ſ                       |  |  |  |  |  |
|          | corporation that has a taxation year  |                   |                           |                         |  |  |  |  |  |
|          | first corporation for each such taxati  |                   |                           |                         |  |  |  |  |  |
|          | corporation is an amount equal to its   |                   | such taxation year. Enter |                         |  |  |  |  |  |
|          | the taxation year end to which this a   | greement applies. |                           |                         |  |  |  |  |  |
|          |   |                   |                           |                         |  |  |  |  |  |

T2 SCH 36 (04)

#### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended: AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp. 2004-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

| Names of all corporations<br>which are members of the<br>related group | Business Number<br>(Note 1) | Allocation of<br>capital deduction<br>for the year | Taxation year end to<br>which this agreement<br>applies<br>(Note 2) |
|--|-----------------------------|--|---|
| [200]  | [300]                       | [400]  | [500]   |
| E.L.K. SOLUTIONS INC.  | 864877519RC0001             | 5,000,000  |   |
|  |                             |  |   |

#### TOTAL

5,000,000

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

#### Schedule 36 - Supplementary

# E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Year Ended:

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

# SHAREHOLDER INFORMATION

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

| Name of shareholder  | Business<br>Number | Social<br>Insurance<br>Number | Percentage<br>common<br>shares   | Percentage<br>preferred<br>shares                           |  |
|--|--------------------|-------------------------------|--|---|--|
| 100THECORPORATIONOFTHETOWNOFESSEXTHECORPORATIONOFTHETOWNOFLAKESHORETHECORPORATIONOFTHETOWNOFKINGSVILLE | (note 1)<br>200    | (note 2)<br>300               | 400<br>38.00<br>24.00<br>38.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00 | 500<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00 |  |

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

- No. 2: If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

T2 SCH 50 (99)

| E.L.K. Energy<br>Account/Busine | Inc.<br>ss No.: 86656778                    | 37RC0001 3      | lear Ended:                   | 2004        | -12-    | T7B-1<br>31  |
|---------------------------------|---|-----------------|-------------------------------|-------------|---------|--|
| Schedule of Instalment          | Remittances                                 |                 |                               |             |         |  |
|                                 | ntact:                                      |                 |                               |             |         |  |
| Effective<br>Interest Date      | Description (Instalm<br>Split Payment, Asse |                 |                               |             |         | Amount of<br>Credit  |
|                                 |   |                 |                               |             |         | 480,106<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |
|                                 |   |                 | Total amount of instalment    | nts claimed | (A)     | 480,106  |
|                                 |   | Total instalmen | ts credited to the taxation y | vear per T9 | (B)     | 480,106  |
| - TRANSFER                      |   |                 |                               |             |         |  |
| Account Number                  | Taxation<br>Year End                        | Amount          | Effective<br>Interest Date    | D           | )escrip | tion   |
| From:                           |   |                 | 0                             |             |         |  |
| То:                             |   |                 | 5                             |             |         |  |

# Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

[**001**] 86656 7787 RC 0001

- [**060**] 2004 01 01
- **[061]** 2004 12 31
- [**099**] TP10

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- [002] E.L.K. Energy Inc.
- [003] 2
- [ 004 ]

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- [ 011 ]
- [ 012 ]
- [ 015 ]
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- [ 022 ]
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- [ 027 ]
- [ 028 ]

| [ 091 ] |  |
|---------|--|
| [ 092 ] |  |
| [ 093 ] |  |

|         | For agency use |
|---------|----------------|
| [ 094 ] |                |
| [ 095 ] |                |
| [ 096 ] |                |
| [ 097 ] |                |

| [ 055 | ageno | cy use |  |
|-------|-------|--------|--|
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# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

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| [ 040 ] | 5 | [ 165 ] |   | [ 217 ] |   |
|---------|---|---------|---|---------|---|
| [ 043 ] |   | [ 166 ] |   | [ 218 ] |   |
| [ 063 ] | 2 | [ 167 ] |   | [ 220 ] |   |
| ' 965 ] |   | [ 168 ] |   | [ 221 ] |   |
| [ 067 ] | 2 | [ 169 ] |   | [ 226 ] |   |
| [ 070 ] | 2 | [ 170 ] |   | [ 227 ] |   |
| [ 071 ] | 2 | [ 171 ] |   | [ 231 ] |   |
| [ 072 ] | 2 | [ 172 ] |   | [ 232 ] |   |
| [ 076 ] | 2 | [ 173 ] | 1 | [ 233 ] |   |
| [ 078 ] | 2 | [ 201 ] | 1 | [ 236 ] | 1 |
| [ 080 ] | 1 | [ 202 ] | 1 | [ 237 ] |   |
| [ 081 ] |   | [ 203 ] |   | [ 238 ] |   |
| [ 082 ] | 2 | [ 204 ] |   | [ 242 ] |   |
| [ 085 ] |   | [ 205 ] |   | [ 243 ] |   |
| L 150 ] | 1 | [ 206 ] |   | [ 244 ] | · |
| [ 151 ] |   | [ 207 ] |   | [ 249 ] |   |
| [ 160 ] |   | [ 208 ] | 1 | [ 250 ] |   |
| [ 161 ] |   | [ 210 ] | 1 | [ 253 ] |   |
| [ 162 ] |   | [ 212 ] |   | [ 254 ] |   |
| [ 163 ] |   | [ 213 ] |   | [ 255 ] |   |
| [ 164 ] |   | [ 216 ] |   | [ 256 ] |   |
|         |   |         |   |         |   |

# Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

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[914] [918] <sub>1</sub>990]

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Taxation Year End: 2004-12-31

| [ 258 ] |    | [ <b>284</b> ] E | LECTRICITY          |
|---------|----|------------------|---------------------|
| [ 259 ] |    | [ 286 ]          |                     |
| [ 260 ] |    | [ 288 ]          |                     |
| [ 261 ] |    | [ 285 ] 1        | 00                  |
| [ 262 ] |    | [ 287 ]          |                     |
| [ 263 ] |    | [ 289 ]          |                     |
| [ 264 ] |    | [ <b>950</b> ] S | SLATER              |
| [ 291 ] | 2  | [ <b>951</b> ] S | SANDRA              |
| [ 292 ] | 2  | [ <b>954</b> ] I | DIRECTOR OF FINANCE |
| [ 370 ] |    | [ <b>955</b> ] 2 | 005 04 08           |
| [ 435 ] |    | [ <b>956</b> ] 5 | 519 776 5291        |
| [ 438 ] |    | [ <b>95</b> 7] 1 |                     |
| · 624 ] |    | [ 958 ]          |                     |
| [ 646 ] |    | [ 959 ]          |                     |
| [ 750 ] | ON |                  | XXXXXXXXXXX         |
| [ 801 ] |    |                  |                     |
| [ 815 ] | -  |                  |                     |
| [ 894 ] |    |                  |                     |
| [ 896 ] | 2  |                  |                     |

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# Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2004-12-31

| [ 300 ]         | 2 222 983    | [ 440 ] |              | [ 652 ]        |              |
|-----------------|--------------|---------|--------------|----------------|--------------|
| [ 311 ]         | 25           | [ 445 ] |              | [ 700 ]        | 491 718      |
| [ 312 ]         |              | [ 450 ] |              |                | XXXXXXXXXXX  |
| [ 313 ]         |              | [ 600 ] | 24 897       |                |              |
| [ 314 ]         |              | [ 632 ] |              | [ 704 ]        |              |
| [ 320 ]         |              | [ 636 ] |              | [ 708 ]        |              |
| [ 325 ]         |              | [ 780 ] |              | [ 716 ]        |              |
| [ 331 ]         |              |         | XXXXXXXXXXX  | [ 720 ]        |              |
| [ 332 ]         |              |         | АЛАЛАЛАЛАЛА  | [ 724 ]        |              |
| [ 333 ]         |              | [ 460 ] |              | [ 727 ]        |              |
| [ 334 ]         |              | [ 465 ] |              | [ 728 ]        |              |
| [ 335 ]         |              | [ 480 ] |              | [ 760 ]        |              |
| <b>' 3</b> 40 ] |              | [ 485 ] |              | [ 765 ]        |              |
| [ <b>350</b> ]  |              | [ 712 ] |              | [ 770 ]        | 491 718      |
| [ 355 ]         |              |         | XXXXXXXXXXXX |                | XXXXXXXXXXXX |
| [ 360 ]         | 2 222 958    |         |              |                |              |
|                 | XXXXXXXXXXXX | [ 550 ] | 844 724      | [ 784 ]        |              |
|                 |              | [ 602 ] |              | [ 788 ]        |              |
| [ 400 ]         |              | [ 604 ] |              | [ 792 ]        |              |
| [ 405 ]         |              | [ 608 ] | 222 296      | [ 796 ]        |              |
| [ 410 ]         |              | [ 616 ] |              | [ <b>797</b> ] |              |
| [ 425 ]         |              | [ 620 ] |              | [ 800 ]        |              |
| [ 430 ]         |              | [ 628 ] |              | [ 804 ]        |              |
|                 | XXXXXXXXXXXX | [ 637 ] |              | [ 808 ]        |              |
|                 | АЛЛАЛАЛАЛА   | [ 638 ] |              | [ 812 ]        |              |
| [ 415 ]         |              | [ 639 ] | 155 607      | [ 816 ]        |              |
|                 | XXXXXXXXXXX  | [ 640 ] |              | [ 840 ]        | 480 106      |
|                 | лалалалала   | [ 644 ] | <u> </u>     | [ 890 ]        | 480 106      |
|                 |              | [ 648 ] |              |                | XXXXXXXXXXXX |

Taxation Year End: 2004-12-31

### Certification

I, SANDRA SLATER am an authorized signing officer of the corporation.

I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

| Net income (or loss) for income tax purposes [line 200300] | 2 222 983 |
|--|-----------|
| Part I tax payable [line 200700]                           | 491 718   |
| Part I.3 tax payable [line 200704]                         |           |
| Part II surtax payable [line 200708]                       |           |
| Part IV tax payable [line 200712]                          |           |
| Part IV.1 tax payable [line 200716]                        |           |
| Part VI tax payable [line 200720]                          |           |
| Part VI.1 tax payable [line 200724]                        |           |
| Part XIV tax payable [line 200728]                         |           |
| .tet provincial and territorial tax payable [line 200760]  |           |
| Provincial tax on large corporations [line 200765]         |           |

I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

| 2005-04-08 |   | DIRECTOR OF FINANCE      |
|------------|---|--------------------------|
| Date       | Signature of an authorized signing officer of the corporation | Position, office or rank |

# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

- [ 600 ] Addition of revenue capitalized for accounting
- [ 601 ] Addition of expenses capitalized for accounting P/Y
- [ 602 ] Capital tax accrued in the accounts
- [ 603 ]
- [ 604 ]
- [ 700 ]
- [ 701 ]
- [ **702** ] Actual capital tax
- [ 703 ]
- [ 704 ]

### XXXXXXXXXXX

| 「101]          | 808 000   | [ 118 ] |              | [ 204 ]        |                                       |
|----------------|-----------|---------|--------------|----------------|---------------------------------------|
| <b>[ 102 ]</b> | # 418 000 | [ 119 ] |              | [ 205 ]        |                                       |
| [ 103 ]        |           | [ 120 ] |              | [ 206 ]        |                                       |
| [ 104 ]        | 607 909   | [ 121 ] | 1 241        | [ 207 ]        | · · · · · · · · · · · · · · · · · · · |
| [ 105 ]        |           | [ 122 ] |              | [ 208 ]        |                                       |
| [ 106 ]        |           | [ 123 ] |              | [ 209 ]        |                                       |
| [ 107 ]        |           | [ 124 ] |              | [ 210 ]        |                                       |
| [ 108 ]        |           | [ 125 ] |              | [ 211 ]        |                                       |
| [ 109 ]        |           | [ 126 ] | 653 229      | [ 212 ]        |                                       |
| [ 110 ]        |           | [ 127 ] |              | [ 213 ]        |                                       |
| [111]          |           | [ 199 ] | 559 672      | [ 214 ]        |                                       |
| <u>[112]</u>   | 25        | [ 500 ] | 2 212 076    | [ 215 ]        |                                       |
| [ 113 ]        |           |         | XXXXXXXXXXXX | [ 216 ]        |                                       |
| [ 114 ]        |           |         | ****         | <b>[ 217 ]</b> |                                       |
| [ 115 ]        |           | [ 201 ] |              | [ 218 ]        |                                       |
| [ 116 ]        |           | [ 202 ] |              | [ 219 ]        |                                       |
| [117]          |           | [ 203 ] |              | [ 220 ]        |                                       |
|                | -         |         |              |                |                                       |

### Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2004-12-31

| [ 221 ]        |             | [ 300 ] | . <u>*</u>                             | [ 401 ]  |              |
|----------------|-------------|---------|--|----------|--------------|
| [ 222 ]        |             | [ 301 ] |  | [ 402 ]  |              |
| [ 223 ]        |             | [ 302 ] |  | [ 403 ]  | 546 206      |
| [ 224 ]        |             | [ 303 ] |  | [ 404 ]  |              |
| [ 225 ]        |             | [ 304 ] |  | [ 405 ]  | 48 748       |
| [ 226 ]        |             | [ 305 ] |  | [ 406 ]  |              |
| [ 227 ]        |             | [ 306 ] |  | [ 407 ]  |              |
| [ 228 ]        |             | [ 307 ] |  | [ 408 ]  |              |
| [ 229 ]        |             | [ 308 ] |  | [ 409 ]  |              |
| [ 230 ]        |             | [ 309 ] |  | [ 410 ]  |              |
| [ 231 ]        |             | [ 310 ] |  | [ 411 ]  |              |
| [ 232 ]        |             | [ 311 ] |  | [ 413 ]  |              |
| 「233]          |             | [ 312 ] |  | [ 414 ]  | 644 766      |
| <b>[ 234 ]</b> |             | [ 313 ] |  | [ 416 ]  |              |
| [ 235 ]        |             | [ 314 ] |  | [ 417 ]  |              |
| [ 236 ]        |             | [ 315 ] |  | [ 499 ]  | 37 479       |
| [ 237 ]        |             | [ 316 ] |  | [ 510 ]  | 1 277 199    |
| [ 238 ]        |             | [ 340 ] |  |          | XXXXXXXXXXXX |
| [ 290 ]        | 169 692     | [ 341 ] | ······································ |          |              |
| [ 291 ]        | 352 980     | [ 342 ] |  |          |              |
| [ 292 ]        | 37 000      | [ 343 ] |  |          |              |
| [ 293 ]        |             | [ 344 ] |  |          |              |
| [ 294 ]        |             | [ 345 ] |  |          |              |
|                | XXXXXXXXXXX | [ 346 ] |  |          |              |
|                |             | [ 390 ] |  |          | х            |
|                |             | [ 391 ] |  |          |              |
|                |             | [ 392 ] | 37 479                                 |          |              |
|                |             | [ 393 ] |  |          |              |
|                |             | [ 394 ] |  | <u>a</u> |              |
|                |             |         |  |          |              |

## Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2004-12-31

| [ 225 ] |              | [ 410 ] |              |
|---------|--------------|---------|--------------|
| [ 227 ] |              | [ 440 ] | ·            |
| [ 230 ] |              | [ 450 ] |              |
| [ 235 ] |              | [ 460 ] |              |
| [ 239 ] |              | [ 480 ] |              |
| [ 339 ] |              |         | XXXXXXXXXXXX |
| [ 439 ] |              |         |              |
| [ 539 ] |              | [ 510 ] |              |
|         |              | [ 540 ] |              |
|         | XXXXXXXXXXXX | [ 550 ] |              |

- [ 560 ] [ 580 ]
- [ 240 ] 「250]

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- **[ 260 ]** [ 280 ]

[ 210 ]

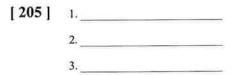
### XXXXXXXXXXX

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- [ 310 ] [ 340 ] [ 350 ] [ 360 ]
- [ 380 ]

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| T2-RETURN AND SCHEDULE INFORMATION  |   |  |  |  |
|---|---|--|--|--|
| Name: E.L.K. Energy Inc.BN: 86656 7787 RC 0001Taxation Year End: 2004-12-31             |   |  |  |  |
| [101] 2   | 4 *   |  |  |  |
| [200] 1. 1<br>2. 8  | 7]       1.       188       808         2.                    |  |  |  |
| 3. 10<br>4. 12 <b>*</b>   | 3<br>4 *  |  |  |  |
| [211] 1. 43 580 [21<br>2. 3 161<br>3. 34 537  | 2<br>3  |  |  |  |
| 4. 32 211 <b>*</b><br>[21] 1. 4 [21]<br>2. 20<br>3. 30                                  | 23  |  |  |  |
| 4. 100 ★<br>XXXXXXXXXXXXXXX<br>[201] 1. 9 327 346<br>2. 300 452<br>3. 225 095           | 4 *<br>7] 1. 374 837<br>2. 60 723<br>3. 77 890<br>4. 32 756 * |  |  |  |
| 4. 544 <b>*</b> [22<br>, 203] 1. 275 969<br>2. 6 323<br>3. 69 074<br>4. 64 423 <b>*</b> | 0] 1. 9 039 670<br>2. 246 052<br>3. 216 279<br>4. 32 211 ★    |  |  |  |
|   | XXXXXXXXXXX   |  |  |  |



| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2004-12-31 |

- [ 300 ] 1. 86487 7519 RC 0001 \*
- [400] 1. 2 \*

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- [100] 1. E.L.K. SOLUTIONS INC. \*
- [ 200 ] 1. \_\_\_\_\_ \*
- **[500]** 1. 10 000 **\***
- [550] 1. 100 **\***
- **1 600 ]** 1. \_\_\_\_\_ \*
- [650] 1.\_\_\_\_\_\*
- **[700]** 1. 100 \*

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- [ **200** ] 696 404
- [ 222 ]
- [ 224 ]
- [ 226 ]
- [ 228 ]
- **[ 230 ]** 696 404

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- [ 242 ]
- [ 244 ] \_\_\_\_\_\_ [ 246 ] \_\_\_\_\_\_
- [ 248 ]

## XXXXXXXXXXX

- [ 249 ] [ 250 ] 48 748
- **[ 300 ]** 647 656

## XXXXXXXXXXXX

- [ 400 ]
- [ 401 ]
- [ 402 ]
- [ 408 ]
- , 409 ]
- [ 410 ]

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# Name: E.L.K. Energy Inc. BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

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- [ 130 ]
- [ 150 ]
- [ 170 ]
- [ 190 ]
- [ 210 ]
- [ 230 ]
- [ 270 ]

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- [ 115 ] \_\_\_\_\_\_ [ 135 ] \_\_\_\_\_\_
- [ 155 ] \_\_\_\_\_\_
- [ 175 ] \_\_\_\_\_\_
- [ 195 ]
- [ 215 ]
- [ 235 ]
- [ 275 ]

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- [ 120 ]
- [ 140 ]
- [ 160 ]
- \_ 180 ] \_\_\_\_\_
- [ 200 ]
- [ 220 ]
- [ 240 ] \_\_\_\_\_\_ [ 280 ] \_\_\_\_\_

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| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2004-12-31 |

- [ 002 ] 1.\_\_\_\_\_ \*
- [ 008 ]

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- [ 003 ] 1.\_\_\_\_\_ \*
- [ 009 ]

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- [004] 1.\_\_\_\_\_\*
- [ 010 ]

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**'001]** 1.\_\_\_\_\_\*

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 Name: E.L.K. Energy Inc.

 BN: 86656 7787 RC 0001
 Taxation Year End: 2004-12-31

- [ 010 ]
- [020] 2
- [030] 2004
- [300] 1. 86656 7787 RC 0001
  - 2. 86487 7519 RC 0001 \*
- [ **500** ] 1.\_\_\_\_\_
  - 2.\_\_\_\_\_ \*

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- **[400]** 1. 45 000 000
  - 2. 5 000 000 \*

### XXXXXXXXXXXX

- [200] 1. E.L.K. Energy Inc.
  - 2. E.L.K. SOLUTIONS INC. \*

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## Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

- [ 100 ] 1. THE CORPORATION OF THE TOWN OF ESSEX
  - 2. THE CORPORATION OF THE TOWN OF LAKESHORE
  - 3. THE CORPORATION OF THE TOWN OF KINGSVILLE \*
- [200] <u>1</u>. NR
  - 2. NR
  - 3. NR \*
- [ 300 ] 1.\_\_\_\_\_ 2.\_\_\_\_ 3.\_\_\_\_\*
- **400**] 1. 38
  - 2. 24
  - 3. 38 \*
- **[ 500 ]** 1.\_\_\_\_\_
  - 2.\_\_\_\_\_ 3.\_\_\_\_\_\*
    - XXXXXXXXXXXX

| Name: E.L.K. | Energy Inc. |
|--------------|-------------|
|--------------|-------------|

BN: 86656 7787 RC 0001 Taxation Year End: 2004-12-31

| [ 3640 ] | 20 753 469   | [ 3450 ] | 902 225     |
|----------|--------------|----------|-------------|
|          | XXXXXXXXXXX  | [ 3499 ] | 9 364 617   |
|          | AAAAAAAAA    |          | XXXXXXXXXXX |
| [ 1000 ] | 7 129 283    |          |             |
| [ 1060 ] | 1 708 625    | [ 3500 ] | 100         |
| [ 1062 ] | 2 753 894    | [ 3540 ] | 4 402 373   |
| [ 1120 ] | 338 326      | [ 3600 ] | 6 986 379   |
| [ 1484 ] | 73 547       | [ 3620 ] | 11 388 852  |
| [ 1599 ] | 12 003 675   |          | XXXXXXXXXXX |
| [ 1600 ] | 156 387      |          |             |
| [ 1680 ] | 2 960 271    | [ 3660 ] | 5 698 273   |
| [ 1681 ] | # 2 162 535  | [ 3680 ] | 1 288 106   |
| 1740 ]   | 14 985 397   | [ 3849 ] | 6 986 379   |
| [ 1741 ] | # 8 226 328  |          | XXXXXXXXXXX |
| [ 2008 ] | 18 102 055   |          |             |
| [ 2009 ] | # 10 388 863 |          |             |
| [ 2242 ] | 100          |          |             |
| [ 2420 ] | 46 502       |          |             |
| [ 2421 ] | 990 000      |          |             |
| [ 2589 ] | 1 036 602    |          |             |
| [ 2599 ] | 20 753 469   |          |             |
|          | XXXXXXXXXXXX |          |             |
| (        |              |          |             |

[ 2600 ]

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- **[ 2620 ]** 2 561 458
- [ **2680** ] 360 515
- **[ 2861 ]** 5 200 000
- **[ 2961 ]** 340 419
- **[ 3139 ]** 8 462 392
- **[ 3320 ]** 248 996
- **[ 3322 ]** 653 229

428 047 521 215

447 559

705 839

2 710 569

15 285 491

[ 0001 ]

[ 0002 ] MUNICIPALLY OWNED ELECTRICAL DISTRIBUTION COMPANY

[ 8710 ]

[ 8813 ] [ 9270 ]

[ 9284 ]

[ 9367 ]

[ 9368 ]

[ 9370 ] [ 9659 ]

### XXXXXXXXXXXX

[ 0003 ]

### XXXXXXXXXXXX

| [ 8519 ]        | 3 875 737 |
|-----------------|-----------|
| [ 9369 ]        | 1 678 106 |
| [ 9899 ]        |           |
| [ 9970 ]        | 1 678 106 |
| [ 9975 ]        |           |
| ' 9976 ]        |           |
| [ 9980 ]        |           |
| [ 9985 ]        |           |
| [ <b>9990</b> ] | 808 000   |
| [ <b>9995</b> ] | # 418 000 |
| [ 9999 ]        | 1 288 106 |

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| [ 9660 ] | - |  |
|----------|---|--|
| [ 9898 ] | 0 |  |

## [**8000**] 16 450 659

- **[ 8089 ]** 16 450 659
- **[ 8094** ] 445 719
- **67 219**
- **[8299**] 16 963 597

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- [ 8300 ]
- **[ 8320 ]** 12 574 922
- **[8518]** 12 574 922
- **[ 8670 ]** 607 909

| Name: E.L.K. Energy Inc. |                               |
|--------------------------|-------------------------------|
| BN: 86656 7787 RC 0001   | Taxation Year End: 2004-12-31 |

| [ 096 ] | 1 |
|---------|---|
| [ 097 ] | 2 |
| [ 098 ] | 1 |
| [ 099 ] | 2 |
| [ 101 ] | 1 |
| [ 102 ] | 2 |
| [ 103 ] | 2 |
| [ 104 ] | 2 |
| [ 105 ] | 2 |
| [ 106 ] | 1 |
| [ 107 ] | 2 |
| [ 108 ] | 2 |

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### XXXXXXXXXXXX

| Y Ontario   | Ministry of Finance<br>Corporations Tax Branch<br>PO Box 620<br>33 King Street West<br>Oshawa ON L1H 8E9   | 20   | )03    | Corporations Ta<br>Corporations Inf  | x Act - Ministry<br>formation Act - N  | For taxation years<br>commencing after September 30, 2001<br>of Finance (MOF)<br>Ministry of Consumer and Business Services (MCBS)<br>(formerly Ministry of Consumer and Commercial Relations)  |   |
|---|--|--|--------|--|--|---|---|
| This return is a combination of the<br>Corporations Tax Return and the M<br>Services (MCBS) Annual Return. Pare<br>returns. For tax purposes, depending q<br>must complete either the Exempt from<br>the CT23 Return on pages 3-17, tog<br>18-21. Corporations that <u>do not</u> me<br>Form criteria, may request and file | inistry of Consumer and Busine:<br>age 1 is a common page required fo<br>on which criteria the corporation sat<br>n Filing (EFF) declaration on page<br>ather with the applicable schedules<br>et the EFF criteria but <u>do</u> meet th | or both<br>isfies, it<br>2 or file<br>on pages<br>ie Short-                  |        | and Schedule K<br>authority of the 0<br>database of corp<br>share-capital co | on page 24) co<br>Corporations Inf<br>porate information<br>rporations or Fo | age 1 and MCBS Schedule A on pages 22 and 23,<br>ntains non-tax information collected under the<br><i>formation Act</i> for the purpose of maintaining a public<br>on. This return must be completed by Ontario<br>reign-Business share-capital corporations that<br>to operate in Ontario. |   |
| MCBS Annual Return Required?  | (Not required if already filed or<br>Annual Return exempt. Refer to (  | Vos  | No     | Page   | 1 of 24  |   |   |
| Corporation's Legal Name (inclu   | 192350100201   |  |        |  |  | Ontario Corporations Tax Account No. (MOF)  |   |
|   |  |  |        |  |  | 1800085<br>This CT23 Return covers the Taxation Year  | - |
| E.L.K. Energy Inc.<br>Mailing Address   |  |  |        |  |  | year month day  | ٦ |
| Ŭ   |  |  |        |  |  | Start 2004-01-01  |   |
| 172 Forest Avenue   |  |  |        |  |  | year month day<br>2004-12-31  |   |
| Essex   |  |  |        |  |  |   |   |
| ON CA<br>Has the mailing address change   | <u>N8M-3E4</u>   | 1  | ye     | ar month da  | у  | Date of Incorporation or Amalgamation   |   |
| since last filed CT23 Return?   | Yes  | Date of Change   |        |  |  | year month day  | Ì |
| Registered/Head Office Address  | 3  |  |        |  |  | 2000-01-06  | _ |
| 172 Forest Avenue   |  |  |        |  |  |   | - |
|   |  |  |        |  |  | Ontario<br>Corporation No. 1395434  | ٦ |
| Essex   | N8M-3E4  |  |        |  |  | (MCBS)  | _ |
| C CA<br>Location of Books and Records   |  |  |        |  |  |   | _ |
| 172 Forest Avenue   |  |  |        |  |  | Canada Customs and Revenue Agency<br>(formerly Revenue Canada) Business No.   |   |
|   |  |  |        |  |  | If applicable, enter  |   |
| Essex<br>ON CA  | N8M-3E4  |  |        |  |  | 866567787RC0001   |   |
| Name of person to contact rega  |  | elephone No.   | Fax N  | 0.   |  |   | _ |
|   |  |  |        |  |  | Jurisdiction<br>Incorporated ONTARIO  |   |
| SANDRA SLATER   |  | 19-776-529   | 1      |  | (MCBS)   |   |   |
| Address of Principal Office in O  | ntario (Extra-Provincial Corporatio  | ns only)   |        |  | (1000)   | If not incorporated in Ontario, indicate the<br>date Ontario business activity commenced<br>and ceased:   |   |
|   |  |  |        |  |  | Commenced year month day  | 1 |
|   |  |  |        |  |  |   | - |
| ON CA<br>r Corporation Name (Extra  | -<br>-Provincial Corporations only)  | X Not Applica  | able   |  | (MCBS)   | year month day  |   |
|   |  |  |        |  |  | X Not Applicable  |   |
|   |  |  |        | No. of Sch   | odulo/e)   | Preferred Language/Langue de préférence   |   |
| Information on Directors/Officers/Adr   |  |  | 1      |  |  | English French<br>français  |   |
| Schedule A or K as appropriate. If ad<br>only this schedule may be photocopic   | Iditional space is required for Scheo<br>ed. State number submitted (MCBS  | i).  |        |  | 0  | Ministry use  |   |
| If there is <b>no change</b> to the Directors<br>submitted to MCBS, please X th   | s'/Officers'/Administrators' informati<br>nis box. Schedule(s) A and K are no  | on previously<br>ot required (MCBS).   |        |  | K No<br>Change   |   |   |
|   |  | Certifica  | tion ( | MCBS)  |  |   |   |
| I certify that all information set of   |  | e, correct and complete  | э.     |  |  |   |   |
| Name of Authorized Person (   | Print clearly or type in full)   |  |        |  |  |   |   |
| SANDRA SLATER   |  |  |        |  |  |   |   |
| Title: X Director   | Officer of the af  | dividual having knowled<br>fairs of the Corporation<br>Act provide penalties |        | ing false or n   | nisleading st  | atement <del>s</del> or omissions.  |   |

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| • |   |  |   |  |                    |  |   |
|---|---|--|---|--|--------------------|--|---|
| 1 | Corporation's Legal Name  |  | Ontario Corpora   | tions Tax Account No. (MOF)  | Taxation Year End  | CT23 Page 3 of 2                       | 4 |
|   | E.L.K. Energy Inc.  |  |   | 1800085  | 2004-12-31         |  |   |
|   | CT23 Corporations Tax Return  | ı  |   |  |                    |  |   |
|   | Type of Corporation – Please "X" box(es) if applicate         1       Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))         2       Other Private         3       Public         4       Non-share Capital         5       Other (specify) Utility-MEU   | ole in sections 1 & 2<br>Share Capital with full<br>owned by Canadian R  |   | (nearest percent)  | (Use Head Office r | er Health Tax Account No.<br>no.)<br>r |   |
|   | <ul> <li>Family Farm Corporation s.1 (2)</li> <li>Family Fishing Corporation s.1 (2)</li> <li>Family Fishing Corporation s.1 (2)</li> <li>Mortgage Investment Corporation s.47</li> <li>Credit Union s.51</li> <li>Bank Mortgage Subsidiary s.61 (4)</li> <li>Bank s.1 (2)</li> <li>Loan and Trust Corporation s.61 (4)</li> <li>Non-resident Corporation s.61 (4)</li> <li>Non-resident Corporation s.2(2)(c)</li> <li>Mutual Fund Corporation s.48</li> <li>Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)</li> </ul> | <ul> <li>15 Branch</li> <li>16 Financia</li> <li>16 Regulat</li> <li>17 Investm</li> <li>18 Genera</li> <li>19 X Hydro sor subs</li> <li>20 Produce</li> <li>20 Produce</li> <li>21 Insuran</li> <li>22 Farm F</li> <li>Corpora</li> <li>20 Profess</li> </ul> | rical energy for<br>successor, Muni<br>idiary of either<br>er and seller of<br>r the generation<br>ace Exchange s.<br>eeder Finance 6 | s.63(1)<br>scribed by<br>energy for sale or<br>ise in the generation<br>sale<br>cipal Electrical Utility<br>steam for uses other<br>of electricity<br>74.4<br>Co-operative |                    |  |   |

| Please "X" box(es) if applicable:                              |   |   |
|--|---|---|
| First Year of Filing Amended Return                            | Final Taxation Year up to Dissolution (wind-up)<br>(Note: For discontinued businesses, see Guide.)<br>Final Taxation Year before Amalgamation | Transfer or Receipt of Asset(s) involving a<br>corporation having a Canadian permanent<br>establishment outside Ontario |
| Taxation Year End has changed - Canada Customs                 | Floating Fiscal Year End  | Acquisition of Control fed s.249(4)   |
| and Revenue Agency (formerly Revenue Canada) approval required |   | Date Control was acquired   |
|  |   | year month day  |
|  |   |   |

| Was the corporation inactive through | out the taxation year?  | Yes No |
|--------------------------------------|---|--------|
| Has the corporation's Federal T2 Ret | urn been filed with the Canada Customs and Revenue Agency (CCRA)? | x      |
| Are you requesting a refund due to:  | the Carry-back of a Loss?   |        |
|                                      | an Overpayment?   |        |
|                                      | a Specified Refundable Tax Credit?                                | x      |
| Are you a Member of a Partnership o  | r Joint Venture?  | X      |

| Corporation's Legal Name<br>E.L.K. Energy Inc.  | Ontario Corporations Tax Account No. (MOF)<br>1800085  | Taxation Year End<br>2004-12-31       | CT23    | Page 4 of 24  |
|---|--|---------------------------------------|---------|---------------|
| Allocation – If you carry on a business through a permanent establishment in a jurisdiction ou portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 300                      | tside Ontario, you may allocate that<br>a)   |                                       |         | DOLLARS ONLY  |
|   |  | + 5.000                               | 690     | 2,222,983.    |
| Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)   |  | • • • • • • • • • • • • • • • • • • • | 1       | 2,222,303.    |
| Subtract: Charitable donations  |  |                                       | 2       | 0.            |
| Subtract: Girls to Her Majesty in right of Canada of a province and girls of balance property in Re-<br>Subtract: Taxable dividends deductible, per federal T2 SCH 3  |  |                                       | 3       | 0.            |
| Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)  |  |                                       | 4       | 0.            |
| Subtract: Federal Part VI.1 tax 0, X 9/3  |  |                                       | 5       | 0.            |
| Subtract: Prior years' losses applied - Non-capital losses  |  | From                                  | 704     | 0.            |
| From 715<br>Net capital losses (page 16)  | 0. × rate 50.000   | 000% = -                              | 714     | 0.            |
| Farm losses   |  | ••••• - From                          | 724     | 0.            |
| Restricted farm losses  |  | · · · · · · · - From                  | 734     | 0.            |
| Limited partnership losses  |  | ····· - From                          | 754     | 0.            |
| Taxable Income (Non-capital loss)         Addition to taxable income for unused foreign tax deduction for federal purposes         Adjusted Taxable Income       10       +       11       (if 10 is negative, enter 11)) | + 11<br>= 202  | 0.<br>,222,958.                       | 10      | 2,222,958.    |
|   | Number of Days in Tax  | kation Year                           |         |               |
| Taxable Income  | Days after Sept. 30, 2001<br>and before Jan. 1, 2004   | Total Days                            |         |               |
|   |  | 73 366 =+                             | 29      | 0.            |
| From 10 (or 20 if applicable) 2,222,958 × 30 100.0000%<br>Ontario Allocation  | 12.3000 % × 00   |                                       |         |               |
| From 10 (or 20 if applicable) 2,222,958 × 30 100.000%<br>Ontario Allocation   | Days after Dec. 31, 2003<br>x 14.0000% x 34 366 +  | Total Days                            | 32      | 311,214.      |
| Income Tax Payable (before deduction of tax credits) 29 + 32  | ******   |                                       | 40      | 311,214.      |
| Incentive Deduction for Small Business Corporations (IDSB)  | C) (s.41) (If this section is no   | ot completed, the ll                  | DSBC wi | l be denied.) |
| Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxa the federal Small Business Deduction had the provisions of fed.s.125(5.1) no  | ation year or would you have claimed   | (×)                                   | Yes     | XNo           |
| * Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))   |  | 0.                                    |         |               |
| Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) + 51   | 0.   |                                       |         |               |
| Add: Losses of other years deducted for federal purposes (fed.s.111) + 52   |  |                                       |         |               |
| Subtract: Losses of other years deducted for Ontario purposes (s.34) - 53   |  |                                       |         |               |
| Federal Business limit (line 410 of the T2 Return) for the year   | <u> </u>   | 0.                                    |         |               |
| ario Business Limit Calculation   |  |                                       |         |               |
| Days after           Sept. 30, 2001 and           before Jan. 1, 2003           0 x         28           0 +         ** 366           = +         43  |  |                                       |         |               |
| Days after<br>Dec. 31, 2002 and<br>before Jan. 1, 2004<br>$0 \times 31  0  \div  366 = +46$   |  |                                       |         |               |
| $\begin{array}{c c} Days after \\ Dec. 31, 2003 \\ 0 \times 34 \\ 0 + 366 \\ \end{array} = + 47 \\ 0. \end{array}$  | *** Percentage of Federal<br>Business limit (from T2<br>Sch. 23). Enter 100%<br>if not associated. |                                       |         |               |
| Business Limit<br>for Ontario purposes 43 + 46 + 47 = 44 0×   | 48 % = 45  | 0.                                    |         |               |
| Income eligible for the IDSBC From 30   | 100.0000 % X 56<br>*** Ontario Allocation Least of   | 0.<br>of 50.54 or 45                  |         | 0.            |
| * Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refe   |  | المتنا ** المتنقع                     |         |               |
| ** Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.   |  |                                       |         |               |
| *** Note: For a taxation year ending before Jan. 1, 2003, use your proportion of the associate  |  |                                       |         |               |
| **** Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is  | allocated to foreign jurisdictions. See special rule   | es (s.41(4)).                         |         |               |

### continued on Page 5

| Corporation's Legal Name  | Ontario                           | Corporations Tax A  | Account No. (MOF)                           | Taxation Year End     | CT23                                    | Page 5 of 24                           |
|---|-----------------------------------|---------------------|---|-----------------------|---|--|
| E.L.K. Energy Inc.  |                                   | 1                   | 800085                                      | 2004-12-31            |   | DOLLARS ONLY                           |
| Income Tax continued from Page 4  |                                   | Numh                | per of Days in Taxati                       | on Year               |   |  |
|   |                                   |                     | vs after<br>0, 2001 and<br>Jan. 1, 2003     |                       |   |  |
| Calculation of IDSBC Rate   | C EO                              |                     | Jan. 1, 2003                                | Total Days<br>366 =-  | + 79                                    | .0000                                  |
| Tanan Marina San Kar  | 6.50%                             |                     | ivs after<br>1, 2002 and                    |                       | · [                                     |  |
|   |                                   | before .            | Jan. 1, 2004                                | Total Days            | + 89                                    | .0000                                  |
|   | 7.00%                             | X 31                | 0 ÷ 73                                      | 366 =                 | + [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ | .0000                                  |
|   |                                   |                     | r Dec. 31, 2003                             | Total Days            |   | 8.5000                                 |
|   | 8.50%                             | x 34 3              | 66 + 73                                     | 366=                  | + 90                                    | 8.5000                                 |
| IDSBC Rate for Taxation Year 79 + 89 + 90   |                                   |                     |   |                       | 78                                      | 8.5000                                 |
| Claim   | 0. X From                         | 78                  | 8.5000%                                     |                       | 70                                      | 0.                                     |
| Corporations claiming the IDSBC must complete the Surtax section below if the corpora   |                                   |                     | I, the associated grou                      | p's taxable income)   | is                                      |  |
| greater than the amount in 114 below.   |                                   |                     |   |                       |   |  |
| Surtax on Canadian-controlled private corpo<br>Applies if you have claimed the Incentive Deduction for Small Business Corporations. | rations (s                        | .41.1)              |   |                       |   |  |
| the Shert Townfine Veneral Second rules apply where the tayation year is less than  | 51 weeks for the c                | orporation and/or a | ny corporation associ                       | ated with it.         | <b>.</b> .                              |  |
| Associated Corporation - The taxable income of associated corporations is the taxable year end.                                     | axable income for t               | he taxation year en | ding on or before the                       | date of this corporat | ion's                                   |  |
| ** Taxable Income of the corporation  |                                   | From                | n 10 (or 20 if                              | applicable)           | + 80                                    | 0.                                     |
| If you are a member of an associated group (X) [81] [14] (Yes)  | Ontario Corpora                   | itions Tax          |   |                       |   |  |
| Name of associated corporation (Canadian & foreign) / ufficient space, attach schedule)   | Account No. (M<br>(if applicable) |                     | Taxation Year                               | End                   |   | Taxable Income<br>(if loss, enter nil) |
| Sug attached  |                                   |                     |   |                       | + 82                                    | <u>65,747.</u>                         |
|   | -                                 |                     | )   |                       | + 83                                    |  |
| Aggregate Taxable Income 80 + 82 + 83 + 84 , etc.   |                                   |                     |   |                       | = 85                                    | 0.                                     |
|   | 1999                              |                     |   |                       |   |  |
| Number of Days in Taxation Year<br>Days after   |                                   |                     |   |                       |   |  |
| Sept. 30, 2001 and<br>before Jan. 1, 2003 Total Days  |                                   | 2                   |   |                       |   |  |
| Days after  | 113                               | 0.                  |   |                       |   |  |
| Dec. 31, 2002 and<br>before Jan. 1, 2004 Total Days   | ( <u>111</u> )                    | 0                   |   |                       |   |  |
| 0 x 31 0 + 73 366 = +   | 115                               | 0.                  |   |                       |   |  |
| Days after Dec. 31, 2003 Total Days   | [un]                              | 0.                  |   |                       |   |  |
| <u>0</u> x <u>34</u> 0 + <u>73</u> <u>366</u> = +   | 116                               | 0.                  |   |                       |   |  |
| 113 + 115 + 116 =   |                                   | 0.                  |   |                       | _ 114                                   | 0.                                     |
| ( gative, enter nil)  |                                   |                     |   |                       | = 86                                    | 0.                                     |
|   |                                   |                     | nber of Days in Taxa                        | tion Year             |   |  |
|   |                                   | D<br>Sept.          | ays after<br>30, 2001 and<br>3 Jan. 1, 2003 | Total Days            |   |  |
| Calculation of Specified Rate for Surtax4   | .3330%                            | X 28                | 0 ÷ 7                                       |                       | = + 95                                  | .0000                                  |
|   |                                   | Dec. 3              | ays after<br>31, 2002 and<br>a Jan. 1, 2004 | Total Days            |   |  |
| 4   | .6670%                            | X 31                |   |                       | + 96                                    | .0000                                  |
|   |                                   | Days after          | er Dec. 31, 2003                            | Total Days            |   |  |
| 4   | <u>1.6670</u> %                   | X 34                | 366 + 7                                     | 3 366                 | = + 97                                  | 4.6670                                 |
| Specified rate of surtax for Taxation Year 95 + 96 + 97   | *******                           | *********           |   |                       | = 94                                    | .0000                                  |
| From 86 0.X From 94   | 1                                 | .0000%              |   |                       | 87                                      | 0.                                     |
| From 87 0 X From 60   |                                   | 0.+ Fr              | rom 114                                     | 0.                    | 88                                      | 0.                                     |
|   |                                   |                     |   | 1000000000            | = 100                                   | 0                                      |
| Surtax Lesser of 70 or 88<br>continued on Page 6  |                                   | ********            |   |                       |   |  |

| Corporation's Legal Name   | (   | Ontario Corporations Tax                                 | Account No. (MOF)                                      | Taxation Year End                          | СТ23                       | Page 6 of 24              |
|--|---|--|--|--|----------------------------|---------------------------|
| E.L.K. Energy Inc.   |   |  | 1800085  | 2004-12-31                                 |                            | DOLLARS ONLY              |
| Income Tax continued from Page 5   |   |  |  |  |                            |                           |
| Additional Deduction for Credit Un   | ions (s.51(4)) (Att   | ach schedule 17)   |  |  | 110                        | 0.                        |
| Manufacturing and Processing Pro   | fits Credit (M&P  | <sup>o</sup> ) (s.43)                                    |  |  |                            |                           |
| Applies to Eligible Canadian Profits from manufacturing and proce  |   |  | n Canada, as determin                                  | ed by regulations.                         |                            |                           |
| Eligible Canadian Profits from mining are the "resource profits from t<br>and resource allowances but excluding amounts from sale of Canad<br>schedule 27. | he mining operations", as dete<br>ian resource property, rentals    | rmined for Ontario deple<br>or royalties. If you are cla | etion purposes, after d<br>aiming this credit, attac   | educting depletion<br>ch a copy of Ontario |                            |                           |
| The whole of the active business income qualifies as Eligible Canadi<br>mining, farming, logging or fishing is 20% or less of the total active bu          | an Profits if: a) your active bus<br>usiness income and b) the tota | iness income from sour<br>al active business incom       | ces other than manufa<br>e is \$250,000 or less.       | acturing and process                       | ing,                       |                           |
| Eligible Canadian Profits  |   |  |  | +  | 120                        | <u> </u>                  |
| Subtract: Income eligible for the Incentive Deduction for Small Bus  | iness Corporations (IDSBC)  | THE REAL   |  | F  | rom <u>56</u>              | 0.                        |
| Add: Adjustment for Surtax on Canadian-controlled private con  | rporations  |  | in the second  |  |                            |                           |
|  | .0000 % + From 7  | <u>8.5000</u>  | )% = 121   |  | 0.                         |                           |
| Lesser of 56 or 121 * Ontai  | rio Allocation  | ************   |  | *  | 122                        | 0.                        |
| 120 - 56 + 122   |   |  |  |  | 130                        | 2.222.958.                |
| Taxable Income   |   |  |  |  | rom <u>10</u>              | 0.                        |
| Subtract: Income eligible for the Incentive Deduction for Small Bus  |   | • • • •  | ***********  |  | rom 122                    | 0.                        |
| Add: Adjustments for Surtax on Canadian-controlled private c   | orporations<br>Allocation % to jurisdictions o                      | uteide Canada  | .0000%   |  | 140                        | 0.                        |
| Subtract: Taxable Income 10 2,222,958. X<br>Subtract: Amount by which Canadian and foreign investment incor  |   |  |  |  | 141                        | 0.                        |
| 10 - 56 + 122 - 140 - 141  |   |  |  | =  | 142                        | 2,222,958.                |
| ſ'n  |   |  | ber of Days in Taxati                                  | on Year                                    |                            |                           |
|  | rio Allocation X  | Sept.  | Days after<br>30, 2001 and<br>e Jan. 1, 2004<br>0 + 73 | Total Days<br>366                          | + [154]                    | 0.                        |
|  | nio Allocation  |  | Days after<br>ac. 31, 2003<br>0 + 73                   | Total Days<br>366                          | + [156]                    | 0.                        |
| M&P claim for taxation year 154 + 156  |   |  |  |  | = 160                      | 0.                        |
| * Note: Ontario Allocation for M&P Credit purposes may differ from   | n 30 if Taxable Income i  | s allocated to foreign jur                               | risdictions. See specia                                | l rules (s.43(1))                          |                            |                           |
| Manufacturing and Processing Profits Credit fo   | r Electrical Generatin  | g Corporations   |  |  | = 161                      | 0.                        |
| Manufacturing and Processing Profits Credit fo   |   | roduce<br>   |  |  | = 162                      | 0.                        |
| Credit for Foreign Taxes Paid (s.40  | ))  |  |  |  |                            |                           |
| Applies if you paid tax to a jurisdiction outside Canada on  |   | e (Int.B. 3001) (Attac                                   | ch schedule).  | (#1#10410#10#1                             | 170                        | 0.                        |
| Credit for Investment in Small Bus   | iness Developn  | nent Corpora   | ations (SBD  | C)   |                            |                           |
| Applies if you have an unapplied, previously approved cru<br>Any unused portion may be carried forward indefinitely and                                    | edit from prior vears' inves  | tments in new issues                                     | s of equity shares in                                  | n Small Business                           | Developmen<br>siness Devel | t Corporations.<br>opment |
| Corporations Act)  | Eligible Credit   | 175  | 0.   | Credit Claimed                             | 180                        | 0.                        |
|  |   |  |  |  |                            |                           |

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 ..... = 190

Subtotal of Income Tax

continued on Page 7

311,214.

| Corporation's Legal Name   | Ontario Corporations Tax Account No  | o. (MOF) Taxation Year                                    | End CT23 | Page 7 of 24 |
|--|--|---|----------|--------------|
| E.L.K. Energy Inc.   | 1800085  | 2004-12   | -31      | DOLLARS ONLY |
| Income Tax continued from Page 6<br>Specified Tax Credits (Refer to Guide)   |  |   |          |              |
| Ontario Innovation Tax Credit (OITC) (s.43.3) Applies to research and deve   | elopment in Ontario.   |   |          | 0            |
| Eligible Credit From 5620 OITC Claim Form (Attach original Claim Form)   | **************   |   | + 191    | 0.           |
| Co-operative Education Tax Credit (CETC) (s.43.4) Applies to employment  | t of eligible students.  |   |          |              |
|  |  |   | + 192    | 0.           |
| Ontario Film & Television Tax Credit (OFTTC) (s.43.5)<br>Applies to qualifying Ontario labour expenditures for eligible Canadian content film  | and television productions.  |   |          |              |
| Eligible Credit From 5899 either Claim Form from Ontario Media Development Co  |  |   |          |              |
| or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.<br>(Attach the original Certification/Claim Form received from the OMDC or the original<br>received from the OMDC along with a completed MOF CT Schedule 193/199, as ap | l Certification Form<br>plicable.)   |   | + 193    | 0.           |
|  |  | duates From 6596  |          |              |
| Graduate Transitions Tax Credit (GTTC) (s.43.6)<br>Applies to employment of eligible unemployed post secondary graduate.   | 194  | 0   |          |              |
| Eligible Credit From 6598 Summary Schedule G   |  | <u></u>   | + 195    | 0.           |
|  |  |   |          |              |
| Ontario Book Publishing Tax Credit (OBPTC) (s 43.7)  | l'an an the sec  |   |          |              |
| Applies to qualifying expenditures in respect of eligible literary works by eligible Ca  |  |   | + 196    | 0.           |
| Eligible Credit From 6900 OBPTC Claim Form (Attach both the original Claim Fo  | rm and the Certification Form)   | 1.1/1/1.1.1.1.1.1   | + [190]  | <u> </u>     |
| Ontario Computer Animation and Special Effects Tax Credit (OCASE   |  |   |          |              |
| Applies to labour relating to computer animation and special effects on an eligible p  | production.  |   |          |              |
| Eligible Credit From 6700 Claim Form Certified by Ontario Media Development C  |  |   |          | 0            |
| h the original Claim/Certification Form with the CT23 Tax Return.)   |  |   | + 197    | 0.           |
| Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)   |  |   |          |              |
| Applies to qualifying R&D expenditures under an eligible research institute contract   | t.   |   |          |              |
| Eligible Credit From 7100 OBRITC Claim Form (Attach original Claim Form)   |  |   | + 198    | 0.           |
| Ontario Production Services Tax Credit (OPSTC) (s.43.10)   |  |   |          |              |
| Applies to qualifying Ontario labour expenditures for eligible productions where the   | OFTTC has not been claimed.  |   |          |              |
| Eligible Credit From 7300 either Claim Form from Ontario Media Development Co  |  |   |          |              |
| or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.   |  |   |          |              |
| (Attach the original Certification/Claim Form received from the OMDC or the original received from the OMDC along with a completed MOF CT Schedule 193/199, as a   | I Certification Form plicable.)  |   | + 199    | 0.           |
| Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)  |  |   |          |              |
| Applies to qualifying labour expenditures of eligible products for the taxation year.  |  |   |          |              |
| Eligible Credit From 7400 Claim Form certified by Ontario Media Development C  | orporation   |   |          |              |
|  |  |   | + 200    | 0.           |
|  |  |   |          |              |
| rio Sound Recording Tax Credit (OSRTC) (s.43.12)   |  |   |          |              |
| Applies to qualifying expenditures in respect of eligible Canadian sound recordings  |  |   | + 201    | 0.           |
| Eligible Credit From 7500 OSRTC Claim Form (Attach both the original Claim For   | mi and the Certification i only  |   | . 201    |              |
| Other (specify)  |  |   | + 201.1  | 0.           |
|  |  |   | (m       |              |
| Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 +  | 197 + 198 + 199 + 200  | + 201 + 201,1   | = 220    | 0.           |
| Specified Tax Credits Applied to reduce Income Tax   |  |   | = 225    | 0.           |
|  |  |   | [and]    | 211 014      |
| Income Tax 190 – 225 OR Enter NIL if reporting Non-Capital Loss (a)  |  |   | = 230    | 311,214.     |
| To determine if the Corporate Minimum Tax (CMT) is applicable to your Corpo<br>CMT on <b>Page 8</b> . If CMT is not applicable, transfer amount in 230 to Income   | ration, see <b>Determination of A</b><br>Tax in <b>Summary</b> section on <b>P</b> | ppiicability section foi<br>age 17.                       | ne       |              |
| OR<br>If CMT is not applicable for the current taxation year but your corporation has<br>income tax otherwise payable, then proceed to and complete the Application  | CMT Credit Carryovers that you<br>of CMT Credit Carryovers sec                     | want to apply to reduc<br>tion part B, on <b>Page 8</b> . | e        |              |

| Corporation's Legal Name   |  | Ontario Corporations Tax Acc                              | count No. (MOF)                     | Taxation Year End                      | СТ23        | Page 8 of 24         |
|--|--|---|-------------------------------------|--|-------------|----------------------|
| E.L.K. Energy Inc.   |  | 180   | 0085                                | 2004-12-31                             |             | DOLLARS ONLY         |
| Corporate Minimum Tax (CMT)  |  |   |                                     |  |             |                      |
| Determination of Applicability   |  |   |                                     |  |             |                      |
| Applies if either Total Assets 249 exceeds \$5,000,000<br>* These amounts include the corporation's and associated                                 | or Total Revenue                                       | 0 exceeds \$10,000,000.<br>ny partnership(s) / joint ver  | nture(s) total as                   | sets and total reven                   | ue.         |                      |
| Short Taxation Years - Special rules apply for determinin period of any partnership(s) / joint venture(s) of which the                             | g total revenue where the<br>corporation or associated | e taxation year of the corp<br>d corporation is a member, | oration or any a<br>is less than 51 | ssociated corporation weeks.           | on or any f | fiscal               |
| Associated Corporation - The total assets or total revenue before the date of the claiming corporation's taxation year                             | ue of associated corpora<br>end.                       | tions is the total assets or                              | total revenue fo                    | or the taxation year e                 | ending on   | or                   |
| * Total Access of the corneration  |  |   | + 240                               | 20,753,469.                            |             |                      |
| * Total Assets of the corporation  * Total Revenue of the corporation  |  |   |                                     |  | + 241       | 16,963,597.          |
|  | 242 X (Yes)  |   |                                     |  |             |                      |
| Name of associated corporation (Canadian & foreign)  | Ontarlo Corporations Tax<br>Account No. (MOF)          | Taxation Year End   | * Tot                               | al Assets                              | •           | Total Revenue        |
| (if insufficient space attach schedule)  | (if applicable)  |   | + 243                               | 718.007.                               | - 244       | 278,972.             |
| See attached   |  |   | + 245                               |  | + 246       |                      |
|  |  |   | + 247                               |  | + 248       |                      |
| Aggregate Total Assets 240 + 243 + 245   | + 247 , etc.   |   | = 249                               | 21,471,476.                            |             |                      |
| Aggregate Total Revenue 241 + 244 + 246  | + 248 , etc.   |   | *********                           | ********                               | = 250       | 17.242.569.          |
| Calculation: CMT (Attach Schedule A: Calculation of C         Gross CMT Payable         Subtract: Foreign Tax Credit for CMT purposes (Attach set) | 1,678,106<br>If negative, enter zero                   |   | 0.0000                              | 5                                      | 276         | 67,124.              |
|  |  |   |                                     |  | 190         | 311,214.             |
| Net CMT Payable (If negative, enter Nil on Page 17.)   |  |   |                                     |  | 280         | 0.                   |
| If 280 is less than zero and you do not have a CMT cre   | dit carryover, transfer                                | 230 from <b>Page 7</b> to <b>Inc</b>                      | ome tax Sumn                        | nary, on Page 17.                      |             |                      |
| If 280 is less than zero and you have a CMT credit carr  | yover, complete A & B be                               | elow.   |                                     |  |             |                      |
| If 280 is greater than or equal to zero, transfer 230 t  | o <b>Page 17</b> and transfer                          | 280 to <b>Page 17</b> , and to a                          | Schedule D: C                       | ontinuity of CMT C                     | credit Car  | ryovers, on Page 20. |
| CMT Credit Carryover available   |  |   |                                     | From 2                                 | 307         | 0.                   |
| lication of CMT Credit Carryovers  |  |   |                                     | _                                      |             |                      |
|  | ·····  | + From 276  |                                     | + From [<br><u>57,124.</u><br>0.       | 190         | 311,214.             |
| Subtract: Foreign Tax Credit for CMT purposes  | *****  | , – From 277  |                                     |  | 290         | 67,124.              |
| If 276 - 277 is negative, enter NIL in 290<br>Income Tax eligible for CMT Credit   |  |   |                                     |  | 300         | 244,090.             |
|  |  |   |                                     | + From                                 | 230         | 311,214.             |
| B. Income Tax (after deduction of specified credits)<br>Subtract: CMT credit used to reduce income taxes   |  |   |                                     | 10000000000000000000000000000000000000 | 310         | 0.                   |
|  |  |   |                                     | 555-535-5680P                          | 320         | 311.214.             |
|  |  | CMT credit carryover ava                                  |                                     | -                                      |             | Transfer to page 17  |
|  |  | credit carryover availab                                  |                                     |  |             |                      |
| If only B applies, 310 cannot exceed the lesser of   | Leon and your CMT                                      | creat carryover availab                                   |                                     |  |             |                      |

1800085

#### E.L.K. Energy Inc.

**Capital Tax** (Refer to Guide and Int.B. 3011)

If your corporation is a Financial Institution (s.58(2)), complete lines and 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 460 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If

Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017).

2004-12-31

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

**Paid-up Capital of Non-resident:** Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose **business is not carried on solely in Canada** is deemed to be the **greater** of (1) taxable Income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

### **Paid-up Capital**

|  | <b>F</b>                | 100                         |
|--|-------------------------|-----------------------------|
| Paid-up capital stock (Int.B. 3012 and 3015)   | + 350                   | <u> </u>                    |
| Retained earnings (if deficit, deduct) (Int.B. 3012)   | + 351                   |                             |
| Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)   | + 352                   | 4,402,373.                  |
| Loans and advances (Attach schedule) (Int.B. 3013)   | + 353                   | 5,789,415.                  |
| Bank loans (Int.B. 3013)   | + 354                   | 0.                          |
| Bankers acceptances (Int.B. 3013)  | + 355                   | 0.                          |
| B' and debentures payable (Int.B. 3013)  | + 356                   | 0.                          |
| Mulugages payable (Int.B. 3013)  | + 357                   | 0.                          |
| Lien notes payable (Int.B. 3013)   | + 358                   | 0.                          |
| Deferred credits (including income tax reserves, and deferred revenue where it would also<br>be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)<br>Contingent, investment, inventory and similar reserves (Int.B. 3012)<br>Other reserves not allowed as deductions for income tax purposes ( <i>Attach schedule</i> ) (Int.B. 3012)   | + 359<br>+ 360<br>+ 361 | -572,000.<br>653,229.<br>0. |
| Share of partnership(s) or joint venture(s) paid-up capital ( <i>Attach schedule(s</i> )) (Int.B. 3017)  | + 362                   | 0.                          |
| Subtotal   | = 370                   | 17,259,496.                 |
| Subtract: Amounts deducted for income tax purposes in excess of amounts booked<br>(Retain calculations. Do not submit.) (Int.B. 3012)  | - 371                   | -202,616.                   |
| Deductible R & D expenditures and ONTTI costs deferred for income tax<br>if not already deducted for book purposes (Int.B. 3015)   | - 372                   | 0.                          |
| Total Paid-up Capital  | = 380                   | 17,402,112.                 |
| Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)  | - 381                   | 0.                          |
| Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation | = 382                   | 0.                          |
| Net Paid-up Capital  | = 390                   | 17,462,112.                 |

#### Eligible Investments (Refer to Guide and Int.B. 3015)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

| Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998) | + 402 | 0.   |
|---|-------|------|
| Mortgages due from other corporations   | + 403 | 0.   |
| Shares in other corporations (certain restrictions apply) (Refer to Guide)  | + 404 | 100. |
| Loans and advances to unrelated corporations  | + 405 | 0.   |
| Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)   | + 406 | 0.   |
| Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)  | + 407 | 0.   |
| Total Eligible Investments  | = 410 | 100. |

continued on Page 10

| Corporation's Legal N            | ame   | Ontario Corporations Tax Account No. (MOF  | ) Taxation Year End               | CT23 Page 10 of 24 |
|----------------------------------|---|--|-----------------------------------|--------------------|
| E.L.K. Energy Inc.               |   | 1800085  | 2004-12-31                        | DOLLARS ONLY       |
| Capital Tax                      | continued from Page 9   |  |                                   |                    |
| Total Assets (Ir                 | nt.B. 3015)   |  | -                                 |                    |
| Total Assets per bal             | lance sheet   |  | ····· + [4                        |                    |
| Mortgages or other               | liabilities deducted from assets  |  | ···· + [4                         |                    |
| Share of partnership             | p(s)/joint venture(s) total assets (Attach s  | schedule)  | +                                 |                    |
| Subtract: Investmer              | nt in partnership(s)/joint venture(s)   |  |                                   | 0.0 000 460        |
| Total Assets as ad               | ijusted   |  |                                   |                    |
| Amounts in 360 a                 | and 361 (if deducted from assets)   |  | +                                 |                    |
| Subtract: Amounts i              | in 371, 372 and 381   |  | area assessa — 🗠                  |                    |
| Subtract: Appraisal              | surplus if booked   |  |                                   |                    |
| Add or Subtract: Ot              | her adjustments (specify on an attached   | schedule)  | ±[                                |                    |
| Total Assets                     |   |  | = [                               | 450 20,956,085.    |
| Investment All<br>Taxable Capita |   | ] Not to exc   | ceed     410     =        =     - |                    |
| Gross Revenue                    | (as adjusted to include the share of any  | partnership(s)/joint venture(s) Gross Revenue)   | 480                               | 16,963,597.        |
| Total Assets (as                 |   |  | 430                               | 20,753,469.        |
|                                  |   |  |                                   |                    |
| Celeviation                      | of Conitol Tax for all co   | rporations except Financial Institutior  | 15                                |                    |
|                                  |   |  |                                   |                    |
| Note: This version               | n (2003) of the CT23 may only be used   | for a taxation year that commenced after September 30, 2   | 001.                              |                    |
| (Financial Instituti             | ions use calculations on page 13.)  |  |                                   |                    |
| important:                       | Financial Institution, complete only  |  |                                   |                    |
| OR                               | If the corporation is NOT a member<br>calculations in Section B below and<br>the corporation. | of an associated group and/or partnership, review only the select and complete the one specific subsection (e.g. B3) | apital tax<br>that applies to     |                    |

OR If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.

SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

This section applies if the corporation is NOT a member of an associated group and/or partnership.

| B1. | If the taxation year commences after September 30, 2001 an<br>complete the return from that point.  | 430 and 480  | on page 10 are both \$3,000,000 or | less, enter NIL in 550 on page 12 and |
|-----|---|--|------------------------------------|---------------------------------------|
| B2. | If taxable capital, 470 on page 10, is \$5,000,000 or less, e   | nter NIL in 550 c  | on page 12 and complete the return |                                       |
| B3. | If taxable capital, 470 on page 10 exceeds \$5,000,000, cor         the return from that point.         + From 470         - <th>nplete the following <math display="block">\frac{100.0000}{100} \% \times 100000</math></th> <th>Days in taxation yea</th> <th></th> | nplete the following $\frac{100.0000}{100} \% \times 100000$ | Days in taxation yea               |                                       |
|     | floating taxation year, refer to Guide.<br>tinued on Page 11  |  |                                    |                                       |

| Corporation's Legal Name   |   | Ontario Corporations Tax Ac  | count No. (MOF)  | Taxation Year End   | <b>CT23</b>               | Page 11 of 24                           |
|--|---|--|--|---|---------------------------|---|
| E.L.K. Energy Inc.   |   | 1800   | 085  | 2004-12-31  |                           | DOLLARS ONLY                            |
| Capital Tax Calculati  | on continued from Page 10   |  |  |   |                           |   |
| SECTION C  |   |  |  |   |                           | ]                                       |
| This section applies ONLY to a c<br>capital tax) and/or partnership. \<br>under either Section D or Sectio   | corporation that is a member of an asso<br>fou must check either 509 or 524 an<br>n E.  | ociated group (exluding finand<br>nd complete this section befo  | cial institution<br>re you can cal   | s and corporatior<br>culate your capita   | is exempt<br>il tax calci | from<br>ulation                         |
| C1. 509 (X if applicable)  | All corporations that you are associa   |  |  |   |                           |   |
|  | If taxable capital 470 on page 10 is \$   |  |  |   |                           |   |
|  | If taxable capital 470 on page 10 exc<br>Section D and the return from that poin  |  | ction D, enter \$  | 5,000,000 in 54   | 2 Section                 | D, and complete                         |
| C2. X 524 (X if applicable)  | One or more of the corporations that  | t you are associated with <u>mai</u>   | <u>ntains</u> a perma  | anent establishme   | ent in Can                | ada.                                    |
|  | If the taxation year ends before Janua  | ary 1, 2003, you must complete   | the Calculation  | below.  |                           |   |
|  | If the taxation year ends after Decemb<br>allocate the \$5,000,000 taxable capital<br>group may file an election under subs<br>used to allocate the taxable capital exe<br>filed, all members of the group will ther<br>portion (portion is henceforth referred t<br>\$5,000,000 taxable capital exemption,<br>corporation's total assets multiplied by | exemption by completing the Ca<br>section 69(2.1) of the Corporatio<br>emption among the associated g<br>in be required to file in accordance<br>to as <b>Net Deduction</b> ) of the \$15<br>to each corporation in the group<br>its Ontario allocation is to the to | alculation below<br>ons Tax Act, wh<br>roup. Once a se<br>with the elect<br>0,000 capital tax<br>o on the basis o<br>tal assets of the | <ul> <li>Or, the associate<br/>ereby total assets a<br/>s.69(2.1) election is<br/>tion and allocate a<br/>effect, relating to t<br/>f the ratio that each<br/>a group.</li> </ul> | are<br>s<br>ihe<br>1      |   |
|  | The total asset amounts and Ontario a<br>from each corporation's financial inform<br>calendar year.   | llocation percentages to be used<br>nation from its last taxation year   | d for this calcula<br>ending in the ir   | ation must be taker<br>nmediately precedi   | ng                        |   |
|  | In addition, although each corporation<br>apportioned by the total asset formula,<br>Deduction among the group on what e<br>reallocated amounts does not exceed<br>associated group.  | the group may, at the group's o<br>ver basis the corporate group w   | ption, reallocate<br>ishes, as long a  | e the group's total<br>as the total of the  |                           |   |
| Colouistion Do NOT complet   | te this calculation if ss.69(2.1) election  | is filed   |  |   |                           |   |
| Taxable Capital From 470 on  |   |  |  | + From  | 470                       | 17,462,029.                             |
| Determine aggregate taxable<br>corporations exempt from caj  | capital of an associated group (exclud<br>pital tax) and/or partnership having a p  | ing financial institutions and<br>ermanent establishment in Ca   | anada  |   |                           |   |
| Names of associated corporations (e<br>and corporations exempt from capita<br>having a permanent establishment in<br>(if insufficient space, attach schedule | l tax) or related partners<br>Canada  | Ontario Corporations Tax<br>Account No. (MOF)<br>(If applicable)   | Taxation Yea   | r End   | Таха                      | able Capital                            |
| See attached   | ,   |  | - (  | +   | 531                       | 108,642.                                |
| N  |   |  | -  |   | 532                       |   |
| Aggregate Taxable Capital  | 470 + 531 + 532 + 533, etc.   |  |  |   | 540                       | 17,570,671,                             |
| lf 540<br>Enter N  | above is \$5,000,000 or less, the corporati<br>IL in 523 in section D on page 12, as ap   | ion's Capital Tax for the taxation plicable.   | i year, is NIL.  |   |                           |   |
| If 540<br>below in   | above is greater than \$5,000,000, the cor<br>n order to calculate its Capital Tax for the t  | poration must compute its share<br>taxation year under Section D or  | e of the \$5,000,0<br>n page 12.   | 000 exemption   |                           |   |
|  | 70 <u>17,462,029</u> + From 540   | <u>17,570,671.</u> ×   | 5,000  | ,000<br>Tra   |                           | 4,969,084.<br>2 in Section D on page 12 |
| <b>S.s.69(2.1) Election Filed</b> 591 (X if applicable)  | Election filed. Attach a copy of the electron filed. Attach a copy of the electron E on page 12.  | ection with this CT23 Return.  |  |   |                           |   |
|  |   |  |  |   |                           |   |

### Capital Tax Calculation continued from Page 11

| SECTION D  |  |
|--|--|
| This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGAT taxable capital, 540 on page 11, exceeds \$5,000,000. | ſĔ   |
| Complete the following calculation and transfer the amount From 523 to 543, and complete the return from that point.   |  |
| + From 470 17,462,029.<br>- 542 4,969,084.<br>= 471 12,492,945. x From 30 100.0000% x .3000% x 555 366<br>Ontario Allocation (366 if leap year)                          | Total Capital Tax for<br>the taxation year= + 52337,479.Transfer to 543 and complete<br>the return from that point |
| SECTION E  |  |
| This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.   | 1) election  |
| + From 470 0. x From 30 100,0000% x .3000%<br>Ontario Allocation   | = + 561 0.   |
| - Capital tax deduction From 995 relating to your corporation's capital tax deduction, on ss.69(2.1) election form   | From 995 0.  |
| Capital Tax         Days in taxation year           562         0.         x         555         366            (366 if leap year)                                       | = 563 0.<br>Transfer to 543 and complete<br>the return from that point   |
| ** If floating taxation year, refer to Guide.  |  |
|  |  |
|  |  |
| Capital Tax before application of specified credits           Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)                     | ···· = <u>543</u> <u>37,479.</u><br>···· - <u>546</u> 0.   |
| Capital Tax 543 - 546 (amount cannot be negative)  | = 550 37,479.  |
|  | Transfer to Page 17  |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End             | СТ23              | Page 13 of 24                  |
|--|---|-------------------------------|-------------------|--------------------------------|
| E.L.K. Energy Inc.   | 1800085   | 2004-12-31                    |                   | DOLLARS ONLY                   |
| Capital Tax continued from Page 12   |   |                               |                   |                                |
|  |   |                               |                   |                                |
| Calculation of Capital Tax for Financial Institutions  |   |                               |                   |                                |
| I.1. Credit Unions only  |   |                               |                   |                                |
| For taxation years commencing after May 4, 1999 enter NIL in 550 on page   | 12, and complete the return from that point.  |                               |                   |                                |
| I.2. Other than Credit Unions  |   |                               |                   |                                |
| (Retain details of calculations for amounts in boxes 565 and 570. Do not s   | submit with this tax return.)   |                               |                   |                                |
| 565 0. x 0.6% x From 30<br>Lesser of adjusted TPUC<br>and Basic Capital Amount<br>in accordance with<br>Division B.1   | Days in taxation year<br><u>555</u> 0+**  | <u>0</u> (366 if leap year) = | + 569             | 0.                             |
| 570 0.00 % X From 30<br>Adjusted TPUC Capital Tax Rate Ontar<br>in accordance with <i>(Refer to Guide)</i><br>Division B.1 in excess<br>of Basic Capital Amount  | Days in taxation year<br>% x 555 0 + **   | 0_(366 if leap year) =        | + 574             | 0.                             |
| Capital Tax for Financial Institutions – other than Credit Unions  | (before Section II) 569 +   | 574                           | = 575             | 0.                             |
| II. Small Business Investment Tax Credit   |   |                               |                   |                                |
| (Retain details of eligible investment calculation and, if claiming an investment<br>the credit issued in accordance with the Community Small Business Investmer | in CSBIF, retain the original letter approving<br>It Fund Act. Do not submit with this tax return | 1.)                           |                   |                                |
| Allowable Credit for Eligible Investments  |   |                               | - 585             | 0,                             |
| Financial Institutions: Claiming a tax credit for investment in Community Small  | Business Investment Fund (CSBIF)? (x)   | Yes                           |                   |                                |
| Capital Tax – Financial Institutions 575 – 585   |   |                               | = <u>586</u><br>T | 0.<br>ransfer to 543 on Page12 |
|  |   |                               |                   |                                |

| Premium Tax (s.7 | 4.2 & 74.3) | (Refer to Guide) |
|------------------|-------------|------------------|
|------------------|-------------|------------------|

| (1) Uninsured Benefits Arrangements  | = 588 | 0.                        |
|--|-------|---------------------------|
| <ul> <li>(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)</li> </ul> |       |                           |
| Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.  |       |                           |
| Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)   | - 589 | 0.                        |
| Premium Tax 588 = 589  | = 590 | 0.<br>Transfer to page 17 |

| Net Income (loss) for federal income tax purposes, per federal T2 SCH 1  |  | + 600   | 2,222,983                        |
|--|--|---|----------------------------------|
| Add:   | 50 mm 20   |   | Transfer to Page 15              |
| Federal capital cost allowance   | + 601 546  | 206.  |                                  |
| Federal cumulative eligible capital deduction  | + 602 48   | 748.  |                                  |
| Ontario taxable capital gain   | + 603  | 0.  |                                  |
| Federal non-allowable reserves. Balance beginning of year  | + 604644   | 766.  |                                  |
| Federal allowable reserves. Balance end of year  | + 605  | 0.  |                                  |
| Ontario non-allowable reserves. Balance end of year  | + 606653   | 229   |                                  |
| Ontario allowable reserves. Balance beginning of year  | + 607  | <u>0</u> ,  |                                  |
| Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)  | + 608  | 0.  |                                  |
| Federal resource allowance   | + 609  | 0.  |                                  |
| Federal depletion allowance  | + 610  | 0.  |                                  |
| Federal foreign exploration and development expenses   | + 611  | 0.  |                                  |
| Management fees, rents, royalties and similar payments to non-arms' length non-residents   |  |   |                                  |
| Number of Days In Taxation Year  |  |   |                                  |
| Days after   |  |   |                                  |
| Sept. 30, 2001 and Total Days<br>before Jan. 1, 2004   | 22   |   |                                  |
| $612 	 0. \times 5 \div 12.5000 \times 33 	 0 \div 73 366 = + 633$   | 0.   |   |                                  |
|  |  |   |                                  |
| Days after<br>Dec. 31, 2003 Total Days   |  |   |                                  |
| $0.x 5 + 14.0000 \times 34 366 + 73 366 = +634$  | 0.   |   |                                  |
|  |  |   |                                  |
| Total add-back amount for Management fees, etc. 633 + 634 =  | 0.+ 613  | 0.  |                                  |
| Federal Scientific Research Expenses claimed in year from line       460 of fed. form T661         excluding any negative amount in 473 from Ont. CT23 schedule 161       61   | + 615  | 0.  |                                  |
|  | + 616  | 0.  |                                  |
| Add any negative amount in 473 from Ont. CT23 Schedule 161   |  |   |                                  |
| Federal allowable business investment loss   | + 620  | 0.  |                                  |
|  |  | 0   |                                  |
| Total of other items not allowed by Ontario but allowed federally (Attach schedule)  | + 614  | 0.  |                                  |
|  | = 1,892  | ,949. 640   | 1,892,949<br>Transfer to Page 15 |
| Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614  |  |   |                                  |
|  |  |   |                                  |
| Total of Additions         601         to         611         +         615         +         616         +         620         +         614           Deduct:         Ontario capital cost allowance (excludes amounts deducted under 675)   |  | .206.   |                                  |
| Deduct:  |  | ,748.   |                                  |
| Deduct:     Ontario capital cost allowance (excludes amounts deducted under 675)   | + 651 48<br>+ 652  | . <u>748.</u><br>0.   |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction   | + 65148<br>+ 652   | ,748.   |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction         Jeral taxable capital gain  | + 651 48<br>+ 652  | .748.<br>0.<br>.766.<br>0.  |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction       Jeral taxable capital gain         Ontario non-allowable reserves. Balance beginning of year  | + 651 48<br>+ 652  | .748.<br>0.<br>.766.<br>0.  |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction         Jeral taxable capital gain         Ontario non-allowable reserves. Balance beginning of year         Ontario allowable reserves. Balance end of year  | + 651  | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.                         |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction         Jeral taxable capital gain         Ontario non-allowable reserves. Balance beginning of year         Ontario allowable reserves. Balance end of year         Federal non-allowable reserves. Balance end of year  | + 651 48<br>+ 652  | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.                   |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction   | + 651 48<br>+ 652  | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.<br>0.             |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction   | + 651 48<br>+ 652 48<br>+ 653 644<br>+ 654 4<br>+ 655 653<br>+ 656 4657 4<br>+ 657 4<br>+ 658 4<br>+ 659 4 | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.<br>0.<br>0.       |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction       deral taxable capital gain         Ontario non-allowable reserves. Balance beginning of year       Ontario allowable reserves. Balance end of year         Federal allowable reserves. Balance beginning of year       Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)         Ontario depletion allowance       Ontario depletion allowance  | + 651 48<br>+ 652 48<br>+ 653 644<br>+ 654 4<br>+ 655 653<br>+ 656 453<br>+ 657 4658 455                   | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.<br>0.             |                                  |
| Deduct:         Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction         Jeral taxable capital gain         Ontario non-allowable reserves. Balance beginning of year         Ontario allowable reserves. Balance end of year         Federal non-allowable reserves. Balance beginning of year         Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)         Ontario depletion allowance         Ontario resource allowance         Ontario current cost adjustment (Attach schedule)         Incentive for new electricity supply (section 13.6 deduction from income) | + 651 48<br>+ 652<br>+ 653 644<br>+ 654<br>+ 655 653<br>+ 656<br>+ 657<br>+ 658<br>+ 659                   | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.<br>0.<br>0.       |                                  |
| Deduct:       Ontario capital cost allowance (excludes amounts deducted under 675)         Ontario cumulative eligible capital deduction       derat taxable capital gain         Ontario non-allowable reserves. Balance beginning of year       Ontario allowable reserves. Balance end of year         Federal non-allowable reserves. Balance beginning of year       Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)         Ontario depletion allowance       Ontario resource allowance         Ontario current cost adjustment (Attach schedule)       Detect  | + 651 48<br>+ 652  | .748.<br>0.<br>.766.<br>0.<br>.229.<br>0.<br>0.<br>0.<br>0.<br>0. |                                  |

Corporation's Legal Name

E.L.K. Energy Inc.

DOLLARS ONLY

2004-12-31

1800085

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End | CT23 Page 15 of 24                     |
|--|--|-------------------|--|
| E.L.K. Energy Inc.   | 1800085  | 2004-12-31        | DOLLARS ONLY                           |
| Reconcile net income (loss) for federal inco   | me tax purposes with net inco  | me (loss)         |  |
| for Ontario purposes if amounts differ<br>continued from Page 14   |  |                   |  |
| Net Income (loss) for federal income tax purposes, per federal T2 SC   | CH 1   | From ±            | 600 2,222,983                          |
|  |  | From =            | [640] 1,892,949 <b>.</b>               |
| Total of Additions   |  | 1-1122-003        | 3 <del></del>                          |
| Sub Total of deductions on page 14   | From = 681   | 1,892,949         |  |
| Deduct:<br>Ontario New Technology Tax Incentive (ONTTI) Gross-up<br>(Applies only to those corporations whose Ontario allocation is less t | than 100% in the current taxation year.)   |                   |  |
| Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year                | 662 0.   |                   |  |
| ONTTI Gross-up deduction calculation:  |  |                   |  |
| From   | n 662 <u>    0           0                    </u>   | 0.                |  |
| From 30 100.0000 -From<br>Ontario Allocation   |  |                   |  |
| Workplace Child Care Tax Incentive   |  |                   |  |
| Qualifying expenditures:   | $\begin{array}{c c} 0.00\% \times \underline{100} \\ \hline \\ $   | 0_                |  |
| Workplace Accessibility Tax Incentive  |  |                   |  |
| Qualifying expenditures: 6670, × 10  | 0.00% x 100 = 668  | 0.                |  |
| Number of0   | Ontario Allocation   |                   |  |
| Ontario School Bus Safety Tax Incentive (OSBSTI) (Applies to th  | ne eligible acquisition of school  |                   |  |
| buses purchased after May 4, 1999 and before January 1, 2006.) (Re   |  | 0.                |  |
| Qualifying expenditures:   | From $\begin{bmatrix} 30 \\ 0.00\% \times \\ 100.0000 \\ 0.00000 \end{bmatrix} = \begin{bmatrix} 671 \\ \\ 671 \\ \\ 0.00000 \\ 0.0000 \\ 0.0000 \\ 0.00000 \\ 0.00000 \\ 0.000000 \\ 0.$ | 0.                |  |
| Educational Technology Tax Incentive (Applies to qualifying amo  | ounts incurred after May 2, 2000.)   |                   |  |
| 0. usl/6/ing overand/#urgs: 6720. x 1  | 5.00% x 100 = 673  | 0.                |  |
| L  | Ontario Allocation   |                   |  |
| Ontario allowable business investment loss   | + 678  | <u>0.</u>         |  |
| Ontario Scientific Research Expenses claimed in year in 477<br><sup>•</sup> om Ont. CT23 Schedule 161                                      | + 679  | 0.                |  |
| Amount added to income federally for an amount that was negative line 454 or 455 (if filed after June 30, 2003)                            | ative on federal form T661,  | 0.                |  |
| Total of other deductions allowed by Ontario (Attach schedule)   | + 664  | 0.                |  |
| Total of Deductions 681 + 663 + 666 + 668 + 671 + 673  | + 678 + 679 + 677 + 6664 =   | 1,892,949,        | 680 1.892,949.                         |
| Net income (loss) for Ontario Purposes   | 600 + 640 - 680  |                   | = 690 2.222.983.<br>Transfer to Page 4 |

| E.L.K. Energy Inc.  |                           |                                     | 1800                 | 0085                      | 2004-12-31                         | DOLLARS ONLY                      |
|---|---------------------------|-------------------------------------|----------------------|---------------------------|------------------------------------|-----------------------------------|
| Continuity of Losses (  | <b>Carried Forward</b>    | k                                   |                      |                           |                                    |                                   |
|   | Non-Capital Losses<br>(1) | Total<br>Capital Losses<br>(9) (10) | Farm Losses          | Restricted Farm<br>Losses | Listed Personal<br>Property Losses | Limited Partnership<br>Losses (6) |
| Balance at Beginning of Year                                      | 700 (2)                   | 710 (2)                             | 720 (2)              | 730                       | 740                                | 750                               |
| Add:<br>Current year's losses (7)                                 | 701 0                     | 711 0                               | <sup>721</sup> 0     | O                         | 741                                | 751 0                             |
| Losses from predecessor corporations (3)                          | [702]<br>0                | 712 0                               | 0                    | 0                         |                                    | 752<br>0                          |
| Subtotal  | 7030                      | 7130                                | 723 0                | 0                         | <sup>743</sup> 0                   | 753 0                             |
| Subtract:<br>Utilized during the year<br>to reduce taxable income | 704 (2)<br>705            | 715 (2) (4)                         | 724 (2)<br>0<br>725  | 734 (2) (4)<br>735        | 744 (4)<br>0<br>745                | 754 (4)<br>0                      |
| Expired during the year<br>Carried back to prior                  | 0<br>706 (2) to Page 17   | 716 (2) to Page 17                  | 0 726 (2) to Page 17 | 0<br>736 (2) to Page 17   | 0<br>746                           |                                   |
| years to reduce<br>taxable income (5)<br>Subtotal                 | 0<br>707<br>0             | 0<br>[717]<br>0                     | 0<br>727<br>0        | 0<br>737<br>0             | 0<br>0                             | [757]<br>0                        |
| Balance at End of Year  | 709 (8)                   | 719                                 | 729                  | 739                       | 749                                | 759                               |

#### Notes:

Corporation's Legal Name

- Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) rough 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

## Analysis of Balance at End of Year by Year of Origin

(7) Include amount form 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

Ontario corporations Tax Account No. (MOF) Taxation Year End CT23 Page 16 of 24

- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

|       | Year of Origin<br>(oldest year first)<br>year month day | Non-Capital Losses | Non-Capital Losses<br>of Predecessor<br>Corporations | Total Capital Losses<br>from Listed<br>Personal Property only<br>(9) (10) | Farm Losses | Restricted Farm Losses |
|-------|---|--------------------|--|---|-------------|------------------------|
| 800   | 9th preceding taxation year                             |                    |  |   | 850         | 870                    |
|       | 1996-09-30  |                    |  |   | 0           | 0                      |
| 801   | 8th preceding taxation year                             |                    |  |   | 851         | 871                    |
|       | 1997-09-30  |                    |  |   | 0           | 0                      |
| 802   | 7th preceding taxation year                             |                    |  |   | 852         | 872                    |
|       | 1998-09-30  |                    |  |   | 0           | 0                      |
| 1000  | 6th preceding taxation year                             | 820                | 830  | 840   | 853         | 873                    |
|       | 1999-09-30  | 0                  | 0  | 0   | 0           | 0                      |
| 804   | 5th preceding taxation year                             | 821                | 831  | 841   | 854         | 874                    |
|       | 2000-09-30  | 0                  | 0  | 0   | 0           | 0                      |
| 805   | 4th preceding taxation year                             | 822                | 832  | 842   | 855         | 875                    |
|       | 2001-09-30  | 0                  |  | 0   | 0           | 0                      |
| 806   | 3rd preceding taxation year                             | 823                | 833  | 843   | 856         | 876                    |
|       | 2001-12-31  | 0                  | C  | 0   | 0           | 0                      |
| 807   | 2nd preceding taxation year                             | 824                | 834  | 844   | 857         | 877                    |
|       | 2002-12-31  | 0                  |  | 0   | 0           | 0                      |
| 808   | 1st preceding taxation year                             | 825                | 835  | 845   | 858         | 878                    |
|       | 2003-12-31  | 0                  | (  | 0   | 0           | 0                      |
| 809   | Current taxation year                                   | 826                | 836  | 846   | 859         | 879                    |
|       | 2004-12-31  | 0                  | (  | 0   | 0           | 0                      |
|       | 2001 12 31  | 829                | 839  | 849   | 869         | 889                    |
| Total |   | 0                  |  | 0   | 0           | 0                      |

| Ontario Corporations Tax Account No. (MOF) | Taxation Year End | <b>CT23</b> | Page 17 of 24 |
|--|-------------------|-------------|---------------|
| 1800085                                    | 2004-12-31        |             | DOLLARS ONLY  |

| Con | poration's | Lenal | Name  |
|-----|------------|-------|-------|
| 001 | poradorra  | Logai | Hanno |

E.L.K. Energy Inc.

### Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Ministry of Finance.

 Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.

 The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:

1) the first day of the taxation year after the loss year,

- 2) the day on which the corporation's return for the loss year is delivered to the Minister, or
- 3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

| Application of Losses   | Non-Capital<br>Losses | Total Capital<br>Losses | Farm Losses | Restricted Farm<br>Losses |  |
|---|-----------------------|-------------------------|-------------|---------------------------|--|
| Total amount of loss  | 910                   | 920                     | 930         | 940                       |  |
| Deduct: Loss to be carried back to preceding taxation years<br>and applied to reduce taxable income<br>Predecessor Ontario Corporation's Taxation Year Ending |                       |                         |             |                           |  |
| Tax Account No. (MOF) year month day  | 911                   | 921                     | 931         | 941 0                     |  |
|   | 912                   | 922                     | 932         | 942                       |  |
|   | 913                   | 923                     | 933         | 943                       |  |
| iii) 1st preceding  | From 706              | From 716                | From 726    | From 736                  |  |
| Balance of loss available for carry-forward   | 919                   | 929                     | 939         | 949                       |  |
|   | 0                     | L0                      | 0           |                           |  |

| Summ       | ary   |            |
|------------|---|------------|
| Income ta: | • + From 230 or 320 311,214   | <b>4</b> 0 |
| Corporate  | Minimum Tax + From 280 0  | •          |
| Capital Ta | x   | •          |
| Premium    | Fax + From 590  | •          |
| Total Tax  | Payable   | •          |
| Subtract:  | Payments  |            |
|            | Capital Gains Refund (s.48) _ 965 0   | •          |
|            | Qualifying Environmental<br>Trust Tax Credit (Refer to Guide) _ 985 0   |            |
|            | Specified Tax Credits<br>(Refer to Guide)   | <u>.</u>   |
|            | Other (specify) O   |            |
| Balance    | = 970 348,693   | •          |
| lf paymen  | t due Enclosed * 990 348,693  |            |
| lf overpay | ment: Refund (Refer to Guide) = 975   | -          |
| А          | pply to 980 0   |            |
| order in ( | (Includes credit interest)<br>ir cheque (drawn on a Canadian financial institution) or a money<br>Canadian funds, <b>payable to the Minister of Finance</b> and<br>Ontario Corporation's Tax Account No. (MOF) on the back of<br>r money order. (Refer to Guide for other payment methods.) |            |

### Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the Corporations Tax Act. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

| nature                                | Date |
|---------------------------------------|------|
|                                       |      |
|                                       |      |
|                                       |      |
|                                       |      |
| ECTOR OF FINANCE<br>Residence Address |      |
|                                       |      |
|                                       |      |
| IDRA SLATER                           |      |

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOI   | F) Taxation Year End CT2 | 23 Schedule A               |
|---|---|--------------------------|-----------------------------|
| E.L.K. Energy Inc.  | 1800085   | 2004-12-31               | Page 18 of 24               |
| Corporate Minimum Tax - Schedule A:   |   |                          | DOLLARS ONLY                |
| Calculation of CMT Base   | titutions (SEI)   |                          |                             |
| Banks - Net income/loss as per report accepted by Superintendent of Financial Ins<br>under the Bank Act (Canada), adjusted so consolidation/equity methods are not us<br>Net Income/Loss (unconsolidated, determined in accordance with GAAP) | ed.   | <u>+ 2100</u>            | 1,288,106.                  |
| Subtract (to the extent reflected in net income/loss):  |   |                          |                             |
|   | + 2101  | 0.                       |                             |
| Provision for recovery of income taxes / benefit of current income taxes  | 2102  | 418,000.                 |                             |
| Provision for deferred income taxes (credits) / benefit of future income taxes  |   | 0.                       |                             |
| Equity income from corporations   |   | 0.                       |                             |
| Share of partnership(s)/joint venture(s) income   |   | 0.                       |                             |
|   |   | 0.                       |                             |
|   |   | 0.                       |                             |
|   | + 2107  |                          |                             |
| Federal Part VI.1 tax paid on dividends<br>declared and paid, under fed.s.191.1(1)  | O. × 9/3 + 2108   | 0.                       | 410 000                     |
| Subtotal  |   | 418,000_ 2109            | 418,000.                    |
|   |   |                          |                             |
| Add (to extent reflected in net income/loss):   | + 2110  | 808,000.                 |                             |
|   | + 2111  | 0.                       |                             |
| Provision for deferred income taxes (debits) / cost of future income taxes  |   | 0.                       |                             |
| Equity losses from corporations   | and the second se | 0.                       |                             |
| Share of partnership(s)/joint venture(s) losses   | + 2113  | 0.                       |                             |
|   |   |                          |                             |
| Dividends that have been deducted to arrive at net income per   | + 2114  | 0.                       |                             |
| Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))   | (1) (3) (1) (0) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1  | 808,000, 2115            | 808,000.                    |
| Subtotal  |   |                          |                             |
| 'Subtract:  |   |                          |                             |
| Amounts relating to s.57.9 election/regulations for disposals etc. of property  | for current/prior years   |                          |                             |
|   | 20  | 0                        |                             |
| ** Fed.s.85+ 2116   | <u>0.</u> or – <u>2117</u>  | 0.                       |                             |
| ** Fed.s.85.1+ 2118   | 0. or - 2119  | 0.                       |                             |
| ** Fed.s.97+ 2120   | 0 • or – 2121   | 0.                       |                             |
| ** Amounts relating to amalgamations (fed.s.87) as<br>prescribed in regulations for current/prior years+ 2122   | 0 er - 2123   | 0.                       |                             |
| ** Amounts relating to wind-ups (fed.s.88) as<br>prescribed in regulations for current/prior years + 2124   | 0 or - 2125   | 0.                       |                             |
| ** Amounts relating to s.57.10 election/regulations   |   |                          |                             |
| for replacement re fed.s.13(4), 14(6) and 44 for  | 0 or - 2127   | 0.                       |                             |
|   |   |                          |                             |
| Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not<br>otherwise deducted in determining CMT adjusted net income   | - 2150  | 0.                       |                             |
|   |   |                          | 0                           |
| Subtotal (Additions)  | 0.  | + 2128                   | <u> </u>                    |
| ehtotal (Subtractions)  |   | 0 2129                   | 0.                          |
|   |   |                          | 0                           |
| ** Other adjustments  |   | <u>+ 2130</u>            | 0.                          |
|   |   |                          | 1,678,106.                  |
| Subtotal ± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130  |   | = 2131                   | 1,0/0,100.                  |
|   |   |                          | 0                           |
| ** Share of partnership(s)/joint venture(s) adjusted net income/loss  |   | <u>+</u> 2132            | 0.                          |
|   |   |                          | 1,678,106.                  |
| Adjusted net income (loss) (if loss, transfer to 2202 in Schedule B: Contin   | uity of CMT Losses Carried Forward  | , Page 19.) = 2133       | 1,070,100.                  |
|   |   | 0                        |                             |
| Deduct: * CMT losses: pre-1994 Loss   |   | 0.                       |                             |
| * CMT losses: other eligible losses   | + [2211]  | 0.                       | 0                           |
|   |   | 02134                    | 0.                          |
| * CMT losses applied cannot exceed adjusted net income or increase a loss   |   |                          |                             |
| ** Retain calculations. Do not submit with this tax return.   |   |                          | 5252078                     |
| CMT Base  |   | = 2135                   | 1,678,106.                  |
|   |   | Irai                     | nsfer to CMT Base on Page 8 |

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)             | 0.120   |  |
|---|--|---|--|
| E.L.K. Energy Inc.  | 1800085  | 2004-12-31  | Page 19 of 24                              |
| Corporate Minimum Tax (CMT)   |  |   | DOLLARGONET                                |
| Schedule B: Continuity of CMT Losses Carried  | Forward  |   |  |
| Balance at Beginning of year (1), (2)   |  | + 2201  | 0.   |
|   | + 2203   | <u>    0.</u><br>0.<br>0.                                 |  |
| Amalgamation (x) 2205 Yes Wind-up (x) 2206<br>Subtotal  |  | 0, + 2207   | 0.   |
| Adjustments (attach schedule)   |  | <u>+ 2208</u>   | 0.   |
| CMT losses available 2201 + 2207 ± 2208   |  | = 2209  | 0.   |
| Subtract:       Pre-1994 loss utilized during the year to reduce adjusted net incom         Other eligible losses utilized during the year to reduce adjusted net         Losses expired during the year         Subtotal   | t income (4) + 2211<br>+ 2212                          | 0.<br>0.<br>0.<br>0 2213                                  | 0.   |
| Balances at End of Year (5) 2209 - 2213   |  | = 2214  | 0.   |
| <ul> <li>Notes:</li> <li>(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at eginning of the year. Attach schedule showing computation of pre-1994 Cl.oss.</li> <li>(2) Where acquisition of control of the corporation has occurred, the utilization CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))</li> </ul> | MT to which fed.s.87 applie<br>(see s.57.5(8) and s.57 | ed to the extent of the lesser<br>T losses available 2209 | ed.s.88(1) applies.<br>of the adjusted net |

## Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

|        | Year of Origin<br>(oldest year first)<br>year month day | CMT Losses of Corporation | CMT Losses<br>of Predecessor Corporations |
|--------|---|---------------------------|---|
| 2240   | Ith preceding taxation year                             | 2260                      | 2280                                      |
|        | 1996-09-30  | 0                         | 0   |
| 2241   | 8th preceding taxation year                             | 2261                      | 2281                                      |
|        | 1997-09-30  | 0                         | 0   |
|        | th preceding taxation year                              | 2262                      | 2282                                      |
|        | 1998-09-30  | 0                         | 0   |
|        | 6th preceding taxation year                             | 2263                      | 2283                                      |
|        | 1999-09-30  | 0                         | 0   |
|        | 5th preceding taxation year                             | 2264                      | 2284                                      |
|        | 2000-09-30  | 0                         | 0   |
| 2245   | 4th preceding taxation year                             | 2265                      | 2285                                      |
|        | 2001-09-30  | 0                         | 0   |
| 2246   | 3rd preceding taxation year                             | 2266                      | 2286                                      |
|        | 2001-12-31  | 0                         | 0   |
| 2247   | 2nd preceding taxation year                             | 2267                      | 2287                                      |
|        | 2002-12-31  | 0                         | 0   |
| 2248   | 1st preceding taxation year                             | 2268                      | 2288                                      |
|        | 2003-12-31  | 0                         | 0   |
| 2249   | Current taxation year                                   | 2269                      | 2289                                      |
|        | 2004-12-31  | 0                         | 0   |
| Totals |   | 2270                      | 2290                                      |
| IUIdis |   | 0                         | 0   |

sum of amounts 2270 + 2290 st equal amount in 2214

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| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF) | Taxation Year End CT23 |                          |
|--|--|------------------------|--------------------------|
| E.L.K. Energy Inc.   | 1800085                                    | 2004-12-31             | Page 20 of 24            |
| Corporate Minimum Tax (CMT)  |  |                        | DOLLARS ONLY             |
| Schedule D: Continuity of CMT Credit Carryover   | S  |                        |                          |
| Balance at Beginning of year (1)   |  | + 2301                 | 0.                       |
|  | + From 280                                 | 0.                     |                          |
| Amalgamation (x) 2303 Yes Wind-up (x) 2304<br>Subtotal   | Yes  | 0. + 2305              | 0.                       |
| Adjustments (Attach schedule)  |  | ± 2306                 | 0.                       |
| CMT credit carryover available 2301 + 2305 ± 2306  | ******                                     | = 2307                 | Ο.<br>Transfer to Page θ |
| Subtract:         CMT Credit utilized during the year to reduce income tax (Page 8)           CMT Credit expired during the year | + From 310                                 | <u> </u>               | 0.                       |
| Subtotal   | =  | 0 _ 2309 _             | 0.                       |
| Balance at End of Year (3) 2307 - 2309   |  | = 2310                 | 0.                       |

Notes:

Vhere acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(3) Amount in 2310 must equal sum of 2370 + 2390.

## Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

| 1      | Year of Origin<br>(oldest year first) | CMT Credit Carryovers<br>of Corporation | CMT Credit Carryovers of<br>Predecessor Corporation(s) |                                |
|--------|---------------------------------------|---|--|--------------------------------|
|        | year month day                        | •                                       |  |                                |
| 2340   | 9th preceding taxation year           | 2360                                    | 2380   |                                |
|        | 1996-09-30                            | 0                                       | 00   |                                |
| 2341   | 8th preceding taxation year           | 2361                                    | 2381   |                                |
|        | 1997-09-30                            | 0                                       | 00   |                                |
| 2342   | 7th preceding taxation year           | 2362                                    | 2382   |                                |
|        | 1998-09-30                            | 0                                       | 00   |                                |
|        | 6th preceding taxation year           | 2363                                    | 2363   |                                |
|        | 1999-09-30                            | 0                                       | 0  |                                |
| 2344   | 5th preceding taxation year           | 2364                                    | 2384   |                                |
|        | 2000-09-30                            | 0                                       | 00   |                                |
| 2345   | 4th preceding taxation year           | 2365                                    | 2385   |                                |
|        | 2001-09-30                            | 0                                       | 0  |                                |
| 2346   | 3rd preceding taxation year           | 2366                                    | 2386   |                                |
|        | 2001-12-31                            | 0                                       | 0  |                                |
| 2347   | 2nd preceding taxation year           | 2367                                    | 2387   |                                |
|        | 2002-12-31                            | 0                                       | 0  |                                |
| 2348   | 1st preceding taxation year           | 2368                                    | 2388   |                                |
|        | 2003-12-31                            | 0                                       | 0  |                                |
| 2349   | Current taxation year                 | 2369                                    | 2389   |                                |
|        | 2004-12-31                            | 0                                       | 0  | The sum of amounts 2370 + 2390 |
| Totals |                                       | 2370                                    | 2390   |                                |
|        |                                       | 0                                       | 0  | must equal amount in 2310      |



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| Corporation's Legal Name                              | Ontario | Corporations Tax Acc       | ount No. (MOF)       | Taxation Year End                      |
|---|---------|----------------------------|----------------------|--|
| E.L.K. Energy Inc.                                    |         | 1800085                    |                      | 2004-12-31                             |
|   |         |                            |                      |  |
| Name of Associated Corporation (Canadian and Foreign) |         | Corporations Tax<br>Number | Taxation Year<br>End | Taxable Income<br>(if loss, enter nil) |
|   |         |                            |                      | + 65,747                               |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            |                      | +                                      |
|   |         |                            | Total                |  |
|   |         | Transfer to 85             | ] of the CT23        | = 65,747                               |



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| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |  |  |  |
|--------------------------|--|-------------------|--|--|--|
| Corporation's Legal Name |  |                   |  |  |  |
| FIK Energy Inc.          | 1800085                                    | 2004-12-31        |  |  |  |

| Name of Associated Corporation<br>(Canadian and Foreign) | Corporations Tax<br>Number | Taxation Year<br>End | Total<br>Assets              | Total<br>Revenue               |
|--|----------------------------|----------------------|------------------------------|--------------------------------|
| L.K. SOLUTIONS INC.                                      | 1800362                    | 2004-12-31           | + 718.007                    | + 278.97                       |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | ÷                            | +                              |
|  |                            |                      | t <del>h</del>               | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | ÷                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | ф                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            |                      | +                            | +                              |
|  |                            | Totals               | = 718.007<br>Transfer to 249 | Transfer to 250<br>of the CT23 |

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| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2004-12-31        |
| LER Energy no.           |  |                   |

| Loans or Advances Credited or Advanced to Corporation<br>(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more,<br>and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end) |   |           |
|---|---|-----------|
| and accounts payable to non-related parties outstanding for 365 days or more at the taxation year endy  |   |           |
| Shareholders' promissory notes  | + | 5,200,000 |
|   | + | 340,419   |
| Current portion of cistomer deposits  | + |           |
| Customer deposits   | 1 | 248,996   |
|   | + | 0         |
|   | + | 0         |
|   | + | C         |
|   | + | C         |
|   | + | C         |
|   | + | C         |
|   | + | C         |
|   | + | (         |
|   | + | (         |
|   | + | (         |
|   | + | (         |
|   | + | (         |
|   | + |           |
|   | + | (         |
|   | + |           |
|   | + |           |
|   | + |           |
|   | + |           |
|   | + |           |
|   | + |           |
| Total<br>Transfer to 353 of the CT23  | = | 5.789.41  |



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### Ontario Charitable Donations and Gifts Schedule 2 page 1 of 3

| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
|--------------------------|---|-------------------|
| E.L.K. Energy Inc.       | 1800085                                       | 2004-12-31        |

- For use by a corporation to claim any of the following:
  - Charitable donations;
  - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
  - Gifts to Canada or a province;
  - Gifts of certified cultural property; or
  - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- File one completed copy of this schedule with your CT23.

### Part 1 - Charitable Donations 0 4 Charitable Donations at end of preceding taxation year 0]**B** Deduct: Donations expired after 5 taxation years 0 c Charitable donations at beginning of taxation year = 0 D Donations transferred on amalgamation or wind-up of subsidiary Add: 25 E Total current year charitable donations made 25 F 25 Subtotal D + E 25 g = Total donations available C + F 25 T Deduct: Amount applied against taxable income (amount T) 0 H Charitable donations closing balance Part 2 - Maximum Deduction Calculation for Donations 2371 1,667, Ontario net income for tax purposes multiplied by 75% Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest. 01 Ontario taxable capital gains arising in respect of gifts of capital property Ontario taxable capital gain in respect of deemed gifts 0 K of non-qualifying securities per subsection 40(1.01) ITA Add the lesser of: 1. The amount of the recapture of capital cost OL allowance in respect of charitable gifts 2. The lesser of: 2a. Proceeds of dispositions less 0 M outlays and expenses 0 N 2b. The capital cost 00 0 The lesser of M and N 0 P 0 The lesser of L and O Ola Subtotal J + K + P 0 R 0 0 25% X 667 237 1 = Maximum deduction allowable I + R 25 Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes) 101010-01 Enter in 1 of the CT23

### **Ontario Charitable Donations and Gifts**

### Schedule 2 page 2 of 3

| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
|--------------------------|---|-------------------|
| E.L.K. Energy Inc.       | 1800085                                       | 2004-12-31        |

### Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

| Gifts to O | ntario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year | + | 0 |
|------------|---|---|---|
| Deduct:    | Gifts expired after 5 years   | - | 0 |
| Gifts to O | ntario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year | + | 0 |
|            | Gifts transferred on amalgamation or wind-up of a subsidiary                          | + | 0 |
|            | Total current year gifts  | + | 0 |
| Subtotal   |   | = | 0 |
| Deduct:    | Amount applied against taxable income 2 of the CT23                                   | - | 0 |
|            | Distance Crown Agency or Ontario Crown Foundation closing balance                     | = | 0 |

| Foundation Name                                | Date of Donation | Amount \$ |
|--|------------------|-----------|
|  |                  | 0         |
|  |                  | 0         |
|  |                  | 0         |
|  |                  | 0         |
|  |                  | 0         |
| Total gifts to Her Majesty in right of Ontario | =                | 0         |

### Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

### Deduction is the lesser of:

| 1.  | Ontario Net Income before deductions of gifts after deducting charitable donations<br>and gifts to Her Majesty in right of Canada or a province other than Ontario            | 2,222,958 u               |
|-----|---|---------------------------|
| 2.  | Lesser of:  |                           |
|     | 2a. Ontario Net Income for the taxation year  |                           |
|     | 2b. Gifts made in the taxation year or any of the five preceding taxation years to Her<br>Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation |                           |
|     | The lesser of V and W   | 0x                        |
|     | aximum deduction allowable the lesser of U and X  | 0 Y                       |
| IVI |   | Transfer to 2 of the CT23 |

### Part 5 - Gifts to Canada or a province other than Ontario

| Gifts to Canada or a province other than Ontario at the end of the preceding year  | 0 |
|--|---|
| Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years   | 0 |
| Gifts to Canada or a province other than Ontario at the beginning of the taxation year   | 0 |
| Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary   | 0 |
| Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.) | 0 |
| Subtotal   | 0 |
| Deduct: Amount applied against taxable income  | 0 |
| Gifts to Canada or a province other than Ontario closing balance   | 0 |

### **Ontario Charitable Donations and Gifts**

### Schedule 2 page 3 of 3

| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
|--------------------------|---|-------------------|
| E.L.K. Energy Inc.       | 1800085                                       | 2004-12-31        |

### Part 6 - Gifts of certified cultural property

| Gifts of certified cultural property at the end of the preceding taxation year                   | 0 |
|--|---|
| Deduct: Gifts of certified cultural property expired after five years                            | 0 |
| Gifts of certified cultural property at the beginning of the taxation year                       | 0 |
| Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary | 0 |
| Total current year gifts of certified cultural property  | 0 |
| Subtotal   | 0 |
| Deduct: Amount applied against taxable income  | 0 |
| Gifts of certified cultural property closing balance   | 0 |

### Part 7 - Gifts of certified ecologically sensitive land

| Gifts of certified ecologically sensitive land at the end of the preceding taxation year | 0 |
|--|---|
| Deduct: Gifts of certified ecologically sensitive land expired after five years          | 0 |
| Gifts of certified ecologically sensitive land at the beginning of the taxation year     | 0 |
|  | 0 |
|  | 0 |
| Total current year gifts of certified ecologically sensitive land                        |   |
| Subtotal   | 0 |
| Deduct: Amount applied against taxable income  | 0 |
| Gifts of certified ecologically sensitive land closing balance                           | 0 |
|  |   |

### Part 8 - Analysis of balance by year of origin

| Year of origin | Charitable donations | Gifts to Her Majesty in right of Ontario | Gifts to Canada or a<br>province other than<br>Ontario | Gifts of certified cultural property | Gifts of certified<br>ecologically sensitive<br>land |
|----------------|----------------------|--|--|--------------------------------------|--|
| 2003-12-31     | 0                    | 0  | 0  | 0                                    | 0  |
| 2002-12-31     | 0                    | 0  | 0  | 0                                    | 0  |
| 2001-12-31     | 0                    | 0  | 0  | 0                                    | 0  |
| 2001-09-30     | 0                    | 0  | 0  | 0                                    | 0  |
| 2000-09-30     | 0                    | 0  | 0  | 0                                    | 0  |
| 1999-09-30     | 0                    | 0  | 0  | 0                                    | 0  |
| Totals         | 0                    | 0  | 0  | 0                                    | 0  |

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E.L.K. Energy Inc. Corp. Tax Acct. No. : 1800085

Year Ended:

Onc. Sch. 008 27 1-12-31

Corporations Tax Branch Ministry of Finance 33 King Street West Oshawa ON LIH 8E9 PO Box 620

# Summary of Capital Cost Allowance

z Is the corporation electing under regulation 1101(5g)?  $\left[ Y/N \right]$ 

| 13 | Ontario   | unde-                    | preciated    | capital    | 5t          | at the end | of the year | (column 6              | suurm       | column 12) |             |            |              |            |           |   | 9,039,670 | 246,052 | 216,279 | 32,211 |   | 9,534,212  |                   | e CT23            |
|----|-----------|--------------------------|--------------|------------|-------------|------------|-------------|------------------------|-------------|------------|-------------|------------|--------------|------------|-----------|---|-----------|---------|---------|--------|---|------------|-------------------|-------------------|
|    | ont       | un                       | Ъrе          | car        | cost        | at         | of          | Ŭ                      | רדש         | 00         |             |            |              |            |           | 1 |           |         | _       |        | 1 |            |                   | on th             |
| 12 | Ontario   | capital                  | cost         | allowance  | (column 8   | multiplied | Ъу          | column 9;              | or a lower  | amount)    |             |            |              |            |           |   | 374,837   | 60,723  | 77,890  | 32,756 |   | 546,206    |                   | [650] on the CT23 |
| ΤT | Terminal  | loss                     |              |            |             |            |             |                        |             |            |             |            |              |            |           |   | 0         | 0       | 0       | 0      |   | 0          |                   | [650]             |
| 10 | Recapture | of                       | capital      | cost       | allowance   |            |             |                        |             |            |             |            |              |            |           |   | 0         | 0       | 0       | 0      |   | 0          |                   | [650]             |
| 6  | CCA       | rate                     | ola          |            |             |            |             |                        |             |            |             |            |              |            |           |   | 4         | 20      | 30      | 100    |   |            |                   | Enter in boxes    |
| 00 | Reduced   | unde-                    | preciated    | capital    | cost        | (column 6  | minus       | column 7)              |             |            |             |            |              |            |           |   | 9,370,927 | 303,614 | 259,632 | 32,756 |   | 9,966,929  |                   | Enter             |
| 7  | 50% rule  | (1/2 of                  | the amount,  | if any, by | which the   | net cost   | of          | acquisitions column 7) | exceeds     | column 5)  |             |            |              | See note 2 | below     |   | 43,580    | 3,161   | 34,537  | 32,211 |   | 113,489    |                   |                   |
| Q  | Ontario   | unde-                    | preciated    | capital    | cost        | (column 2  | plus        | column 3               | or minus    | column 4   | snuim       | column 5)  |              |            |           |   | 9,414,507 | 306,775 | 294,169 | 64,967 |   | 10,080,418 |                   |                   |
| S  | Proceeds  | of                       | dispositions | during the | year        | (amount    | not to      | exceed                 | the capital | cost)      |             |            |              |            |           |   | 188,808   | D       | o       | 0      |   | 183,808    | THE REPORT OF THE |                   |
| ¥  | Net       | adjustments              | (show        | negative   | amounts in  | brackets)  |             |                        |             |            |             |            |              |            |           |   | 0         | 0       | 0       | 0      |   | 0          |                   |                   |
| m  | Cost of   | acquisitions adjustments | during the   | year (new  | property    | must be    | available   | for use)               |             |            |             |            |              | See note 1 | below     |   | 275,969   | 6,323   | 69,074  | 64,423 |   | 415,789    |                   |                   |
| N  | Ontario   | unde-                    | preciated    | capital    | cost at the | beginning  | of the year | (unde-                 | preciated   | capital    | cost at the | end of the | prior year's | CCA        | schedule) |   | 9,327,346 | 300,452 | 225,095 | 544    |   | 9,853,437  |                   |                   |
| Ч  | Class     | number                   |              |            |             |            |             |                        |             |            |             |            |              |            |           |   | н         | 60      | 10      | 12     |   | Total      |                   |                   |

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. (Canada) List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act"

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4, Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss. CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver 2-2004

| Ø | Ontario |
|---|---------|
|---|---------|

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4

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| <b>Ontario Cumulative</b> | <b>Eligible Capital</b> | Deductio | on |
|---------------------------|-------------------------|----------|----|
|                           |                         | Schedule | 10 |

(For taxation years 2000 and later)

| Corporatio               | n's Legal Name  | Ontario Corporations Tax Account No.<br>(MOF)                   | Taxation Year End    |
|--------------------------|---|---|----------------------|
|                          |   | 1800085   | 2004-12-31           |
| E.L.K. En                |   | 100000  |                      |
|                          | e by a corporation that has eligible capital property.<br>arate cumulative eligible capital account must be kept for each business.   |   |                      |
| Part 1 -                 | Calculation of current year deduction and carry-forward   |   | (                    |
| Ontario C                | umulative eligible capital - balance at end of preceding taxation year (if negative, enter ze   | (   | 696,404 <sup>A</sup> |
| Add:                     | Cost of eligible capital property acquired during the taxation year   | - <u>0<sup>B</sup></u>  |                      |
|                          | Amount transferred on amalgamation or wind-up of subsidiary   | - <u> </u>  |                      |
|                          | Other adjustments   | - <u> </u>  | 0 <sup>E</sup>       |
| Total of E               | 3+C+D   | = <u> </u>  |                      |
| Subtota                  | A+E   | Ξ.  | 696,404 <sup>-</sup> |
| Deduct:                  | from the disposition of all eligible capital property during the taxation year  | 0 <sup>G</sup>  |                      |
|                          | The gross amount of a reduction in respect of a forgiven debt obligation<br>as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)                               | - O <sup>H</sup>  |                      |
|                          | Other adjustments   | 0   |                      |
| Total of (               |   | = <u> </u>  | 0,                   |
| Ontario d                | umulative eligible capital balance F – J  | =   | 696,404 <sup>K</sup> |
| Note: An<br>de           | y amount up to the maximum deduction of 7% may be claimed. Taxation years starting aft duction may <b>not</b> exceed the maximum amount prorated for the number of days in the taxa | er December 21, 2000, the tion year divided by 365 or 366 days. | 647.656 <sup>M</sup> |
| Part 2 ·                 | Amount to be included in income arising from disposition<br>Only complete this part if the amount at line K is negative   |   | N                    |
|                          | om line K above (show as a positive amount)   |   | 0                    |
| Total curr<br>taxation y | Aulative eligible capital deductions from income for ears beginning after June 30, 1988   | 0 <sup>1</sup>  |                      |
| in the cur               | II amounts which reduced cumulative eligible capital<br>rent or prior years under subsection 80(7) of the ITA   | 0 <sup>2</sup>  |                      |
| Total of c<br>taxation y | umulative eligible capital deductions claimed for<br>ears beginning before July 1, 1988   |   |                      |
| that were                | balances in the cumulative eligible capital account<br>included in income for taxation years beginning<br>ly 1, 1988  | 5   |                      |
| Line 3 de                | duct line 4   | 0 <sup>5</sup>  |                      |
| Total line               | s1+2+5  | 0 <sup>6</sup>  |                      |
| Line <b>T</b> fro        | m previous Ontario Schedule 10 for taxation years ending after February 27, 2000  | 07  | 0                    |
| Deduct li                | ne 7 from line 6  | 0   | 0                    |
| N - O (ca                | nnot be negative)   |   | 0                    |
| Amount of                |   |   | 0                    |
| P - Q · ·                |   |   | 0                    |
|                          | n line R 0 X 2/3 *  |   | 0                    |
| Lesser of                | line N or line O  |   | 0                    |
| Amount                   | to be included in income S + T  |   | 0                    |

\* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S



Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

## **Taxable Capital of Associated Corporations**

(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2004-12-31        |

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

| Name of Associated Corporation<br>(Must have a PE in Canada) | Corporations Tax<br>Account No. (MOF)<br>(if applicable) | Taxation Year End                 | Taxable Capital |
|--|--|-----------------------------------|-----------------|
| E.L.K. SOLUTIONS INC.  | 1800362  | 2004-12-31                        | + 108,642       |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  |  |                                   |                 |
|  |  |                                   | +               |
|  |  |                                   | +               |
|  | Aggrega  | te of taxable capital<br>Transfer | = 108,642       |

| E.L.K. Energy<br>Account/Busin | · Inc.<br>.ess No.: 86656778                                   | 7RC0001 Year                                      | Ended:     | 2004 | Instal-Fed.<br>-12-31 |
|--------------------------------|--|---|------------|------|-----------------------|
|                                | STALMENTS  |   |            |      |                       |
| For The Taxation Yea           | <b>r Ended:</b> 2005-12-31                                     |   |            |      |                       |
| The following is a list of     | f federal instalments payable                                  | for the current taxation                          |            |      |                       |
| year. The last column i        | ndicates the instalments paya                                  | able to Revenue Canada.                           |            |      |                       |
| The instalments are du         | e no later than on the dates i<br>will be charged. A cheque or | naicatea, otherwise<br>r money order should be ma | ade        |      |                       |
| pavable to the Receive         | r General. Payment may be                                      | made either to an authorize                       | d          |      |                       |
| financial institution or fi    | led with form T9 (instalment                                   | form) and addressed                               |            |      |                       |
|                                | enue Canada Taxation Centr                                     |   |            |      |                       |
|                                |  |   |            |      |                       |
|                                | lu cáclus cuác   | Instalments                                       | Cumulative |      | Instalments           |
| Date                           | Instalments<br>Required  | Paid  | Difference |      | Payable               |
| 2005-01-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-02-28                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-03-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-04-30                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-05-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-06-30                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-07-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-08-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-09-30                     | 40,977   | 0   |            | 0    | 40,977                |
| 2^05-10-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2 15-11-30                     | 40,977   | 0   |            | 0    | 40,977                |
| 2005-12-31                     | 40,977   | 0   |            | 0    | 40,977                |
| 2000 12 01                     |  |   |            |      |                       |
|                                |  |   |            |      | 401 704               |

0

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491,724

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Total

Page 1 of (1 or 3)

491,724

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Corporate Taxprep / Taxprep des sociétés - TP-10

| E.L.K. Energy Inc.<br>Account/Business No.:866567787RC0001 Year  | Ended:                       | 20          | 04-12-  | Instal-Fed.<br>31               |
|--|------------------------------|-------------|---------|---------------------------------|
| Indicate Instalment Method Chosen [1–3]: 1<br>1st Instalment Base Method   |                              |             |         |                                 |
| f instalments are starting late, indicate the MONTH in which you want them o start (1=January, 2=February, etc.) $1$   |                              |             |         |                                 |
| — 1. 1st INSTALMENT BASE METHOD  |                              |             |         |                                 |
| 1st Instalment Base Amount<br>(Amount (I) Below)   | 491,718                      | / 12        | =       | 40,977                          |
|  | Monthly Ins                  | talments R  | equired | 40,977                          |
| Provincial Tax   | 0                            |             |         |                                 |
| Total  | 452,326                      | / 12        | = (A)   | 37,694                          |
| Total<br>د 1/12 of Estimated Current Yr Credits [(H) below / 12]   | ·                            |             |         |                                 |
|  |                              | • • • • • • |         | 0                               |
| د : 1/12 of Estimated Current Yr Credits [(H) below / 12]  | 491,718                      | • • • • • • |         | 0                               |
| د : 1/12 of Estimated Current Yr Credits [(H) below / 12]  | 491,718                      |             |         | 0                               |
| د : 1/12 of Estimated Current Yr Credits [(H) below / 12]  | 491,718<br>75,388<br>416,330 | / 10        | = (B)   | 0<br>37,694                     |
| L : 1/12 of Estimated Current Yr Credits [(H) below / 12] Each of the first 2 Instalment Payments  | 491,718<br>75,388<br>416,330 | / 10        | = (B)   | 0<br>37,694<br>41,633           |
| L : 1/12 of Estimated Current Yr Credits [(H) below / 12]<br>Each of the first 2 Instalment Payments<br>Total tax from (I) below<br>Less: Amount (B) above x 2 | 491,718<br>75,388<br>416,330 | / 10        | = (B)   | 0<br>37,694<br>41,633           |
| L : 1/12 of Estimated Current Yr Credits [(H) below / 12] Each of the first 2 Instalment Payments  | 491,718<br>75,388<br>416,330 | / 10        | = (B)   | 0<br>37,694<br>41,633<br>41,633 |

Corporate Taxprep / Taxprep des sociétés - TP-10

### E.L.K. Energy Inc. Account/Business No.: 866567787RC0001 Y

Year Ended:

Instal-Fed. 2004-12-31

| INSTALMENT BASE CALCULATION   | 1st Instalment<br>Base Method                    | Estimated<br>Tax<br>Method                |
|---|--|---|
| Taxable Income  | 2,222,958  | 0   |
| CALCULATION OF TAX PAYABLE  |  |   |
| Total of:<br>Federal Part I Tax   | 844,724<br>24,897<br>0                           | 0<br>0<br>0                               |
| Subtotal (A)  | 869,621  | 0   |
| Less Total of:<br>Small Business Deduction  | 0<br>0<br>222,296<br>0<br>0<br>155,607<br>0<br>0 | 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |
| resource deduction  | 0<br>0<br>377,903                                | 0<br>0<br>                                |
| Total Part I Tax Payable       (A) - (B)       = (C)         Add:       Part I.3 Tax       (D)         Part VI Tax       (D.1)         Part VI.I Tax       (D.2)         Provincial/Territorial Tax       (E) | 491,718<br>0<br>0<br>0<br>0                      | 0<br>0<br>0<br>0<br>0                     |
| Total         Parts I, I.3, VI, VI.I and         Provincial/Territorial Tax         F(F)  | 491,718  | 0   |
| Adjustment for Short Taxation Years:<br>x 365/# of days in year if < 365  | <b>365</b> / 365<br>491,718                      | 365 / 0<br>0                              |
| Less - Estimated Current Year Credits:<br>stment Tax Credit Refund<br>Dividend Refund<br>Federal Capital Gains Refund   | 0<br>0<br>0                                      | 0<br>0<br>0                               |
| Provincial and Territorial Capital<br>Gains Refund  | 0<br>0<br>0<br>0                                 | 0<br>0<br>0<br>0                          |
| Total Estimated Current Year Credits  | 0  | 0   |
| INSTALMENT BASE AMOUNT  | 491,718  | 0   |

Corporate Taxprep / Taxprep des sociétés - TP-10

Page 3 of 3

| E.L.K. Energy<br>Corp. Tax Acct | Inc.<br>t. No. :1800   | 085   | Year   | Ended:                   | 2004 | Instal-Ont.<br>4-12-31 |
|---------------------------------|--|---|--|--------------------------|------|------------------------|
| - ONTARIO TAX INST              | TALMENTS   |   |  |                          |      |                        |
| For The Taxation Year           | Ended: 2005-12   | 2-31  |  |                          |      |                        |
| Corporation P.O. Box            | dicates the instalments are due no late<br>e interest will be chate<br>to the Minister of Fi<br>ontario or filed with an<br>f Revenue (Ontario)<br>on Tax Branch<br>620<br>Street West | nts payable to<br>r than on the<br>rged. A chequ<br>nance. Paym | the Ontario Ministr<br>dates indicated<br>ue or money order<br>ent may be made e | ither                    |      |                        |
| Quarterly Instalment            |  |   |  |                          |      |                        |
| Date                            | Instalments<br>Required  |   | stalments<br>aid   | Cumulative<br>Difference |      | Instalments<br>Payable |
| 2005-03-31                      |  | 0   | 0  |                          | -    |                        |
| 2005-06-30                      |  | •   | 0  |                          | 0    | 0                      |
|                                 |  | Õ   | 0  |                          | Ō    | Ō                      |
| 15-09-30                        |  | -   |  |                          | 0    | 0                      |
|                                 |  | 0   | 0  |                          | Ō    | Ō                      |
| 15-09-30                        |  | 0   | 0  |                          | 0    | 0<br>0<br>0            |
| 15-09-30                        |  | 0   | 0  |                          | 0    | 0                      |

| Date       | Instalments<br>Required | Instalments<br>Paid | Cumulative<br>Difference | Instalments<br>Payable |
|------------|-------------------------|---------------------|--------------------------|------------------------|
| 2005-01-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-02-28 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-03-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-04-30 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-05-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-06-30 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-07-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 1 75-08-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-09-30 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-10-31 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-11-30 | 29,058                  | 0                   | 0                        | 29,058                 |
| 2005-12-31 | 29,058                  | 0                   | 0                        | 29,058                 |
|            |                         |                     |                          |                        |
| Total      | 348,696                 | 0                   |                          | 348,696                |
| . otal     | ==========              | ==========          |                          |                        |

Page 1 of (1 or 3) CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver 2-2004

| E.L.K. Ene<br>Corp. Tax   | ergy Inc.<br>Acct. No. :1800085 Yea  | r Ended: 200   | Ins<br>04-12-31   | stal-Ont.                       |
|---|--|--|-------------------|---------------------------------|
|   | ant Nethod Changer [1,2]; 1  |  |                   |                                 |
|   | nent Method Chosen [1-3]: 1  |  |                   |                                 |
| <ol> <li>1st Instalment</li> <li>Combined 1st</li> <li>Estimated Tax</li> </ol>   | and 2nd Instalment Base Method   |  |                   |                                 |
| Do not used the<br>bayments   | quarterly payment even if applicable "X" to continue mont  | ıly<br>  |                   | []                              |
|   | e starting late, indicate the MONTH in which you want ther<br>ary, 2=February, etc.)   | 1  |                   |                                 |
| — 1. 1st INSTA  |  |  |                   |                                 |
| 1st Instalment B<br>(Amt (I) Below)   | ase Amount   | 348,693 / 12   |                   | 29,058                          |
|   |  | Monthly Instalments F  |                   | 29,058                          |
|   |  | Quarterly Instalments F  | Required          | 0                               |
| ,   | ED 1st AND 2nd INSTALMENT BASE METHOD  |  |                   |                                 |
| 2. COMBINE  | Base Amount:<br>Income Tax. C.M.T  | 218,168<br>35,381  |                   |                                 |
| 2nd Instalment E  | Base Amount:   | 218,168<br>35,381<br>253,549 / 12  | = (A)             | 21,130                          |
| 2nd Instalment E<br>Indicate:   | Base Amount:<br>Income Tax, C.M.T  | 35,381<br>253,549 / 12   | = (A)<br>= (B)    | 21,130<br>21,130                |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)  | Base Amount:<br>Income Tax, C.M.T  | 35,381<br>253,549 / 12   |                   |                                 |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)  | Base Amount:<br>Income Tax, C.M.T<br>Capital Tax, Prem. Tax<br>Total<br>2 Instalment Payments  | 35,381<br>253,549 / 12<br>348,693  | = (B)             |                                 |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)<br>Less: Amount (/   | Base Amount:<br>Income Tax, C.M.T<br>Capital Tax, Prem. Tax<br>Total<br>2 Instalment Payments  | 35,381<br>253,549 / 12<br>348,693<br>42,260<br>306,433 / 10                                | = (B)             | 21,130                          |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)<br>Less: Amount (/   | Base Amount:<br>Income Tax, C.M.TCapital Tax, Prem. Tax<br>Total<br>2 Instalment Payments  | 35,381<br>253,549 / 12<br>348,693<br>42,260<br>306,433 / 10                                | = (B)<br>=        | 21,130                          |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)<br>Less: Amount (/<br>Each of the rem                                    | Base Amount:<br>Income Tax, C.M.TCapital Tax, Prem. Tax<br>Total<br>2 Instalment Payments  | 35,381<br>253,549 / 12<br>348,693<br>42,260<br>306,433 / 10                                | = (B)<br>=        | 21,130<br>30,644<br>30,644      |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)<br>Less: Amount (/<br>Each of the rem<br>— 3. ESTIMAT<br>Instalment Base | Base Amount:<br>Income Tax, C.M.T<br>Capital Tax, Prem. Tax<br>Total<br>2 Instalment Payments<br>) below<br>A) above x 2<br>aining 10 Instalment Payments<br>ED TAX METHOD | 35,381<br>253,549 / 12<br>348,693<br>42,260<br>306,433 / 10                                | = (B)<br>=<br>red | 21,130<br>30,644<br>30,644      |
| 2nd Instalment E<br>Indicate:<br>Each of the first<br>Total tax from (I)<br>Less: Amount (/<br>Each of the rem<br>— 3. ESTIMAT<br>Instalment Base | Base Amount:<br>Income Tax, C.M.T<br>Capital Tax, Prem. Tax<br>Total<br>2 Instalment Payments<br>) below<br>A) above x 2<br>aining 10 Instalment Payments<br>ED TAX METHOD | 35,381<br>253,549 / 12<br>348,693<br>42,260<br>306,433 / 10<br>Quarterly Instalments Requi | = (B)<br>=<br>red | 21,130<br>30,644<br>30,644<br>0 |

Page 2 of 3 CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver 2-2004

E.L.K. Energy Inc. Corp. Tax Acct. No. :1800085

Year Ended:

| INSTALMENT BASE CALCULATION  | 1st<br>Instalment<br>Base Method | Estimated<br>Tax<br>Method |
|--|----------------------------------|----------------------------|
| Ontario Taxable Income   | 2,222,958                        | 0                          |
| CALCULATION OF TAX PAYABLE<br>Gross Ontario Tax  | 311,214                          | 0                          |
| Less Total of:         ncentive Deduction for an S.B.C., net of surtax.         Manufacturing and Processing Profits Credit .         Additional deduction for credit unions.         Credit for foreign taxes paid.         Credit for Investment in S.B.D.C.         Specified credits applied against income tax.         (B) | . 0<br>. 0<br>. 0                | 0<br>0<br>0<br>0<br>0<br>0 |
| ncome Tax(A) - (B) = (C)   | 311,214                          | 0                          |
| Add:       Capital Tax   | 0<br>0                           | 0<br>0<br>0                |
| I Income Tax and Other Taxes (C+D+E+F) = (G)   | 348,693                          | 0                          |
| Adjustment for Short Taxation Years<br>x 365 / number of days in year if < 365   | 348,693                          | 365 / 365<br>0<br>0        |
| (1)  | 348,693                          | )                          |

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CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver 2-2004

| OntarioMinistry of Fina<br>Corporations Tax<br>PO Box 642<br>33 King Street W<br>Oshawa ON L11   | k Branch<br>/est   |  | ectronic Filing Certificate<br>prations Tax Return CT23  |
|--|--|--|--|
|  |  |  | Page 1 of 2<br>Corporation's Ontario Tax Account Number<br>1800085   |
| First Year of Filing Amended Return Taxation Year End has changed (approval by Revenue Canada required) Exempt From Filing   | Final Taxation Year up<br>to Dissolution<br>Final Taxation Year<br>before Amalgamation<br>Floating Fiscal Year End<br>Subject to CMT | Change of Control<br>fed. s.249(4)<br>Date Control was acquired:<br>year month day   | Date of Incorporation<br>year month day<br>2000-01-06<br>Return for Taxation Year<br>year month day<br>2004-01-01<br>year month day<br>2004 12 31  |
| Change of Information? Yes No X<br>Corporation's Legal Name<br>E.L.K. Energy Inc.<br>Mailing Address<br>172 Forest Avenue  |  |  | - Cirld <u>2004-12-31</u><br>- Revenue Canada Taxation Account No<br>If incorrect or missing, enter<br><u>866567787RC0001</u><br>Jurisdiction Incorporated   |
| Essex  |  | N8M-3E4  | ONTARIO  |
| Transmitter Data<br>Transmitter Number: 0009036<br>Transmitter Name: KPMG<br>Nan erson to Contact:<br>Telephone Number: 519-251-3500   | 5  | I am an authorized signing o<br>this Return, including all sch<br>part of this Return, has been<br>and complete Return, and th<br>the books and records of the<br>financial statements accurate<br>operating results of the corp<br>the Corporations Tax Act. Th | fficer of the Corporation. I certify that<br>edules and statements filed with or as<br>a examined by me and is a true, correct<br>at the information is in agreement with<br>a corporation. I further certify that the<br>ely reflect the financial position and<br>oration as required under section 75 of<br>he method of computing income for this<br>ith that of the previous year, except as<br>atement attached. |
| Facsimile Number: 519-251-3530<br>Transmitter Address:   |  | Name<br>SANDRA SLATER  |  |
| Disk Reference Number: 120<br>250 Aggregate of Total Revenue:<br>249 Aggregate of Total Assets:<br>10 Taxable Income (Non-capital Loss):<br>950 Total Tax Payable:<br>960 Payments:<br>990 Enclosed: | 17,242,569<br>21,471,476<br>2,222,958<br>348,693<br>0<br>348,693   | Title<br><u>DIRECTOR OF FINANCE</u><br>Full Residence Address  |  |
| Apply Refund to Year:<br>980 Amount to apply:<br>975 Refund: 0<br>If Yes, Due to:<br>Loss Carryback:<br>Overpayment:   | 0<br>Yes No X<br>Yes No No Yes No  | Signature  | Date Phone Number<br>2005-04-08 519-776-5291   |
| Refundable Tax Credit:   | Yes No   | Ministry<br>Use Only Return I.D. # 8   | 6656778720050408143751000000   |

CORPORATE TAXPREP 2.0 - 2004 051G

| <b>Ontario</b>            | Ministry of Finance<br>Corporations Tax Branch<br>PO Box 642<br>33 King Street West<br>Oshawa ON L1H 8T1 |                                     | Enter the amount of pay         | ment and i   | Payment Advice |
|---------------------------|--|-------------------------------------|---------------------------------|--------------|----------------|
| Corporation's Ontario Tax | Account Number   | Date of Incorporation               | Taxation Year End               |              | Payment Amount |
|                           |  | year month day                      | year month day                  |              |                |
| 1800085                   |  | 2000-01-06                          | 2003-12-31                      | \$           | 0              |
| Corporation's Legal Name  |  |                                     | year month day                  |              |                |
| E.L.K. Energy Inc.        |  |                                     | 2004-12-31                      | \$           | 348,693        |
|                           |  |                                     | Total Payment                   | \$           | 348,693        |
| Submit your cheque (draw  | n on a Canadian financial ins  | stitution) or money order, in Canac | lian funds, payable to the Mini | ister of Fin | ance.          |
| Send to: Ontario Minis    | try of Finance   |                                     |                                 |              |                |

Corporations Tax Branch PO Box 642 33 King Street West Oshawa ON L1H 8T1

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Incomplete information will result in a delay processing an assessment

| Corporations<br>PO Box 620<br>33 King Street<br>Oshawa ON   | Tax Branch - Hvdro Pil.<br>West   | Notice of<br>Electricity Act, 197<br>from 2004/01              | ) to 2004/12/31   |
|---|---|--|---|
| E.L.K. ENERGY INC.  |   | Account No.<br><b>1800085</b>                                  | Assessment Date FP MAREO 6<br>2005/08/16                    |
| SSMENT NO. 68   |   |  | (YV L).   |
| Tax: Federal and Provinc<br>Assessment Interest<br>Total Asse   | ial PIL<br>ssment Liability   |  | 840,411.00<br><u>12,732.20</u><br>853,143.20                |
| SUMMARY OF 2004/12/31 TAXA  | TION YEAR TRANSACTION   | IS   |   |
| Payments/Transfers<br>Sub-Total<br>TAXATION YEAR BALANCE DUE  | ••  | 840,411.00   | ICR<br><u>840,411,00</u> CR<br><u>12,732,20</u> <u>3</u> 0入 |
| In accordance with s.s.80(8) of the<br>by s.88 of the Electricity Act, 199<br>tax, penalty and interest for which<br>Total tax assessed as per compa-<br>**Remember to include additionation<br>the balance is compounded daily<br>payment is received by the Onta-<br>The current interest rate is 0.019 | 6 notice is hereby given of<br>th you are assessed.<br>any estimate<br>al interest due with your p<br>from the date of this Not<br>rio Electricity Financial Co | of the amount of<br>ayment. Interest on<br>ice/Statement until | all<br>interest   |
| (   | F'04 Installments<br>Final Pmt FDS  | 480,106<br>360,305 55-1<br>840,411                             | CEIVED JUN 2 0 2005   |

| Tax (Re)Assessment Enquirles;<br>• Toronto (416) 730-5585<br>• FAX (416) 730-5583 | Account Billing Enquiries & Change of Address Information:<br>• Oshawa and Local (905) 433-6708 • Toll-Free 1-800-262-0784 ed. 3036 &<br>• Toronto (416) 920-9048 ed. 3038 • FAX (905) 433-5197 8 |  |
|---|---|--|
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Vassessed as filed.

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| 1 |   |
|---|---|
| 2 | APPENDIX 9-R  |
| 3 | 2005 Audited Financial Statements, Tax Returns and Assessment |

Non-Consolidated Financial Statements of

# E.L.K. ENERGY INC.

Year ended December 31, 2005

### AUDITORS' REPORT TO THE DIRECTORS

We have audited the non-consolidated balance sheet of E.L.K. Energy Inc. as at December 31, 2005 and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended. These non-consolidated financial statements have been prepared for tax return filing purposes. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance the basis of accounting described in note 1 to the non-consolidated financial statements.

These non-consolidated financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Directors of E.L.K. Energy Inc. and the federal and provincial income tax authorities for income tax purposes. The non-consolidated financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

**Chartered Accountants** 

Windsor, Canada March 8, 2006

# E.L.K. ENERGY INC. Non-Consolidated Balance Sheet

December 31, 2005, with comparative figures for 2004

|   | 2005             | 2004             |
|---|------------------|------------------|
| Assets  |                  |                  |
| Current assets:                                   |                  |                  |
| Cash:   |                  |                  |
| Unrestricted                                      | \$<br>7,792,116  | \$<br>6,202,997  |
| Restricted  | 926,286          | 926,286          |
| Accounts receivable                               | 1,030,932        | 1,686,887        |
| Work in process                                   | 38,633           | 21,738           |
| Prepaid expenses                                  | 101,518          | 73,547           |
| Unbilled revenue                                  | 3,483,315        | 2,753,894        |
| Inventories                                       | 311,357          | 338,326          |
| Payments in lieu of income taxes                  | 510,210          | -                |
|   | 14,194,367       | 12,003,675       |
| Capital assets, at cost (note 3)                  | 18,928,303       | 18,102,055       |
| Less accumulated amortization                     | 11,035,676       | 10,388,863       |
|   | 7,892,627        | 7,713,192        |
| Regulatory assets (note 4)                        | 635,024          | 46,502           |
| Future payments in lieu of income taxes (note 12) | 1,128,000        | 990,000          |
| Investment in subsidiary - E.L.K. Solutions Inc.  | 100              | 100              |
|   | \$<br>23,850,118 | \$<br>20,753,469 |

|  | 2005            | 2004            |
|--|-----------------|-----------------|
| Liabilities and Shareholders' Equity     |                 |                 |
| Current liabilities:                     |                 |                 |
| Accounts payable and accrued liabilities | \$<br>4,362,018 | \$<br>2,561,458 |
| Payment in lieu of income taxes payable  | -               | 360,515         |
| Current portion of customer deposits     | 1,517,733       | 340,419         |
| Shareholders' promissory notes (note 5)  | 4,550,000       | 5,200,000       |
|  | 10,429,751      | 8,462,392       |
|  |                 |                 |
| Long-term liabilities:                   |                 |                 |
| Customer deposits                        | 239,692         | 248,996         |
| Employee future benefits (note 6)        | 650,037         | 653,229         |
|  | 889,729         | 902,225         |
| Shareholders' equity:                    |                 |                 |
| Share capital (note7)                    | 100             | 100             |
| Retained earnings                        | 8,128,165       | 6,986,379       |
| Contributed surplus                      | 4,402,373       | 4,402,373       |
|  | 12,530,638      | 11,388,852      |
|  | . ,             |                 |
|  |                 |                 |
| Contingency (note 8)                     |                 |                 |
|  |                 |                 |

| \$<br>23,850,118 | \$<br>20,753,469 |
|------------------|------------------|
|                  |                  |

See accompanying notes to non-consolidated financial statements.

# **E.L.K. ENERGY INC.** Non-Consolidated Statement of Earnings

### Year ended December 31, 2005, with comparative figures for 2004

|  | 2005             | 2004             |
|--|------------------|------------------|
| Service revenue                                | \$<br>19,668,758 | \$<br>16,227,060 |
| Service revenue adjustment                     | 729,421          | 223,599          |
|  | 20,398,179       | 16,450,659       |
| Cost of electricity                            | 16,965,467       | 12,574,922       |
| Gross margin on service revenue                | 3,432,712        | 3,875,737        |
| Other operating revenue:                       |                  |                  |
| Interest and other                             | 552,379          | 445,719          |
| Late payment charges                           | 62,366           | 67,219           |
|  | 614,745          | 512,938          |
|  | 4,047,457        | 4,388,675        |
| Expenditures:                                  |                  |                  |
| Administration                                 | 626,995          | 705,839          |
| Billing and collecting                         | 481,419          | 521,215          |
| Amortization                                   | 646,813          | 607,909          |
| Interest                                       | 387,319          | 428,047          |
| Operations and maintenance                     | 601,125          | 447,559          |
|  | 2,743,671        | 2,710,569        |
| Income before payments in lieu of income taxes | 1,303,786        | 1,678,106        |
| Payments in lieu of income taxes:              |                  |                  |
| Current  | 300,000          | 808,000          |
| Future   | (138,000)        | (418,000)        |
|  | 162,000          | 390,000          |
| Net revenue                                    | \$<br>1,141,786  | \$<br>1,288,106  |

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statement of Retained Earnings

Year ended December 31, 2005, with comparative figures for 2004

|                            | 2005            | 2004            |
|----------------------------|-----------------|-----------------|
| Balance, beginning of year | \$<br>6,986,379 | \$<br>5,698,273 |
| Net earnings               | 1,141,786       | 1,288,106       |
| Balance, end of year       | \$<br>8,128,165 | \$<br>6,986,379 |

See accompanying notes to non-consoldiated financial statements.

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

|  | 2005            | 2004            |
|--|-----------------|-----------------|
| Cash provided by (used in):                        |                 |                 |
| Operations:  |                 |                 |
| Net earnings<br>Items not involving cash:          | \$<br>1,141,786 | \$<br>1,288,106 |
| Amortization of capital assets                     | 646,813         | 607,909         |
| Increase (decrease) in employee future benefits    | (3,192)         | 8,463           |
| Future payments in lieu of income taxes            | (138,000)       | (418,000)       |
| Changes in non-cash operating working capital      | 2,015,786       | (1,331,268)     |
|  | 3,663,193       | 155,210         |
| Financing:   |                 |                 |
| Decrease in shareholders' promissory notes         | (650,000)       | (650,000)       |
| Increase (decrease) in long-term customer deposits | (9,304)         | 38,625          |
|  | (659,304)       | (611,375)       |
| Investing:   |                 |                 |
| Capital assets additions, net                      | (826,248)       | (415,789)       |
| Decrease (increase) in regulatory assets           | (588,522)       | 522,672         |
|  | (1,414,770)     | 106,883         |
| Increase (decrease) in cash                        | 1,589,119       | (349,282)       |
| Cash, beginning of year                            | 7,129,283       | 7,478,565       |
| Cash, end of year                                  | \$<br>8,718,402 | \$<br>7,129,283 |

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2005

E.L.K. Energy Inc. supplies and distributes electric power and maintains electrical distribution systems in the following communities: Essex, Harrow, Belle River, Comber, Kingsville, and Cottam.

E.L.K. Energy Inc. also performs the billing function for the Municipality of the Town of Essex Water Department.

### 1. Basis of presentation:

The non-consolidated financial statements have been prepared in accordance with the significant accounting policies set out below. These non-consolidated financial statements materially differ from Canadian generally accepted accounting principles because they are non-consolidated. The Company's investment in its wholly-owned subsidiary, E.L.K. Solutions Inc., is accounted for using the cost method. Earnings from the investment are recognized only to the extent dividends are received or receivable. Consolidated financial statements are available for distribution.

### 2. Significant accounting policies:

(a) Restricted cash:

Restricted cash of \$926,286 consists of an irrevocable standby letter of credit issued in favour of the Independent Electricity System Operator ("IESO") as collateral in support of the Company's purchase of electricity.

(b) Inventories:

Inventories are valued at the lower of cost and market.

(c) Capital assets:

Capital assets are stated at cost. Buildings, plant and equipment and the transmission and distribution system are amortized on the straight-line basis at rates suggested by the Ontario Energy Board. These rates of amortization range from 2% to 25%.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 2. Significant accounting policies (continued):

(d) Revenue recognition:

Revenue from the sale of electrical energy is recognized when power is delivered to customers. Billings from the last meter reading date prior to December 31 are adjusted based on a number of factors to reflect estimated usage to the year end date. These estimates are reflected on the balance sheet as unbilled revenue. Unbilled revenue is the amount of electricity that has been shipped to customers but not billed by the end of the year.

(e) Employee future benefits:

The Company provides post retirement benefits for employees who retire from active employment. The Company measures the costs of its obligation based on its best estimate.

The Company accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits.

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro rated on service and the actuary's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(f) Payments in lieu of taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the Electricity Act, the Company is required to compute taxes under the ITA and OCTA and remit such amounts thereunder computed to the Ministry of Finance (Ontario). These amounts, referred to as PILs under the Electricity Act, are applied to reduce certain debt obligations of the former Ontario Hydro continuing as Ontario Electricity Financial Corporation.

The Company provides for amounts in lieu of corporate income taxes using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 2. Significant accounting policies (continued):

(f) Payments in lieu of taxes ("PILs") (continued):

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(g) Pension plan:

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The Fund is a contributory defined benefit pension plan.

(h) Customer deposits:

Customer deposits comprise cash collections from electricity customers which are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individuals upon termination of their electricity service.

(i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Due to these uncertainties, actual results reported in future periods might differ from those estimates.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 3. Capital assets:

|                               |       |          |         |                     | 2005              | 2004              |
|-------------------------------|-------|----------|---------|---------------------|-------------------|-------------------|
|                               |       | Cost     |         | nulated<br>tization | Net book<br>value | Net book<br>value |
| Land<br>Building, plant and   | \$    | 156,387  | \$      | _                   | \$<br>156,387     | \$<br>156,387     |
| equipment<br>Transmission and | 3     | ,048,815 | 2,2     | 62,221              | 786,594           | 797,736           |
| distribution system           | 15    | ,723,101 | 8,7     | 73,455              | 6,949,646         | 6,759,069         |
|                               | \$ 18 | ,928,303 | \$ 11,0 | 35,676              | \$<br>7,892,627   | \$<br>7,713,192   |

### 4. Regulatory assets:

Regulatory assets and liabilities arise as a result of the rate regulating process. The Company has recorded the following regulatory asset and liabilities:

|                                  | 2005          | 2004         |
|----------------------------------|---------------|--------------|
| Regulatory assets:               |               |              |
| Deferred payments in lieu of tax | \$<br>527,889 | \$<br>_      |
| Retail settlement variances      | 286,537       | _            |
| Transition costs                 | 191,356       | 255,488      |
| Other regulatory assets          | 143,594       | 3,969        |
| Miscellaneous deferred debits    | 25,132        | -            |
| Regulatory liabilities:          |               |              |
| Retail settlement variances      | (539,484)     | (212,955)    |
|                                  | \$<br>635,024 | \$<br>46,502 |

### (a) Deferred payments in lieu of tax

Deferred payments in lieu of taxes represent the OEB approved PILs methodology for determining the deferral account allowance.

### (b) Retail settlement variances

E.L.K. has deferred certain retail settlement variances amounts under the provisions of Article 490 of the OEB's Accounting Procedures Handbook.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 4. Regulatory assets (continued):

### (b) Retail settlement variances (continued)

These variances represent amounts that have accumulated since Market Opening and comprise:

- (i) variances between amounts charged by the Independent Electricity System Operator ("IESO") for the operation of the wholesale electricity market and grid, various wholesale market settlement charges, amounts charged to allow for the purchase of imported electricity and transmission charges, and the amounts billed to customers by the Company based on the OEB approved market service rate; and
- (ii) amounts allocated to the Company and approved by the OEB for the recovery of regulatory assets incurred by Hydro One including low voltage tariffs. The Hydro One recovery of these charges commenced on April 1, 2005 and these costs will be passed through to customers during the rate making process.

### (c) Transition costs

Transition costs represent specific and incremental costs to the Company for systems and process changes to support the opening of the competitive electricity market in Ontario on May 1, 2002 ("Market Opening"). These costs have been deferred pursuant to regulation underlying the Electricity Act and are subject to review and approval for recovery by the OEB. Expenditures determined to be ineligible for recovery will be expensed in the period of such determination.

During the year, the Company elected to file a minimum review application for regulatory assets. As a result of this election, the Company was required to write down 10% of the costs incurred.

### (d) Other regulatory assets

On December 20, 2004, the OEB issued a letter on the accounting treatment of OEB assessments. The OEB clearly identifies that it is their intent to allow electricity LDC's to record their OEB cost assessments for the Board's fiscal year 2004 and subsequent year(s) in order that these costs may be given consideration for rate recovery in the future. It is anticipated that rate recovery will commence May 1, 2006.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 4. Regulatory assets (continued):

### (d) Other regulatory assets (continued)

On February 15, 2005, the OEB issued a letter instructing the deferral of cash pension contributions made to the Ontario Municipal Employees Retirement System ("OMERS") for 2005 and subsequent years. The ultimate disposition of these balances, and their eligibility for recovery through rates, will be the subject of a future OEB proceeding.

### (e) Miscellaneous deferred debits

On December 13, 2005, the OEB issued a letter on the accounting treatment of costs related to Ontario Price Credit ("OPC"). Costs related to the payment of OPC should be deferred. The disposition of these accounts will be considered by the OEB when setting rates for 2007.

### (f) Electricity industry in Ontario

The Ontario Energy Board Act, 1988 (Ontario) ("OEBA"), conferred on the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity consumers, and the responsibility for ensuring the distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and records, regulatory accounting principles, separation of accounts for distinct business and filing and processing requirements for rate setting purposes. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may result in accounting treatments that differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

### 5. Shareholders' promissory notes:

The shareholders' promissory notes are payable on demand, accrue interest at 7.25% payable annually, and are secured by a general security agreement.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 6. Employee future benefits:

E.L.K. Energy Inc. pays certain benefits on behalf of its retired employees.

The Corporation measures its accrued benefit obligation for accounting purposes as at December 31 each year. A valuation date of December 31, 2004 has been used with the initial valuation period 12 months ended December 31, 2005. Extrapolations from the initial calculations are performed for subsequent periods. Management intends to obtain the next valuation in 2006.

Information about E.L.K. Energy Inc.'s defined benefit plans, which are unfunded, is as follows:

|   | 2005   | 2004   |
|---|--|--|
| Accrued benefit obligation, beginning of year<br>Service cost<br>Interest cost<br>Benefits paid | \$<br>653,229<br>5,571<br>33,032<br>(41,795) | \$<br>644,766<br>5,038<br>37,806<br>(34,381) |
| Projected accrued benefit obligation, end of year, as determined by actuarial valuation         | \$<br>650,037                                | \$<br>653,229                                |

The main actuarial assumptions employed for the valuations are as follows:

|  | 2005        | 2004        |
|--|-------------|-------------|
| Discount rate<br>Rate of compensation increase | 5.75%<br>3% | 5.75%<br>3% |
| Medical trend rate:<br>Initial<br>Ultimate     | 9.4%<br>4%  | 9.4%<br>4%  |

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 6. Employee future benefits (continued):

The approximate impact of a 1% change in health insurance trend rates is as follows:

| Change in obligation for 1% increase in trend rates | \$<br>57,000 |
|---|--------------|
| Change in obligation for 1% decrease in trend rates | (49,000)     |

### 7. Share capital:

The authorized and issued share capital is as follows:

|   | 2005      | 2004      |
|---|-----------|-----------|
| Authorized:<br>Unlimited common shares<br>Issued:<br>10,000 common shares | \$<br>100 | \$<br>100 |

The common shares were issued as follows:

|  | # of Common<br>shares   | Amount<br>paid |                |  |
|--|-------------------------|----------------|----------------|--|
| Town of Essex<br>Town of Lakeshore<br>Town of Kingsville | 3,800<br>2,400<br>3,800 | \$             | 38<br>24<br>38 |  |
|  | 10,000                  | \$             | 100            |  |

### 8. Contingency:

The Company belongs to the Municipal Electrical Association Reciprocal Insurance Exchange ("Exchange"). This is a pooling of the public liability insurance risks of many Ontario electrical distribution utilities. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. Since joining the Exchange, the Company has not been subject to any assessments for loss experiences.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 9. Pension costs:

The Company makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS") which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2005 was \$81,732 (2004 – \$85,432) for current service and is included as a regulatory asset in 2005 and as an expenditure on the statement of earnings in 2004.

In 2005 the contribution rates were 6.0% for employees earnings below the year's maximum pensionable earnings and 8.8% thereafter. The contribution rates will increase to 6.5% and 9.6% respectively for 2006.

### 10. Supplemental cash flow information:

|  | 2005                    | 2004                     |
|--|-------------------------|--------------------------|
| Cash paid during the year for:<br>Interest<br>Payments in lieu of income taxes | \$ 387,319<br>1,200,725 | \$  428,047<br>1,133,393 |
| Cash received during the year for:<br>Interest                                 | 213,712                 | 181,467                  |

### 11. Related party transactions:

The amounts due to/from shareholders and subsidiary are as follows:

|   | 2005                         | 2004                              |
|---|------------------------------|-----------------------------------|
| Due to shareholders, included in accounts payable<br>Due from shareholders, included in accounts receivable<br>Due from subsidiary, included in accounts receivable | \$<br>354,414<br><br>285,813 | \$<br>386,694<br>1,750<br>588,447 |

These amounts are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 12. Future payments in lieu of income taxes:

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax liabilities and assets are as follows:

|  | 2005   | 2004   |
|--|--|--|
| Future tax liabilities:<br>Regulatory assets<br>Investment   | \$<br>7,000<br>12,000                            | \$<br>127,000<br>11,000                          |
| Total future tax liabilities   | \$<br>19,000                                     | \$<br>138,000                                    |
| Future tax assets:<br>Capital assets<br>Employee future benefits<br>Intangible assets<br>Total future tax assets | \$<br>694,000<br>235,000<br>218,000<br>1,147,000 | \$<br>658,000<br>236,000<br>234,000<br>1,128,000 |
| Net future tax assets  | \$<br>1,128,000                                  | \$<br>990,000                                    |

### 13. Fair value of financial assets and liabilities:

The fair value of the Company's cash, accounts receivable, accounts payable and accrued liabilities, customer deposits and shareholders' promissory notes approximate their carrying values due to the relative short-term maturity of these financial instruments.

It is not practical to determine the fair value of the investment in subsidiary as it is not publicly traded.

Financial assets held by the Company expose it to credit risk. As at December 31, 2005, there were no significant concentrations of credit risk with respect to any class of financial assets.

The Company earns its revenue from a broad base of customers located principally in the towns of Essex, Lakeshore, and Kingsville. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

| Image: Symplectic state       Ministry of Finance         Corporations Tax Branch       Corporations Tax Branch         PO Box 620       33 King Street West         Oshawa ON L1H 8E9       One of the second  |   |   |   | ling Certificate<br>x Return CT23   |
|---|---|---|---|---|
|   |   |   | ax Acco   | on's Ontario<br>unt Number<br>00085   |
| Image: Second state of the second s | Change of Control<br>fed. s.249(4)<br>ate Control was acquired:   | F   | Date of II<br>2<br>Return fo  | ncorporation<br>000-01-06<br>or Taxation Year<br>2005-01-01   |
| (approval by Revenue Canada required)<br>Exempt From Filing   |   | Start [<br>End [  |   | 2005-01-01  |
| Change of Information? Yes No X   |   |   |   |   |
| Corporation's Legal Name<br>E.L.K. Energy Inc.  |   |   | Account   | Canada Taxation<br>Number   |
| Mailing Address   |   |   | 8665  | 6 7787 RC0001   |
| Essex<br>ON CA N8M 3E4  |   | [   | Jurisdicti<br>ONTA  | ion Incorporated<br>RIO   |
| Transmitter Number       0009036         Transmitter Name:       KPMG LLP         Name of Person to Contact       Jason Grech         Telephone Number       (519) 251-3500         Facsimile Number       (519) 251-3540         Transmitter Address:       618 Greenwood Centre         3200 Deziel Drive       Windsor         ON       N8W5K8   | <b>Certification</b><br>I am an authorized signing<br>certify that this Return, inc<br>statements filed with or as<br>examined by me and is a f<br>Return, and that the inform<br>books and records of the of<br>the financial statements ac<br>position and operating res<br>required under section 75<br>The method of computing<br>consistent with that of the<br>specifically disclosed in a<br>Name<br>SANDRA SLATER | luding all<br>part of the<br>true, correct<br>corporation is in<br>corporation<br>courately<br>ults of the<br>of the Co<br>income for<br>previous | schedul<br>nis Retur<br>ect and o<br>n agreer<br>on. I furth<br>reflect th<br>corpora-<br>rporation<br>or this ta<br>year, ex | les and<br>rn, has been<br>complete<br>ment with the<br>ner certify that<br>ne financial<br>ation as<br>ns Tax Act.<br>axation year is<br>cept as |
| Disk Reference Number   | Title<br>DIRECTOR OF FINANCE  |   |   |   |
| Aggregate of Total Revenue         250         21,303,994           Aggregate of Total Assets         249         24,250,151  | Full Residence address  |   |   |   |
| Taxable Income (Non-capital Loss)         10         793,400           Total Tax Payable         950         141,540  |   |   |   |   |
| Payments  |   |   |   |   |
| Apply to: Year  |   |   |   |   |
| Apply Amount  |   |   |   |   |
| Refund  |   |   |   |   |
| If Yes, Due to:<br>Loss Carryback   | Signature   | Date<br>2006-0  | 04-10   | Phone Number<br>(519) 776-5291  |
| Refundable Tax Credit   | Ministry<br>Use Only Return I.D. #  | \$665677  | 87200604  | 10133434000000  |

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| Corporation's Ontario Tax                      | Date of Incorporation                | Taxation Year End           | Payment Amount                    |
|--|--------------------------------------|-----------------------------|-----------------------------------|
| Account Number<br>1800085                      | year month day<br>2000-01-06         | 2004-12-31                  | \$                                |
| Corporation's Legal Name<br>E.L.K. Energy Inc. |                                      | 2005-12-31                  | \$                                |
| 2<br>2   |                                      | Total Payment               | \$                                |
| ubmit your cheque (drawn on a Canac            | lian financial institution) or money | order, in Canadian funds, p | ayable to the Minister of Finance |

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| *                                 |  | Agence des douanes<br>et du revenu du Canada  | T2 CORPORAT   |  |
|-----------------------------------|--|---|---|--|
| located i<br>a separa             | in Quebec, Ontario, or Al<br>ate provincial corporate re                                 | berta. If the corporation eturn.  | prporation income tax return,<br>is located in one of these pro | ovinces, you have to file  |
| Parts, se<br>contain<br>return, s | ections, subsections, and<br>changes that had not yet<br>see the <i>T2 Corporation</i> – | b paragraphs mentioned<br>become law at the time<br>Income Tax Guide (T40                                       | of printing. If you need more (12).                             | <i>come Tax Act.</i> This return may<br>information about items on the   |
| tax servi<br>taxation             | ices office or tax centre.<br>year. For more information                                 | You have to file the retur  | n within six months after the                                   | of Financial Information (GIFI), to your<br>e end of the corporation's<br>uide under the heading "Before you start."   |
|                                   | tification   |   |   |  |
|                                   | ess Number (BN) 🛛<br>ration's name   |   | 656 7787 RC0001   |  |
|                                   | E.L.K. Energy Inc.   |   |   |  |
| Has th                            | e corporation change<br>he last time we were   | d its name<br>notified? 003 1 `   | Yes 2 No X  | If Yes, do you have a copy of the articles of amendment? 004 1 Yes 2 No  |
| Has the<br>last tim               | ss of head office<br>e address changed s<br>ne we were notified?                         | ince the  | Yes 2 No X  | To which taxation year does this return apply?Taxation year startTaxation year end0602005-01-01061YYYY MM DDYYYY MM DD   |
| 012                               | 172 Forest Avenue  | Pro   | vince, territory, or state                                      | Has there been an acquisition of control<br>to which subsection 249(4) applies<br>since the previous taxation year? 063 1 Yes 2 No X   |
| 015                               | 110.951  | anada) 016 Ol<br>Pos  | N<br>tal code/ZIP code  | If Yes, provide the date<br>control was acquired   |
| i<br>Mailin                       | g address (if differer   |   | 3M 3E4  |  |
| Has th<br>last tin                | e address changed s<br>ne we were notified?  | ince the  |   | Is the corporation a professional<br>corporation that is a member of<br>a partnership?   |
| 021 c<br>022<br>023               | /o<br>Dity   | Pro   | vince, territory, or state                                      | Is this the first year of filing after:         Incorporation?         Amalgamation?         Other         Other         Other         Other         Other         Is this the first year of filing after:         Incorporation?         Other         Other         Is this the first year of filing after:         Is this the first year of filing after:         Incorporation?         Other         Other         Is this the first year of filing after:         Other         Is the first year of filing after:         Is the filing after:         Is the filing after:         Is the filing after: <tr< td=""></tr<> |
| 025                               |  | 026   |   | If Yes, complete lines 030 to 038 and attach Schedule 24.<br>Has there been a windup of a subsidiary   |
| 027                               | Country (other than C  | 028   | stal code/ZIP code  | under section 88 during the current<br>taxation year?  |
| Has th<br>change                  | e location of books a  | ind records   |   | If Yes, complete and attach Schedule 24.<br>Is this the final taxation year  |
| notifie                           | 172 Forest Avenue  |   |   | before amalgamation?   |
|                                   | City   |   | vince,territory, or state                                       | Is this the final return up to<br>dissolution?   |
|                                   | Essex<br>Country (other than C   | the second se | stal code/ZIP code  | Is the corporation a resident of Canada?<br>080 1 Yes X 2 No If No, give the country of residence on line<br>081 and complete and attach Schedule 9  |
| 037                               | Type of corporation  |   | 8M 3E4  | 081  |
| 1                                 | Canadian-controlle   | ed $ \square $  | Corporation controlled<br>by a public corporation               | Is the non-resident corporation claiming<br>an exemption under an income tax<br>treaty?  |
| 2 [                               | Other private corporation  | 5 🗙   | Other corporation<br>(specify, below)                           | If Yes, complete and attach Schedule 91.<br>If the corporation is exempt from tax under section 149,   |
| 3                                 | Public Utility   | /-MEU   |   | tick one of the following boxes:<br>085 1 Exempt under paragraph 149(1)(e) or (l)  |
| the tax                           | type of corporation ch<br>xation year, provide t   | he effective  | 043   | Exempt under paragraph 149(1)(j)<br>Exempt under paragraph 149(1)(j)<br>Exempt under paragraph 149(1)(t)<br>Exempt under other paragraphs of section 149   |
|                                   |  |   | YYYY MM DD<br>Do not use  |  |
| 091                               | 092  | 2   |   | 094 095 096  |
|                                   |  |   |   |  |

2005-12-31

| r Attachments   |  |  |
|---|--|--|
| Financial statement information: Use GIFI schedules 100, 125, and 141.  |  |  |
| Schedules – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.   |  |  |
|   |  | s Schedule   |
| Is the corporation related to any other corporations?   | 150 X  | 9  |
| Does the corporation have any non-resident shareholders?  | 151  | 19   |
| Is the corporation an associated Canadian-controlled private corporation?   | 160  | 23   |
| Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?  | 161  | 49   |
| Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees,  |  | 11.<br>  |
| other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents  | 162  | 11   |
| If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length,  |  |  |
| were all or substantially all of the assets of the transferor disposed of to the transferee?  | 163  | 44   |
| Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?  | 164  | 14   |
| Is the corporation claiming a deduction for payments to a type of employee benefit plan?  | 165  | 15   |
| Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?  | 166  | T5004  |
| Is the corporation a member of a partnership for which a partnership identification number has been assigned?   | 167  | T5013  |
| Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did  |  | -  |
| not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?   | 168  | 22   |
| Did the corporation have any foreign affiliates during the year?  | 169  | 25   |
| Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1)   | -  | 7  |
| of the federal Income Tax Regulations?  | 170  | 29   |
| Has the corporation had any non-arm's length transactions with a non-resident?  | 171  | T106   |
| Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?   | 172  |  |
| For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's   |  | 7  |
| common and/or preferred shares?   | 173 X  | 50   |
| e net income/loss shown on the financial statements different from the net income/loss for income tax purposes?   | 201 X  |  |
| hne corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?  | 202 X  |  |
| Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?   | 203 X  | 3  |
| Is the corporation claiming any type of losses?   | 204  | 4  |
| Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?   | 205  | 5  |
| Has the corporation realized any capital gains or incurred any capital losses during the taxation year?   | 206 X  | 6  |
|   |  | •  |
| i) is the corporation claiming the small business deduction and reporting income from: a) property (other than  |  |  |
| i) is the corporation claiming the small business deduction and reporting income from: a) property (other than  |  | -  |
| i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?  | 207  | 7  |
| i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?  | 207<br>208 X   | 7  |
| <ul> <li>i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?</li> <li>Does the corporation have any property that is eligible for capital cost allowance?</li> </ul>   | 207<br>208 X<br>210 X  | 7  |
| <ul> <li>i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?</li> <li>Does the corporation have any property that is eligible for capital cost allowance?</li> <li>Does the corporation have any property that is eligible capital property?</li> </ul>  | 207<br>208 X   | 7  |
| <ul> <li>i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?</li> <li>Does the corporation have any property that is eligible for capital cost allowance?</li> <li>Does the corporation have any property that is eligible capital property?</li> <li>Does the corporation have any resource-related deductions?</li> </ul>  | 207<br>208 X<br>210 X  | 7<br>8<br>4<br>10  |
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| <ul> <li>i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?</li> <li>Does the corporation have any property that is eligible for capital cost allowance?</li> <li>Does the corporation have any property that is eligible capital property?</li> <li>Does the corporation have any resource-related deductions?</li> <li>Is the corporation claiming reserves of any kind?</li> <li>Is the corporation claiming a patronage dividend deduction?</li> </ul>  | 207<br>208 X<br>210 X<br>212<br>213  | 7<br>8<br>10<br>12<br>13   |
| <ul> <li>i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?</li> <li>Does the corporation have any property that is eligible for capital cost allowance?</li> <li>Does the corporation have any property that is eligible capital property?</li> <li>Does the corporation have any resource-related deductions?</li> <li>Is the corporation claiming a patronage dividend deduction?</li> <li>Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?</li> </ul>  | 207<br>208 X<br>210 X<br>212<br>213<br>216   | 7<br>8<br>10<br>12<br>13<br>16   |
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| - Attacht              | ments – continued from page 2  |                  |
|------------------------|--|------------------|
| Allacin                |  | Yes Schedule     |
| Did the co             | orporation have any foreign affiliates that are not controlled foreign affiliates?   | 6 T1134-A        |
| Did the co             | orporation have any controlled foreign affiliates?   | 8 T1134-B        |
| Did the co             | orporation own specified foreign property in the year with a cost amount over \$100,000?   | 9 T1135          |
| Did the co             | orporation transfer or loan property to a non-resident trust?  | 0 T1141          |
| Did the co             | orporation receive a distribution from or was it indebted to a non-resident trust in the year?   | 1 T1142          |
| Has the c              | corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?  | 2 T1145          |
| Has the c              | perpendition entered into an agreement to transfer gualified expenditures incurred in respect  |                  |
| of SR&E                |  | <b>3</b> T1146   |
| Has the c              | corporation entered into an agreement with other associated corporations for salary  | <b>1 T</b> 4474  |
| or wages               | of specified employees for SR&ED?  | 4 T1174          |
|                        | onal information —   |                  |
|                        | rporation inactive?  | 2 No 🗙           |
| Has the n              | major business activity changed since the last return was filed? (enter Yes for first-time filers) 281 1 Yes   | 2 No X           |
|                        |  |                  |
| What is t              | the corporation's major business activity?   |                  |
|                        | mplete if Yes was entered at line 281.)  |                  |
|                        |  |                  |
| If the maj             | jor business activity involves the resale of goods, show whether it is wholesale or retail 283 1 Wholesale   | 2 Retail         |
| Specify th             | he principal product(s) mined, manufactured, 284 ELECTRICITY 285   | 100.000 %        |
| sold, con              | nstructed, or services provided, giving the  | %                |
| approxim               | nate percentage of the total revenue that each   | %                |
| p. 'uct c              | or service represents.   |                  |
| Did the c<br>Did the c | corporation immigrate to Canada during the taxation year? 291 1 Yes 292 1 Yes 292 1 Yes 292 1 Yes 292 1 Yes 293 1 Ye | 2 No X<br>2 No X |
|                        |  |                  |
|                        | le income  |                  |
| Net incor              | me or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.   | 795,505 A        |
|                        | Charitable donations from Schedule 2 695   |                  |
| Deduct:                |  |                  |
|                        | Onto to Canada, a province, or a territory in entire enterent  |                  |
|                        |  |                  |
|                        |  |                  |
|                        | Taxable dividends deductible under section 112 or 113, or         subsection 138(6) from Schedule 3  |                  |
|                        | Part VI.1 tax deduction from Schedule 43 *   |                  |
|                        | Non-capital losses of preceding taxation years from Schedule 4 331   |                  |
|                        | Non-capital losses of preceding taxation years from Schedule 4 332   |                  |
|                        | Restricted farm losses of preceding taxation years from Schedule 4 333   |                  |
|                        | Farm losses of preceding taxation years from Schedule 4  |                  |
|                        | Limited partnership losses of preceding taxation years from Schedule 4 335   |                  |
|                        | Taxable capital gains or taxable dividends allocated from  |                  |
|                        | a central credit union   |                  |
|                        | Prospector's and grubstaker's shares   |                  |
|                        | Subtotal2,105  | 2,105 B          |
|                        | Subtotal (amount A minus amount B) (if negative, enter "0")  | 793,400 C        |
| Add:                   | Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions   | D                |
|                        |  | 702 400          |
| Taxable                | income (amount C plus amount D)  | 793,400          |
|                        | exempt under paragraph 149(1)(t)   |                  |
| Income                 | exempt under paragraph 149(1)(t)   | 793,400 Z        |
| axable                 |  |                  |
| * This ar              | mount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.   |                  |
| l ins di               | nounce office to a minor that and that the payment of the second   |                  |

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2005-12-31

| ┌─Small business deduction ─────   |  |   |   |      |
|--|--|---|---|------|
| Canadian-controlled private corporations (CCPCs) throughout the taxa   | ation year   |   |   |      |
| Income from active business carried on in Canada from Schedule 7   |  |   | 400                                     | A    |
| Taxable income from line 360 on page 3, minus 10/3 of the amount on line 632* on page line 636** on page 7, and minus any amount that, because of federal law, is exempt form  | 7, <b>minus</b> 3 tir<br>Part I tax  | mes the amount on   | 405                                     | B    |
| Calculation of the business limit:   |  |   |   |      |
| For all CCPCs, calculate the amount at line 4 below.   |  |   |   |      |
| 225,000 × Number of days in the taxation year in 2003  | =  |   | 1                                       |      |
| Number of days in the taxation year  | 365  |   |   |      |
| 250,000 × Number of days in the taxation year in 2004  | .=   |   | 2                                       |      |
| Number of days in the taxation year  | 365  |   | -                                       |      |
|  | 365 =  | 300,000   | 3                                       |      |
| 300,000 × Number of days in the taxation year after 2004<br>Number of days in the taxation year  | 365  |   | 0                                       |      |
|  |  | 2   | ٨                                       |      |
| Add amounts at line  |  | 3   | 4 410                                   | C    |
| Business limit (see notes 1 and 2 below)         Notes:       1. For CCPCs that are not associated, enter the amount from line 4 at line 410 taxation year is less than 51 weeks, prorate the amount from line 4 by the nudivided by 365, and enter the result on line 410.         2. For associated CCPCs, use Schedule 23 to calculate the amount to be enter   | ). However, if t<br>umber of days  | in the taxation year  | . 410                                   | 0    |
| Business limit reduction:  |  |   |   |      |
| Amount C x 415 *** D   | =  |   | 1 102 102                               | E    |
| 11,250   | <u>⇒</u> r – – – – – – – – – – – – – – – – – – –                           |   |   |      |
| Reduced business limit (amount C minus amount E) (if negative, enter "0")  | )  |   | 425                                     | F    |
| Small business deduction – 16.00 % of whichever amount is the least:   |  |   | 430                                     | G    |
|  | 7, 0, 0, 0, 1  |   |   |      |
| (enter amount G on line 9 of page 7)<br>alculate the amount of foreign non-business income tax credit deductible on line 633   | 2 without refer  | rence to the refundable tax o   | in the                                  |      |
| CCPC's investment income (line 604) and without reference to the corporate tax redu  | actions under s  | section 123.4.  |   |      |
| ** Calculate the amount of foreign business income tax credit deductible at line 636 with  | nout reference   | to the corporate tax reduction  | ons under section 12                    | 3.4. |
| *** Large corporation tax  |  |   |   |      |
| <ul> <li>The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which credits, increased to reflect a full-year tax liability if the taxation year is less than 5 reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in 1 f the corporation is not associated with any corporations in both the current and th gross Part I.3 tax for its <b>preceding</b> taxation year.</li> <li>If the corporation is not associated with any corporations in the current taxation year, enter the corporation's gross Part I.3 tax for its <b>current</b> taxation year.</li> <li>For corporations associated in the current taxation year, see Schedule 23 for the section of the current taxation year.</li> </ul> | i1 weeks. For t<br>Canada <b>minu</b><br>he preceding t<br>ear, but was as | the purpose of the business<br>is \$10,000,000).<br>taxation years, enter the corp<br>ssociated in the preceding ta | limit<br>poration's                     |      |
|  |  |   |   |      |
| Canadian-controlled private corporations throughout the taxation year  | r that claim   | ed the small business   | s deduction                             |      |
|  |  |   | -                                       | Δ    |
| Reduced business limit (amount from line 425)  |  |   | ,                                       |      |
| Net active business income (amount from line 400) *  |  |   |   | B    |
| Tavable income from line 360 on page 3 minus 3 times the amount at line  | 636** on   |   | 0                                       |      |
| p. 7, and minus any amount that, because of federal law, is exempt from  | m Part I I ax  |   | _ C                                     |      |
| Deduct:  |  |   | _                                       |      |
| Aggregate investment income (amount from line 440 of page 6)   |  | кэ х <u></u>  | D                                       | _    |
| Amount C minus amount D (if negative, enter "0")   |  | 25.2  | _                                       | E    |
| Amount A, B, or E above, whichever is less   |  |   | 5 6/G                                   | F    |
| Amount Z from Part 9 of Schedule 27  |  |   |   |      |
| Amount QQ from Part 13 of Schedule 27  | 100 / /  |   | H                                       |      |
| Taxable resource income from line 435 above  |  |   |   |      |
| Taxable resource income from line 435 above  | f Schodulo 1   | 7)  |   |      |
| Amount used to calculate the credit union deduction (amount E in Part 3 of   | abover le les  |   | — <mark>к</mark>                        |      |
| Amount on line 400, 405, 410, or 425 of the small business deduction, which  |  |   |   | 1    |
| Total of amounts G, H, I, J, and K   |  | ••••  |   | L    |
| Amount F minus amount L (if negative, enter "0")   |  |   |   | N    |
| Accelerated tax reduction - 7.00 % of amount M (enter amount N on li   | ne 637 of pa   | age /)  | • : • • • • • • • • • • • • • • • • • • | N    |
| * If the amount at line 450 of Schedule 7 is positive, members of partnerships need to   | use Schedule   | 70 to calculate net active bu   | Isiness Income.                         | 2.4  |

\*\* Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

|  |                 | ·   |                |                         |                 |
|--|-----------------|---|----------------|-------------------------|-----------------|
| <ul> <li>Resource deduction</li> <li>Taxable resource income</li> </ul>    |                 | ubsection 125.11(1)]  |                | 435                     | А               |
|  |                 |   |                | x 2% =                  | B               |
| Amount A   | ^               | Number of days in the taxation year in 2004<br>Number of days in the taxation year    | 365            | ~ 2 /0 -                | 0               |
| Amount A   | x               | Number of days in the taxation year in 2005   |                | × 3% =                  | С               |
|  |                 | Number of days in the taxation year   | 365            |                         |                 |
| Amount A   | x               |   |                | × 5% =                  | D               |
|  |                 | Number of days in the taxation year   | 365            |                         |                 |
| Amount A   | ×               | Number of days in the taxation year after 2006  |                | × 7% =                  | E               |
|  |                 | Number of days in the taxation year   | 365            |                         |                 |
| Resource deduction – to<br>enter amount F on line 10                       |                 | B, C, D, and E  |                |                         | F               |
| General tax reduction  | n for Canadia   | n-controlled private corporations   |                |                         |                 |
| Faxable income from line   |                 | ons throughout the taxation year  | 28 800 800 801 | 10 10 10 10 10 <u>-</u> | A               |
| Amount Z from Part 9 of 9  | Schedule 27     | · · · · · · · · · · · · · · · · · · ·   |                | В                       |                 |
| Amount QQ from Part 13   |                 |   |                | С                       |                 |
|  |                 | bove  |                |                         |                 |
|  |                 | deduction (amount E in Part 3 of Schedule 17)   |                |                         |                 |
|  |                 | page 4, whichever is the least  |                |                         |                 |
|  |                 | 40 of page 6  |                |                         |                 |
|  |                 |   |                |                         | I               |
|  |                 | nter "0")   |                |                         | J               |
|  |                 |   |                |                         | к               |
| Amount J   | ^ · -           | Number of days in the taxation year after 2003<br>Number of days in the taxation year | 365            |                         |                 |
| General tax reduction fo<br>enter amount L on line 63                      |                 | ntrolled private corporations – amount K  |                |                         | L               |
| General tax reduction<br>Corporations other than<br>nvestment corporation, | a Canadian-co   | ontrolled private corporation, an investment cou<br>and corporation                   | poration,      | a mortgage              |                 |
| Taxable income from line   | 360 on page 3   |   |                |                         | 793,400 M       |
| Amount Z from Part 9 of S  | Schedule 27 .   | · · · · · · · · · · · · · · · · · · ·   |                | N                       |                 |
| Amount QQ from Part 13   | of Schedule 27  |   |                | 0                       |                 |
| le resource income   | from line 435 a | bove  |                | P                       |                 |
|  |                 | n deduction (amount E in Part 3 of Schedule 17)                                       |                |                         | R               |
| otal of amounts N, O, P,   |                 | · · · · · · · · · · · · · · · · · · ·   |                |                         | 793,400 S       |
| mount M minus amount   |                 | enter "0")  |                |                         |                 |
| Amount S   | 793,400 ×       | Number of days in the taxation year after 2003  |                | x 7% =                  | <u>55,538</u> T |
|  |                 | Number of days in the taxation year   | 365            |                         |                 |
| General tax reduction –  | amount T        |   | 8.6.6          | <u></u>                 | 55,538 U        |
| (enter amount U on line 6  | 39 of page 7)   |   |                |                         |                 |

| Refundable portion of Part I tax  |                                  |
|---|----------------------------------|
| Canadian-controlled private corporations throughout the taxa  |                                  |
| Aggregate investment income       440         (amount P from Part 1 of Schedule 7)  | × 26 2 / 3 % = A                 |
| Foreign non-business income tax credit from line 632 on page 7  |                                  |
| Deduct:   |                                  |
| Foreign investment income 445   | × 9 1 / 3 % =                    |
| Foreign investment income    445      (amount O from Part 1 of Schedule 7)  | (if negative, enter "0") B       |
| Amount A minus amount B (if negative, enter "0")  |                                  |
| Taxable income from line 360 on page 3         Deduct:         Amount on line 400, 405, 410, or 425 on page 4, whichever is the least |                                  |
| Foreign non-business<br>income tax credit from<br>line 632 of page 7 × 25 / 9 =   |                                  |
| Foreign business income<br>tax credit from line 636<br>of page 7 x 3 =  |                                  |
| -   | <b>P</b>                         |
|   | × 26 2 / 3 % = D                 |
| Part I tax payable minus investment tax credit refund (line 700 min   | nus line 780 of page 8)          |
| Deduct: Corporate surtax from line 600 of page 7  |                                  |
| Net amount  |                                  |
| Refundable portion of Part I tax – Amount C, D, or E, whichever   | ris the least F                  |
| ┌ Refundable dividend tax on hand   |                                  |
| Refundable dividend tax on hand at the end of the preceding taxat <b>Deduct:</b> Dividend refund for the previous taxation year       | 465                              |
| Add the total of:   | G                                |
| Refundable portion of Part I tax from line 450 above  |                                  |
| poration on amalgamation, or from a wound-up subsidiary of  | corporation <mark>480</mark> ► H |
| Refundable dividend tax on hand at the end of the taxation ye   | ar – Amount G plus amount H      |
| └── Dividend refund ─────   |                                  |
| Private and subject corporations at the time taxable dividend   | s were paid in the taxation year |
| Taxable dividends paid in the taxation year from line 460 of Scl  | nedule 3 x 1 / 3 I               |
| Refundable dividend tax on hand at the end of the taxation year   | r from line 485 above J          |
| Dividend refund – Amount I or J, whichever is less (enter this am   | ount on line 784 of page 8)      |
|   |                                  |

| – Part I tax –  |                               |           |
|---|-------------------------------|-----------|
| Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) from page 3   | 550                           | <u> </u>  |
| Corporate surtax calculation  |                               |           |
| Base amount from line A above   | 301,492 1                     |           |
| Deduct:   |                               |           |
| 10 % of taxable income (line 360 or amount Z, whichever applies) from page 3  | 79,340 2                      |           |
| Investment corporation deduction from line 620 below  |                               |           |
| Federal logging tax credit from line 640 below  | 4                             |           |
| Federal qualifying environmental trust tax credit from line 648 below   | 5                             |           |
| For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is the least: |                               |           |
| 28.00 % of taxable income from line 360 of page 3   |                               |           |
| 28.00 % of taxed capital gains b  | 6                             |           |
| Part I tax otherwise payable  |                               |           |
| (line A plus lines C and D minus line F)  |                               |           |
| Total of lines 2 to 6   | 79,340 7                      |           |
| No. ( ) and () and an investigation ()  | 222,152 8                     |           |
| Net amount (line 1 minus line 7)  |                               | 0.000     |
| Corporate surtax – 4.00 % of the amount on line 8   |                               | 8,886 B   |
| Rc ppture of investment tax credit from line PPP in Part 21 of Schedule 31  | 602                           | C         |
| Carculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) inverse<br>(if it was a CCPC throughout the taxation year)     | estment income                |           |
| Aggregate investment income from line 440 on page 6   | Ì                             |           |
| Taxable income from line 360 on page 3  |                               |           |
| Amount on line 400, 405, 410, or 425 of page 4,   |                               |           |
| whichever is the least  |                               |           |
| Net amount  | II                            |           |
| Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or  | ii 604                        | D         |
| Subtotal (add lines   | A, B, C, and D)               | 310,378 E |
| Deduct:   |                               |           |
| Small business deduction from line 430 of page 4  | 9                             |           |
| Federal tax abatement   | 79,340                        |           |
| Manufacturing and processing profits deduction from amount BB   |                               |           |
| Investment corporation deduction  |                               |           |
| (taxed capital gains 624 )  |                               |           |
| Additional deduction – credit unions from Schedule 17 628   |                               |           |
| Federal foreign non-business income tax credit from Schedule 21   |                               |           |
| Federal foreign business income tax credit from Schedule 21   |                               |           |
| Accelerated tax reduction from amount N on page 4   |                               |           |
| Resource deduction from line 438 on page 5  | 10                            |           |
| General tax reduction for CCPCs from amount R on page 5   |                               |           |
| General tax reduction from amount U on page 5   | 55,538                        |           |
| Federal logging tax credit from Schedule 21 640   |                               |           |
| Federal political contribution tax credit   |                               |           |
| Federal political contributions 646   |                               |           |
| Federal qualifying environmental trust tax credit       648   |                               |           |
| Investment tax credit from Schedule 31  |                               |           |
| Subtotal  | 134,878                       | 134,878 F |
|   |                               | 175,500 G |
| Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8)   | · · · · · · · · · · · · · · · | 0         |

| Summary of tax and credits   |   |
|--|---|
| Federal tax  |   |
| Part I tax payable from page 7   |   |
| Part I.3 tax payable from Schedule 33, 34, or 35   | 700   |
|  |   |
| Part IV tax payable from Schedule 3  |   |
| · •···································   | 716   |
| Part VI tax payable from Schedule 38   |   |
|  |   |
| Inter more and the contract of the second  | 730   |
| Part XIV tax payable from Schedule 20  |   |
| Add provincial or territorial tax:   | Total federal tax 175,500                                 |
| Provincial or territorial jurisdiction 750 Ontario   |   |
| (if more than one jurisdiction, enter "multiple" and complete Schedule 5)  |   |
| Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta)  | a) . 760  |
| Provincial tax on large corporations (New Brunswick and Nova Scotia)   | 765   |
|  | ►   |
|  | Total tax payable 770 175,500                             |
| Deduct other credits:  |   |
| Investment tax credit refund from Schedule 31  |   |
| Dividend refund from page 6  |   |
| Federal capital gains refund from Schedule 18  | 788   |
| Federal qualifying environmental trust tax credit refund   | 792   |
| nadian film or video production tax credit refund (Form T1131)   |   |
| . Im or video production services tax credit refund (Form T1177)   |   |
| Tax withheld at source   | 800   |
| Total payments on which tax has been withheld 801  |   |
| Allowable refund for non-resident-owned investment corporations from Schedule 26   | 804   |
| Provincial and territorial capital gains refund from Schedule 18   | 808   |
| Provincial and territorial refundable tax credits from Schedule 5  | 812   |
| Royalties deductible under Syncrude Remission Order 815  |   |
| Tax remitted under Syncrude Remission Order  |   |
| Tax instalments paid   | 840 186,176   |
| Total  | credits 890 186,176 > 186,176                             |
| Refund code 894 Overpayment 10,676   | Balance (line A minus line B)                             |
| Direct deposit request   | If the result is negative, you have an overpayment.       |
| To have the corporation's refund deposited directly into the corporation's   | If the result is positive, you have a balance unpaid.     |
| bank account at a financial institution in Canada, or to change banking  | Enter the amount on whichever line applies.               |
| information you already gave us, complete the information below:   | Generally, we do not charge or refund a difference        |
| Start Change information 910   | of \$2 or less.   |
| Branch number 918  | Balance unpaid  |
| Institution number Account number  | Enclosed payment 898                                      |
| f the corporation is a Canadian-controlled private corporation throughout the ta   | axation year.   |
| does it qualify for the one-month extension of the date the balance of tax is due  | e?  |
|  |   |
| Certification —  |   |
| 950 SLATER 951 SANDRA  | 954 DIRECTOR OF FINANCE                                   |
| Last name First name   | Position, office, or rank                                 |
| am an authorized signing officer of the corporation. I certify that I have examined this return, i   | including accompanying schedules and statements, and that |
| the information given on this return is, to the best of my knowledge, correct and complete. I fu<br>taxation year is consistent with that of the previous year except as specifically disclosed in a s   | statement attached to this return.                        |
|  | 956 (519) 776-5291  |
| 955 2006-04-10<br>Date (yyyy/mm/dd) Signature of the authorized signing officer of t   |   |
|  |   |
| the second s |   |
| Is the contact person the same as the authorized signing officer? If No, complete the informa  |   |
| 958  | 959   |
|  |   |
| 958  | 959   |
| 958 Name   | 959 Telephone number                                      |

| Name of corp | oration  | Bus              | siness Number | Taxation year end |
|--------------|--|------------------|---------------|-------------------|
| •            |  |                  |               | Year Month Day    |
| E.L.K. Ene   |  | 8665             | 6 7787 RC0001 | 2005-12-31        |
| Identifica   | tion of the imported corporation from the GIFI file  |                  |               |                   |
| Name of the  | e corporation E.L.K. Energy Inc.                     |                  |               |                   |
|              | umber  |                  |               |                   |
| Taxation ye  | ar end   |                  |               |                   |
| Balance      | Sheet  |                  |               |                   |
| Account      | Description  | GIFI             | Amount        | Prior year        |
| -Assets -    |  |                  |               |                   |
|              |  | 1599 + _         | 14,194,367    | 12,003,675        |
|              |  | 2008 +           | 18,928,303    | 18,102,055        |
|              | - Total documated amonazation of tangible copies and | 2009 -           | 11,035,676    | 10,388,863        |
|              | Total Intaligible dapital addete                     | 2178 +           |               |                   |
|              |  | 2179 –<br>2589 + | 1,763,124     | 1,036,602         |
|              |  | 2589 +<br>2590 + | 1,703,124     | 1,030,002         |
|              | *Assets held in trust                                | 2550 4 -         |               |                   |
| -            | Total assets (mandatory field)                       | 2599 = =         | 23,850,118    | 20,753,469        |
| Liabilitie   | 8  |                  |               |                   |
| LIUMIIII     | Total current liabilities                            | 3139 +           | 10,429,751    | 8,462,392         |
|              | Total long-term liabilities                          | 3450 +           | 889,729       | 902,225           |
|              | * Subordinated debt                                  | 3460 +           |               |                   |
|              | * Amounts held in trust                              | 3470 +           |               |                   |
|              | Total liabilities (mandatory field)                  | 3499 =           | 11,319,480    | 9,364,617         |
| 2            |  |                  |               |                   |
| Shareho      | lder equity  | 2020             | 10 500 620    | 11,388,852        |
|              | Total shareholder equity (mandatory field)           | 3620 +           | 12,530,638    | 11,380,852        |
|              | Total liabilities and shareholder equity             | 3640 =           | 23,850,118    | 20,753,469        |
|              | l earnings   |                  |               |                   |
| amet         | Retained earnings/deficit – end (mandatory field)    | 3849 =           | 8,128,165     | 6,986,379         |

\* Generic item

| lame of corpo | ration   | Bus                        | iness Number                    | Form identifier 12<br>Taxation year end<br>Year Month Day |
|---------------|--|----------------------------|---------------------------------|---|
| E.L.K. Ener   |  | 86656                      | 5 7787 RC0001                   | 2005-12-31  |
|               | tatement   |                            |                                 |   |
|               |  |                            |                                 |   |
| Description   |  |                            |                                 |   |
| Description   | ame  | ION COMP                   | ANY                             |   |
| Account       | Description  | GIFI                       | Amount                          | Prior year  |
| Income s      | tatement information   |                            |                                 |   |
|               | Total sales of goods and connect   | 8089 +                     | <u>20,398,179</u><br>16,965,467 | 16,450,659  |
|               |  | 8518<br>8519 =             | 3,432,712                       | 3,875,73  |
|               |  | 8518 +                     | 16,965,467                      | 12,574,92   |
|               |  | 9367 +                     | 2,743,671                       | 2,710,569   |
|               |  | 9368 =                     | 19,709,138                      | 15,285,49   |
|               | Total revenue (mandatory field)  | 8299 +                     | 21,012,924                      | 16,963,59   |
|               | Total expenses (mandatory field)   | 9368 -                     | 19,709,138                      | 15,285,49   |
|               |  | 9369 =                     | 1,303,786                       | 1,678,100   |
| Farming       | Total farm expenses (mandatory field)  | 9659 +<br>9898 -<br>9899 = |                                 |   |
|               | Net income/loss before taxes and extraordinary items   | 9970 =                     | 1,303,786                       | 1,678,100   |
| Extraordi     | nary items and income (linked to Schedule 140)<br>Extraordinary item(s)<br>Legal settlements | 9975 -<br>9976 -<br>9980 + |                                 |   |
|               | Unusual items  | 9985 —                     |                                 |   |
|               |  | 9990                       | 300,000                         | 808,00  |
|               |  |                            |                                 |   |
|               | Deferred income tax provision  | 9995 —                     | -138,000                        | -418,00   |

Canada Customs Agence des douanes and Revenue Agency et du revenu du Canada

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|---|-----|-------|----|-----|
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#### **NOTES CHECKLIST**

| Corporation's name   | Business Number                                       | Taxation year end<br>Year Month Day |
|--|---|-------------------------------------|
| E.L.K. Energy Inc.   | 86656 7787 RC0001                                     | 2005-12-31                          |
| <ul> <li>This schedule should be completed from the perspective of the person who prepared or re<br/>is referred to as the "accounting practitioner", in this schedule.</li> </ul>   | ported on the <b>financial</b> s                      | statements. This person             |
| <ul> <li>For more information, see RC4088, Guide to the General Index of Financial Information (G<br/>T2 Corporation – Income Tax Guide.</li> </ul>  | IFI) for Corporations and                             | d T4012,                            |
| • Attach a copy of this schedule, along with any Notes to the financial statements, to the GI  | F1.   |                                     |
| ┌ Part 1 – Accounting practitioner information   |   |                                     |
| Does the accounting practitioner have a professional designation?  |   | 5 1 Yes X 2 No                      |
| Is the accounting practitioner connected* with the corporation?  |   | 7 1 Yes 2 No 🗙                      |
| * A person connected with a corporation can be: (i) a shareholder of the corporation who ov shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not de                                     | vns more than 10% of th<br>ealing at arm's length wit | e common<br>h the corporation.      |
| Note   | the corporation                                       |                                     |
| If the accounting practitioner does not have a professional designation <b>or</b> is connected with you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Parts 2 and 3 of this schedule. | ete Part 4.   |                                     |
| □ 1 2 – Type of involvement  |   |                                     |
| Choose the option that represents the highest level of involvement of the accounting practition  | oner: 19  | 8                                   |
| Completed an auditor's report  |   | X                                   |
| Completed a review engagement report   |   |                                     |
| Conducted a compilation engagement   |   |                                     |
| □ Part 3 – Reservations  |   |                                     |
| If you selected option "1" or "2" under <b>Type of involvement</b> above, answer the following que   | estion:   |                                     |
| Has the accounting practitioner expressed a reservation?   |   | 9 1 Yes 2 No X                      |
| □ Part 4 – Other information   |   |                                     |
| Were notes to the financial statements prepared?   | 10  | 1 1 Yes 🔀 2 No 🗌                    |
| If Yas, complete lines 102 to 107 below:   | _   | _                                   |
| e any values presented at other than cost?   |   |                                     |
| Has there been a change in accounting policies since the last return?  |   | 3 1 Yes 2 No X                      |
| Are subsequent events mentioned in the notes?  |   | 4 1 Yes 2 No X                      |
| Is re-evaluation of asset information mentioned in the notes?  | 10  | 5 1 Yes 📃 2 No 🗙                    |
| Is contingent liability information mentioned in the notes?  |   | 06 1 Yes 🔀 2 No 🗌                   |
| Is information regarding commitments mentioned in the notes?   |   | 7 1 Yes 📃 2 No 🗙                    |
| Does the corporation have investments in joint venture(s) or partnership(s)?   |   | 08 1 Yes 🗌 2 No 🗙                   |
| If Yes, complete line 109 below:   |   | 9 1 Yes 2 No                        |
|  |   |                                     |
| T2 SCH 141 (04)  |   | Canadä                              |

Canada Customs and Revenue Agency

**SCHEDULE 1** 

#### NFT INCOME (LOSS) FOR INCOME TAX PURPOSES

| Corporation's name | Business Number   | Taxation year end |
|--------------------|-------------------|-------------------|
|                    |                   | Year Month Day    |
| E.L.K. Energy Inc. | 86656 7787 RC0001 | 2005-12-31        |

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a
  numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the Income Tax Act.
- For more information, see the T2 Corporation Income Tax Guide.

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|                     | ome (loss) after taxes and extraordinary items per financial statements  |                     | 1,141,786 A |
|---------------------|--|---------------------|-------------|
| Add:                |  | 200.000             |             |
|                     | ion for income taxes – current   |                     |             |
|                     | sion for income taxes – deferred   |                     |             |
|                     | st and penalties on taxes  |                     |             |
|                     | ization of tangible assets   |                     |             |
| Charit              | able donations from Schedule 2   |                     |             |
|                     | le capital gains from Schedule 6   |                     |             |
|                     | eductible meals and entertainment expenses                               |                     |             |
| Reser               | ves from financial statements – balance at the end of the year           |                     |             |
|                     | Subtotal of additio  | ns <u>1,490,304</u> | 1,490,304   |
| C r                 | additions:   |                     |             |
| Misce               | llaneous other additions:  |                     |             |
| 603a                | Enerconnect Limited Partnership income 1,2                               | 18                  |             |
|                     | Total 1,2  |                     |             |
|                     | Subtotal of other additio  | ns 199 <u>1,218</u> | 1,218       |
|                     | Total addition   | ns 500 1,491,522    | 1,491,522   |
| Deduc               | st:  |                     |             |
| Gain                | on disposal of assets per financial statements                           | 401 35,956          |             |
|                     | al cost allowance from Schedule 8  | 403 560,655         |             |
|                     | lative eligible capital deduction from Schedule 10                       |                     |             |
|                     | ves from financial statements – balance at the beginning of the year     | 414 653,229         |             |
|                     | Subtotal of deductio   |                     | 1,295,176   |
| Other               | deductions:  |                     |             |
| Misce               | llaneous other deductions:   | _                   |             |
| 700.                | Deduction of expenses capitalized for accounting                         | 390 14,403          |             |
| 7                   | Recovery of previous PILs in accounting income                           | 391 527,889         |             |
| 702                 | Enerconenecy Loss for income tax purposes                                | 392 335             |             |
|                     | Subtotal of other deductio   | ons 499 542,627     | 542,627     |
|                     | Total deduction  | ns 510 1,837,803    | 1,837,803   |
| Net inc             | come (loss) for income tax purposes – enter on line 300 of the T2 return |                     | 795,505     |
| T2 SCH <sup>2</sup> | 1 F (01)   |                     | Casad       |

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Amount (\$100 or more only)

#### SCHEDULE 2

#### CHARITABLE DONATIONS AND GIFTS

| Name of corporation | Business Number   | Taxation year end |
|---------------------|-------------------|-------------------|
|                     |                   | Year Month Day    |
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31        |

- · For use by corporations to claim any of the following:
  - charitable donations;
  - gifts to Canada, a province, or a territory;
  - gifts of certified cultural property;
  - gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five-year carryforward.

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- Use this schedule to show a credit transfer following an amalgamation or the windup of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act.*
- For donations and gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the Income Tax Act provides as follows:
- where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the change of control.
   if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of
  - If a particular corporation makes a gift to a qualified donee pursuant to an analgement under which both the gift and the online of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation Income Tax Guide.

#### Part 1 – Charitable donations

Charity/Recipient

|   |                         | Subtotal                                 | 695     |
|---|-------------------------|--|---------|
|   | Add: Total donations of |  | 695     |
|   | l otal donations in     | Total donations in current taxation year |         |
|   | Federal                 | Quebec                                   | Alberta |
| Charitable donations at the end of the preceding taxation year  |                         |  |         |
| <b>Deduct:</b> Charitable donations expired after five taxation years 239                                       |                         |  |         |
| Charitable donations at the beginning of the taxation year 240  |                         |  |         |
| Add:  |                         |  |         |
| Charitable donations transferred on an amalgamation or the windup of a subsidiary 250                           |                         |  |         |
| windup of a subsidiary       250         Total current-year charitable  |                         |  |         |
| donations made (enter this amount   |                         |  |         |
| on line 112 of Schedule 1) 210 695  |                         |  |         |
| Subtotal (line 250 plus line 210)695 ►  | 695                     | 695                                      | 695     |
| Deduct: Adjustment for an acquisition of control (for donations   |                         |  |         |
| made after March 22, 2004) 255  | 695 A                   | 695                                      | 695     |
| To charitable donations available   | A                       |  | 095     |
| Deduct: Amount applied against taxable income (cannot be<br>more than amount K in Part 2) (enter this amount on |                         |  |         |
| line 311 of the T2 return)  | 695                     | 695                                      | 695     |
| Charitable donations closing balance  |                         |  |         |
| Amounts carried forward – Charitable donations  |                         |  |         |
| Year of origin:   | Federal                 | Quebec                                   | Alberta |
| 1 <sup>st</sup> prior year <u>2004</u>  |                         |  |         |
| 2 <sup>nd</sup> prior year2003  |                         |  |         |
| 3 <sup>rd</sup> prior year <u>2002</u>  |                         |  |         |
| 4 <sup>th</sup> prior year  |                         |  |         |
| 5 <sup>th</sup> prior year  |                         |  |         |
| 6 <sup>th</sup> prior year *2000  |                         |  |         |
| Total (to line A)   |                         |  |         |
| * These donations expired in the current year.  |                         |  |         |

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| □ Part 2 – Calculation of the maximum allowable deduction for  | or charitable donat                            | ions —  |                     |
|--|--|---|---------------------|
| Net income for tax purposes * multiplied by 75 %   |  |   | 596,629 B           |
| Taxable capital gains arising in respect of gifts of capital property  |  |   |                     |
| - lines 895 and 896 of Schedule 6, multiplied by the inclusion rate  |  | ·   |                     |
| – other  |  |   |                     |
| Truckle control win is segreet of deemed offer of pop qualifying   | Total 225                                      | 0   |                     |
| Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)         The amount of the recapture of capital cost allowance in respect of charitable gifts         Proceeds of disposition, less  |  | D   |                     |
| outlays and expenses E   |  |   | 1                   |
| Capital cost F   |  |   |                     |
| Amount E or F, whichever is less 235   |  | G   |                     |
|  | amounts C, D, and G                            |   |                     |
|  |  | t H multiplied by 25 %                                | 1                   |
|  |  | amount B plus amount I)                               |                     |
| Maximum allowable deduction for charitable donations (enter amo  |  |   |                     |
| for tax purposes whichever is less)  |  |   | 695_K               |
| * For credit unions, this amount is before the deduction of payments pu  | irsuant to allocations in                      | n proportion to borrowing                             | and bonus interest. |
| Part 3 – Gifts to Canada, a province, or a territory   |  |   |                     |
| Gifts to Canada, a province, or a territory at the end of the preceding ta   | xation year                                    |   |                     |
| D st: Gifts to Canada, a province, or a territory expired after five tax   | ation years 339                                |   |                     |
| Gnis to Canada, a province, or a territory at the beginning of the taxatio   |  | ▶   |                     |
| Add: Gifts to Canada, a province, or a territory transferred on an amale<br>or the windup of a subsidiary  | gamation                                       |   |                     |
| Total current year gifts made to Canada, a province, or a territory  |  |   |                     |
| Subtotal (lin  | ne 350 plus line 310) _                        |   |                     |
| Deduct: Adjustment for an acquisition of control (for gifts made after M   | larch 22, 2004)                                |   |                     |
| Total gifts to Canada, a province, or a territory available  |  | <u></u>   |                     |
| Deduct: Amount applied against taxable income (enter this amount on  | line 312 of the T2 retu                        | irn)  |                     |
|  |  |   |                     |
| * Not applicable for gifts made after February 18, 1997, unless a writter straddles February 18, 1997, and gifts were made after this date, enter the straddles February 18, 1997, and gifts were made after the straddles february 18, 1997, and 1997 | n agreement was mad<br>er the amount on line 2 | e before this date. If the<br>10 and complete Part 2. | taxation year       |
| Part 4 – Gifts of certified cultural property  | Federal  | Quebec  | Alberta             |
| Gifts of certified cultural property at the end of the preceding   |  |   |                     |
| taxation year  |  |   |                     |
| Deduct: Gifts of certified cultural property expired after five taxation years   |  |   |                     |
| G of certified cultural property at the beginning of<br>the taxation year  |  |   |                     |
| the taxation year 440<br>Add: Gifts of certified cultural property transferred on an   |  |   |                     |
| amalgamation or the windup of a subsidiary   |  |   |                     |
| Total current-year gifts of certified cultural property  |  |   |                     |
| Subtotal (line 450 plus line 410)  |  |   |                     |
| Deduct: Adjustment for an acquisition of control (for gifts<br>made after March 22, 2004)  |  |   |                     |
| Total gifts of certified cultural property available   |  |   |                     |
| Deduct: Amount applied against taxable income (enter this  |  |   |                     |
| amount on line 313 of the T2 return) 460   |  |   |                     |
| Gifts of certified cultural property closing balance 480   |  |   |                     |

#### -Amount carried forward - Gifts of certified cultural property

| Voor of origin:   |                  | Federal     | Quebec                                | Alberta |
|---|------------------|-------------|---------------------------------------|---------|
| Year of origin:   | 2004             |             |                                       |         |
| 1 <sup>st</sup> prior year  | 2004             |             | · · · · · · · · · · · · · · · · · · · |         |
| 2 <sup>nd</sup> prior year  | 2003             |             |                                       |         |
| 3 <sup>rd</sup> prior year  |                  |             |                                       |         |
| 4 <sup>th</sup> prior year  | 2001             |             |                                       |         |
| 5 <sup>th</sup> prior year  | 2001             |             |                                       |         |
| 6 <sup>th</sup> prior year *  | 2000             |             |                                       |         |
| Total   | 0                |             |                                       |         |
| * These donations expired in the current year.  |                  |             |                                       |         |
| Part 5 – Gifts of certified ecologically sensiti  | ve land          | Federal     | Quebec                                | Alberta |
| Deduct: Adjustment for an acquisition of control (for<br>made after March 22, 2004)<br>Tu gifts of certified ecologically sensitive land availa | expired<br>      |             |                                       |         |
| Deduct: Amount applied against taxable income (ent amount on line 314 of the T2 return)   | er this 560      |             |                                       | -       |
| Gifts of certified ecologically sensitive land closing ba   | lance . 580      |             |                                       |         |
| Amounts carried forward – Gifts of certified  | ecologically ser | sitive land |                                       |         |
| Year of origin:   |                  | Federal     | Quebec                                | Alberta |
| 1 <sup>st</sup> prior year  | 2004             |             |                                       |         |
| 2 <sup>nd</sup> prior year  | 2003             |             |                                       |         |
| 3 <sup>rd</sup> prior year  | 2002             |             |                                       |         |
|   |                  |             |                                       |         |

2001

2000

6<sup>th</sup> prior year \* Total

\* These donations expired in the current year.

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5<sup>th</sup> prior year

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| Agence des douanes     | DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND | SCHEDU |
|------------------------|---|--------|
| et du revenu du Canada | PART IV TAX CALCULATION                         |        |

#### LE 3

| Name of corporation | Business Number   | Taxation year end<br>Year Month Day |
|---------------------|-------------------|-------------------------------------|
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31                          |
|                     |                   |                                     |

This schedule is for the use of any corporation to report:

- non-taxable dividends under section 83;
- deductible dividends under subsection 138(6);
- taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
- taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal Income Tax Act.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation: - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more \_ than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- For more information, see the sections about Schedule 3 in the T2 Corporation Income Tax Guide.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- "X" under column B if the payer corporation is connected.

#### Part 1 – Dividends received during the taxation year

| Do not include dividends received from foreign non-affiliates.   |   |     | Complete if payer corpo | ration is connected  |
|--|---|-----|-------------------------|--|
| Name of payer corporation<br>(Use only one line per corporation,<br>abreviating its name if necessary) | A | В   | C<br>Business Number    | D<br>Taxation year end of<br>the payer corporation in<br>which the sections<br>112/113 and subsection<br>138(6) dividends were |
| 200  |   | 205 | 210                     | paid<br>YYYY/MM/DD<br>220  |
|  |   |     |                         |  |

Note: If your corporation's taxation year end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

|  |   |   | tion is not connected,<br>columns blank.                      |  |
|--|---|---|---|--|
| E<br>Non-taxable<br>dividend under<br>section 83 | F<br>Taxable dividends<br>deductible from<br>taxable income under<br>section 112, subsections<br>113(2) and 138(6),<br>and paragraphs<br>113(1)(a), (b), or (d) | G<br>Total taxable<br>dividends paid<br>by connected<br>payer corporation | H<br>Dividend refund<br>of the connected<br>payer corporation | I<br>Part IV tax<br>before deductions<br>F x 1 / 3 ★ |
| 230  | 240   | 250   | 260   | 270  |
| 1  | 1,410   |   |   |  |
| otal (enter amount of column                     | n F on line 320 of the T2 return)   |   |   |  |
|  | 1,410   |   |   |  |
| dividends received from                          | connected corporations:   | Part IV tax equals:   | Column F x Column H   |  |
|  |   |   | Column G  |  |

Public corporations (other than subject corporations) do not need to calculate Part IV tax.

#### Part 2 – Calculation of Part IV tax payable

| Part IV tax before deductions (amount J in Part 1)   |           |
|--|-----------|
| Deduct:<br>Part IV I tax payable on dividends subject to Part IV tax   | 320       |
| Part IV.I tax payable on dividends subject to Part IV tax  | Subtotal  |
| Deduct:       330         Current-year non-capital loss claimed to reduce Part IV tax       330         Non-capital losses from previous years claimed to reduce Part IV tax       335         Current-year farm loss claimed to reduce Part IV tax       340         Farm losses from previous years claimed to reduce Part IV tax       345         Total losses applied against Part IV tax       345 | × 1 / 3 = |
| Part IV tax payable (enter amount on line 712 of the T2 return)  | 360       |

# Part 3 – Taxable dividends paid in the taxation year for purposes of a dividend refund

| Ē              | Α   | В                     | C  | D  |
|----------------|---|-----------------------|--|--|
|                | Name of connected recipient corporation   | Business Number       | Taxation year end<br>of connected<br>recipient<br>corporation in<br>which the<br>dividends in<br>column D<br>were received<br>YYYY/MM/DD | Taxable dividends<br>paid to connected<br>corporations |
| 1              | 400   | 410                   | 420  | 430  |
| 1              | 1   |                       |  |  |
|                | 2   |                       |  |  |
|                | 3   |                       |  |  |
|                | 4   |                       |  |  |
| (tot<br>C      | al taxable dividends paid in the taxation year for the purposes of a divide<br>al of column D above plus line 450)<br>Part 4 – Total dividends paid<br>ulete this part if the total taxable dividends paid in the taxation year for<br>n the total dividends paid in the taxation year. | d in the taxation yea | -  |  |
| Tot<br>Oth     | al taxable dividends paid in the taxation year for the purposes of a divid-<br>ner dividends paid in the taxation year (total of 510 to 540)  |                       |  |  |
| De             | duct:   |                       |  |  |
| Ca<br>Di<br>Ta | vidends paid out of capital dividend account<br>apital gains dividends<br>vidends paid on shares described in subsection 129(1.2)<br>axable dividends paid to a controlling corporation that was<br>ankrupt at any time in the year   |                       | ►  |  |
| Tot            | al taxable dividends paid in the taxation year for purposes of a dividend   | refund                |  |  |
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et du revenu du Canada

#### **SCHEDULE 6**

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

| Name of corporation | Business Number   | Taxation year end<br>Year Month Day |
|---------------------|-------------------|-------------------------------------|
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31                          |

- For use by corporations that have disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- Use this schedule to make a designation under paragraph 111(4)(e) of the federal *Income Tax Act*, if the control of the corporation has been acquired by a person or group of persons.

For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the T2 Corporation Income Tax Guide.

Designation under paragraph 111(4)(e) of the Income Tax Act Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)? 2 No X If Yes, attach a statement specifying which properties are subject to such a designation. 050 1 Yes Part 1 - Shares Foreign Adjusted Outlays Gain (or loss) Proceeds Name of Class of Date of No. of (column 120 less and expenses source cost base corporation shares acquisition of shares (dispositions) cols. 130 and 140) YYYY/MM/DD disposition 150 130 140 120 100 106 105 110 Δ Totals Part 2 - Real estate - Do not include losses on depreciable property Gain (or loss) Foreign Adjusted Outlays Date of Proceeds Municipal address and expenses (column 220 less source cost base 1 = Address 1 acquisition of cols. 230 and 240) (dispositions) YYYY/MM/DD disposition 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 230 250 210 220 240 200 33,701 1,299 35,000 47 Maple 1 2 33,701 B 1,299 35,000 Totals

Part 3 – Bonds

|   | Face value | Maturity date | Name of<br>issuer | Date of<br>acquisition<br>YYYY/MM/DD | Proceeds<br>of<br>disposition | Adjusted<br>cost base | Outlays<br>and expenses<br>(dispositions) | Gain (or loss)<br>(column 320 less<br>cols. 330 and 340) | Foreign<br>source |
|---|------------|---------------|-------------------|--------------------------------------|-------------------------------|-----------------------|---|--|-------------------|
|   | 300        | 305           | 307               | 310                                  | 320                           | 330                   | 340                                       | 350  | 1                 |
| 1 |            |               | <u> </u>          | Totals                               |                               |                       |   |  | c                 |

#### Part 4 - Other properties - Do not include losses on depreciable property

| Description | Date of<br>acquisition<br>YYYY/MM/DD | Proceeds<br>of<br>disposition | Adjusted<br>cost base | Outlays<br>and expenses<br>(dispositions) | Gain (or loss)<br>(column 420 less<br>cols. 430 and 440) | Foreigr<br>source |
|-------------|--------------------------------------|-------------------------------|-----------------------|---|--|-------------------|
| 400         | 410                                  | 420                           | 430                   | 440                                       | 450  | <br>              |
|             | Totals                               |                               |                       |   |  | D                 |

#### Part 5 - Personal-use property

| Description                        | Date of<br>acquisition<br>YYYY/MM/DD | Proceeds<br>of<br>disposition | Adjusted<br>cost base | Outlays<br>and expenses<br>(dispositions) | Gain only<br>(column 520 less<br>cols. 530 and 540) | Foreign<br>source |
|------------------------------------|--------------------------------------|-------------------------------|-----------------------|---|---|-------------------|
| 500                                | 510                                  | 520                           | 530                   | 540                                       | 550   |                   |
| 1 Note: Losses are not deductible. | Totals                               |                               |                       |   |   |                   |

#### Part 6 – Listed personal property

| Description  | Date of<br>acquisition<br>YYYY/MM/DD                     | Proceeds<br>of<br>disposition | Adjusted<br>cost base | Outlays<br>and expenses<br>(dispositions)   | Gain (or loss)<br>(column 620 less<br>cols. 630 and 640) | Foreign<br>source |
|--|--|-------------------------------|-----------------------|---|--|-------------------|
| 600  | 610  | 620                           | 630                   | 640   | 650  |                   |
|  |  |                               |                       |   |  |                   |
|  | Totals   |                               |                       |   |  |                   |
|  |  |                               |                       |   |  |                   |
| Note: Net listed personal property losses may or<br>use applied against listed personal property gains<br>Amount from line 655 is from line 530 in | Subtract: Una<br>Part 5 of Schedule                      |                               | al property losses fr | om other years 655<br>Net gains (or losses) |  | F                 |
| e applied against listed personal property gains   | Subtract: Una<br>Part 5 of Schedule                      | 4.                            | al property losses fr | ,   |  | F                 |
| Je applied against listed personal property gains<br>Amount from line 655 is from line 530 in  | Subtract: Una<br>Part 5 of Schedule<br>investment losses | 3                             |                       | ,   |  | F                 |

#### 950 930 940 905 910 920 900 1 Note: Properties listed in Part 7 should not be Totals included in any other parts of Schedule 6. x 50 % = Amount G Allowable business investment losses \* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \* Enter amount H on line 406 of Schedule 1. Part 8 – Determining capital gains or losses

| Fart o – Determining Capital gams of losses                         |        | · · · · |
|---|--------|---------|
| Tripl of amounts A to F (do not include F, if the amount is a loss) | 33,701 | 1       |
|   |        | Foreign |
| Aad:  | 12     | source  |
| Capital gains dividend received in the year                         |        | 1       |
| Capital gains reserve opening balance (from Schedule 13)            |        | ĸ       |
| Subtotal (add amounts I, J, and K)                                  | 33,701 | L I     |
| Deduct: Capital gains reserve closing balance (from Schedule 13)    |        | М       |
| Capital gains or losses (amount L minus amount M)                   | 33,701 |         |

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| E.L.K.   | Energ  | y Inc. |
|----------|--------|--------|
| 86656 77 | 787 RC | 0001   |

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| Part 9 – Determining taxable capital gains           | and total capital losses — |

| Capital gains or losses (amount from line 890 above   | e)                                | 33,701 | <u>N</u>          |
|---|-----------------------------------|--------|-------------------|
| Deduct the following gains that are included in the a   | amount N:                         |        |                   |
| Gain on donation of a share, debt obligation, or  |                                   |        | _                 |
| right listed on a prescribed stock exchange and<br>other amounts under paragraph 38(a.1) of the | ,                                 |        | Foreign<br>source |
| Income Tax Act  | × 50 % = 895                      |        |                   |
|   |                                   |        | Foreign source    |
| Gain on donation of ecologically sensitive land   | × 50 % = 896                      |        |                   |
|   | Subtotal (line 895 plus line 896) |        | 0                 |
| Amount N minus amount O   |                                   | 33,701 | P                 |
| Total capital losses: If amount P is a loss, enter it   | on line 210 of Schedule 4.        |        |                   |
| Taxable capital gains: If amount P is a gain, enter   |                                   | 16,851 | Q                 |
| Enter amount Q on line 113 of Schedule 1.   |                                   |        | ~                 |
|   |                                   |        |                   |
|   |                                   |        |                   |

Portion of gain or loss from foreign sources (100%) (excluding business investment losses)

T2 SCH 6 E (07-05)

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2005-12-31

E.L.K. Energy Inc. 86656 7787 RC0001

SCHEDULE 8

Taxation year end Year Month Day 2005-12-31

**Business Number** 

CAPITAL COST ALLOWANCE (CCA)

Name of corporation

E.L.K. Energy Inc.

86656 7787 RC0001

Is the corporation electing under regulation 1101(5q)? 101 1 Yes 2 No X

| ÷               | 2  | ო  | 4               | 2<br>2  | þ   | -  | ,<br>,   |                          |  | -  | 1  | 2   |
|-----------------|--|--|-----------------|---|---|--|--|--------------------------|--|--|--|---|
| Class<br>number | Undepreciated<br>r capital cost at<br>the beginning of<br>the year | Cost of<br>acquisitions<br>during the<br>year* | Net adjustments | Proceeds of<br>dispositions<br>during the year<br>(amount not to<br>exceed the<br>capital cost) | Undepreciated<br>capital cost<br>(column 2 plus<br>column 3 plus<br>or minus<br>column 5) | 50% rule (1/2 of<br>the amount, if<br>any, by which<br>the net cost of<br>acquisitions<br>exceeds<br>column 5)** | Reduced<br>undepreciated<br>capital cost<br>(column 6 minus<br>column 7) | CCA<br>rrate<br>%<br>212 | Recapture of<br>capital cost<br>allowance<br>(amount on<br>line 107 of<br>Schedule 1)<br>213 | Terminal loss<br>(amount on<br>line 404 of<br>Schedule 1)<br>215 | Capital cost<br>allowance<br>(column 8<br>multiplied<br>by column 9;<br>or a lower<br>amount)<br>(amount on line<br>403 of<br>Schedule 1)*** | Undepreciated<br>capital cost<br>at the end of<br>the year<br>(column 6<br>minus<br>column 12)<br>220 |
|                 | 1 9 039 670  |  |                 | 0   | 9.039.670   |  | 6,039,670  | 4                        |  | 0  | 361,587  | 8,678,083   |
| 1 "             | 246.052  | 32.276   |                 | 0   | 278,328   | 16,138   | 262,190  | 20                       | 0  | 0  | 52,438   | 225,890   |
| 1 7             |  |  |                 | 1,657   | 214,622   |  | 214,622  | 30                       | 0  | 0  | 64,387   | 150,235   |
|                 |  | 28,588   |                 | 0   | 60,799  | 14,294   | 46,505   | 100                      | 0  | 0  | 46,505   | 14,294  |
| 45              |  | 27,691   |                 | 0   | 27,691  | 13,846   | 13,845   | 45                       | 0  | 0  | 6,230  | 21,461  |
| 47              | 2  | 737,693  |                 | 0   | 737,693   | 368,847  | 368,846  | 8                        | 0  | 0  | 29,508   | 708,185   |
| Total           | al 9,534,212   |  | ~               | 1,657   | 10,358,803  | 413,125  | 9,945,678  |                          |  |  | 560,655  | 9,798,148   |

T2 SCH 8 (99)

\*\* The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4. \*\*\* If the taxation year is shorter than 365 days, prorate the CCA claim. See the T2 Corporation Income Tax Guide for more information.

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# **Fixed Assets Reconciliation**

Reconciliation of change in fixed assets per financial statements to amounts used per tax return

|   | 826,248 |   |   |
|---|---------|---|---|
| + |         |   |   |
| + |         | <   |   |
| + |         |   |   |
| + |         | f   |   |
|   |         | (   |   |
|   |         |   |   |
|   | 976 249 | i i   | 826,248   |
|   | 020,240 |   | 020,210   |
|   | 1,657   |   |   |
| + |         | -   |   |
| + |         |   |   |
| + |         |   |   |
| + |         | -   |   |
| + |         | -   |   |
| + |         |   |   |
|   | 1,657   | -   | 1,657   |
|   |         | -   | 646,813   |
|   |         |   |   |
|   |         | +   |   |
|   |         |   | 177,778   |
|   |         | +<br>+<br>+<br>=<br>826,248<br>1,657<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+ | +<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>+<br>= 826,248 |

|   | 7,736,240 |
|---|-----------|
|   | 7,556,805 |
| = | 179,435   |
|   |           |
|   |           |
|   |           |
|   |           |
|   |           |

Canada Customs and Revenue Agency

#### **SCHEDULE 9**

# RELATED AND ASSOCIATED CORPORATIONS

| Name of corporation | Business Number   | Taxation year end<br>Year Month Day |
|---------------------|-------------------|-------------------------------------|
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31                          |

This schedule is to be completed by a corporation having one or more of the following:

Agence des douanes et du revenu du Canada

- related corporation(s)

- associated corporations(s)

| Name                     | Country<br>of resi-<br>dence<br>(if other<br>than<br>Canada) | Business Number<br>(Canadian<br>corporation only)<br>(see note 1) | Rela-<br>tion-<br>ship<br>code<br>(see<br>note 2) | Number of<br>common shares<br>owned | % of<br>common<br>shares<br>owned | Number of<br>preferred shares<br>owned | % of<br>preferred<br>shares<br>owned | Book value of<br>capital stock |
|--------------------------|--|---|---|-------------------------------------|-----------------------------------|--|--------------------------------------|--------------------------------|
| 100                      | 200  | 300   | 400   | 500                                 | 550                               | 600                                    | 650                                  | 700                            |
| 1. E.L.K. SOLUTIONS INC. |  | 86487 7519 RC0001   | 2   | 10,000                              | 100.000                           |  |                                      | 100                            |

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated.

T2 SCH 9(99)

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> Canada Customs and Revenue Agency

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# CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

| Name of corporation | Business Number   | Taxation year end<br>Year Month Day |
|---------------------|-------------------|-------------------------------------|
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31                          |

• For use by a corporation that has eligible capital property. For more information, see the T2 Corporation Income Tax Guide.

• A separate cumulative eligible capital account must be kept for each business.

Agence des douanes et du revenu du Canada

| r           | Part 1 – Calculation of current year deduction and carry-forward  |                  |
|-------------|---|------------------|
| Cumulativ   | ve eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") 200  | <u>647,656</u> A |
| Add:        | Cost of eligible capital property acquired  |                  |
|             | during the taxation year  |                  |
|             | Other adjustments   |                  |
|             |   |                  |
|             | Non-taxable portion of a non-arm's length<br>transferor's gain realized on the transfer   |                  |
|             | of an eligible capital property to the  |                  |
|             | corporation after December 20, 2002 228 × 1 / 2 = C   | _                |
|             | amount B minus amount C (if negative, enter "0")P   | D                |
|             | Amount transferred on amalgamation or wind-up of subsidiary   |                  |
| 7           | Subtotal (add amounts A, D, and E) 230  | 647,656 F        |
| De          | Proceeds of sale (less outlays and expenses not   |                  |
|             | otherwise deductible) from the disposition of all<br>eligible capital property during the taxation year   |                  |
|             |   |                  |
|             | The gross amount of a reduction in respect of a forgiven         debt obligation as provided for in subsection 80(7)         Other adjustments         I  |                  |
|             | Other adjustments   |                  |
|             | (add amounts G,H, and I) × 3 / 4 = 248  | J                |
| Cumulati    | ve eligible capital balance (amount F minus amount J)   | 647,656 K        |
|             | t K is negative, enter "0" at line M and proceed to Part 2)   |                  |
| Cumulativ   | re eligible capital for a property no longer owned after ceasing to carry on  |                  |
| that busin  |   |                  |
|             | amount K 647,656  |                  |
|             | less amount from line 249        647,656         x         7.00 %         =         250         45,336         *           ear deduction        647,656         x         7.00 %         =         250         45,336         *   |                  |
| Current y   | ear deduction $647,656 \times 7.00 \% = 250$ $45,336 \times 45,336 \times $ | 45 226           |
|             |   | 45,336 L         |
| Cumulati    | ve eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")  |                  |
| * \<br>a    | You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.   | um               |
| T2 SCH 10 ( | 04)   | Canada           |

| Part 2 – Amount to be included in income arisi<br>(complete this part only if the amount at line b  | ng from disposition —<br>K is negative) |     |
|---|---|-----|
| Amount from line K (show as positive amount)  |   | N   |
| Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988  | 400                                     | 1   |
| Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)   | 401                                     | 2   |
| Total of CEC deductions claimed for taxation years         beginning before July 1, 1988         402  | _ 3                                     |     |
| Negative balances in the CEC account that were included<br>in income for taxation years beginning before July 1, 1988 408   | _ 4                                     |     |
| Line 3 minus line 4 (if negative, enter "0")  | _                                       | 5   |
| Total of lines 1, 2 and 5   | 131 93 S                                | 6   |
| Amounts included in income under paragraph 14(1)(b), as<br>that paragraph applied to taxation years ending after June<br>30, 1988 and before February 28, 2000, to the extent that<br>it is for an amount described at line 400 | 7                                       |     |
| Amounts at line T from Schedule 10 of previous taxation years   |   |     |
| ending after February 27, 2000  | 8                                       |     |
| Subtotal (line 7 plus line 8) 409   | ▶                                       | 9   |
| Line 6 minus line 9 (if negative, enter "0")  | aasa                                    | ►0  |
| Line N minus line O (if negative, enter "0")  |   | P   |
|   | × 1/2                                   | = Q |
| L' p minus line Q (if negative, enter "0")  |   | R   |
|   | × 2/3                                   | =S  |
| Amount N or amount O, whichever is less   |   | - T |
| Amount to be included in income (amount S plus amount T) (enter this amount on I  |   | 10  |

Canada Customs

and Revenue Agency

Agence des douanes

et du revenu du Canada

**SCHEDULE 36** 

## AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$50,000,000 among the members of the related group. Do not file this agreement if no members of the related group have to pay Part I.3 tax.
- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an
  agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

| - Agreement   | Year Month Day                   |
|---|----------------------------------|
| Date filed (do not use this area)   |                                  |
| Is this an amended agreement?   | 1 Yes 2 No X                     |
| Calendar year to which the agreement applies  | Year<br>2005                     |
| Note: This agreement must include all the information indicated below for all members of the related group, members to which no amount of capital deduction is allocated for the year. However, any member the Part 1.3 tax under subsection 181.1(3) does not have to be included. | , including<br>at is exempt from |

| Names of all corporations which are members of the related group | Business Number<br>(if a corporation is not<br>registered, enter "NR") | Allocation of capital<br>deduction for the year<br>\$ | Taxation year end to which<br>this agreement applies*<br>(YYYY/MM/DD) |
|--|--|---|---|
| 200  | 300  | 400   | 500   |
| E.L.K. Energy Inc.   | 86656 7787 RC0001  | 45,000,000  |   |
| E.L.K. SOLUTIONS INC.  | 86487 7519 RC0001  | 5,000,000   |   |

Total (cannot be more than \$50,000,000)

- than \$50,000,000) 50,000,000
- \* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year.
   a capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

T2 SCH 36 (04)

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Canada Customs and Revenue Agency Agence des douanes

et du revenu du Canada

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|---|----|----|----|----|----|
|   |    |    |    |    |    |

#### SHAREHOLDER INFORMATION

| Name of corporation | Business Number   | Taxation year end<br>Year Month Day |
|---------------------|-------------------|-------------------------------------|
| E.L.K. Energy Inc.  | 86656 7787 RC0001 | 2005-12-31                          |

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

|    | Name of shareholder                       | Business Number<br>(Notes 1 & 3) | Social Insurance<br>Number<br>(Note 2 & 3) | Percentage<br>common<br>shares | Percentage<br>preferred<br>shares |
|----|---|----------------------------------|--|--------------------------------|-----------------------------------|
|    | 100                                       | 200                              | 300  | 400                            | 500                               |
| 1  | THE CORPORATION OF THE TOWN OF ESSEX      | NR                               |  | 38.000                         |                                   |
| 2  | THE CORPORATION OF THE TOWN OF LAKESHORE  | NR                               |  | 24.000                         |                                   |
| 3  | THE CORPORATION OF THE TOWN OF KINGSVILLE | NR                               |  | 38.000                         |                                   |
| 4  |   |                                  |  |                                |                                   |
| 5  |   |                                  |  |                                |                                   |
| 6  |   |                                  |  |                                |                                   |
| 7  |   |                                  |  |                                |                                   |
|    | 4   |                                  |  |                                |                                   |
|    |   |                                  |  |                                |                                   |
| 10 |   |                                  |  |                                |                                   |

Note 1: If a corporate shareholder does not have a business number, "NR" must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, "NA" must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

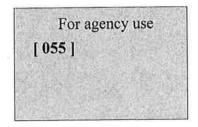
T2 SCH 50 (05)

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#### Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

#### Taxation Year End: 2005-12-31



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- [099] EP04

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[002] E.L.K. Energy Inc.

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### Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

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| [ 065 ]            |                                       | [ 169 ] |   | [ 227 ] |   |
| [ 067 ]            | 2                                     | [ 170 ] |   | [ 231 ] |   |
| [ 070 ]            | 2                                     | [ 171 ] |   | [ 232 ] |   |
| [ 071 ]            | 2                                     | [ 172 ] |   | [ 233 ] |   |
| [ 072 ]            | 2                                     | [ 173 ] | 1 | [ 236 ] | 1 |
| [ 076 ]            | 2                                     | [ 201 ] | 1 | [ 237 ] |   |
| [ 078 ]            | 2                                     | [ 202 ] | 1 | [ 238 ] |   |
| [ 080 ]            | 1                                     | [ 203 ] | 1 | [ 242 ] |   |
| <sup>-</sup> 981 ] |                                       | [ 204 ] |   | [ 243 ] |   |
| [ 082 ]            | 2                                     | [ 205 ] | - | [ 244 ] |   |
| [ 085 ]            |                                       | [ 206 ] | 1 | [ 249 ] |   |
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| [ 161 ]            | <u> </u>                              | [ 212 ] |   | [ 255 ] |   |
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| [ 165 ]            |                                       | [ 218 ] |   |         |   |

#### Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

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|--------------------|----|---------|---------------------|
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| [ 263 ]            |    | [ 289 ] |                     |
| [ 264 ]            |    | [ 950 ] | SLATER              |
| [ 291 ]            | 2  | [ 951 ] | SANDRA              |
| [ 292 ]            | 2  | [ 954 ] | DIRECTOR OF FINANCE |
| [ 370 ]            |    | [ 955 ] | 2006 04 10          |
| ` <b>35</b> ]      |    | [ 956 ] | 519 776 5291        |
| [ 438 ]            |    | [ 957 ] | 1                   |
| [ 624 ]            |    | [ 958 ] |                     |
| [ 646 ]            |    | [ 959 ] |                     |
| [ 750 ]            | ON |         | XXXXXXXXXXX         |
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Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

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| [ 335 ]       |              | [ 480 ] |                                       | [ 760 ]         |              |
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|               |              | [ 602 ] |                                       | [ 788 ]         |              |
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Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

|                                       | Certification   |   |
|---------------------------------------|---|---|
| and complete,                         | SANDRA SLATER<br>orporation. I certify that the following amounts are, to<br>and fully disclose the corporation's income tax payable<br>ven on the corporation's income tax return for the taxa | e. These amounts also reflect the                           |
|                                       | (or loss) for income tax purposes<br>edule 001, or GIFI [line 200300]   | 795 505   |
| Part I tax pa                         | ayable [line 200700]  | 175 500   |
| Part I.3 tax                          | payable [line 200704]   | 0   |
| Part II surta                         | x payable [line 200708]   | 00  |
| Part IV tax                           | payable [line 200712]   | 0   |
| Part IV.1 ta                          | x payable [line 200716]   | 0   |
| Part VI tax                           | payable [line 200720]   | 0   |
| Part VI.1 ta                          | x payable [line 200724]   | 0   |
| Part XIV ta                           | x payable [line 200728]   | 00  |
| Net provinc                           | tial and territoral tax payable [line 200760]   | 00  |
| Provincial t                          | ax on large corporations [line 200765]  | 0   |
| I further certify<br>previous year of | y that the method of calculating income for this taxation<br>except as specifically disclosed in a statement attached   | on year is consistent with that of the<br>l to this return. |
| 2006-04-10                            |   | DIRECTOR OF FINANCE   |
| Date                                  | Signature of an authorized signing officer of the c   | corporation Position, office or rank                        |

#### Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

- [ 600 ]
- [ 601 ]
- [ 602 ]\_\_\_\_\_\_[ 603 ]Enerconnect Limited Partnership income[ 604 ]\_\_\_\_\_\_[ 700 ]Deduction of expenses capitalized for accounting
- [701] Recovery of previous PILs in accounting income
- [702] Enerconenecy Loss for income tax purposes
- [ 703 ]
- [704]

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Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

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|         |              | [ 390 ] | 14 403       |         |              |
|         |              | [ 391 ] | 527 889      |         |              |
|         |              | [ 392 ] | 335          |         |              |
|         |              | [ 393 ] |              |         |              |
|         |              | [ 394 ] |              |         |              |
|         |              |         | XXXXXXXXXXXX |         |              |

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Name: E.L.K. Energy Inc.

| 1 (******** |              |         |                               |
|-------------|--------------|---------|-------------------------------|
| BN: 86656   | 7787 RC 0001 |         | Taxation Year End: 2005-12-31 |
| [ 225 ]     |              | [ 410 ] |                               |
| [ 227 ]     |              | [ 440 ] |                               |
| [ 230 ]     |              | [ 450 ] |                               |
| [ 235 ]     |              | [ 455 ] |                               |
| [ 239 ]     |              | [ 460 ] |                               |
| [ 339 ]     |              | [ 480 ] |                               |
| [ 439 ]     |              |         | XXXXXXXXXXX                   |
| [ 539 ]     |              |         |                               |
|             | XXXXXXXXXXXX | [ 510 ] |                               |
|             |              | [ 540 ] |                               |
| `10]        | 695          | [ 550 ] | :                             |
| [240]       |              | [ 555 ] |                               |
| [ 250 ]     |              | [ 560 ] |                               |
| [ 255 ]     |              | [ 580 ] |                               |
| [ 260 ]     | 695          |         | XXXXXXXXXXX                   |
| [ 280 ]     |              |         |                               |
|             | XXXXXXXXXXXX |         |                               |

[ 310 ] \_\_\_\_\_\_ [ 340 ] \_\_\_\_\_\_ [ 350 ] \_\_\_\_\_\_

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- [ 355 ]
- [ 360 ] \_\_\_\_\_\_ [ 380 ] \_\_\_\_\_

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| Name:     | E.L.K. Energy Inc. |   |                               |              |
|-----------|--------------------|---|-------------------------------|--------------|
| BN: 86656 | 7787 RC 0001       |   | <b>Taxation Year End</b>      | 2005-12-31   |
| [ 210 ]   | l                  | * | [ 450 ]<br>[ <b>460</b> ]     | (            |
| [ 220 ]   | l;                 | * | [ 400 ]                       | XXXXXXXXXXX  |
| [ 230 ]   | 1                  | * | [ 500 ]<br>[ 510 ]            |              |
| [ 410 ]   | 1,                 | * | [ 510 ]<br>[ 520 ]<br>[ 530 ] |              |
| [ 420 ]   | 1<br>XXXXXXXXXXXXX | * | [ 540 ]                       | XXXXXXXXXXXX |
| [ 205 ]   | 1. 2 *             |   |                               |              |
|           | 1. 1 410 <b>*</b>  |   |                               |              |
| [ 250 ]   | 1                  | * |                               |              |
| [ 260 ]   | 1 <sub>67</sub>    | * |                               |              |
| [ 270 ]   | 1<br>XXXXXXXXXXX   | * |                               |              |
| [ 320 ]   |                    |   |                               |              |
| [ 330 ]   | ·                  |   |                               |              |
| [ 335 ]   |                    |   |                               |              |
| [ 340 ]   |                    |   |                               |              |
| [ 345 ]   | · <u> </u>         |   |                               |              |
| [ 360 ]   | XXXXXXXXXXXX       |   |                               |              |
| [ 430 ]   | 1.                 | * |                               |              |

Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001

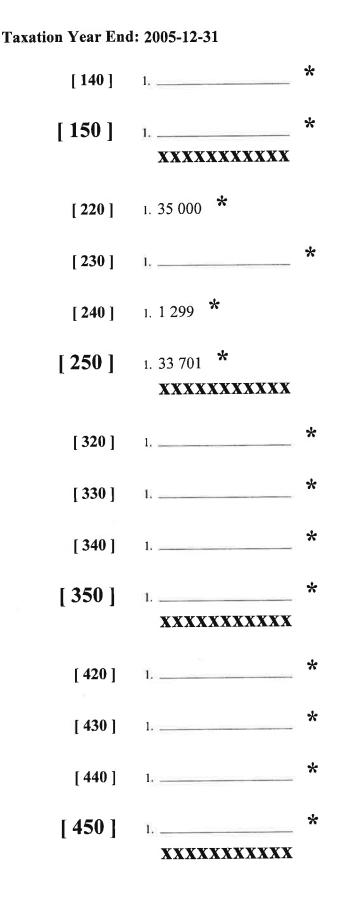
Taxation Year End: 2005-12-31

[200] 1. SUN LIFE FINANCIAL \*

[ 400 ] 1. \_\_\_\_\_ \*

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| Name:                  | E.L.K. Energy Inc. |   |  |
|------------------------|--------------------|---|--|
| BN: 86656 7787 RC 0001 |                    |   |  |
| [ 050 ]                | 2                  |   |  |
| [ 895 ]                |                    |   |  |
| [ 896 ]                |                    |   |  |
| [ 100 ]                | l                  | * |  |
| [ 110 ]                | 1                  | * |  |
| [ 210 ]                | 1                  | * |  |
| 300 ]                  | I                  | * |  |
| [ 305 ]                | 1                  | * |  |
| [ 310 ]                | I                  | * |  |
| [ 410 ]                | 1,                 | * |  |
| [ 510 ]                | l                  | * |  |
| ' 510 ]                | 1                  | * |  |
| [ 905 ]                | 1                  | * |  |
| [ 910 ]                | L                  | * |  |
|                        |                    |   |  |
| [ 120 ]                | 1                  | * |  |
| [ 130 ]                | L                  | * |  |



| Name:                | E.L.K. Energy Inc.                     | •                             |
|----------------------|--|-------------------------------|
| BN: 86656            | 7787 RC 0001                           | Taxation Year End: 2005-12-31 |
| [ 520 ]              | l                                      | * [950] 1*                    |
| [ 530 ]              | I                                      | *                             |
| [ 540 ]              | 1                                      | *                             |
| [ 550 ]              | l                                      | *                             |
|                      | XXXXXXXXXXXXX                          |                               |
| [ 620 ]              | 1                                      | *                             |
| [ 630 ]              | 1                                      | *                             |
| [ 640 ]              | 1                                      | *                             |
| [ 650 ]              | 1<br>XXXXXXXXXXXXX                     | *                             |
|                      |  |                               |
| [ 655 ]              |  |                               |
| [ 875 ]              |  |                               |
| ' <mark>880</mark> ] | ······································ |                               |
| [ 885 ]              |  |                               |
| [ 890 ]              | 33 701                                 |                               |
|                      | XXXXXXXXXXXX                           |                               |
| [ 920 ]              | 1                                      | *                             |
| [ 930 ]              | 1                                      | *                             |
| [ 940 ]              | 1                                      | *                             |

| Name:                  | E.L.K. Energy Inc. |   |                               |
|------------------------|--------------------|---|-------------------------------|
| BN: 86656 7787 RC 0001 |                    |   | Taxation Year End: 2005-12-31 |
| [ 105 ]                | l                  | * |                               |
| [ 106 ]                | 1                  | * |                               |
| [ 200 ]@               | 1. 47 Maple        |   |                               |
|                        |                    |   |                               |
|                        |                    | * | 6 <b>2</b> -                  |
| [ 307 ]                | 1                  | * |                               |
| [ 400 ]                | l                  | * |                               |
| [ 500 ]                | 1                  | * |                               |
| [ 600 ]                | 1,                 | * |                               |
| [ 900 ]                | 1<br>XXXXXXXXXXXX  | * |                               |

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| Name:          | E.L.K. Energy Inc. |                   |               |
|----------------|--------------------|-------------------|---------------|
| BN: 8665       | 6 7787 RC 0001     | Taxation Year End | d: 2005-12-31 |
| [ 101 ]        | 2                  | [ 203 ]           | 1             |
| []             |                    |                   | 2. 32 276     |
| [ 200 ]        | 1. 1               |                   | 3             |
|                | 2. 8               |                   | 4. 28 588     |
|                | 3. 10              |                   | 5. 27 691     |
|                | 4. 12              |                   | 6. 737 693 *  |
|                | 5. 45              |                   |               |
|                | 6.47 *             | [ 205 ]           | 1             |
|                |                    |                   | 2             |
| [ <b>21</b> 1] | 1,                 |                   | 3             |
|                | 2. 16 138          |                   | 4             |
|                | 3                  |                   | 5             |
|                | 4. 14 294          |                   | 6             |
|                | 5. 13 846          |                   |               |
|                | 6. 368 847 *       | [ 207 ]           | l             |
|                |                    |                   | 2             |
| [ 212 ]        | 1. 4               |                   | 3. 1 657      |
|                | 2. 20              |                   | 4             |
|                | 3. 30              |                   | 5             |
|                | 4. 100             |                   | 6             |
|                | 5. 45              |                   |               |
|                | 6. 8 *             | [ 213 ]           | 1             |
|                | XXXXXXXXXXXX       |                   | 2             |
|                |                    |                   | 3             |
| [ 201 ]        | 1. 9 039 670       |                   | 4             |
|                | 2. 246 052         |                   | 5             |
|                | 3. 216 279         |                   | 6             |
|                | 4. 32 211          |                   |               |
|                | 5                  | [ 215 ]           | 1             |
|                | 6 *                |                   | 2             |
|                |                    |                   | 3             |

# **T2-RETURN AND SCHEDULE INFORMATION**

| Name:     | E.L.K. Energy Inc. |                               |
|-----------|--------------------|-------------------------------|
| BN: 86656 | 5 7787 RC 0001     | Taxation Year End: 2005-12-31 |
|           | 4                  |                               |
|           | 5                  |                               |
|           | 6                  | *                             |
| [217]     | 1. 361 587         |                               |
|           | 2. 52 438          |                               |
|           | 3. 64 387          |                               |
|           | 4. 46 505          |                               |
|           | 5. 6 230           |                               |
|           | 6. 29 508 *        | *                             |
| [ 220 ]   | 1, 8 678 083       |                               |
|           | 2. 225 890         |                               |
|           | 3. 150 235         |                               |
|           | 4. 14 294          |                               |
|           | 5. 21 461          |                               |

6. 708 185 \*

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EP04 Page 2 of 2

- Name: E.L.K. Energy Inc.
- BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

- [ 300 ] 1. 86487 7519 RC 0001 \*
- [400] 1.2 \* XXXXXXXXXX
- [100] 1. E.L.K. SOLUTIONS INC. \*
- [200] 1. \_\_\_\_\_\*
- **[500]** 1. 10 000 \*
- [550] 1. 100 **\***
- [ **600** ] 1. \_\_\_\_\_ \*
- [650] 1. \_\_\_\_\_\*
- [700] 1. 100 \* XXXXXXXXXXX

| BN: 86656 7787 RC 0001 | Taxation Year End: 2005-12-31 |
|------------------------|-------------------------------|
|------------------------|-------------------------------|

- **[ 200 ]** 647 656
- [ 222 ]
- [ 224 ]
- [ 226 ]
- [ 228 ]
- **[ 230 ]** 647 656

## XXXXXXXXXXXX

- [ 242 ]
- [ 244 ]
- ?46]\_\_\_\_\_
- [248]

# XXXXXXXXXXXX

- [ 249 ] \_\_\_\_\_\_
- **[ 250 ]** 45 336
- **[ 300 ]** 602 320

## XXXXXXXXXXXX

- [ 400 ]
- ' 401 ] \_\_\_\_\_
- [ 402 ]
- [ 408 ]
- [ 409 ]
- [ 410 ]

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# **T2-RETURN AND SCHEDULE INFORMATION**

Name: E.L.K. Energy Inc.

BN: 86656 7787 RC 0001 Taxation Year End: 2005-12-31

- [ 010 ]
- [020] 2
- [030] 2005
- [ 300 ] 1. 86656 7787 RC 0001 2. 86487 7519 RC 0001 \*
- [ 500 ] 1. \_\_\_\_\_ \* 2. \_\_\_\_\_ \*
- [ 400 ] 1. 45 000 000 2. 5 000 000 \*

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[200] 1. E.L.K. Energy Inc.
 2. E.L.K. SOLUTIONS INC.
 \*
 \*

BN: 86656 7787 RC 0001 Taxation Year End: 2005-12-31

- [100] 1. THE CORPORATION OF THE TOWN OF ESSEX
  - 2. THE CORPORATION OF THE TOWN OF LAKESHORE
  - 3. THE CORPORATION OF THE TOWN OF KINGSVILLE \*
- [200] 1. NR
  - 2. NR
  - 3. NR \*
- [ 300 ] 1. \_\_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_ \*
- [400] 1.38
  - 2. 24
  - 3. 38 \*
- [ 500 ]
- 2. \_\_\_\_\_

l.\_\_\_\_

- 3. \_\_\_\_\_ \*
  - XXXXXXXXXXXX

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

|                     | 00.050.110   | 1 2 4 5 0 1 | 000 700      |
|---------------------|--------------|-------------|--------------|
| [ 3640 ]            | 23 850 118   | [ 3450 ]    | 889 729      |
|                     | XXXXXXXXXXXX | [ 3499 ]    | 11 319 480   |
|                     |              |             | XXXXXXXXXXXX |
| [ 1000 ]            | 8 718 402    |             |              |
| [ 1060 ]            | 1 069 565    | [ 3500 ]    | 100          |
| [ 1062 ]            | 3 483 315    | [ 3540 ]    | 4 402 373    |
| [ 1066 ]            | 510 210      | [ 3600 ]    | 8 128 165    |
| [ 1120 ]            | 311 357      | [ 3620 ]    | 12 530 638   |
| [ 1484 ]            | 101 518      |             | XXXXXXXXXXXX |
| [ 1599 ]            | 14 194 367   |             |              |
| <b>`600</b> ]       | 156 387      | [ 3660 ]    | 6 986 379    |
| [ 1680 ]            | 3 048 815    | [ 3680 ]    | 1 141 786    |
| [ 1681 ]            | # 2 262 221  | [ 3849 ]    | 8 128 165    |
| [ 1740 ]            | 15 723 101   |             | XXXXXXXXXXXX |
| [ 1741 ]            | # 8 773 455  |             |              |
| [ 2008 ]            | 18 928 303   |             |              |
| [ 2009 ]            | # 11 035 676 |             |              |
| [ 2242 ]            | 100          |             |              |
| [ 2420 ]            | 635 024      |             |              |
| [ 2421 ]            | 1 128 000    |             |              |
| <sup>-</sup> ?589 ] | 1 763 124    |             |              |
| [ 2599 ]            | 23 850 118   |             |              |
|                     | XXXXXXXXXXXX |             |              |
|                     |              |             |              |

| 4 362 018  |
|------------|
| 4 550 000  |
| 1 517 733  |
| 10 429 751 |
| 239 692    |
| 650 037    |
|            |

| Name:           | E.L.K. Energy Inc. |                 |                                      |
|-----------------|--------------------|-----------------|--------------------------------------|
| BN: 86656 7     | 7787 RC 0001       | Т               | <b>Caxation Year End: 2005-12-31</b> |
| [ 0001 ]        |                    |                 |                                      |
| [ 0002 ]        | MUNICIPALLY OWN    | ED ELECTR       | ICAL DISTRIBUTION COMPANY            |
|                 | XXXXXXXXXXXX       |                 |                                      |
|                 |                    |                 |                                      |
| [ 0003 ]        | ·                  |                 |                                      |
|                 | XXXXXXXXXXXX       |                 |                                      |
| [ 8519 ]        | 3 432 712          | [ 8710 ]        | 387 319                              |
| [ 9369 ]        | 1 303 786          | [ 8813 ]        | 481 419                              |
| [ 9899 ]        |                    | [ 9270 ]        | 601 125                              |
| ן יפי           | 1 303 786          | [ 9284 ]        | 626 995                              |
| [ 9975 ]        |                    | <b>[ 9367 ]</b> | 2 743 671                            |
| [ 9976 ]        |                    | [ 9368 ]        | 19 709 138                           |
| [ 9980 ]        | ·                  |                 | XXXXXXXXXXX                          |
| [ 9985 ]        |                    |                 |                                      |
| [ 9990 ]        | 300 000            | [ 9370 ]        |                                      |
| [ 9995 ]        | # 138 000          | [ 9659 ]        | 0                                    |
| [ 9999 ]        | 1 141 786          |                 | XXXXXXXXXXX                          |
|                 | XXXXXXXXXXXX       |                 |                                      |
|                 |                    | [ 9660 ]        |                                      |
| ' <b>8000</b> ] | 20 398 179         | [ 9898 ]        | 0                                    |
| [ <b>8089</b> ] | 20 398 179         |                 | XXXXXXXXXXX                          |
| [ 8094 ]        | 552 379            |                 |                                      |
| [ 8245 ]        | 62 366             |                 |                                      |
| [ 8299 ]        | 21 012 924         |                 |                                      |
|                 | XXXXXXXXXXXX       |                 |                                      |
| [ 8300 ]        |                    |                 |                                      |
| [ 8320 ]        | 16 965 467         |                 |                                      |
|                 |                    |                 |                                      |

- **[ 8518 ]** 16 965 467
- **[ 8670 ]** 646 813

BN: 86656 7787 RC 0001

Taxation Year End: 2005-12-31

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🗑 Ontario

Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9 2004/

2005

This form is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2). CT23 Corporations Tax and Annual Return

Corporations Tax Act – Ministry of Finance (MOF) Corporations Information Act – Ministry of Consumer and Business Services (MCBS)

The Annual Return (common page 1 and MCBS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

| MCBS Annual Return Required? (Not required if already fi<br>Annual Return Required? Annual Return exempt. R        | led or<br>Refer to Guide) X Yes                             | No Page 1 of 20                         |   |
|--|---|---|---|
| Corporation's Legal Name (including punctuation)   |   |   | Ontario Corporations Tax Account No. (MOF)        |
|  |   |   | 1800085   |
| E.L.K. Energy Inc.   |   |   | This Return covers the Taxation Year              |
| Mailing Address  |   |   | Start year month day                              |
|  |   |   | 2005-01-01  |
| 172 Forest Avenue  |   |   | End year month day                                |
| _  |   |   | 2005-12-31  |
| Essex  |   |   |   |
| ON CA N8M 3E4  |   | year month day                          | Date of Incorporation or Amalgamation             |
| Has the mailing address changed since last filed CT23 Return?  | Date of Change  | year month day                          |   |
| Rr >red/Head Office Address  |   |   | year month day 2000-01-06                         |
| 4  |   |   | 2000 01 00  |
| 172 Forest Avenue  |   |   |   |
| Freeve   |   |   | Ontario<br>Corporation No.                        |
| Essex<br>ON CA N8M 3E4   |   |   | (MCBS) 1395434                                    |
|  |   |   |   |
| Location of Books and Records  |   |   |   |
| 172 Forest Avenue  |   |   | Canada Customs and Revenue Agency<br>Business No. |
|  |   |   | If applicable, enter                              |
| Essex  |   |   | 86656 7787 RC0001                                 |
| ON CA N8M 3E4  |   |   |   |
| Name of person to contact regarding this CT23 Return   | Telephone No.   | Fax No.                                 |   |
|  |   |   | Jurisdiction<br>Incorporated ONTARIO              |
| SANDRA SLATER  | (519) 776-5291  |   | ONTARIO   |
| Address of Principal Office in Ontario (Extra-Provincial Corpo   | orations only)  | (MCBS)                                  | If not incorporated in Ontario, indicate the      |
| 1  |   |   | date Ontario business activity commenced          |
|  |   |   | and ceased:<br>year month day                     |
|  |   |   | Commenced   |
| Ontario Canada   |   |   | le menthe dou                                     |
|  |   | (MCBS)                                  | year month day                                    |
| Former Corporation Name (Extra-Provincial Corporations on  | ly) X Not Applicable  | (10000)                                 | l   |
|  |   |   | X Not Applicable                                  |
|  |   |   | Preferred Language / Langue de préférence         |
| Information on Directors/Officers/Administrators must t  | e completed on MCBS   | No. of Schedule(s)                      | X English<br>anglais French<br>français           |
| Schedule A or K as appropriate. If additional space is re<br>only this schedule may be photocopied. State number s | equired for Schedule A,                                     |   | Anglais français                                  |
|  |   |   |   |
| If there is <b>no change</b> to the Directors'/Officers'/Admini  | strators' information previo                                | ously<br>ired (MCBS). <b>X</b> Change   |   |
| submitted to MCBS, please check (X) this box. Schedu   |   |   |   |
|  | Certifica   | tion (MCBS)                             |   |
| I certify that all information set out in the Annu   | al Return is true, cor                                      | rect and complete.                      |   |
| Name of Authorized Person (Print clearly or type in full)  |   |   |   |
| SANDRA SLATER  |   |   |   |
|  | individuale having knowledge                                | e                                       |   |
| Title X Director Officer of the<br>Note: Sections 13 and 14 of the Corporations Infor                              | Individuals having knowledg<br>Corporation's business activ | ities<br>alties for making false or mis | leading statements or omissions.                  |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End CT23 Page 3 of 20  |
|--|---|--|
| E.L.K. Energy Inc.   | 1800085   | 2005-12-31   |
| CT23 Corporations<br>Identification continued (for CT23 filers or  |   |  |
| Type of Corporation – Please check (X) box(es)   | if applicable in sections   | Ontario Retail Sales Tax Vendor Permit No.<br>(Use Head Office no.)                    |
| <ol> <li>Canadian-controlled Private (CCPC) a<br/>(Generally a private corporation of white<br/>50% or more shares are owned by<br/>Canadian residents.) (fed.s.125(7)(b))</li> <li>Other Private</li> </ol> | ch  | If applicable, enter<br>Ontario Employer Health Tax Account No.                        |
| 3 Public   |   | (Use Head Office no.)  |
| 4 Non-share Capital  | Share Capital with full voting rights owned by Canadian Residents   | If applicable, enter   |
| Utility-MEU  |   | Specify major business activity  |
| 2 1 Family Farm Corporation s.1 (2)  | 14 Bare Trustee Corporation   |  |
| 2 Family Fishing Corporation s.1 (2)   | 15 Branch of Non-resident s.63(1)   |  |
| 3 Mortgage Investment Corporation s.47   | 16 Financial institution prescribed by<br>Regulation only   |  |
| 4 Credit Union s.51  | 17 Investment Dealer  |  |
| 5 Bank Mortgage Subsidiary s.61 (4)<br>6 Bank s.1 (2)  | <ul> <li>18 Generator of electrical energy for sale or<br/>producer of steam for use in the generation<br/>of electrical energy for sale</li> </ul>                                   | n  |
| 7 Loan and Trust Corporation s.61 (4)  |   |  |
| 8 Non-resident Corporation<br>s.2(2)(a) or (b)   | <ul> <li>Hydro successor, Municipal Electrical Utility or subsidiary of either</li> <li>Producer and seller of steam for uses other than for the generation of electricity</li> </ul> |  |
| 9 Non-resident Corporation s.2(2)(c)   | 21 Insurance Exchange s.74.4  |  |
| 10 Mutual Fund Corporation s.48  | 22 Farm Feeder Finance Co-operative   |  |
| 11 Non-resident owned investment<br>Corporation s.49   | Corporation   |  |
| 12 Non-resident ship or aircraft under<br>reciprocal agreement with Canada s.2   | 23 Professional Corporation<br>8(b) (incorporated professionals only)   |  |
| Please check (X) box(es) if applicable   | Manual A  |  |
| First Year of Filing   | Final Taxation Year up to Dissolution (wind-up)<br>(Note: For discontinued businesses, see Guide  | .) Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent |
| Amended Return   | Final Taxation Year before Amalgamation   | establishment outside Ontario  |
| Taxation Year End has changed – Canada<br>Customs and Revenue Agency approval<br>required  | Floating Fiscal Year End  | Acquisition of Control fed s. 249(4) Date Control was acquired year month day          |
|  |   | Yes No   |
| Was the corporation inactive throughout the taxation   |   |  |
|  | vith the Canada Customs and Revenue Agency (CCRA)?  |  |
| Are you requesting a refund due to: the Carry-back   | of a Loss?  | X  |
| an Overpaymer  |   | X  |
|  | fundable Tax Credit?  |  |
| Are you a Member of a Partnership or Joint Venture?  |   |  |

Are you a Member of a Partnership or Joint Venture?

#### CT23 Page 4 of 20

|  | n | С | 0 | m | e | Τ | a | Х |  |
|--|---|---|---|---|---|---|---|---|--|
|--|---|---|---|---|---|---|---|---|--|

| Allocation – If you carry on a business t portion of taxable income deemed earned  | hrough a permanent establishment in a j<br>I in that jurisdiction to that jurisdiction (s. | urisdiction outside (<br>39) (Int.B. 3008).   | Ontario, you may allocate ti                         | hat                       | DOLLARS ONLY |
|--|--|---|--|---------------------------|--------------|
| Net Income (loss) for Ontario purposes (   | per reconciliation schedule, page 15)  |   |  | - <u>+</u> From 690       | 795,505 •    |
| Subtract: Charitable donations   |  |   |  | 1                         | 695 .        |
| Subtract: Gifts to Her Majesty in right of   | Canada or a province and gifts of culture  | al property (Attach s   | chedule 2)   | 2                         |              |
| Subtract: Taxable dividends deductible, p  |  |   |  | 3                         | 1,410 •      |
| Subtract: Ontario political contributions (  |  |   |  | 4                         |              |
| Subtract: Federal Part VI.1 tax  | • × 3  |   |  | 5                         |              |
| Subtract: Prior years' losses applied –  | Non-capital losses   |   |  | From 704                  |              |
|  | From 715   | inc   | lusion   |                           |              |
|  | Net capital losses (page 16)   | • × rat   | e 50.000000 %  | = _ 714                   |              |
|  | Farm losses  |   |  | From 724                  | •            |
|  | Restricted farm losses   |   |  | From 734                  |              |
|  | Limited partnership losses -   |   |  | - — From 754              |              |
| Taxable Income (Non-capital loss)  |  |   |  | - = 10                    | 793,400 •    |
| Addition to taxable income for unused for  | eion tax deduction for federal purposes  |   | + 11   |                           |              |
|  | 11 (if 10 is negative, enter 11 )  |   | = 20   | 793,400 .                 |              |
|  |  |   | Number of Doug in Taxa                               | tion Vort                 |              |
|  |  |   | Number of Days in Taxa<br>Days after Dec. 31, 2002   |                           |              |
| Taxable Income   |  |   | Days after Dec. 31, 2002<br>and before Jan. 1, 2004  | Total Days                |              |
| From 10 (or 20 if applicable)  | 793,400 • × 30 100.0000 %  |   | 33   | 365 = + 29                | •            |
|  | Ontario Allocation   | 1   | Days after Dec. 31, 2003                             | Total Days                |              |
| From 10 (or 20 if applicable)  | 793,400 • × 30 100.0000 %  |   | 34 <u>365</u> ÷ 73                                   | 365 = + 32                | 111,076 •    |
| Les and Tree Develope () (   | Ontario Allocation   | 1<br>   |  | = 40                      | 111,076 .    |
| Income Tax Payable (before deduct  | tion of tax credits) 29 + 32   |   |  | - 40                      |              |
| Incentive Deduction for Small<br>If this section is not completed, the I<br>Did you claim the federal Small Busir<br>federal Small Business Deduction ha | DSBC will be denied.<br>ness Deduction (fed.s.125(1)) in the ta                            | axation year or wo  | ould you have claimed th<br>n the taxation year? (X) | e                         | Yes X No     |
| * Income from active business carried or   | ı in Canada for federal purposes (fed.s.1  | 125(1)(a))  | 50   |                           |              |
| Federal taxable income, less adjustment  | for foreign tax credit (fed.s.125(1)(b))   | + 51  |  |                           |              |
|  | d for federal purposes (fed.s.111)   | + 52  |  |                           |              |
| Subtract: Losses of other years deducte  |  | - 53  |  |                           |              |
|  |  | =   | • 54   | •                         |              |
| Fer Business limit (line 410 of the Tablet, the application of fed.s.125(5.1)  | Return) for the year   | 55  | •  |                           |              |
| Ontario Business Limit Calculation   |  |   |  |                           |              |
| Days after Dec. 31, 2002<br>and before Jan 1, 2004   |  |   |  |                           |              |
|  | 365 = + 46   | 6   |  |                           |              |
| Days after Dec 31, 2003  | $\equiv$   |   |  |                           |              |
| **   | 365 = + 47   | Percentage o<br>Business<br>(from T2 Sche<br>Enter 100<br>not associ  | limit<br>edule 23).<br>)% if                         |                           |              |
| Business Limit<br>for Ontario purposes 46 + 47   | = 44   | X 48 .  | % = 45   | •                         |              |
|  |  | <u> </u>  |  |                           | 1            |
| Income eligible for the IDSBC  | Fr   | the second | 0000 % x 56<br>rio Allocation Least o                | • = 60<br>f 50 , 54 or 45 | •            |

\* Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)

\*\* Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.

\*\*\* Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)                                | Taxation Year End   | CT23         | Page 5 of 20  |
|--|---|---|--------------|---|
| E.L.K. Energy Inc.   | 1800085   | 2005-12-31  |              | DOLLARS ONLY  |
| Income Tax continued from Page 4   |   |   |              |   |
|  | Numbe   | er of Days in Taxation Year                               |              |   |
|  |   | r Dec 31, 2002<br>e Jan 1, 2004 Total Days                |              |   |
| Calculation of IDSBC Rate  | 7% × 31   |   | + 89         |   |
|  |   | r Dec 31, 2003 Total Days                                 |              |   |
|  | 8.5 % × 34  | 265   |              | 8 5000  |
| IDSBC Rate for Taxation Year 89 + 90 -   |   | <u>365</u> ÷ <u>73</u> <u>365</u> =                       | + 90<br>= 78 | 8.5000<br>8.5000  |
|  |   |   |              |   |
| Claim From   | m 60 X From 78  | 8.5000 %  | = 70         | •   |
| Corporations claiming the IDSBC must complete the Surta  | x section below if the corporation's taxable incom                        | )   |              |   |
| (or if associated, the associated group's taxable income) is   | greater than the amount   | n 114 below.  |              |   |
|  |   |   |              |   |
| Surtax on Canadian-controlled Private Co   | rporations (s.41.1)   |   |              |   |
| Applies if you have claimed the Incentive Deduction for Sn   | nall Business Corporations.   |   |              |   |
| Associated Corporation - The Taxable Income of association the taxation year ending on or before the date of this contract of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on or before the date of the taxation year ending on yea | ated corporations is the taxable income<br>rporation's taxation year end. |   |              |   |
| *T: //e Income of the corporation  |   | ) (or 20 if applicable)                                   | + 80         |   |
|  |   |   | 1            |   |
| If you are a member of an associated group (X)   | 81 (Yes)<br>Ontario Corporations Tax                                      |   |              |   |
| Name of associated corporation (Canadian & foreign)  | Account No. (MOF)<br>(if applicable)                                      | Taxation Year End   |              | <ul> <li>Taxable Income<br/>(if loss, enter nil)</li> </ul> |
| (if insufficient space, attach schedule)   |   |   | + 82         | •   |
|  |   |   | + 83         |   |
|  |   |   | + 84         |   |
| Aggregate Taxable Income 80 + 82 + 8   | 33 + 84 , etc.  |   | = 85         |   |
| Number of Days in Taxati   | on Year   |   |              |   |
| Days after Dec 31, 2002<br>and before Jan 1, 2004  | otal Days   |   |              |   |
| 320,000 × 31 ÷ 73  | 365 = + 115   |   |              |   |
| Days after Dec. 31, 2003   | otal Days   |   |              |   |
| 400,000 × 34 365 ÷ 73  | 365 = + 116   |   |              |   |
| [115]  | + 116 =   |   | - 114        |   |
| (If negative, enter nil)   |   |   | = 86         | •   |
|  |   |   |              |   |
|  |   | er of Days in Taxation Year<br>er Dec 31, 2002 Total Days |              |   |
| Calculation of Specified Rate for Surtax   | 4.6670 % × 38   |   | + 97         |   |
|  |   |   |              |   |
| From 86  | • X From 97 . % -   |   | 87           | •   |
| From 87  | • X From 60 • ÷ From  | <u>[114]</u> • =  | 88           | •   |
| Surtax Lesser of 70 or 88  |   |   | 100          |   |

\* Note: Short Taxation Years - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

DOLLARS ONLY

| y is guidance.<br>It is black and the course allowances but excluding amounts from sale of Canadian Profils fr. by your activation depletion purposes, after deducting<br>applied and resource allowances but excluding amounts from sale of Canadian Profils fr. by your activation between the sale of Canadian Profils fr. by your activative business income automates from manufacturing and<br>concessing, mining, family, logging or fairing is 20% or less of the total active business income and b). The total active business income is 3250.0000 or sets.<br>It is the total active business income sale scale active business income and b). The total active business income is 3250.0000 or sets.<br>It is the total active business income sale scale active business income and b). The total active business income is 3250.0000 or sets.<br>It is the total active business income active business income and b). The total active business income is 3250.0000 or sets.<br>It is the total active business income sale business income active business income active business income is 3250.0000 fits = ream 728.85000 fits = ream 728.400 is another comparisons = ream 728.85000 fits = ream 728.400 is another comparisons = ream 728.85000 fits = ream 728.400 is another comparisons = ream 728.400 is another comparison set is another comparisons = ream 728.400 is another comparison = ream 728.400 is another comparisons = ream 728.400 is another comparison = re  | Additional Deduction for Credit Unions (s.51(4)) (Attach schedule 17)   |
|--|---|
| page/set to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined         ligible Canadian Profits from manufacturing and processing, farming, mining, as determined for Ontario deplotion purpose.       if determine days in the detecting applies to the active business income and by the solar of an active business income and by the solar of an active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income and by the solar of the active business income active business income and by the solar of the active business income active business incom  | Manufacturing and Processing Profits Credit (M&P) (s.43)  |
| spletion and resource attowneds but excluding anounts from sale of Canadian resource property, findlas or ryshifes. If you are claiming this dream. The whole of the active business income gualities as Eligible Canadian Profits (f) your active business income from sources ofter than manufacturing and recessing, including, family, logging or family is 20% or less of the total active business income from sources ofter than manufacturing and recessing, including, family, logging or family is 20% or less of the total active business income from sources ofter than manufacturing and recessing, including controlled prime corporations (DBBC) = reme (10) =   | Applies to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.  |
| rocessing, mining, familing, legging of fashing is 20% or less of the total active business income and b) the total active business income active base in the total active business income and b) the total active business income and b) the total active business income and b) the total active business income active base in the total active bactive bactines in the total active bacti   | Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting<br>depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit,<br>attach a copy of Ontario schedule 27.  |
| applied chandle income eligible for the incentive Deduction for Small Business Corporations (IDSBC)       From 100       From 100         add:       Adjustment for Surtax on Canadian-controlled private corporations       •       •         contract Allocation       •       •       •         add:       Adjustment for Surtax on Canadian-controlled private corporations       •       •         contract Allocation       •       •       •       •         Contract Allocation       •       •       •       •         Contract Allocation       •       •       •       •       •         Contract Allocation       •       •       •       •       •       •         Contract Allocation       •  | The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and<br>processing, mining, farming, logging or fishing is 20% or less of the total active business income and b) the total active business income is \$250,000 or less.   |
| The first end of the f  | Eligible Canadian Profits + 120   |
| 100 + From 100 + Fro   | Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)   |
| "Ontario Allocation         esser of 60 or 121         120 - 66 + 122         isaxhile income         isaxhile income eligible for the incentive Deduction for Small Business Corporations (IDSBC)         isaxhile income         isdiction         isdi         isdiction  | Add: Adjustment for Surtax on Canadian-controlled private corporations  |
| ease if is the interview of isolation of the interview of isolation of the interview of isolation isolation interview of isolation isolation interview of isolation isolation isolation interview of isolation isolation isolation isolation interview of isolation isola  |   |
| $\frac{1}{22} = \frac{1}{100}$ $\frac{1}{122}$ $\frac{1}{223}$ $\frac{1}{233}$ $\frac{1}{$ | esser of 56 or 121 + 122  |
| address income eligible for the incentive Deduction for Small Business Corporations (IDSBC)       - From 160         vide:       Adjustments for Surtax on Canadian-controlled private corporations       + Frem 122         vide:       Adjustments for Surtax on Canadian-controlled private corporations       + Frem 122         vibitract:       Travable Income       100       233,400       X Allocation % to jurisdictions outside Canada       %       1440       230,563         10       - 66       + 122       - 1441       230,563       -       1441       230,563         10       - 66       + 122       - 1441       -       142       562,837         10       - 66       + 122       - 1441       -       142       562,837         10       - 66       + 122       - 1441       -       142       562,837         10       - 66       + 122       - 1441       -       142       562,837         10       - 66       + 122       - 1441       -       156       -       156       + 122       -       562,837         10       - 66       + 122       - 1441       -       -       562,837       -       -       -       562,837       -       -       -       -  | 120 - 56 + 122 = 130  |
| Adjustments for Surfax on Canadian-controlled private corporations       +       From 122       +         Subtract:       Taxable Income       703,400       X Allocation % to jurisdictions outside Canada       %       -       140       -         Subtract:       Amount by which Canadian and foreign investment income exceeds net capital losses       -       140       -       230,563         10       -       66       +       722       141       -       562,837         Chaim       -       143       -       141       -       -       142       562,837         Chaim       -       143       -       141       -       -       142       562,837         Chaim       -       143       -       X From 30       100,0000 % X       1,5 % X       203       +       733,365       =       +       166       +       166       +       166       +       166       -       0 <td>Faxable Income + From 10 793,400</td>   | Faxable Income + From 10 793,400  |
| Adjustments for Surfax on Canadian-controlled private corporations       +       From 122       +         Subtract:       Taxable Income       70       793,400       X       X       Form 122       +       140       -       140       -       140       -       140       -       140       -       140       -       141       230,563         10       -       66       +       722       -       140       -       141       230,563         10       -       66       +       722       -       140       -       142       230,563         10       -       66       +       722       -       140       -       142       562,837         Chain       -       143       -       X       From 30       100,0000       %       X       1,5%       X       133       +       73       365       =       +       166       -       -       166       -       0       100,0000       %       X       136       473       365       =       +       166       -       -       166       -       -       166       -       -       166       -       -       166       <   | Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)   |
| biblitract:       Taxable Income       10       793,400       X Allocation % to jurisdictions outside Canada       %       -       140       230,563         biblitract:       Amount by which Canadian and foreign investment income exceeds net capital losses       -       141       230,563         10       -       56       +       122       -       140       -       230,563         10       -       56       +       122       -       140       -       230,563         10       -       56       +       122       -       140       -       142       552,837         Claim       -       -       143       -       × From       30       100,0000 % ×       1.5 % ×       200       Total Days       =       +       156       -       -       156       -       +       156       -       -       100,0000 % ×       2 % ×       ×       2 365       +       156       -       -       -       166       -       -       -       166       -       -       -       140       230,563       -       -       166       -       -       -       166       -       -       -       166       -       -  |   |
| Bubtract:       Amount by which Canadian and foreign investment income exceeds net capital losses       -       -       141       230,563 •         10       -       56       +       122       -       140       -       230,563 •         10       -       56       +       122       -       140       -       230,563 •         10       -       56       +       122       -       140       -       230,563 •         11       -       560       +       122       -       140       -       230,563 •         12       -       560       +       122       -       140       -       230,563 •         12       -       140       -       141       230,563 •       -       141       230,563 •         12       -       140       -       140       -       140       -       120,563 •       -       141       230,563 •       -       141       230,563 •       -       141       230,563 •       -       141       230,563 •       -       141       230,563 •       -       141       230,563 •       -       141       230,563 •       -       141       1230,563 •       -   |   |
| 10 $= 100$ $100$ <td< td=""><td></td></td<>  |   |
| $\begin{bmatrix} 443 & & & & & & & & & & & & & & & & & &$  | 10 - 56 + 122 - 140 - 141 - 141 - 142 562,837   |
| 143       • × From       30       100.0000 % ×       1.5 % ×       33       + 73       365       =       + 154       •         143       • × From       30       100.0000 % ×       2 % ×       34       365       =       + 158       •         143       • × From       30       100.0000 % ×       2 % ×       34       365       + 73       365       =       + 158       •         143       • × From       30       100.0000 % ×       2 % ×       34       365       + 73       365       =       + 158       •         143       • × From       30       100.0000 % ×       2 % ×       34       365       + 73       365       =       + 158       •         145       • Ontario Allocation       150 or 142       • Ontario Allocation       =       160       •       •         161       • Ontario Allocation for M&P Credit purposes may differ from       30       if Taxable income is allocated to foreign jurisdictions. See special rules (s.43(1))         Wanufacturing and Processing Profits Credit for Corporations that Produce       =       =       •       •       •       •       •       •       •       •       •       •       •       •       •  | Claim Number of Days In Taxation Year Days after Dec. 31, 2002 and before Jan 1, 2004 Total Days  |
| $\begin{array}{c} \begin{array}{c} \begin{array}{c} \begin{array}{c} \begin{array}{c} \begin{array}{c} \begin{array}{c} \begin{array}{c} $   | $\begin{array}{ c c c c c c c c c c c c c c c c c c c$  |
| A&P claim for taxation year       154 + 156       = 160       •         A*       Ontario Allocation for M&P Credit purposes may differ from       30       if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))         Manufacturing and Processing Profits Credit for Electrical Generating Corporations       = 161       •         Manufacturing and Processing Profits Credit for Corporations that Produce       = 162       •         Manufacturing and Processing Profits Credit for Corporations that Produce       = 162       •         Manufacturing and Processing Profits Credit for Corporations that Produce       = 162       •         Manufacturing and Sell Steam for uses other than the Generation of Electricity       = 162       •         Credit for Foreign Taxes Paid (s.40)       Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       170       •         Credit for Investment in Small Business Development Corporations (SBDC)       Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations Act       Eligible Credit 175       Credit Claimed 180       •         Eligible Credit 175       •       Credit Claimed 180       •       •       •       •         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180       = 190       1  | $\begin{bmatrix} 143 \\ 0 \\ 143 \end{bmatrix} = \frac{1}{100.0000} \% \times 2\% \times 2\% \times \begin{bmatrix} 0 \\ 34 \\ 365 \\ 0 \\ 365 \end{bmatrix} = +\begin{bmatrix} 156 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ $ |
| Manufacturing and Processing Profits Credit for Electrical Generating Corporations       = 161         Manufacturing and Processing Profits Credit for Electrical Generating Corporations       = 161         Manufacturing and Processing Profits Credit for Corporations that Produce       = 161         and Sell Steam for uses other than the Generation of Electricity       = 162         Credit for Foreign Taxes Paid (s.40)       = 170         Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       = 170         Credit for Investment in Small Business Development Corporations (SBDC)       = 100         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175  |   |
| Manufacturing and Processing Profits Credit for Electrical Generating Corporations       = 161         Manufacturing and Processing Profits Credit for Corporations that Produce       = 162         and Sell Steam for uses other than the Generation of Electricity       = 162         Credit for Foreign Taxes Paid (s.40)       =         Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       170         Credit for Investment in Small Business Development Corporations (SBDC)       -         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       Credit Claimed 180         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190   |   |
| Manufacturing and Processing Profits Credit for Corporations that Produce       = 162         and Sell Steam for uses other than the Generation of Electricity       = 162         Credit for Foreign Taxes Paid (s.40)       =         Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       170         Credit for Investment in Small Business Development Corporations (SBDC)       -         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       •         Credit Claimed 180       •         Automation of the prior of the pr   | • M Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable income is allocated to foreign jurisdictions. See special rules (3.45(7))  |
| and Sell Steam for uses other than the Generation of Electricity       = 162         Credit for Foreign Taxes Paid (s.40)         Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       170         Credit for Investment in Small Business Development Corporations (SBDC)         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       Credit Claimed 180         Gubtotal of Income Tax       40 - 70 + 100 - 110 - 180 - 161 - 162 - 170 - 180       = 190  | Manufacturing and Processing Profits Credit for Electrical Generating Corporations  |
| Credit for Foreign Taxes Paid (s.40)         Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).         170         Credit for Investment in Small Business Development Corporations (SBDC)         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       Credit Claimed 180         6       0       111,076  | Manufacturing and Processing Profits Credit for Corporations that Produce   |
| Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).       170         Credit for Investment in Small Business Development Corporations (SBDC)         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       Credit Claimed 180         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180       = 190  |   |
| Credit for Investment in Small Business Development Corporations (SBDC)         Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       •         Credit Claimed 180       •         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190   | Credit for Foreign Taxes Paid (s.40)  |
| Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       •         Credit Claimed 180       •         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190   | Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule).  |
| Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)         Eligible Credit 175       •         Credit Claimed 180       •         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190   | Credit for Investment in Small Business Development Corporations (SBDC)   |
| Eligible Credit 175       Credit Claimed 180         Subtotal of Income Tax       40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180        = 190       111,076   | Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development<br>Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small  |
|  |   |
| continued on Page 7  | Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 111,076  |
|  | continued on Page 7   |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End             | CT23 Page 7 of 20    |
|--|---|-------------------------------|----------------------|
| E.L.K. Energy Inc.   | 1800085   | 2005-12-31                    | DOLLARS ONLY         |
| Income Tax continued from Page 6   |   |                               | 0                    |
| Specified Tax Credits (Refer to Guide)   |   |                               |                      |
| Ontario Innovation Tax Credit (OITC) (s.43.3) A<br>Eligible Credit From 5620 OITC Claim Form (Attach origin  |   | elopment in Ontario.          | + 191                |
| Co-operative Education Tax Credit (CETC) (s.4<br>Eligible Credit From 5798 CT23 Schedule 113 (Attach Sc  |   |                               | +[192]               |
| Ontario Film & Television Tax Credit (OFTTC)<br>Applies to qualifying Ontario labour expenditures for<br>eligible Canadian content film and television productions.<br>Eligible Credit From 5850 of the Certificate of Eligibility is:<br>(Attach the original Certificate of Eligibility) | Name of Production  | on (OMDC)                     | + 193                |
| Graduate Transitions Tax Credit (GTTC) (s.43.6<br>Applies to employment of eligible unemployed post second<br>commencing prior to July 6, 2004 and expenditures incurre<br>Eligible Credit From 6598 CT23 Schedule 115 (Attach Sci   | dary graduates, for employment [194]<br>ed prior to January 1, 2005.  | of Graduates From 6596        | + 195                |
| Ontario Book Publishing Tax Credit (OBPTC)<br>Applies to qualifying expenditures in respect of eligible lite<br>Eli, Credit From 6900 OBPTC Claim Form (Attach be  | rary works by eligible Canadian authors.  | Eligibility)                  | + 196                |
| Ontario Computer Animation and Special Effe<br>Applies to labour relating to computer animation and spec<br>Eligible Credit From 6700 of the Certificate of Eligibility is<br>(Attach the original Certificate of Eligibility)   | ial effects on an eligible production.  | ion (OMDC)                    | + 197                |
| Ontario Business-Research Institute Tax Cred<br>Applies to qualifying R&D expenditures under an eligible r<br>Eligible Credit From 7100 OBRITC Claim Form (Attach of   | research institute contract.<br>original Claim Form)  |                               | + 198 •              |
| Ontario Production Services Tax Credit (OPST<br>Applies to qualifying Ontario labour expenditures for eligib<br>Eligible Credit From 7300 of the Certificate of Eligibility is<br>(Attach the original Certificate of Eligibility)   | le productions where the OFTTC has not been cl  |                               | + 199                |
| Ontario Interactive Digital Media Tax Credit (CApplies to qualifying labour expenditures of eligible productEligible CreditFrom 7400 of the Certificate of Eligibility is(A:the original Certificate of Eligibility)   | cts for the taxation year.  | ion (OMDC)                    | + 200                |
| Ontario Sound Recording Tax Credit (OSRTC)<br>Applies to qualifying expenditures in respect of eligible Ca<br>Eligible Credit From 7600 OSRTC Claim Form (Attach b   | anadian sound recordings.   | Eligibility)                  | + 201                |
| Apprenticeship Training Tax Credit (ATTC) (s.<br>Applies to employment of eligible apprentices<br>Eligible Credit From 5898 CT23 Schedule 114 (Attach St   | 202   | b, of Apprentices From 5896   | + 203                |
| Other (specify)  |   |                               | + 203.1              |
| Total Specified Tax Credits 191 + 192 + 193  | + 195 + 196 + 197 + 198 + 199 + 200 +   | 201 + 203 + 203.1             | = [220]              |
| Specified Tax Credits Applied to reduce Income   | Tax   |                               | = 225                |
| Income Tax 190 – 225 OR Enter NIL if report<br>To determine if the Corporate Minimum Tax (CMT) is<br>on Page 8. If CMT is not applicable, transfer amount  | rting Non-Capital Loss (amount cannot be negativ<br>applicable to your Corporation, see Determination<br>in 230 to Income Tax in Summary section on | on of Applicability section f | = 230 <u>111,076</u> |

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

## **Corporate Minimum Tax (CMT)**

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DOLLARS ONLY

| Total Assets of the corporation  | 12 | 4 | ÷. | ÷. | ÷ | ÷ |   | 2 | ж 0  |   | ÷ |    | - |   |   | * |      | æ | + | -[2   | 240 |      |     | 2 | 23,8 | 850 | ,118 | • |      |     |          |          |
|----------------------------------|----|---|----|----|---|---|---|---|------|---|---|----|---|---|---|---|------|---|---|-------|-----|------|-----|---|------|-----|------|---|------|-----|----------|----------|
| Total Revenue of the corporation |    | 4 |    | 2  | - |   | - | - | s sa | - | ÷ | ų, | ÷ | - | - |   | e 1. | < |   | - 124 |     | a 19 | 2.5 |   | •    | •   |      | + | - [2 | 241 | <br>21,0 | 12,924 . |
|                                  |    |   |    |    |   |   |   |   |      |   |   |    |   |   |   |   |      |   |   |       |     |      |     |   |      |     |      |   |      |     |          |          |

The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

| If you are a member of an  | associated group (X) | 242 X (Y   | (es) |                   |       |              |       |              |
|--|----------------------|--|------|-------------------|-------|--------------|-------|--------------|
| Name of associated corporation<br>(if insufficient space, attach sch |                      | Ontario Corpo<br>Account No. (N<br>(if applicable) |      | Taxation Year End | Tot   | tal Assets   | Tot   | al Revenue   |
| E.L.K. SOLUTIONS INC.  |                      | 1800362  |      | 2005-12-31        | + 243 | 400,033 •    | + 244 | 291,070 •    |
|  |                      | -  |      |                   | + 245 | •            | + 246 | •            |
|  |                      |  |      |                   | + 247 |              | + 248 | •            |
| Aggregate Total Assets   | 240 + 243 + 245 +    | 247 , etc.   |      |                   | = 249 | 24,250,151 . | []    | 24 202 004   |
| Aggregate Total Revenue  | 241 + 244 + 246 +    | 248 , etc.   |      |                   |       |              | = 250 | 21,303,994 • |

#### **Determination of Applicability**

Applies if either Total Assets 249 exceeds \$5,000,000 or Total Revenue 250 exceeds \$10,000,000.

Short Taxation Years – Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

Associated Corporation – The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on efore the date of the claiming corporation's taxation year end.

If CMT is applicable to current taxation year, complete section Calculation: CMT below and Corporate Minimum Tax Schedule 101.

#### Calculation: CMT (Attach Schedule 101.)

| Gross CMT Payable CMT Base From Schedule 101 2136 1,302,376 Y From 30 100.0000 % X 4 % = 276 52,<br>If negative, enter zero Ontario Allocation   | ,095 🖕                            |
|--|-----------------------------------|
| Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule)  | ,076 •                            |
| Net CMT Payable (If negative, enter Nil on Page 17.)   | ,981 .                            |
| If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from Page 7 to Income Tax Summary, on Page 17.<br>If 280 is less than zero and you have a CMT credit carryover A & B below.<br>If 280 is greater than or equal to zero, transfer 230 to Page 17 and transfer 280 to Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers. |                                   |
| CMT Credit Carryover available From Schedule 101 From 2333   |                                   |
| A. Income Tax (before deduction of specified credits)<br>Gross CMT Payable + From 276 52,095 •<br>Subtract: Foreign Tax Credit for CMT purposes - From 277 •<br>If 276 - 277 is negative, enter NIL in 290 = 52,095 • 290 52,  | 2,076 •<br>2,095 •<br>3,981 •     |
| Subtract: CMT credit used to reduce income taxes   | .,076 •<br>•<br>,076 •<br>page 17 |
| If A & B apply, 310 cannot exceed the lesser of 230, 300 and your CMT credit carryover available 2333.   |                                   |

| Corporation's Legal Name   | Ontario Corporations T   | ax Account No. (MOF)   | Taxation Year End   | CT23 Page 9 of 20   |
|--|--|--|---|---|
| E.L.K. Energy Inc.   | 1800085  |  | 2005-12-31  | DOLLARS ONLY  |
| Capital Tax (Refer to Guide and Int.B. 3011R)  |  |  |   |   |
| If your corporation is a Financial Institution (s. 58(2)), comple<br>[430] on page 10 then proceed to page 13.<br>If your corporation is not a member of an associated group<br>and the Gross Revenue and Total Assets as calculated on<br>and [430] are both \$3,000,000 or less, your corporation is<br>Tax for the taxation year, except for a branch of a non-resid<br>A corporation that meets these criteria should disregard all<br>Tax items (including the calculation of Taxable Capital). End<br>on page 12 and complete the return from that point. All other<br>compute their Taxable Capital in order to determine their Ca<br>Members of a partnership (limited or general) or a joint venture<br>all financial statements of each partnership or joint venture of<br>a member. The Paid-up Capital of each corporate partner member. Members be included if the pa<br>a corporation. If Investment Allowance is claimed, Total Asset | and/or partnership<br>page 10 in 480<br>exempt from Capital<br>dent corporation.<br>other Capital<br>er NIL in 550<br>er corporations must<br>apital Tax payable.<br>ure, must attach<br>of which they are<br>just include its<br>rtnership were | and by deducting invest<br>corporation's balance s<br>(s.61(5)). Special rules<br>Any Assets and liabiliti<br>venture must be include<br>liabilities when calcular<br>Special rules and rates<br>s.69(3)).<br>Paid-up Capital of No<br>non-resident subject to<br>not carried on solely<br>Income in Canada divi | thents in the partnership<br>sheet, in addition to any o<br>apply to limited partners<br>es of a corporation that a<br>led along with the corpora-<br>ting its Taxable Paid-up Ca-<br>apply to Non-Resident co-<br>on-resident: Paid-up cap<br>tax by virtue of s.2(a) or<br>in Canada is deemed to | ther required adjustments<br>hips (Int.B. 3017R).<br>re being utilized in a joint<br>ation's other Assets and<br>Capital.<br>corporations (s.63, s.64 and<br>bital employed in Canada of a<br>(b), and whose <b>business is</b><br>be the <b>greater</b> of (1) taxable<br>tal assets in Canada minus |
| Paid-up Capital  |  |  |   |   |
| Paid-up capital stock (Int.B. 3012R and 3015R)   |  |  |   | - + 350 100 •   |
| Retained earnings (if deficit, deduct) (Int.B. 3012R)  |  |  |   | - ± 351 8,128,165 •   |
| Capital and other surpluses, excluding appraisal surplus (In   | t B 3012R) -   |  |   | - + 352 4,402,373 •   |
| Loans and advances (Attach schedule) (Int.B. 3013R)  |  |  |   | - + 353 6,307,425 •   |
| Be vans (Int.B. 3013R)   |  |  |   | - + <u>354</u>  |
| Balmers acceptances (Int.B. 3013R)   |  |  |   | - + <u>355</u>  |
| Bonds and debentures payable (Int.B. 3013R) -  |  |  |   | - + 356   |
| Mortgages payable (Int.B. 3013R)   |  |  |   | - + 357   |
| Lien notes payable (Int.B. 3013R)  |  |  |   | - + 358   |
| Deferred credits (including income tax reserves, and deferred  | ed revenue where it would  | d also   |   |   |
| be included in paid-up capital for the purposes of the large   | corporations tax) (Int.B. 3  | 013R)  |   | - + 359 <u>-1,128,000</u>   |
| Contingent, investment, inventory and similar reserves (Int.I  |  |  |   | - + 360 650,037 •   |
| Other reserves not allowed as deductions for income tax put  |  |  | * * * * * * * *   | - + 361   |
| Share of partnership(s) or joint venture(s) paid-up capital (A   | ttach schedule(s)) (Int.B  | . 3017R)   |   | - + 362   |
| Subtotal   |  |  |   | - = <u>370</u> <u>18,360,100</u>  |
| Subtract: Amounts deducted for income tax purposes i (Retain calculations. Do not submit.) (Int.B. 3   |  | ked<br>  |   | 371762,196 •  |
| Deductible R & D expenditures and ONTTI c<br>if not already deducted for book purposes (In   |  | tax  |   | 372   |
| Total Paid-up Capital  |  |  |   | - = 380 17,597,904 •  |
| Su st: Deferred mining exploration and development   | expenses (s.62(1)(d)) (l   | nt.B. 3015R)   |   | [381]   |
| Electrical Generating Corporations Only<br>to the extent that they have been deducted by<br>for the current or any prior taxation year, that<br><i>Corporations Tax Act</i> , and the assets are use<br>energy source and are qualifying property as<br>Net Paid-up Capital  | <ul> <li>All amounts with respe-<br/>the corporation in comp<br/>are deductible by the cor<br/>ed both in generating ele<br/>prescribed by regulation</li> </ul>   | ct to electrical generating<br>uting its income for incor<br>poration under clause 11  | ne tax purposes<br>(10)(a) of the   | <u>382</u><br>- = <u>390</u> 17,597,904 •   |

#### Eligible Investment (Refer to Guide and Int.B. 3015R)

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

| Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998) |    |              |            |   |   |       |     |    |    |    |     | 402 |       |
|---|----|--------------|------------|---|---|-------|-----|----|----|----|-----|-----|-------|
| Mortgages due from other corporations   |    |              | ۰          | • |   | 7     | •   |    |    | •  |     | 403 | •     |
| Shares in other corporations (certain restrictions apply) (Refer to Guide)  |    |              |            | • |   |       | 20  |    |    | Ξ. |     | 404 | 100 • |
| Loans and advances to unrelated corporations  | -  |              |            |   | • | - (9) | 260 |    | ÷  | 5  |     | 405 | •     |
| Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)   |    |              | 190 - E    |   |   | - 90  |     |    |    |    | . + | 406 | •     |
| Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)  | •  | 3 <b>1</b> 1 | ( <b>.</b> |   | • | - 90  |     | 20 | e. | 8  | - + | 407 | •     |
| Total Eligible Investments  | 35 |              |            |   |   |       | •   | ۰. | •  | ž. | 8 = | 410 | 100 . |

| continued on Page 10 | continu | ied o | n Pac | ie 10 | ) |
|----------------------|---------|-------|-------|-------|---|
|----------------------|---------|-------|-------|-------|---|

#### Capital Tax continued from Page 9

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| Total Assets (Int.B. 3015R)  | DOLLARS ONLY |
|--|--------------|
|  | 23,850,118 • |
| Total Assets per balance sneet   |              |
| Mongages or other habilities deducted from assets  |              |
| Share of partnership(s)/joint ventore(s) total assets (Attach schedule)  | •            |
| Subtract: Investment in partnership(s)/joint venture(s)  | •            |
| Total Assets as adjusted =   | 23,850,118 . |
| Amounts in 360 and 361 (if deducted from assets) + 440   |              |
| Subtract: Amounts in 371, 372 and 381 441  | 762,196 •    |
| Subtract: Appraisal surplus if booked  |              |
| + 40   |              |
| Add of Subtract. Other aujustments (specify on an attached schedule)   |              |
| Total Assets   |              |
| Investment Allowance (410 ÷ 450) × 390 Not to exceed 410 = 460   | 76 .         |
|  |              |
| Taxable Capital         390         460         470  |              |
| Gross Bevenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480  | 21,012,924 . |
| Gross Revenue (as adjusted to include the share of any participant to hard(a) and a share of any participant to hard (a) and a share of any participant to hard (a) and (b) an |              |
| Total Assets (as adjusted)   | 23,850,118 • |
|  |              |

# Calculation of Capital Tax for all Corporations except Financial Institutions

**Note:** This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002. Financial Institutions use calculations on page 13.



If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

- **OR** If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

#### SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

#### SECTION B

| $5,000,000 \times 35 + 73 365 = + 500 - 0 = 0$ $7,500,000 \times 35 + 73 365 = + 501 - 7,500,000 - 0 = 0 = 0$ $7,500,000 \times 365 + 73 365 = + 502 - 0 = 0 = 0 = 0$ $Taxable Capital Deduction (TCD) = 500 + 501 + 502 = 503 - 7,500,000 = 0 = 0 = 0$ $SECTION C$ This section applies if the corporation is not a member of an associated group and/or partnership. $C1. \text{ if } 430 \text{ and } 480 \text{ on page 10 are both $3,000,000 or less, enter NIL in } 550 \text{ on page 12 and complete the return from that point.}$ $C2. \text{ if } Taxable Capital in 470 \text{ is equal to or less than the TCD in } 503, emplete the following calculation and transfer the amount from } 523 \text{ to } 543 \text{ on page 12, and } 500 \text{ complete the return from that point.}$ $From 470 - 0 = 0$ $Days in texation year$ | Calculation of Taxable Capital Deduction (TCD)                                       | Number of Days in Taxation Year<br>Days before Jan. 1, 2005 Total Days   |
|--|--|--|
| $7,500,000 \times 36 365 \div 73 365 = +501 7,500,000 \bullet$ $37 \div 73 365 = +502 \bullet$ $Taxable Capital Deduction (TCD) 500 + 501 + 502 = 503 7,500,000 \bullet$ SECTION C This section applies if the corporation is not a member of an associated group and/or partnership. C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point. C2. If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point. C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point. $From \frac{470}{470} \bullet$  | 5,000,000  |  |
| 10,000,000 × 37 ÷ 73 365 = + 502       •         Taxable Capital Deduction (TCD) 500 + 501 + 502 = 503 7,500,000 •         SECTION C         This section applies if the corporation is not a member of an associated group and/or partnership.         C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.         C2. If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.         C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.         + From 470  | 7,500,000  | x 36 365 $\div$ 73 365 = + 501 7,500,000 •   |
| SECTION C         This section applies if the corporation is not a member of an associated group and/or partnership.         C1.       If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.         C2.       If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.         C3.       If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.         +       From 470   | 10,000,000   |  |
| <ul> <li>This section applies if the corporation is not a member of an associated group and/or partnership.</li> <li>C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.</li> <li>C2. If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.</li> <li>C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.</li> <li>C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.</li> </ul>                              | Taxable Capital Dedu   | ction (TCD) $500 + 501 + 502 = 503 - 7,500,000$  |
| <ul> <li>C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.</li> <li>C2. If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.</li> <li>C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.</li> <li>+ From 470</li> </ul>   | SECTION C  |  |
| <ul> <li>C2. If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.</li> <li>C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.</li> <li>+ From 470</li> </ul>   | This section applies if the corporation is <b>not</b> a member of an associated grou | up and/or partnership.   |
| C3. If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.  + From 470  | C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter N                  | IL in 550 on page 12 and complete the return from that point.  |
| and complete the return from that point.<br>+ From 470   | C2. If Taxable Capital in 470 is equal to or less than the TCD in 5                  | 03, enter NIL in 550 on page 12 and complete the return from that point.   |
| Description of the second s  | and complete the return from that point.   | ne following calculation and transfer the amount from 523 to 543 on page 12,   |
| =       471       •       x       From 30       100.0000 % x       0.3 % x       555       365       = + 523         Ontario Allocation       365       (366 if leap year)       Transfer to 543 on page 12 a  | - From 503   | x         0.3 %         x         555         365          = +         523         •           n         365         (366 if leap year)         Transfer to         543         on page 12 and |

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End | CT23 Page 11 of 20 |
|--------------------------|--|-------------------|--------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        | DOLLARS ONLY       |

# Capital Tax Calculation continued from Page 10

SECTION D

| is section applies ONLY to a corp<br>d/or partnership. You must check<br>Section F.  | poration that is a member of an associated<br>either 509 or 524 and complete this s   | group (excluding Financial Institu<br>section before you can calculate y  | tions and corporations e<br>our Capital Tax Calculati  | xempt from Capital<br>ion under either Se | Tax)<br>ction E                 |  |  |  |  |
|--|---|---|--|---|---------------------------------|--|--|--|--|
| 1. 509 (X if applicable)   | All corporations that you are associated  | d with do <b>not</b> have a permanent e   | stablishment in Canada.  |   |                                 |  |  |  |  |
|  | If Taxable Capital 470 on page 10 is equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.   |   |  |   |                                 |  |  |  |  |
|  | If Taxable Capital 470 on page 10 e<br>542 in Section E, and complete Secti   | exceeds the TCD 503 on page<br>ion E and the return from that poir  | 10, proc <del>ee</del> d to <b>Section B</b><br>ht.  | E, enter the TCD ar                       | mount in                        |  |  |  |  |
| 2. X 524 (X if applicable)   | One or more of the corporations that yo   | ou are associated with maintains  | a permanent establishm   | ent in Canada.                            |                                 |  |  |  |  |
|  | You and your associated group may co<br>Calculation below. Or, the associated g<br>of the Corporations Tax Act, whereby f<br>associated group. Once a ss.69(2.1) e<br>required to file in accordance with the e<br>referred to as <b>Net Deduction</b> ) of the c<br>corporation in the group on the basis of<br>multiplied by its Ontario allocation is to | proup may file an election under<br>total assets are used to allocate the<br>lection is filed, all members of the<br>election and allocate a portion (pol<br>apital tax effect relating to the TCI<br>f the ratio that each corporation's | subsection 69(2.1)<br>e TCD among the<br>group will then be<br>tion is henceforth<br>D to each |   |                                 |  |  |  |  |
|  | The total asset amounts and Ontario al<br>must be taken from each corporation's<br>in the immediately preceding calendar  | financial information from its last   | or this calculation taxation year ending   |   |                                 |  |  |  |  |
|  | In addition, although each corporation i<br>amount as apportioned by the total ass<br>reallocate the group's total Net Deducti<br>group wishes, as long as the total of th<br>total Net Deduction amount originally c   | et formula, the group may, at the<br>ion among the group on what ever<br>e reallocated amounts does not e   | group's option,<br>· basis the corporate<br>xceed the group's                                  |   |                                 |  |  |  |  |
| Determine aggregate taxable<br>corporations exempt from c<br>Names of associated corporations<br>Institutions and corporations exem<br>having a permanent establishmer<br>(if insufficient space, attach sched | npt from Capital Tax)<br>t in Canada  | ding financial institutions and<br>permanent establishment in C<br>Ontario Corporations Tax<br>Account No. (MOF)<br>(if applicable)   | <b>anada</b><br>Taxation Year End  | Taxab                                     | le Capital                      |  |  |  |  |
| E.L.K. SOLUTIONS INC.  |   | 1800362   | 2005-12-31   | + 531                                     | 134,001                         |  |  |  |  |
|  |   |   |  | + 532                                     |                                 |  |  |  |  |
| Aggregate Taxable Capital  | 470 + 531 + 532 + 533 , etc.  |   |  | = 540                                     | 17,731,829                      |  |  |  |  |
|  | If 540 above is equal to or less<br>year, is NIL.<br>Enter NIL in 523 in section E o<br>If 540 above is greater than the<br>the TCD below in order to calcul  | n page 12, as applicable.<br>TCD 503 on page 10, the  | corporation must cor   | npute its share                           | of                              |  |  |  |  |
| Fron   | n 470 17,597,828 • ÷ From 540   | 17,731,829 • X From 5   |  | · · · · · · · · · · · · · · · · · · ·     | 7,443,322<br>action E on page 1 |  |  |  |  |
| Ss.69(2.1) Election Filed  |   |   |  |   |                                 |  |  |  |  |
| 591 (X if applicable)  | Election filed. Attach a copy of Schedul<br>Proceed to Section F on page 12.  | e 591 with this CT23 Return.  |  |   |                                 |  |  |  |  |
| ontinued on Page 12  |   |   |  |   |                                 |  |  |  |  |

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DOLLARS ONLY

# Capital Tax Calculation continued from Page 11

| SECTION E  |
|--|
| This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate<br>Taxable Capital 540 on page 11 exceeds the TCD 503 on page 10.  |
| Complete the following calculation and transfer the amount from 523 to 543, and complete the return from that point.   |
| + From $470$ $17,597,828 \bullet$ Total Capital Tax for<br>the taxation year- $542$ $7,443,322 \bullet$ Days in taxation year== $471$ $10,154,506 \bullet$ ×From $30$ $100.0000$ % × $0.3$ % × $555$ $365$ ==+ $523$ $30,464$ Ontario Allocation* $365$ (366 if leap year)Transfer to $543$ and completethe return from that put |
| SECTION F  |
| This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election  |
| + From 470 X From 30 100.0000 % X 0.3 % = + 561<br>Ontario Allocation  |
| Capital tax deduction from 995 relating to your corporation's Capital Tax deduction, on Schedule 591     From 995     From 995     S62     S62   |
| Capital Tax 562 562 563  |
| * If floating taxation year, refer to Guide.   |
|  |
| Capital Tax before application of specified credits 30,46  |
| Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)   |
| Capital Tax 543 - 546 (amount cannot be negative) = 550 30,46<br>Transfer to pag   |
|  |

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End                         | CT23 Page 13 of 20                  |
|--|--|---|-------------------------------------|
| E.L.K. Energy Inc.   | 1800085  | 2005-12-31                                | DOLLARS ONLY                        |
| Capital Tax continued from Page 12   |  |   |                                     |
| Calculation of Capital Tax for Financia  | al Institutions  |   |                                     |
|  |  |   |                                     |
| 1.1 Credit Unions only<br>For taxation years commencing after May 4, 1999 er   | nter NIL in 550 on page 12, and complete the return  | from that point.                          |                                     |
| 1.2 Other than Credit Unions   |  |   |                                     |
| (Retain details of calculations for amounts in boxes   | 565 and 570. Do not submit with this tax return.)  |   |                                     |
| 565       x       0.6 %       x         Lesser of adjusted       Taxable Paid Up Capital       x       x       x         and Basic Capital Amount       x <td>Days in taxatlon year<br/>X From 30 100.0000 % x 555 365 ÷ *<br/>Ontario Allocation</td> <td>365 (366 if leap year) =</td> <td>+ 569e</td> | Days in taxatlon year<br>X From 30 100.0000 % x 555 365 ÷ *<br>Ontario Allocation  | 365 (366 if leap year) =                  | + 569e                              |
| 570  | Days in taxation year<br>X From 30 100.0000 % x 555 365 ÷ *<br>ate Ontario Allocation  | 365 (366 if leap year) =                  | + 574]                              |
| Capital Tax for Financial Institutions – oth<br>* If floating taxation year, refer to Guide.   | her than Credit Unions (before Section 2)  | 569 + 574                                 | = 575                               |
| 2. Small Business Investment Tax Cre<br>(Retain details of eligible investment calculation and,<br>the credit issued in accordance with the Community  | e <b>dit</b><br>if claiming an investment in CSBIF, retain the original l<br>Small Business Investment Fund Act. Do not submit w | etter approving<br>vith this tax return.) |                                     |
| Allowable Credit for Eligible Investments -  | ment in Community Small Business Investment Fund (   |   | - 585                               |
| Capital Tax - Financial Institutions   | - 585  |   | = 586<br>Transfer to 543 on page 12 |
| Pi _inium Tax (s.74.2 & 74.3) (Refer to  | o Guide)   |   |                                     |
| (1) Uninsured Benefits Arrangements -<br><i>Applies</i> to Ontario-related uninsured benefits a  | arrangements.  | <u> </u>                                  | = 588                               |
| (2) Unlicensed Insurance (enter premium tax payal<br>(1) above, add both taxes together and enter tot  |  | tions. If subject to tax under            |                                     |
|  | is placing insurance for persons resident or property sit  | uated in Ontario with                     |                                     |
| Deduct: Specified Tax Credits applied to reduce pre  | mium tax <i>(Refer to Guide)</i>   |   | - 589                               |
| Premium Tax 588 - 589  |  | * * * * * * * *                           | = 590<br>Transfer to page 17        |

DOLLARS ONLY

# Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

|  |                     | Transfer to page 15 |
|--|---------------------|---------------------|
| Add:   | + 601 560,655 •     |                     |
| Federal capital cost allowance   | + 602 45,336        |                     |
| Federal cumulative eligible capital deduction  | + 603 16,851 •      |                     |
| Ontario taxable capital gain   | + 604 653,229 •     |                     |
| Federal non-allowable reserves. Balance beginning of year  | 1 005               |                     |
| Federal allowable reserves. Balance end of year  | + 606 650,037       |                     |
| Ontario non-allowable reserves. Balance end of year  | + 607               |                     |
| Ontario allowable reserves. Balance beginning of year  | + 608               |                     |
| Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)  | + [609]             |                     |
| Federal resource allowance ( <i>Refer to Guide</i> )   | + 610               |                     |
|  | + 611               |                     |
| Federal foreign exploration and development expenses   | + 617               |                     |
| Management fees, rents, royalties and similar payments to non-arms' length non-residents         |                     |                     |
| Number of Days in Taxation Year  |                     |                     |
| Days after<br>Dec. 31, 2002 and  |                     |                     |
| before Jan. 1, 2004 Total Days   |                     |                     |
| 612 <u>• x 5 / 12.5 x 33</u> <u>÷ 73 365</u> =+ 633 <u>•</u>                                     |                     |                     |
| Days after<br>Dec. 31, 2003 Total Days   |                     |                     |
|  |                     |                     |
| 612x 5 / 14 x 34 365 ÷ 73 365 =+ 634   |                     |                     |
|  | + 613               |                     |
| Total add-back amount for Management fees, etc. 633 + 634 =                                      |                     |                     |
| Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661             | + 615               |                     |
| excluding any negative amount in 473 from Ont. CT23 Schedule 161                                 | + 615               |                     |
| Add any negative amount in 473 from Ont. CT23 Schedule 161                                       | + 616               |                     |
| Federal allowable business investment loss   | + 620               |                     |
| Total of other items not allowed by Ontario but allowed federally (Attach schedule)              | + 614               |                     |
|  | = 1,926,108 • 640   | 1,926,108 •         |
| Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614                                |                     | Transfer to page 15 |
|  |                     |                     |
| Deduct:  | FED FEE             |                     |
| Ontario capital cost allowance (excludes amounts deducted under 675)                             | + 650 560,655 •     |                     |
| Ontario cumulative eligible capital deduction  | + 651 45,336 •      |                     |
| Federal taxable capital gain   | + 652 16,851 •      |                     |
| Ontario non-allowable reserves. Balance beginning of year  | + 653 653,229 •     |                     |
| Ontario allowable reserves. Balance end of year  | + 654               |                     |
| Federal non-allowable reserves. Balance end of year  | + 655 650,037 •     |                     |
| Federal allowable reserves. Balance beginning of year  | + 656               |                     |
| Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)  | + 657               |                     |
| Ontario depletion allowance  | + 658               |                     |
| Ontario resource allowance (Refer to Guide)  | + 659               |                     |
| Ontario current cost adjustment (Attach schedule)  | + 661               |                     |
| CCA on assets used to generate electricity from natural gas, alternative or renewable resources. | + 675               |                     |
| Subtotal of deductions for this page 650 to 659 + 661 + 675                                      | 681 1,926,108 .     |                     |
| Captoral of academonia for this bags [ [ [ ] [ [ [ [ [ [ [ [ [ [ [ [ [ [ [                       | Transfer to page 15 |                     |
|  |                     |                     |
|  |                     |                     |

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End                                   | CT23 Page 15 of 20                    |
|---|---|---|---------------------------------------|
| E.L.K. Energy Inc.  | 1800085   | 2005-12-31  | DOLLARS ONLY                          |
|   | ederal income tax purposes with net income  | e (loss)  |                                       |
| for Ontario purposes if amounts continued from Page 14  | differ  |   |                                       |
| Net Income (loss) for federal income tax purpo  | oses, per federal Schedule 1  | $\mathbf{x} = \mathbf{x} + \mathbf{x} + \mathbf{z}$ | From ± 600 795,505 •                  |
| Total of Additions on page 14 -   |   |   | From = 640 1,926,108 •                |
| Sub Total of deductions on page 14  | From  | = 681 1,92  | 6,108 •                               |
| Deduct:   |   |   |                                       |
| Ontario New Technology Tax Incentive (<br>(Applies only to those corporations whose (   | ONTTI) Gross-up<br>Ontario allocation is less than 100% in the current taxation yea | r.)   |                                       |
| Capital Cost Allowance (Ontario) (CCA) on intellectual property deducted in the current   | prescribed qualifying   |   |                                       |
| ONTTI Gross-up deduction calculation:<br>Gross-up of CCA  |   |   |                                       |
| From X  | 100 - From 662  | = 663   | •                                     |
| From 30   | 100.0000<br>Ontario Allocation  |   |                                       |
| Workplace Child Care Tax Incentive (WC  |   |   |                                       |
| (Applies to eligible expenditures incurred p  |   | = 666   |                                       |
| Qualifying expenditures:  | • × 30 % × 100<br>From 30 100.0000<br>Ontario allocation                            | - [000]   | •                                     |
| Workplace Accessibility Tax Incentive (   |   |   |                                       |
| (Applies to eligible expenditures incurred p  | rior to January 1, 2005.)   |   |                                       |
| 667   | • × 100 % × 100   | = 668   |                                       |
| Qualifying expenditures:  | From 30 100.0000 Ontario allocation   |   |                                       |
| Number of Employees accommodated  | 669   |   |                                       |
| Ontario School Bus Safety Tax Incentive<br>( <i>Applies</i> to the eligible acquisition of school<br>after May 4, 1999 and before January 1, 20 | buses purchased   |   |                                       |
| 670   | • X 30 % X 100  | = 671   |                                       |
| Qualifying expenditures:  | From 30 100.0000<br>Ontario allocation  |   |                                       |
| ational Technology Tax Incentive (<br>(Applies to eligible expenditures incurred p  | ETTI)<br>rior to January 1, 2005.)  |   |                                       |
| 672   | • × 15 % × 100  | = 673   |                                       |
| Qualifying expenditures:  | From 30 100.0000<br>Ontario allocation  | - C   |                                       |
| Ontario allowable business investment   | loss  | + 678   | •                                     |
| Ontario Scientific Research Expenses c  | laimed in year in 477 from Ont. CT23 Schedule 161                                   | + 679   | 14 5 <b>.</b>                         |
| Amount added to income federally for a federal form T661, line 454 or 455 (if file  | n amount that was negative on<br>d after June 30, 2003)                             | + 677   | •                                     |
| Total of other deductions allowed by Or   | ntario (Attach schedule)  | + 664   | •                                     |
| Total of Deductions 681 + 663 + 66  | 6 + 668 + 671 + 673 + 678 + 679 + 677 + 664   | = 1,92  | 26,108 • 680 1,926,108 •              |
| Net income (loss) for Ontario Pu  | rposes 600 + 640 - 680  |   | = 690 795,505 •<br>Transfer to page 4 |

#### CT23 Page 16 of 20

#### **Continuity of Losses Carried Forward**

DOLLARS ONLY

|           |   | Non-Capital Losses<br>(1) | Total Capital Farm Loss<br>Losses |                    | Restricted Farm<br>Losses | Listed Personal<br>Property Losses | Limited Partnership<br>Losses (6) |
|-----------|---|---------------------------|-----------------------------------|--------------------|---------------------------|------------------------------------|-----------------------------------|
| Balance a | t Beginning of Year                               | 700 (2)                   | 710 (2)                           | 720 (2)            | 730                       | 740                                | 750                               |
| Add:      | Current year's losses (7)                         | 701                       | 711                               | 721                | 731                       | 741                                | 751                               |
|           | Losses from predecessor<br>corporations (3)       | 702                       | 712                               | 722                | 732                       |                                    | 752                               |
| Subtotal  |   | 703                       | 713                               | 723                | 733                       | 743                                | 753                               |
| Subtract: | Utilized during the year to reduce taxable income | 704 (2)                   | 715 (2) (4)                       | 724 (2)            | 734 (2) (4)               | 744 (4)                            | (4)                               |
|           | Expired during the year                           | 705                       |                                   | 725                | 735                       | 745                                |                                   |
|           | Carried back to prior<br>years to reduce          | 706 (2) to Page 17        | 716 (2) to Page 17                | 726 (2) to Page 17 | 736 (2) to Page 17        | 746                                |                                   |
| Subtotal  | taxable income (5)                                | 707                       | 717                               | 727                | 737                       | 747                                | 757                               |
| Balance a | t End of Year                                     | 709 (8)                   | 719                               | 729                | 739                       | 749                                | 759                               |

#### Analysis of Balance at End of Year by Year of Origin

|       | Year of Origin<br>(oldest year first)<br>year month day | Non-Capital Losses | Non-Capital Losses<br>of Predecessor<br>Corporations | Total Capital Losses<br>from Listed Personal<br>Property only | Farm Losses | Restricted Farm<br>Losses |  |  |
|-------|---|--------------------|--|---|-------------|---------------------------|--|--|
| 800   | 9th preceding taxation year 1997-09-30                  | 817 (9)            | 860 (9)  |   | 850         | 870                       |  |  |
| 801   | 8th preceding taxation year 1998-09-30                  | 818 (9)            | 861 (9)  |   | 851         | 871                       |  |  |
| 802   | 7th preceding taxation year 1999-09-30                  | 819 (9)            | 862 (9)  |   | 852         | 872                       |  |  |
| 803   | 6th preceding taxation year<br>2000-09-30               | 820                | 830  | 840   | 853         | 873                       |  |  |
| 804   | 5th preceding taxation year<br>2001-09-30               | 821                | 831  | 841   |             | 874                       |  |  |
| 805   | 4th preceding taxation year 2001-12-31                  | 822                | 832  | 842   | 855         | 875                       |  |  |
| 8     | 3rd preceding taxation year 2002-12-31                  | 823                | 833  | 843   | 856         | 876                       |  |  |
| 807   | 2nd preceding taxation year<br>2003-12-31               | 824                | 834  | 844   | 857         | 877                       |  |  |
| 808   | 1st preceding taxation year<br>2004-12-31               | 825                | 835  | 845   | 858         | 878                       |  |  |
| 809   | Current taxation year<br>2005-12-31                     | 826                | 836  | 846   | 859         | 879                       |  |  |
| Total | 1   | 829                | 839  | 849   | 869         | 889                       |  |  |

#### Notes:

- Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.

- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End | CT23 Page 17 of 20 |
|--------------------------|--|-------------------|--------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        | DOLLARS ONLY       |
|                          |  |                   |                    |

#### Request for Loss Carry-Back (s.80(16))

**Applies** to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Ministry of Finance.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  - 1) the first day of the taxation year after the loss year,
  - the day on which the corporation's return for the loss year is delivered to the Minister, or
  - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

| Application of Losses   |  | Non-Capital<br>Losses | Total Capital<br>Losses | Farm Losses | Restricted Farm<br>Losses |
|---|--|-----------------------|-------------------------|-------------|---------------------------|
| Total amount of loss  |  | 910                   | 920                     | 930         | 940                       |
| Deduct: Loss to be carried back to preceding taxation<br>and applied to reduce taxable income | years                                  |                       |                         |             |                           |
| Predecessor Ontario Corporation's<br>Tax Account No. (MOF)<br>901                             | Taxation Year Ending<br>year month day | 911                   | 921                     | 931         | 941                       |
| i) preceding 902  | 2002-12-31                             | 912                   | 922                     | 932         | 942                       |
| ii) 2 <sup>nd</sup> preceding   | 2003-12-31                             | 913                   | 923                     | 933         | 943                       |
| iii) 1 <sup>er</sup> preceding  | 2004-12-31                             | From 706              | From 716                | From 726    | From 736                  |
| Total loss to be carried back   |  |                       |                         |             | /                         |
| Balance of loss available for carry-forward   | d                                      | 919                   | 929                     | 939         | 949                       |

# Summary

| Quinnin              | July                        |                 |               |               |             |              |            |            |     |           |              |                          |  |
|----------------------|-----------------------------|-----------------|---------------|---------------|-------------|--------------|------------|------------|-----|-----------|--------------|--------------------------|--|
| Income Ta            | ax -                        |                 | -             | Ξ             | ÷           | ŝ            | +          | Fro        | m   | 23        | 0 or         | 320                      | 111,076 •  |
| Corporate            | Minim                       | um T            | ax            |               | đ           |              | -          | Ð          |     | +         | From         | 280                      | •  |
| Capital Ta           | x ·                         |                 | -             | -             | -           | -            | -          | -          |     | +         | From         | 550                      | 30,464 •   |
| Premium <sup>-</sup> | Гах                         | -               | -             | -             | -           | -            | 8          | 3          |     | +         | From         | 590                      | •  |
| To+-I Ta             | x Pay                       | able            | Э             |               | -           | -            |            |            |     |           | =            | 950                      | 141,540 •  |
| Subuact:             | Paym                        | ents            |               | -             | -           | -            | -          | -          | -   | -         |              | 960                      | 654,244 •  |
|                      | Capit                       | al Ga           | ins           | Re            | fund        | d (s         | .48        | )          |     |           | -            | 965                      | •  |
|                      | Quali <sup>.</sup><br>Trust | fying<br>Tax    | Env<br>Cre    | viro<br>dit   | nme<br>(Re  | enta<br>fer  | al<br>to ( | Guid       | de) |           | -            | 985                      | •  |
|                      | Speci<br>( <i>Refe</i>      |                 |               |               | edit        | s _          | -          | -          | -   | 2         |              | 955                      |  |
|                      | Other,                      | spec            | cify          | _             |             |              |            |            |     |           | -            |                          |  |
| Balance              |                             |                 | -             | -             | -           | -            | -          | -          | -   | -         | =            | 970                      | -512,704 •   |
| lf paymer            | nt due                      |                 | -             | -             |             | -            |            | E          | En  | clo       | sed *        | 990                      |  |
| lf overpa            | yment                       | : Ref           | unc           | <b>1</b> (F   | Refei       | r to         | Gui        | de)        |     | -         | =            | 975                      | 512,704 •  |
|                      |                             |                 |               |               | У           | ear          | mo         | nth        | da  | y         |              | í                        |  |
|                      | Ар                          | ply t           | • [           |               |             | h.           |            | 10.7       |     |           |              | 980                      | (includes credit interest)   |
| order in<br>your Or  | n Cana<br>ntario C          | dian f<br>Corpo | funo<br>prati | ds,  <br>on's | pay<br>s Ta | able<br>ax A | e to       | the<br>oun | t N | ini<br>o, | ster<br>(MOI | <b>of Fin</b><br>F) on t | ution) or a money<br>ance and print<br>he back of<br>ent methods.) |

### Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

| Name (please print)    |      |
|------------------------|------|
| SANDRA SLATER          |      |
| Title                  |      |
| DIRECTOR OF FINANCE    |      |
| Full Residence Address |      |
|                        |      |
|                        |      |
|                        |      |
| Signature              | Date |
|                        |      |

**Note:** Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.

#### Corporate Minimum Tax (CMT) CT23 Schedule 101

| Corporation's Legal Name  | Ontario Corporations Tax Acc | ount No. (MOF)    | Taxation Year End                               |
|---|------------------------------|-------------------|---|
| E.L.K. Energy Inc.  | 1800085                      |                   | 2005-12-31                                      |
| Part 1: Calculation of CMT Base   |                              |                   |   |
| Banks - Net income/loss as per report accepted by Superintendent of Financ  | ial Institutions (SFI)       |                   |   |
| under the Bank Act (Canada), adjusted so consolidation/equity methods are r   | not used.                    |                   |   |
| Life insurance corporations – Net income/loss before Special Additional Ta  |                              |                   | 0 1,141,786 .                                   |
|   | 9 m m m m m m m m            | ± 210             | U 1,141,700 •                                   |
| Subtract (to the extent reflected in net income/loss):<br>Provision for recovery of income taxes / benefit of current income taxes            | + 2101                       |                   |   |
| Provision for recovery of income taxes / benefit of current income taxes<br>Provision for deferred income taxes (credits) / benefit of future |                              | •                 |   |
| income taxes  | + 2102 138,0                 | . 000             |   |
| Equity income from corporations   | + 2103                       | •                 |   |
| Share of partnership(s)/joint venture(s) income   | + 2104                       | •                 |   |
| Dividends received/receivable deductible under fed.s.112  | + 2105 1,2                   | 10.               |   |
| Dividends received/receivable deductible under fed.s.113  |                              |                   |   |
| Dividends received/receivable deductible under fed.s.83(2)  |                              |                   |   |
|   | + 2108                       | •                 |   |
| Federal Part VI.1 tax paid on   |                              |                   |   |
| dividends declared and paid,<br>under fed.s.191.1(1)  | + 2109                       |                   |   |
| Subtotal  |                              | 10 - 211          | 0 139,410 .                                     |
| Ar 'o extent reflected in net income/loss):   |                              |                   |   |
|   | + 2111 300,0                 | 000               |   |
| Provision for deferred income taxes (debits) / cost of future   |                              |                   |   |
| income taxes  | + 2112                       |                   |   |
|   | + 2113                       | •                 |   |
| Share of partnership(s)/joint venture(s) losses   | + 2114                       |                   |   |
| Dividends that have been deducted to arrive at net income per Financial   | 0115                         |                   |   |
| Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))   | + 2115                       | 000 + 211         | 6 300,000 .                                     |
| Subtotal  | - 500,0                      |                   | 0   |
| Add/Subtract:<br>Amounts relating to s.57.9 election/regulations for disposals etc. of proper   | ty for current/prior years   |                   |   |
|   | - 2118                       |                   |   |
|   | - 2120                       | •                 |   |
|   | - 2122                       |                   |   |
| ** Amounts relating to amalgamations  |                              |                   |   |
| (fed s 87) as prescribed in regulations   |                              |                   |   |
|   | - 2124                       |                   |   |
| * Amounts relating to wind-ups (fed.s.88)   |                              |                   |   |
| as prescribed in regulations for current/<br>prior years  | - 2126                       |                   |   |
| ** Amounts relating to s.57.10 election/  |                              |                   |   |
| regulations for replacement re fed.s13(4),<br>14(6) and 44 for current/prior years + 2127   | - 2128                       |                   |   |
| 14(6) and 44 for current/prior years + 2127   | 2120                         | •                 |   |
| ITA to the extent not otherwise deducted in   |                              |                   |   |
| determining CMT adjusted net income   | - 2150                       |                   |   |
| Subtotal (Additions) =  |                              | + 212             |   |
| Subtotal (Subtractions)   | =                            | ► - 213           |   |
| ** Other adjustments  |                              | ± 213             |   |
| Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131  |                              | = 213             |   |
| ** Share of partnership(s)/joint venture(s) adjusted net income/loss  |                              | <u>+</u> 213      |   |
| Adjusted net income (loss) (if loss, transfer to 2202 in Part 2: Continuity of CMT L  | osses Carried Forward.)      | = 213             | 1,302,376                                       |
| Deduct: * CMT losses: pre-1994 Loss + Fr  |                              | •                 |   |
| * CMT losses: other eligible losses   | 2211                         |                   |   |
| =   |                              | . ► - 213         |   |
| * CMT losses applied cannot exceed adjusted net income or increase a loss   |                              |                   |   |
| ** Retain calculations. Do not submit with this schedule.   |                              | - [047            | 1 202 276                                       |
| CMT Base  |                              | = 213             | 36 1,302,376 •<br>the CT23 or Page 6 of the CT8 |
|   | ransier to CMT.              | uase on raye o or | and when our age o or me or o                   |

Page 1 of 3

#### Corporate Minimum Tax (CMT) CT23 Schedule 101

| 6123 3               |   |   |                                   |
|----------------------|---|---|-----------------------------------|
| Corporatio           | on's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End                 |
| E.L.K. I             | Energy Inc.   | 1800085   | 2005-12-31                        |
|                      | Continuity of CMT Losses Carried Forward  |   |                                   |
| Balance              |   | + 220'  |                                   |
| Add:                 | Current year's losses<br>Losses from predecessor corporations on<br>amalgamation NOTE (3)<br>Losses from predecessor corporations on wind-up NOTE (3)   | + 2203<br>+ 2204  |                                   |
|                      | Amalgamation (X) 2205 Yes Wind-up (X) 2206  |   | -                                 |
|                      | ents (attach schedule)  | ± 2200  | 3                                 |
|                      | ses available 2201 + 2207 ± 2208  | = 2209  | 9                                 |
| Subtract<br>Subtotal | <ul> <li>Pre-1994 loss utilized during the year to reduce adjusted<br/>net income</li> <li>Other eligible losses utilized during the year to reduce<br/>adjusted net income NOTE (4)</li> <li>Losses expired during the year</li> </ul> | + 2211<br>+ 2212<br>= ► - 2213  |                                   |
| Balance              | s at End of Year NOTE (5) 2209 - 2213   | = 2214  | 4                                 |
| Nc .:                |   |   |                                   |
| balan                | ce at beginning of the year. Attach schedule showing<br>outation of pre-1994 CMT loss.  | Include and indicate whether CMT losses ar<br>amalgamation to which fed.s.87 applies and<br>which fed.s.88(1) applies. (see s.57.5(8) and | l/or a wind-up to<br>d s.57.5(9)) |
| the ut               | tilization of CMT losses can be restricted. (see s.57.5(3)  | CMT losses must be used to the extent of th<br>adjusted net income 2134 and CMT losses<br>Amount in 2214 must equal sum of 2270           | available 2209.                   |

# Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

|        | Year of Origin<br>(oldest year first)<br>year month day | CMT Losses of Corporation | CMT Losses of<br>Predecessor Corporations |
|--------|---|---------------------------|---|
| 2240   | 9th preceding taxation year                             | 2260                      | 2280                                      |
| 2      | 1997-09-30<br>8th preceding taxation year<br>1998-09-30 | 2261                      | 2281                                      |
| 2242   | 7th preceding taxation year<br>1999-09-30               | 2262                      | 2282                                      |
| 2243   | 6th preceding taxation year 2000-09-30                  | 2263                      | 2283                                      |
| 2244   | 5th preceding taxation year 2001-09-30                  | 2264                      | 2284                                      |
| 2245   | 4th preceding taxation year 2001-12-31                  | 2265                      | 2285                                      |
| 2246   | 3rd preceding taxation year 2002-12-31                  | 2266                      | 2286                                      |
| 2247   | 2nd preceding taxation year<br>2003-12-31               | 2267                      | 2287                                      |
| 2248   | 1st preceding taxation year<br>2004-12-31               | 2268                      | [2288]                                    |
| 2249   | Current taxation year<br>2005-12-31                     | 2269                      | 2289                                      |
| Totals |   | 2270                      | 2290                                      |

The sum of amounts2270 + 2290must equal amount in2214

### Corporate Minimum Tax (CMT) CT23 Schedule 101

|   |   | 1                           |
|---|---|-----------------------------|
| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End           |
| E.L.K. Energy Inc.  | 1800085                                     | 2005-12-31                  |
| Part 4: Continuity of CMT Credit Carryovers   |   |                             |
| Balance at Beginning of year NOTE (1)   | + 230                                       | 1                           |
| Add: Current year's CMT Credit (280 on page 8 of the CT23   |   |                             |
| or 347 on page 6 of the CT8. If negative, enter NIL) + From 28  | 0 or 347                                    |                             |
| Gross Special Additional Tax NOTE (2) 312 on page 5 of CT8.   |   |                             |
| (Life Insurance corporations only.  |   |                             |
| Others enter NIL.) + From 312   |   |                             |
| Subtract Income Tax   |   |                             |
| (190 on page 6 of the CT23 or   |   |                             |
| page 4 of the CT8) From 190   | - 2305                                      |                             |
| Subtotal (If negative, enter NIL) =   | = + 231                                     |                             |
| Current year's CMT credit (If negative, enter NIL) 280 or 347 - 2305  |   |                             |
|   | + 232                                       | 5                           |
| Amalgamation (X) 2315 Yes Wind-up (X) 2320 Ye   |   |                             |
| Subtotal 2301 + 2310 + 2325   | = 233                                       | 0                           |
| Adjustments (Attach schedule)   | ± 233                                       | 2                           |
|   | = 233                                       | 3                           |
|   | Transfer to Page 8 of                       | the CT23 or Page 6 of the C |
| Si act: CMT Credit utilized during the year to reduce income tax  |   |                             |
| (310 on page 8 of the CT23 or 351 on page 6 of the CT8.) + From 31  | 0 or 351                                    |                             |
| CMT Credit expired during the year  | + 2334                                      |                             |
| Subtotal  | = > - 233                                   | 5                           |
| Notes:  | = 233                                       |                             |
| 1) Where acquisition of control of the corporation has occurred, the utilization                                | on of CMT credits can be restricted. (see s | .43.1(5))                   |
| in the second |   |                             |

- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal sum of 2370 + 2390.

## Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

|               | Year of Origin<br>(oldest year first)<br>year month day | CMT Credit Carryovers<br>of Corporation | CMT Credit Carryovers of<br>Predecessor Corporation(s) |                      |
|---------------|---|---|--|----------------------|
| 2340          | 9th preceding taxation year                             | 2360                                    | 2380   | <i>2</i>             |
|               | 1997-09-30  |   |  | -                    |
| 23-1          | 8th preceding taxation year                             | 2361                                    | 2381   |                      |
|               | 1998-09-30  |   |  |                      |
| 2342          | 7th preceding taxation year                             | 2362                                    | 2382   |                      |
| · · · · ·     | 1999-09-30  |   |  |                      |
| 2343          | 6th preceding taxation year                             | 2363                                    | 2383   |                      |
|               | 2000-09-30  |   | _  |                      |
| 2344          | 5th preceding taxation year                             | 2364                                    | 2384   |                      |
|               | 2001-09-30  |   |  |                      |
| 2345          | 4th preceding taxation year                             | 2365                                    | 2385   |                      |
|               | 2001-12-31  |   |  |                      |
| 2346          | 3rd preceding taxation year                             | 2366                                    | 2386   |                      |
|               | 2002-12-31  |   | [  |                      |
| 2347          | 2nd preceding taxation year                             | 2367                                    | 2387   |                      |
|               | 2003-12-31  | (                                       | (2000)   |                      |
| 2348          | 1st preceding taxation year                             | 2368                                    | 2388   |                      |
|               | 2004-12-31<br>Current taxation year                     |   |  |                      |
| 2349          | 2005-12-31  | 2369                                    | 2389   |                      |
|               | 2003-12-31  | 0070                                    | 2200   | The sum of amounts   |
| <b>Fotals</b> |   | 2370                                    | 2390   | must equal amount in |

# Corporate Minimum Tax (CMT) CT23 Schedule 101 – Supporting Schedule

| Corporation's Legal Na                                       | ime  |  |  | Ontario Corporations Ta        |                               | Taxation Year End                |
|--|--|--|--|--------------------------------|-------------------------------|----------------------------------|
| E.L.K. Energy Inc.   |  |  |  |                                | 0085                          | 2005-12-31                       |
|  |  |  |  |                                |                               |                                  |
| CMT Losses Car   |  |  |  | e.                             |                               |                                  |
| (i) Continuity o   | f Pre-1994 CMT                                     | Losses   |  |                                | Dradoooscor                   | s' Pre-1994 Loss                 |
| commencing after   | 1993   | ne corp's 1st tax year                                   |  | Corporation's<br>Pre-1994 Loss | Amalgamation                  | Wind-Up                          |
|  |  |  |  |                                |                               |                                  |
|  |  |  |  |                                |                               |                                  |
| Less: Deducted in  | the current year                                   |  |  |                                |                               |                                  |
| (max. = adj.<br>Expired afte                                 | . net income for the<br>er 10 years                | e year)  |  |                                |                               |                                  |
| Pre-1994 Loss Ca   | rryforward   | • • • • • • • • • • • • • • • •                          | •      |                                |                               | 4). ( <del></del>                |
| – (ii) Continuity o<br>(for losses o                         | occurring in tax                                   | CMT Losses – Fili<br>years commencing<br>Opening Balance | ng Corporatio<br>j after 1993)<br>Adjustment |                                | Expired                       | Closing Balance                  |
| 10th Prior Year  | 1996-09-30   |  |  |                                |                               |                                  |
| 9th Prior Year   | 1997-09-30   |  |  |                                |                               |                                  |
| 81 Jior Year   | 1998-09-30   |  |  |                                |                               |                                  |
| 7th Prior Year   | 1999-09-30   |  |  |                                |                               |                                  |
| 6th Prior Year   | 2000-09-30   |  |  |                                |                               |                                  |
| 5th Prior Year   | 2001-09-30   |  |  |                                |                               |                                  |
| 4th Prior Year   | 2001-12-31   |  |  |                                |                               |                                  |
| 3rd Prior Year   | 2002-12-31   |  |  |                                |                               |                                  |
| 2nd Prior Year   | 2003-12-31   |  |  |                                |                               |                                  |
| 1st Prior Year   | 2004-12-31   |  |  |                                |                               |                                  |
|  | Total  |  |  |                                |                               |                                  |
| Indicate the amoun<br>of the Filing Corpor<br>Year of Origin | orporations Only<br>nts of eligible CMT<br>ration. | y – Amalgamation -<br>losses from predecess<br>Add       |  | Do not include these Deduction | amounts in the 'op<br>Expired | ening balance'<br>Closing Balanc |
| YYYY/MM/DD<br>1996-09-30                                     |  |  |  |                                |                               |                                  |
| 1990-09-30   |  |  |  |                                |                               |                                  |
| 1 -09-30   |  |  |  |                                |                               |                                  |
| 1999-09-30   |  |  |  |                                |                               |                                  |
| 2000-09-30   |  |  |  |                                |                               |                                  |
| 2001-09-30   |  |  |  |                                |                               |                                  |
| 2001-12-31   |  |  |  |                                |                               |                                  |
| 2002-12-31   |  |  |  |                                |                               |                                  |
| 2003-12-31   |  |  |  |                                |                               |                                  |
| 2004-12-31   |  |  |  |                                |                               |                                  |
| Tatal  |  |  |  |                                |                               |                                  |

Total

# Corporate Minimum Tax (CMT) CT23 Schedule 101 – Supporting Schedule

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

# CMT Losses Carried Forward Workchart (continued)

## Predecessor Corporations Only – Wind-Up

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

| Year of Origin<br>YYYY/MM/DD | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|------------------------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-09-30                   |                 |     |            |           |         |                 |
| 1997-09-30                   |                 |     |            |           |         |                 |
| 1998-09-30                   |                 |     |            |           |         |                 |
| 1999-09-30                   |                 |     |            |           |         |                 |
| 2000-09-30                   |                 |     |            |           |         |                 |
| 2001-09-30                   |                 |     |            |           |         |                 |
| 2001-12-31                   |                 |     |            |           |         |                 |
| 2002-12-31                   |                 |     |            |           |         |                 |
| 2003-12-31                   |                 |     |            |           |         |                 |
| 2004-12-31                   |                 |     |            |           |         |                 |
| Total                        |                 |     |            |           |         |                 |

#### **Corporate Minimum Tax (CMT)** CT23 Schedule 101 – Supporting Schedule

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |  |
|--------------------------|--|-------------------|--|
|                          | 1800085                                    | 2005-12-31        |  |

E.L.K. Energy Inc.

#### CMT Credit Carryovers Workchart

|                 | Year of Origin<br>YYYY/MM/DD | Opening Balance | Adjustment | Deduction | Expired | Closing Balance |
|-----------------|------------------------------|-----------------|------------|-----------|---------|-----------------|
| 10th Prior Year | 1996-09-30                   |                 |            |           |         |                 |
| 9th Prior Year  | 1997-09-30                   |                 |            |           |         |                 |
| 8th Prior Year  | 1998-09-30                   |                 |            |           |         |                 |
| 7th Prior Year  | 1999-09-30                   |                 |            |           |         |                 |
| 6th Prior Year  | 2000-09-30                   |                 |            |           |         |                 |
| 5th Prior Year  | 2001-09-30                   |                 |            |           |         |                 |
| 4th Prior Year  | 2001-12-31                   |                 |            |           |         |                 |
| 3rd Prior Year  | 2002-12-31                   |                 |            |           |         |                 |
| 2nd Prior Year  | 2003-12-31                   |                 |            |           |         |                 |
| 1st Prior Year  | 2004-12-31                   |                 |            |           |         |                 |
|                 | Total                        |                 |            |           |         |                 |

#### Predecessor Corporations Only – Amalgamation –

Indicate the amounts of CMT credit carryovers from predecessor corporations. Do not include these amounts in the 'opening balance' of the Filing Corporation.

| Y of Origin | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|-------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-09-30  |                 |     |            |           |         |                 |
| 1997-09-30  |                 |     |            |           |         |                 |
| 1998-09-30  |                 |     |            |           |         |                 |
| 1999-09-30  |                 |     |            |           |         |                 |
| 2000-09-30  |                 |     |            |           |         |                 |
| 2001-09-30  |                 |     |            |           |         |                 |
| 2001-12-31  |                 |     |            |           |         |                 |
| 2002-12-31  |                 |     |            |           |         |                 |
| 2003-12-31  |                 |     |            |           |         |                 |
| 2004-12-31  |                 |     |            |           |         |                 |
| Total       |                 |     |            |           |         |                 |

#### Predecessor Corporations Only – Wind-Up

Indicate the amounts of CMT credit carryovers from predecessor corporations. Do not include these amounts in the 'opening balance' of the Filing Corporation.

| Y of Origin | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|-------------|-----------------|-----|------------|-----------|---------|-----------------|
| Y TY/MM/DD  | 1               |     |            |           |         |                 |
| 1996-09-30  |                 |     |            |           |         |                 |
| 1997-09-30  |                 |     |            |           |         |                 |
| 1998-09-30  |                 |     |            |           |         |                 |
| 1999-09-30  |                 |     |            |           |         |                 |
| 2000-09-30  |                 |     |            |           |         |                 |
| 2001-09-30  |                 |     |            |           |         |                 |
| 2001-12-31  |                 |     |            |           |         |                 |
| 2002-12-31  |                 |     |            |           |         |                 |
| 2003-12-31  |                 |     |            |           |         |                 |
| 2004-12-31  |                 |     |            |           |         |                 |
| Total       |                 |     |            |           |         |                 |



Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)                     | Taxation Year End |
|--|--|-------------------|
| E.L.K. Energy Inc.   | 1800085  | 2005-12-31        |
| Loans or Advances Credited or Advanced to Corporation<br>(includes accounts payable to related parties outstanding at the taxation yeand accounts payable to non-related parties outstanding for 365 days or m | ear end for 120 days or more,<br>ore at the taxation year end) |                   |
| Shareholders' promissory notes   |  | + 4,550,000       |
| Current portion of cistomer deposits   |  | + 1,517,733       |
| Customer deposits  |  | + 239,692         |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
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|  |  | +                 |
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| e  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  |  | +                 |
|  | Total  | +                 |
|  | Transfer to 353 of the CT23                                    | = 6,307,425       |



Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)   | Taxation Year End   |
|--|--|---------------------|
| E.L.K. Energy Inc.   | 1800085  | 2005-12-31          |
| <ul> <li>For use by a corporation to claim any of the following: <ul> <li>Charitable donations;</li> <li>Gifts to Her Majesty in right of Ontario, to Ontario crown agen</li> <li>Gifts to Canada or a province;</li> <li>Gifts of certified cultural property; or</li> <li>Gifts of certified ecologically sensitive land.</li> </ul> </li> <li>The donations and gifts are eligible for a five year carry-forward.</li> <li>Use this schedule to show a credit transfer following an amalgan subsection 87(1) and 88(1) of the federal <i>Income Tax Act</i> (Canada)</li> <li>File one completed copy of this schedule with your CT23.</li> </ul> | nation or wind-up of subsidiary as describ   | ed under            |
| Part 1 – Charitable Donations  |  | r                   |
| Charitable Donations at end of preceding taxation year   | . <u>1917</u> - 1917 |                     |
| Deduct: Donations expired after 5 taxation years   |  |                     |
| Charitable donations at beginning of taxation year   |  |                     |
| A Donations transferred on amalgamation or wind-up of subsidiar  | y + D  |                     |
| Total current year charitable donations made   | + <u>695</u> E   |                     |
| Subtotal D + E   |  | 695                 |
| Total donations available C + F  |  |                     |
| Deduct: Amount applied against taxable income (amount T)   |  | 695                 |
|  | =  |                     |
| <ul> <li>Part 2 – Maximum Deduction Calculation for Donations</li> <li>Ontario net income for tax purposes multiplied by 75%</li> <li>Note: For credit unions the Ontario net income for tax purposes is the a deduction of payments pursuant to allocations in proportion to bo</li> <li>Ontario taxable capital gains arising in respect of gifts of capital property</li> <li>Ontario taxable capital gain in respect of deemed gifts</li> </ul>  | prrowing and bonus interest.   | 596,629             |
| of non-qualifying securities per subsection 40(1.01) ITA   | · · · · · · · · · · · · · · · · · · ·  |                     |
| Aα, the lesser of:<br>1. The amount of the recapture of capital cost<br>allowance in respect of charitable gifts   | L  |                     |
| <ul> <li>2. The lesser of:</li> <li>2a. Proceeds of dispositions less outlays and expenses</li> <li>2b. The capital cost</li> </ul>  |  |                     |
| The lesser of M and N  | 0  |                     |
| The lesser of L and O  | ▶ +P   |                     |
| Subtotal J + K + P   | Q  |                     |
| 25% X Q  |  |                     |
| Maximum deduction allowable I + R  | tur telt telt telt telt telt telt del del del tel tel del del del del del del del del del d  | 596,629             |
|  | ort 1. S and not income for tax nurnoses)  | 695                 |
| Claim for charitable donations (not exceeding the lesser of G from Pa  | it i, e and het moome for tax purposes)  | Enter in 1 of the C |

#### **Ontario Charitable Donations and Gifts**

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

## Part 3 – Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

| Gifts to Ontario Crown Agency or Ontario Foundation at end of the preceding taxation year       |   |
|---|---|
| Deduct: Gifts expired after 5 years   | - |
| Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year | + |
| Add: Gifts transferred on amalgamation or wind-up of a subsidiary                               | + |
| Total current year gifts  | + |
| Subtotal  | = |
| Deduct: Amount applied against taxable income 2 of the CT23                                     | - |
| Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance                       | = |

| Foundation Name                            | Date of Donation  | Amount \$ |
|--|---|-----------|
|  |   |           |
|  |   |           |
|  |   |           |
|  |   |           |
|  |   |           |
|  |   |           |
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|  | F   |           |
| L 164 4 Malasty in sight of Optonio        | =   |           |
| I gifts to Her Majesty in right of Ontario | REAL-REAL-REAL FOR FOR FOR FOR FOR FOR FOR FOR FOR TO THE TOTAL |           |

## Part 4 – Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

#### Deduction is the lesser of:

| 1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario       7         2. Lesser of:       2a. Ontario Net Income for the taxation year       795,505 V         2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation       W         a lesser of V and W       Maximum deduction allowable the lesser of U and X       Transfer to 2  |                      | _         | s to Canada or a province other than Ontario  | Pa |
|---|----------------------|-----------|---|----|
| and gifts to Her Majesty in right of Canada or a province other than Ontario 2. Lesser of: 2a. Ontario Net Income for the taxation year 2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario e lesser of V and W   | to 2 of the CT23     |           |   | NE |
| and gifts to Her Majesty in right of Canada or a province other than Ontario 2. Lesser of: 2a. Ontario Net Income for the taxation year 2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation W  | T                    |           | that allowship the leaser of it and Y   |    |
| and gifts to Her Majesty in right of Canada or a province other than Ontario 2. Lesser of: 2a. Ontario Net Income for the taxation year 2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario   |                      |           | of V and W  |    |
| and gifts to Her Majesty in right of Canada or a province other than Ontario  | X                    | W         | lajesty in Right of Ontario, an Ontario Crown Agency or an Ontario  |    |
| and gifts to Her Majesty in right of Canada or a province other than Ontario  |                      | 795,505   |   |    |
| 1. Ontario Net Income before deductions of gifts after deducting charitable donations<br>and gifts to Her Majesty in right of Canada or a province other than Ontario   |                      | JOE FOF V |   |    |
| and the second | 794,810 <sup>U</sup> |           | Income before deductions of gifts after deducting charitable donations<br>Her Majesty in right of Canada or a province other than Ontario | 1. |

|  | - |
|--|---|
| Gifts to Canada or a province other than Ontario at the end of the preceding year  | T |
| Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years   |   |
|  |   |
| Gifts to Canada or a province other than Ontario at the beginning of the taxation year   | + |
| Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary   | + |
| Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.) | + |
| Subtotal   | = |
| Deduct: Amount applied against taxable income  | - |
|  |   |
| Gifts to Canada or a province other than Ontario closing balance   | = |

#### **Ontario Charitable Donations and Gifts**

| Corporation's Legal Name           |   | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|------------------------------------|---|--|-------------------|
| E.L.K. Energy Inc.                 |   | 1800085                                    | 2005-12-31        |
| Part 6 – Gifts of certified c      | ultural property                              |  |                   |
| Gifts of certified cultural proper | ty at the end of the preceding taxation yea   | ar +                                       | -                 |
| Deduct: Gifts of certified cultur  | al property expired after five years          |  | -                 |
| Gifts of certified cultural prop   | perty at the beginning of the taxation y      | ear +                                      |                   |
| Add: Gifts of certified cultur     | al property transferred on amalgamation       | or wind-up of a subsidiary                 | -                 |
| Total current year gifts           | of certified cultural property                | +  |                   |
|                                    |   | =  |                   |
| Deduct: Amount applied agains      | st taxable income                             |  |                   |
| Gifts of certified cultural pro    | perty closing balance                         |  | -                 |
| Part 7 – Gifts of certified e      | cologically sensitive land                    |  |                   |
| Gifts of certified ecologically se | nsitive land at the end of the preceding ta   | axation year                               | -                 |
| Deduct: Gifts of certified ecolog  | gically sensitive land expired after five yea | ars  | -                 |
| Gifts of certified ecologically    | sensitive land at the beginning of the        | taxation year                              | -                 |
|                                    | gically sensitive land transferred on amalg   |  |                   |

| Add: Gits of certified ecologically sensitive and transferred on antigenation of white up of a substancy |   |
|--|---|
| Total current year gifts of certified ecologically sensitive land  | + |
| Subtotal   | = |
| Deduct: Amount applied against taxable income  | - |
| Gifts of certified ecologically sensitive land closing balance   | = |

## Part 8 – Analysis of balance by year of origin

| Year of origin | Charitable donations | Gifts to Her Majesty<br>in right of Ontario | Gifts to Canada or<br>a province other<br>than Ontario | Gifts of certified cultural property | Gifts of certified<br>ecologically sensitive<br>land |
|----------------|----------------------|---|--|--------------------------------------|--|
| 2004-12-31     |                      |   |  |                                      |  |
| 2003-12-31     |                      |   |  |                                      |  |
| 2002-12-31     |                      |   |  |                                      |  |
| 2001-12-31     |                      |   |  |                                      |  |
| 2001-09-30     |                      |   |  |                                      |  |
| 2000-09-30     |                      |   |  |                                      |  |
| Totals         |                      |   |  | n                                    |  |

Schedule 2

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Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 6E9

## Schedule 6

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

For a corporation that has disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.

This schedule may be used to make a designation under section 34(10) of the Corporations Tax Act provided the corporation has made a designation under paragraph 111(4) (e) of the Income Tax Act (Canada), if control of the corporation has been acquired by a person or group of persons.

#### Part A: Designation under section 34(10) of the Corporations Tax Act

Complete part A if there are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e) of the *Income Tax Act* (Canada) or section 34(10) of the *Corporations Tax Act*.

| Property | Class<br># | Date of<br>disposition<br>YYYY/MM/DD | Proceeds of<br>disposition | Adjusted cost base | Other<br>adjustments | Designated amount | Gain or loss |
|----------|------------|--------------------------------------|----------------------------|--------------------|----------------------|-------------------|--------------|
|          |            |                                      |                            |                    |                      |                   |              |
|          |            |                                      |                            |                    |                      |                   |              |
|          |            |                                      |                            |                    |                      |                   |              |

#### Part B: Inter-provincial asset transfers

Complete part B if there was any disposition shown on the schedule as a result of a federal election under section 85 of the *Income Tax Act* (Canada) that transferred assets to a non-arm's length corporation with a permanent establishment in another Canadian jurisdiction.

| Property | Class<br># | Corporation<br>name of<br>transferee/or | Date of<br>disposition<br>YYYY/MM/DD | Cost of<br>asset in<br>other jurisd. | Name of<br>other<br>jurisdiction | Allocation<br>ratio to other<br>jurisdictions | Ontario<br>elected<br>amount | Gain or loss |
|----------|------------|---|--------------------------------------|--------------------------------------|----------------------------------|---|------------------------------|--------------|
|          |            |   |                                      |                                      |                                  | %   |                              |              |
|          |            |   |                                      |                                      |                                  | %   |                              |              |
|          |            |   |                                      |                                      |                                  | %   |                              |              |
|          |            |   |                                      |                                      |                                  | %   |                              |              |

| acquisition disposition of disposition cost base expenses (loss) (co | 1<br>Types of capital property |  |  | 4<br>Proceeds<br>of disposition | 5<br>Ontario adjusted<br>cost base | 6<br>Outlays and<br>expenses | 7<br>Ontario gain or<br>(loss) (col. 4 less<br>cols. 5 & 6) |
|--|--------------------------------|--|--|---------------------------------|------------------------------------|------------------------------|---|
|--|--------------------------------|--|--|---------------------------------|------------------------------------|------------------------------|---|

#### Part 1 – Shares

| No. of<br>shares | Name of corporation | Class of shares | 2 | 3 | 4 | 5 | 6      | 7 |
|------------------|---------------------|-----------------|---|---|---|---|--------|---|
|                  |                     |                 |   |   |   |   |        |   |
|                  |                     |                 |   |   |   |   |        |   |
|                  |                     |                 |   |   |   |   |        |   |
|                  |                     |                 |   |   |   |   | Totala |   |

Totals A1

A2

A3

Before February 28, 2000

After February 27, 2000 and before October 18, 2000

After October 17, 2000

| orpo         | ration's Legal Na | me                      |                  |   |   | Ontario Corpo                   | prations Tax Account               | t No. (MOF)                           | axation Year End  |
|--------------|-------------------|-------------------------|------------------|---|---|---------------------------------|------------------------------------|---------------------------------------|---|
| E.L.         | K. Energy Inc.    |                         |                  |   |   |                                 | 1800085                            |                                       | 2005-12-31  |
|              |                   |                         |                  |   |   |                                 |                                    |                                       | 1   |
|              | Types o           | 1<br>of capital propert | V                | 2<br>Date of<br>acquisition<br>YYYY/MM/DD | 3<br>Date of<br>disposition<br>YYYY/MM/DD | 4<br>Proceeds<br>of disposition | 5<br>Ontario adjusted<br>cost base | 6<br>Outlays and<br>expenses          | 7<br>Ontario gain or<br>(loss) (col. 4 less<br>cols. 5 & 6) |
|              | Deal Fat          |                         | lude losses on   |   | vronostu)                                 |                                 |                                    |                                       |   |
| art          |                   | lunicipal address       |                  | 2   | 3   | 4                               | 5                                  | 6                                     | 7   |
| -            | 47 Maple          |                         |                  |   |   | 35,000                          |                                    | 1,29                                  | 33,701  |
| -            |                   |                         |                  |   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    | Total                                 | 33,701  |
|              |                   |                         |                  |   |   |                                 |                                    | ebruary 28, 200                       | ,   |
|              |                   |                         |                  |   |   | After February 2                | 27, 2000 and before                |                                       | ,   |
| art          | 3 – Bonds         |                         |                  |   |   |                                 | After                              | October 17, 200                       | 33,701  |
|              | Face value        | Maturity date           | Name of issuer   | 2   | 3   | 4                               | 5                                  | 6                                     | 7   |
| 1            |                   |                         |                  |   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    |                                       |   |
|              | A.                |                         |                  |   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 | Poforo F                           | Total<br>ebruary 28, 200 <sup>1</sup> | S   |
|              |                   |                         |                  |   |   | After February 2                | 27, 2000 and before                |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    | October 17, 200                       |   |
| art          | 4 – Other pr      | Description             | not include loss | ses on depred                             | ciable property)<br>3                     | 4                               | 5                                  | 6                                     | 7   |
| 1            |                   | Description             |                  | -   |   |                                 |                                    |                                       |   |
|              |                   |                         |                  |   |   |                                 |                                    |                                       |   |
| 3            |                   |                         |                  |   |   |                                 |                                    |                                       |   |
| 23<br>8 - 13 |                   |                         |                  |   |   |                                 |                                    | *                                     |   |
| 2            |                   |                         |                  |   |   |                                 |                                    | Total                                 | s   |
|              |                   |                         |                  |   |   |                                 |                                    | ebruary 28, 200 <sup>-</sup>          | U   |
|              |                   |                         |                  |   |   | After February                  | 27, 2000 and before                | October 18, 200                       | 0   |
|              |                   |                         |                  |   |   |                                 | After                              | October 17, 200                       | 0   |
| art          | 5 – Persona       |                         |                  | 0   | 2   | 4                               | 5                                  | 6                                     | 7   |
| 2            | Descri            | ption of capital p      | орепу            | 2   | 3   | 4                               | 5                                  | v                                     | -   |
|              |                   |                         |                  |   |   |                                 |                                    |                                       |   |
| 8            |                   |                         |                  |   |   |                                 |                                    |                                       |   |
| i.           |                   |                         |                  |   |   |                                 |                                    |                                       |   |
| ote:         | Losses are not d  | leductible              |                  |   | ,   |                                 |                                    | Net gain or (loss                     | ;)  |
|              |                   |                         |                  |   |   |                                 | Before I                           | -<br>                                 | 0   |
|              |                   |                         |                  |   |   |                                 |                                    | -                                     |   |
|              |                   |                         |                  |   |   | After February                  | 27, 2000 and before                | October 18, 200                       | 0   |

| Ontario Summary of Dispositions of Capital P | roperty                                    |
|--|--|
| Corporation's Legal Name                     | Ontario Corporations Tax Account No. (MOF) |

| E.L.K. Energy Inc.             |   |   |                                 | 1800085                            |                              | 2005-12-31  |
|--------------------------------|---|---|---------------------------------|------------------------------------|------------------------------|---|
| 1<br>Types of capital property | 2<br>Date of<br>acquisition<br>YYYY/MM/DD | 3<br>Date of<br>disposition<br>YYYY/MM/DD | 4<br>Proceeds<br>of disposition | 5<br>Ontario adjusted<br>cost base | 6<br>Outlays and<br>expenses | 7<br>Ontario gain or<br>(loss) (col. 4 less<br>cols. 5 & 6) |

## Part 6 – Listed personal property

|  | 2  | 3   | 4                      | 5                   | 6                                     | 7 |
|--|--|---|------------------------|---------------------|---------------------------------------|---|
| 1  |  |   |                        |                     |                                       |   |
|  |  |   |                        |                     |                                       |   |
|  |  |   |                        |                     |                                       |   |
| Deduct: Unapplied listed personal property losses  | from other years   |   |                        |                     | ······ –                              |   |
| <b>lote:</b> Net listed personal property losses may only be applied against personal property gains.  | У  |   |                        |                     | Net gain or (loss)                    |   |
| PP gains or losses realized before February 2  | 8, 2000  |   |                        |                     |                                       |   |
| $e^{-1}$ loss on dispositions before February 28, 20   |  |   |                        |                     | · · · · · · · · · · · · · · · · · · · |   |
| ess. Portion of unapplied LPP losses from other y  |  |   | ary 28, 2000           |                     |                                       |   |
|  |  |   |                        |                     |                                       |   |
| Net gain (loss) on dispositions before February 28,  | 2000   |   |                        |                     | =                                     |   |
|  |  |   |                        |                     |                                       |   |
| PP gains or losses realized after February 27,   | 2000 and before C  | october 18, 2000  | )                      |                     |                                       |   |
| LPP gains or losses realized after February 27,<br>Gain or loss on dispositions after February 27, 200   | 2000 and before C<br>0 and before Octobe   | <b>October 18, 200</b><br>er 18, 2000                                 | )                      |                     |                                       |   |
| <b>.PP gains or losses realized after February 27</b> ,<br>Gain or loss on dispositions after February 27, 200<br><b>.ess</b> : Portion of unapplied LPP losses from other y   | 2000 and before C<br>0 and before Octobe<br>years applicable to g                                | <b>October 18, 200</b> 0<br>er 18, 2000<br>ain after Februar          | )<br>y 27, 2000 and be |                     |                                       |   |
| <b>_PP gains or losses realized after February 27</b> ,<br>Gain or loss on dispositions after February 27, 200<br><b>_ess</b> : Portion of unapplied LPP losses from other y<br>Net gain (loss) on dispositions after February 27, 2   | 2000 and before C<br>0 and before Octobe<br>rears applicable to g<br>000 and before Octo         | <b>October 18, 200</b> 0<br>er 18, 2000<br>ain after Februar          | )<br>y 27, 2000 and be | fore October 18, 20 |                                       |   |
| <b>LPP gains or losses realized after February 27</b> ,<br>Gain or loss on dispositions after February 27, 200<br><b>Less</b> : Portion of unapplied LPP losses from other y<br>Net gain (loss) on dispositions after February 27, 2<br>LPP gains or losses realized after October 17,   | 2000 and before C<br>0 and before Octobe<br>/ears applicable to g<br>000 and before Octo<br>2000 | October 18, 2000<br>er 18, 2000<br>ain after Februar<br>ober 18, 2000 | )<br>y 27, 2000 and be | fore October 18, 20 |                                       |   |
| Net gain (loss) on dispositions before February 28,<br>LPP gains or losses realized after February 27,<br>Gain or loss on dispositions after February 27, 200<br>Less: Portion of unapplied LPP losses from other y<br>Net gain (loss) on dispositions after February 27, 2<br>LPP gains or losses realized after October 17,<br>Gain or loss on dispositions after October 17, 2000<br>Less: Portion of unapplied LPP losses from other y | 2000 and before C<br>0 and before Octobe<br>years applicable to g<br>000 and before Octo<br>2000 | October 18, 2000<br>er 18, 2000<br>ain after Februar<br>ober 18, 2000 | )<br>y 27, 2000 and be | fore October 18, 20 |                                       |   |

# Part 7 – Property qualifying for and resulting in an allowable business investment loss

|   | 1<br>Name of small business corporation   | Shares –<br>enter 1<br>Debt –<br>enter 2 | 2<br>Date of<br>acquisition<br>YYYY/MM/DD | 3<br>Date of<br>disposition<br>YYYY/MM/DD | 4<br>Proceeds<br>of disposition | 5<br>Ontario adjusted<br>cost base | 6<br>Outlays and<br>expenses | 7<br>Ontario loss<br>(col. 4 less<br>cols. 5 & 6) |
|---|---|--|---|---|---------------------------------|------------------------------------|------------------------------|---|
| 1 |   |  |   |   |                                 |                                    |                              |   |
|   | <b>Note:</b> Properties listed in Part 7 should included in any other Part of Sch | not be<br>nedule 6.                      |   | Totals                                    |                                 |                                    | Net Loss                     | G   |
|   |   |  |   |   | After February                  | 27, 2000 and before                | ebruary 28, 2000             | G1<br>G2<br>G3                                    |

#### Commence of Dispersitions of Capital Broporty 4

| Ontario Summary of Dispositions of Capital Prop   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End                  |
|---|---|------------------------------------|
| Corporation's Legal Name  |   |                                    |
| E.L.K. Energy Inc.  | 1800085   | 2005-12-31                         |
| Determining capital gains and capital losses  |   |                                    |
| Total of A to F (Do not include F if it is a loss)  |   | 33,701                             |
| Add: Amount (if any) of capital gain reserve opening balance from Schedule 13   |   | +                                  |
|   |   | +                                  |
| Subtotal  | 2   | = 33,701                           |
| Deduct: Amount (if any) of capital gain reserve closing balance from Schedule 13  |   | -                                  |
| Gain or Loss (excluding Allowable Business Investment Losses)   |   | = <u>33,701</u> Z                  |
| Determining the inclusion rate<br>Gains or losses realized before February 28, 2000   |   | 1                                  |
|   |   |                                    |
|   |   | +                                  |
| Capital gain reserve opening balance (only if taxation year commenced before  |   | +                                  |
| Subtotal  |   |                                    |
| Deduct: Portion of capital gains reserve closing balance applicable to dispositions   | before February 28, 2000  | -                                  |
| Gains or Losses   |   | = <u> </u>                         |
| Gains or losses realized after February 27, 2000 and before October 18, 200   | 0   | r]                                 |
| Total of A2 to G2   |   |                                    |
| Add: Capital gains dividend attributable to period after February 27, 2000 and be<br>Capital gain reserve opening balance (only if taxation year commenced after  | r February 27, 2000   | +                                  |
|   |   |                                    |
| <b>Deduct:</b> Portion of capital gains reserve closing balance applicable to dispositions  | s after February 27, 2000   | _                                  |
|   |   | = 1                                |
| Gains or losses realized after October 17, 2000   |   |                                    |
|   |   | 33,701                             |
|   |   | +                                  |
| Capital gain reserve opening balance (only if taxation year commenced afte  | r October 17, 2000)   | +                                  |
| Subtotal  |   | = 33,701                           |
| Deduct: Portion of capital gains reserve closing balance applicable to dispositions   | after October 17, 2000  | -                                  |
| Gains or Losses   |   | = <u>33,701</u> J                  |
| Calculate Inclusion Rate  |   |                                    |
| Gains or losses Inclusion Rate  | Net   | capital gain / capital loss<br>= K |
| H x 75%   |   |                                    |
| I x 66 2/3%   |   | =                                  |
| Subtotal M x %  |   | = AA                               |
| 33,701 J × 50%  |   | = 16,851 N                         |
|   |   | = 16,851 P                         |
|   | ·····   | 10,001                             |
| Inclusion rate P + O (expressed as a percentage)  |   | 50.000000                          |
| Note: (1) Mutual fund corporations may treat their capital gains and losses as if they we determining net capital gains or losses attributable to a particular period within  | in the year.  |                                    |
| (2) If either lines H or I are positive and the other one is negative, enter the differe<br>amount originates and calculate the net gain or net loss based on that rate. If<br>on line O and use the inclusion rate where the higher amount originated. | ence on the subtotal line M. Use the inclusion rate from which the<br>either line J or M are positive and the other is negative enter the | larger<br>difference               |
| Allowable business investment loss (G1+ G2+ G3) X Inclusion Rate  | 50.000000 <b>Q</b>  | =G4                                |
|   |   | Transfer to 678 of the CT23        |
| Determining taxable capital gains   |   | 33,701 <b>Z</b>                    |
| Gain or Loss (excluding Allowable Business Investment Losses)   | *****   | ·                                  |
| <b>Deduct:</b> Gain on donations (made to charities other than private foundations) of securities listed on a prescribed stock exchange divided by 2  |   | r                                  |
| (for donations made after February 18, 1997 and before the year 2002.)  | × 50 %  | -                                  |
| Gain on donation of ecologically sensitive land after February 27, 2000   | × 50 %  | -                                  |

| Gains or Loss                     |                 |        | •••• | • • • |                |           |   |
|-----------------------------------|-----------------|--------|------|-------|----------------|-----------|---|
| Include 100% of the losses in box | 711 of the CT23 |        |      |       |                |           |   |
| Taxable capital gains             |                 | 33,701 | R    | х     | Inclusion Rate | 50.000000 | % |

Transfer to 603 of the CT23

=[

33,701 R

16,851 S

c

| Sch | ed | Π | le |
|-----|----|---|----|

# Ontario Capital Cost Allowance Schedule 8

Ontario Corporations Tax Account No. (MOF) Taxation Year End

Ministry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

**V** Ontario

Corporation's Legal Name

| E.L.K. Energy Inc. | ergy Inc.   |  |  |   |   |   |   |                   | - 18                                      | 1800085            | 2005-12-31   | 12-31   |
|--------------------|---|--|--|---|---|---|---|-------------------|---|--------------------|--|---|
| Is the corpo       | Is the corporation electing under regulation 1101(5q)?  | nder regulation  | 1101(5q)?  | 1 🗌 Yes   | 2 X No  |   |   |                   |   |                    |  |   |
|                    | 2   | m  | 4  | ъ   | 9   | 7   | 80  | ი                 | 10  | 11                 | 12   | 13  |
| Class<br>number    | Ontario<br>undepreciated<br>capital cost at<br>the beginning of<br>the year<br>(undepreciated<br>capital cost at<br>the end of the<br>prior year's CCA<br>schedule) | Cost of<br>acquisitions<br>during the year<br>(new property<br>must be<br>available for<br>use)<br>See note 1<br>below | Net adjustments<br>(show negative<br>amounts in<br>brackets) | Proceeds of<br>dispositions<br>during the year<br>(amount not to<br>exceed the<br>capital cost) | Ontario<br>undepreciated<br>capital cost<br>(column 2 plus<br>column 3<br>or minus<br>column 4 minus<br>column 5) | 50% rule (1/2 of<br>the amount,<br>if any, by which<br>the net cost of<br>acquisitions<br>exceeds<br>column 5)<br>See note 2<br>below   | Reduced<br>undepreciated<br>capital cost<br>(column 6<br>minus<br>column 7) | CCCA<br>rate<br>% | Recapture of<br>capital cost<br>allowance | Terminal loss      | Ontario capital<br>cost allowance<br>(column 8<br>multiplied by<br>column 9; or a<br>lower amount) | Ontario<br>undepreciated<br>capital cost<br>at the end of<br>the year<br>(column 6<br>minus<br>column 12) |
| -                  | 9,039,670   |  |  | 0   | 9,039,670   |   | 9,039,670   | 4                 | 0   | 0                  | 361,587  | 8,678,083   |
| 8                  | 246,052   | 32,276   |  | 0   | 278,328   | 16,138  | 262,190   | 20                | 0   | O                  | 52,438   | 225,890   |
| 10                 | 216,279   |  |  | 1,657   | 214,622   |   | 214,622   | 30                | 0   | 0                  | 64,387   | 150,235   |
| 12                 | 32,211  | 28,588   |  | 0   | 60''236   | 14,294  | 46,505  | 100               | 0   | 0                  | 46,505   | 14,294  |
| 45                 |   | 27,691   |  | 0   | 27,691  | 13,846  | 13,845  | 45                | 0   | 0                  | 6,230  | 21,461  |
| 47                 |   | 737,693  |  | 0   | 737,693   | 368,847   | 368,846   | œ                 | 0   | 0                  | 29,508   | 708,185   |
|                    |   |  |  |   |   |   |   | -                 |   |                    |  |   |
|                    |   |  |  |   |   |   |   |                   |   |                    |  |   |
| Totals             | <b>s</b> 9,534,212  | 826,248  |  | 1,657   | 10,358,803  | 413,125   | 9,945,678   | _                 |   |                    | 560,655  | 9,798,148   |
|                    | 2.  |  |  |   |   |   | Ente  | Enter in boxes    | es 650 · ·                                | 650                | 650 on the CT23.   | e CT23.   |
| Noto 1 Inclu       | Notes 1. Incorrect and the second  | , ensirement et bestive  |  | 1 aldaliana amaaad  |   | ton and for and the second s | udovo vlovoje oso o   | and from          | tai 1 5 constants -                       | oo ino i lojono oo | a nicitione that are r   | ***   |

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

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MinIstry of Finance Corporations Tax Branch PO Box 620 33 King Street West Oshawa ON L1H 8E9

## Ontario Cumulative Eligible Capital Deduction Schedule 10

| Corporation's Legal Name   | Ontario Corporations Tax Account No. (MOF)  | Taxation Year End             |
|--|---|-------------------------------|
|  | 1800085                                     | 2005-12-31                    |
| <ul> <li>E.L.K. Energy Inc.</li> <li>For use by a corporation that has eligible capital property.</li> </ul>   | 1800085                                     | 2003-12-51                    |
| <ul> <li>A separate cumulative eligible capital account must be kept for each</li> </ul>   | business.                                   |                               |
| Part 1 – Calculation of current year deduction and carry-forward   |   |                               |
| Ontario Cumulative eligible capital – balance at end of preceding taxation yea   | r (if negative, enter zero)                 | 647,656 <b>A</b>              |
| Add: Cost of eligible capital property acquired during the taxation year   | + <u>B</u>                                  |                               |
| Amount transferred on amalgamation or wind-up of subsidiary  |   |                               |
| Other adjustments  | <b>B</b>                                    |                               |
| Total of B + C + D   | = × 3/4 =                                   | E                             |
| Subtotal A + E         Deduct:       Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year         The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the Income Tax Act (Canada) | +G  | = <u>647,656 <sup>F</sup></u> |
| Other adjustments  |   |                               |
| Tc of G + H + I  |   | J                             |
| Ontario cumulative eligible capital balance F - J  |   | е <u>647,656</u> К            |
| If K is negative, enter zero at line M and proceed to Part 2   |   |                               |
| Current year deduction 647,656 K × 7 % *   |   | =45,336 L                     |
| * The maximum current year deduction is 7%. However, you can claim any amount up to  | the maximum. Enter an                       | nount in box 651 of the CT23  |
| Ontario cumulative eligible capital – closing balance K - L (if negative, el   | nter zero)                                  | = 602,320 M                   |
| Note: Any amount up to the maximum deduction of 7% may be claimed. Tax   | ation years starting after December 21, 2   | 000, the deduction            |
| may not exceed the maximum amount prorated for the number of day   | s in the taxation year divided by 365 or 36 | 6 days.                       |
| Part 2 – Amount to be included in income arising from dispositio   | n   |                               |
| Only complete this part only if the amount at line K is negative   |   | N                             |
| Amount from line K above <i>show as a positive amount</i>  |   |                               |
| years beginning after June 30, 1988  | 1   |                               |
| Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA   | 2   |                               |
| Tc       of cumulative eligible capital deductions         claimed for taxation years beginning before       3         July 1, 1988       3  |   | 14.1                          |
| Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988   | 5   |                               |
| Line 3 deduct line 4   |   |                               |
| Total lines <b>1</b> + <b>2</b> + <b>5</b><br>Line <b>T</b> from previous Ontario Schedule 10 for taxation years ending after<br>February 27, 2000   | 7   |                               |
| Deduct line 7 from line 6  |   | 0                             |
| N - O (cannot be negative)   |   | P                             |
| Amount on line 5 × 1 / 2   |   | C                             |
| P-Q  |   | R                             |
| Amount on line R × 2 / 3   |   | S                             |
| Lesser of line N or line O   |   | T                             |
| Amount to be meruded in meenie e   | · · · · · · · · · · · · · · · · · · ·       |                               |
| Note: For taxation years ending after February 27, 2000 and before October   | 18, 2000 use 8/9 to calculate <b>S</b>      |                               |



## **Ontario Continuity of Reserves Schedule 13**

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E.L.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

## For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

#### Part 1 – Capital gains reserves

| Ontario balance at<br>the beginning<br>of the year<br>\$ | Transfer on<br>amalgamation or<br>wind-up of subsidiary<br>\$ | Add   | Deduct  | Ontario balance<br>at the end of<br>the year<br>\$   |
|--|---|---|---|--|
|  |   |   |   |  |
|  |   | -   |   |  |
|  |   |   |   |  |
|  |   |   |   |  |
| A  | В   |   |   | C  |
|  | the beginning<br>of the year<br>\$                            | the beginning<br>of the year<br>\$     amalgamation or<br>wind-up of subsidiary<br>\$ | the beginning<br>of the year<br>\$     amalgamation or<br>wind-up of subsidiary<br>\$     Add | the beginning<br>of the year<br>\$     amalgamation or<br>wind-up of subsidiary<br>\$     Add     Deduct       Image: A strain of the year<br>\$       Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$       Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$       Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$       Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$     Image: A strain of the year<br>\$ |

The total capital gains reserve at the beginning of the taxation year A plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary B, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year C, should also be entered on Schedule 6.

| Part 2 – Other reserves                                    |  |   |     |        |  |
|--|--|---|-----|--------|--|
| Description  | Ontario balance at<br>the beginning<br>of the year<br>\$ | Transfer on<br>amalgamation or<br>wind-up of subsidiary<br>\$ | Add | Deduct | Ontario balance<br>at the end of<br>the year<br>\$ |
| Reserve for doubtful debts                                 |  | 4   |     |        |  |
| Reserve for undelivered goods and services<br>not rendered |  | <u>1.</u>   |     |        |  |
| Reserve for prepaid rent                                   |  |   |     |        |  |
| Reserve for December 31, 1995 income                       |  |   |     |        |  |
| Reserve for refundable containers                          |  |   |     |        |  |
| Reserve for unpaid amounts                                 | .7   |   |     |        |  |
| Oti (ax reserves   |  |   |     |        |  |
| Totals   | C  | E   |     |        | F  |

The amount from D plus the amount from E should be entered in 607 of the CT23. The amount from F should be entered in 654 of the CT23.

| Part 3 – Continuity of non-ded<br>Reserve | Ontario opening<br>balance | Transfers | Ontario<br>additions | Ontario<br>deductions | Other<br>adjustments | Ontario closing<br>balance |
|---|----------------------------|-----------|----------------------|-----------------------|----------------------|----------------------------|
| EMPLOYEE FUTURE BENEFITS                  | 653,229                    |           |                      | 3,192                 |                      | 650,037                    |
|   |                            |           |                      |                       |                      |                            |
| Reserves from Part 2                      |                            |           |                      |                       |                      |                            |
| Totals                                    | 653,229                    |           |                      | 3,192                 |                      | 650,037                    |

Enter in box 653 of the CT23

Enter in box 606 of the CT23

# **Corporate Taxpayer Summary**

| Taxation Year: 2005-01-0                            | )1 to 20           | 05-12-31              |                                 |  |                    |
|---|--------------------|-----------------------|---------------------------------|--|--------------------|
| Jurisdiction: Ontario                               |                    |                       |                                 |  |                    |
|   |                    |                       |                                 |  |                    |
| Corporation is associated<br>Corporation is related | <u>N</u><br>N      |                       |                                 |  |                    |
| Balance due/refund (–)<br>Net income                | -10,676<br>795,505 | Taxable income        | 793,400                         | Active business income<br>Dividends paid | 563,532            |
| Credits against part I tax                          |                    | Federal taxes         |                                 | Refunds/credits                          |                    |
| Small bus deduction .                               |                    | Part I                | 166,614                         | ITC refund                               |                    |
| M&P deduction                                       |                    | Surtax                | 8,886                           | Dividends refund                         |                    |
| Foreign tax credit                                  |                    | Part I.3              |                                 | Instalments                              | 186,176            |
| Political contributions                             |                    | Part IV               |                                 |  |                    |
| Investment tax credits                              |                    | Part I & Surtax       | 175,500                         | Other                                    |                    |
| Abatement/Other                                     | 79,340             | Other                 |                                 |  |                    |
| Summary of federal carryfor                         | ward/carryb        | oack information      |                                 |  |                    |
| Canyyback amounts                                   |                    |                       | Carryforward balan              | ces                                      |                    |
| Investment tax credits                              |                    |                       | RDTOH                           | · · · · · · · · · · · · · · · · · · ·    |                    |
| Non-capital loss                                    |                    |                       |                                 |  |                    |
| Capital loss  |                    |                       |                                 |  |                    |
| Farm loss   | ка ка Ка 🚊         |                       | •                               |  |                    |
| Restricted farm loss                                | <u>_</u>           |                       |                                 |  |                    |
| Surtax credit                                       |                    |                       |                                 | and the tree and the set                 |                    |
| Part I tax credit (Schedule 42)                     | . 201 201 2010     |                       |                                 | es                                       |                    |
|   |                    |                       | •                               | credit                                   | 16 1/2             |
|   |                    |                       |                                 |  | 16,143             |
|   |                    |                       |                                 | edule 42)                                |                    |
|   |                    |                       | Part I tax creuit (Sch          |  |                    |
| Summary of provincial infor                         | mation – pr        | ovincial income tax p | ayable ———                      |  |                    |
| P nce   | %<br>Allocation    | Taxable income        | Tax payable<br>before deduction | Deductions/credits                       | Net tax<br>payable |
|   |                    |                       |                                 |  |                    |
| Newfoundland and Labrador                           |                    |                       |                                 | <u></u>                                  |                    |
| Prince Edward Island                                |                    |                       |                                 |  |                    |
| Nova Scotia   |                    |                       |                                 |  |                    |
| New Brunswick                                       |                    | ······                |                                 |  |                    |
| Saskatchewan  |                    |                       |                                 |  |                    |
| British Columbia                                    |                    |                       |                                 | <del></del>                              |                    |
| Yukon Territory                                     |                    |                       |                                 |  |                    |
| Northwest Territories                               |                    |                       |                                 |  |                    |

111,076

## CORPORATE TAXPREP / TAXPREP DES SOCIÉTÉS - EP04

Ontario (CT23) ..... 100.00

Totals per Federal T2 and Schedule 5

793,400

Nunavut

Alberta (AT1)

Québec (CO-17)

111,076

## $_{igcases}$ Summary of taxes payable to provinces and provincial carryforward amounts –

| Province                         | Taxable capital                        | Capital tax payable*                     | Income tax<br>payable | Total tax<br>payable | Balance due/<br>refund (-) |
|----------------------------------|--|--|-----------------------|----------------------|----------------------------|
| B.C. (General)                   |  |  | ·                     |                      |                            |
| B.C. (Special)                   |  |  |                       |                      |                            |
| Sask. (SCT-1)                    |  |  |                       |                      |                            |
| Manitoba (MCT-1)                 |  |  | -                     |                      |                            |
| Alberta (AT1)                    | 252                                    |  | -                     |                      |                            |
| Schedule 361                     |  |  |                       |                      | _                          |
| Schedule 342                     | 17 507 010                             | 30,464                                   | -<br>111,076          | 141,540              | -512,704                   |
| Ontario (CT23)<br>Québec (CO-17) | 17,597,828                             |  | 111,070               | 111,510              |                            |
| * For Québec, this include       | es compensation tax a                  | nd special taxes                         |                       |                      |                            |
| Provincial carryforward          | s:                                     |  | Ontario               | Québec               | Alberta                    |
| Non-capital losses               |  |  |                       |                      |                            |
| Net capital/L.P.P losses         | ************************************** | s was was not east that that that the    |                       |                      |                            |
|                                  |  | · ····································   |                       |                      |                            |
| Restricted farm losses           |  |  |                       |                      |                            |
| Donations                        |  | 2 2012 2012 2014 2014 2014 2014 2014 201 |                       |                      |                            |

# **Five Year Comparative Summary**

|                                     | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|-------------------------------------|--------------|----------------|----------------|----------------|----------------|
| Federal information                 |              |                |                |                |                |
| Taxation year end                   | 2005-12-31   | 2004-12-31     | 2003-12-31     | 2002-12-31     | 2001-12-31     |
| Balance due/refund                  | -10,676      | 11,612         | 452,326        |                |                |
| Net income                          |              | 2,222,983      | 2,016,518      | 152,796        | -293,048       |
| Taxable income                      |              | 2,222,958      | 1,875,315      |                |                |
| Active business income              |              | 2,222,983      | 2,016,518      | 151,970        |                |
| Dividends paid                      |              |                |                | 6,500,000      |                |
| Federal taxes                       |              |                |                | 9              |                |
| Part I                              | 166,614      | 466,821        | 431,322        |                |                |
| Surtax                              |              |                | 21,004         |                |                |
| Part I.3                            |              |                |                | 11,648         | 2,402          |
| Part IV                             |              |                |                |                |                |
| Other federal taxes                 |              |                |                |                |                |
| (Parts II, IV.1, VI, VI.1,          |              |                |                |                |                |
| XIII.1, XIV)                        |              |                |                |                |                |
| Credits against part I ta           | x            |                |                |                |                |
| Small business deduction            |              |                |                |                |                |
| M&P deduction                       |              |                |                |                |                |
| Foreign tax credit                  |              |                |                |                |                |
| Political contribution              |              |                |                |                |                |
| Investment tax credit               |              |                |                |                |                |
| Abatement/other                     | 79,340       | 222,296        | 187,532        |                |                |
| Refunds/credits                     |              |                |                |                |                |
| ITC refund                          |              |                |                |                |                |
| Dividend refund                     |              |                |                |                |                |
| Instalments                         |              | 480,106        |                | 11,648         | 2,40           |
| Other                               |              |                |                |                |                |
| · · · · tario                       |              |                |                |                |                |
| Taxable income                      | 793,400      | 2,222,958      | 1,875,315      |                |                |
| Income tax payable before deduction | 111,076      | 311,214        | 234,414        |                |                |
| Income tax deductions /credits      |              |                |                |                |                |
| Net income tax payable              | 111,076      | 311,214        | 234,414        |                |                |
| Taxable capital                     | 17,597,828   | 17,462,029     | 16,770,930     | 14,500,902     | 16,710,10      |
| Capital tax payable                 | 30,464       | 37,479         | 35,381         | 28,644         | 8,85           |
|                                     |              |                |                | 44,890         | 8,85           |
| Total tax payable                   | 141,540      | 348,693        | 253,549        | 44,090         | 0,05           |

# **Schedule of Instalment Remittances**

| Name of corporation | conta |
|---------------------|-------|
| Telephone number:   |       |

1.00

·····

act: SANDRA SLATER (519) 776-5291

| Effective<br>interest date | Description (instalment remittance,<br>split payment, assessed credit)              | Amount of credit |
|----------------------------|---|------------------|
|                            | INSTALMENTS   | 186,176          |
|                            |   |                  |
|                            |   |                  |
|                            |   |                  |
|                            |   |                  |
|                            |   |                  |
|                            |   |                  |
|                            |   |                  |
|                            | Total amount of instalments claimed (carry the result to line 840 of the T2 Return) | 186,176          |
|                            | Total instalments credited to the taxation year per T9                              | 186,176          |

• **33** 

| – Transfer<br>Account number | Taxation<br>year end | Amount | Effective<br>interest date | Description |
|------------------------------|----------------------|--------|----------------------------|-------------|
| From:                        | -                    |        |                            |             |
| То:                          |                      |        |                            |             |
| From:                        |                      |        |                            |             |
| То:                          |                      | ·      |                            |             |
| From:                        |                      |        |                            |             |
| То:                          |                      |        |                            |             |
| From:                        |                      |        |                            |             |
| To:                          |                      |        |                            |             |
| From:                        |                      |        |                            |             |
| То:                          |                      |        | 3 <u></u>                  |             |
|                              |                      |        |                            |             |

# **Federal Tax Instalments**

## - Federal tax instalments -

For the taxation year ended: 2006-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made either to an authorized financial institution or filed with form T9 (instalment form) and addressed to the appropriate Revenue Canada Taxation Centre.

| Date               | Instalments<br>required | Instalments<br>paid | Cumulative<br>difference | instalments<br>payable |
|--------------------|-------------------------|---------------------|--------------------------|------------------------|
| 2006-01-31         | . 14,625                |                     |                          | 14,625                 |
| 2006-02-28         | 14,625                  |                     |                          | 14,625                 |
| 2006-03-31         | 14,625                  |                     |                          | 14,625                 |
| 2006-04-30         | 14,625                  |                     |                          | 14,625                 |
| 2006-05-31         | 14,625                  |                     |                          | 14,625                 |
| 2006-06-30         | 14,625                  |                     |                          | 14,625                 |
| 2006-07-31         | 14,625                  |                     |                          | 14,625                 |
| 2006-08-31         | 14,625                  |                     |                          | 14,625                 |
| <u>^</u> 706-09-30 | 14,625                  |                     |                          | 14,625                 |
| _J06-10-31         | 14,625                  |                     |                          | 14,625                 |
| 2006-11-30         | 14,625                  |                     |                          | 14,625                 |
| 2006-12-31         | 14,625                  |                     |                          | 14,625                 |
|                    |                         |                     |                          |                        |
| Tota               | 175,500                 | )                   |                          | 175,500                |

## Indicate instalment method chosen [1-3]: 1

1st Instalment base method

If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

## ┌ 1 – 1st Instalment base method –

| 1ኖ' 'າstalment base amount (amount I below) | <u>175,500</u> ÷ 12 = | 14,625 |
|---|-----------------------|--------|
| Mnly instalments required                   |                       | 14,625 |

## □ 2 – Combined 1st and 2nd instalment base method –

|   | 40,977 |
|---|--------|
| Total         491,718         +         12         =           1/12 of estimated current year credits (H below /12)         -         -         - | 40,977 |
| 1/12 of estimated current year credits (H below /12)  | 40,977 |
|   |        |
|   |        |
| Each of the first two instalment payments =   | 40,977 |
| Total tax from I below 175,500  |        |
| Amount B above x 2 – 81,954   |        |
| = 93,546 ÷ 10 =   | 9,355  |
| Each of the remaining ten instalment payments   | 9,355  |

| Instalment base amount (amount I below) |  |
|---|--|
| Monthly instalments required            |  |

÷ 12 =

| Instalment base calculation                                    | 1st instalment<br>base method         |            | Estimated<br>tax method |      |
|--|---------------------------------------|------------|-------------------------|------|
| Taxable income   | 793,400                               | ۵ <u>ـ</u> |                         | =    |
| Calculation of tax payable                                     |                                       |            |                         |      |
| Federal part I tax   | 301,492                               | -          |                         |      |
| Federal surtax +   | 8,886                                 | + _        |                         |      |
| Refundable tax on a CCPC's investment income +                 |                                       | + -        |                         | -    |
| Subtotal   | 310,378                               | -          |                         | Α    |
| Small business deduction                                       |                                       | _          |                         |      |
| Investment corporation deduction +                             |                                       | +          |                         | _    |
| Federal tax abatement +  | 79,340                                | +          |                         |      |
| Manufacturing and processing profits deduction +               |                                       | + _        |                         |      |
| Non-business foreign tax credit +                              |                                       | + _        |                         | _    |
| Business foreign tax credit +                                  |                                       | + _        |                         |      |
| Tax reduction, general and accelerated +                       | 55,538                                | +          |                         |      |
| Logging tax credit +   |                                       | +          |                         | -    |
| Federal political contribution tax credit +                    |                                       | +          |                         | _    |
| Investment tax credit per Schedule 31 and resource deduction + |                                       | +          |                         | _    |
| Qualifying environmental trust tax credit +                    |                                       | +          |                         |      |
| Subtotal   | 134,878                               | -          |                         | _ B  |
| Total part I tax payable (A - B)                               | 175,500                               |            |                         | С    |
| Part I.3 tax +   |                                       | +          |                         | D    |
| Part VI tax +  |                                       | +          |                         | D.1  |
| Part VI.I tax +  |                                       | +          |                         | _D.2 |
| Provincial/territorial tax +                                   |                                       | +          |                         | E    |
| Total  |                                       |            |                         | _    |
| Parts I, I.3, VI, VI.I and provincial/territorial tax          | 175,500                               |            |                         | F    |
| Adjustment for short taxation years:                           | 265                                   | 0.05       | 261                     | -    |
| x 365 + number of days in year if less than 365 365 +          | <u>365</u><br>175,500                 | 365 ÷      | 365                     | G    |
|  | 175,500                               |            |                         |      |
| Estimated current year credits:                                |                                       |            |                         |      |
| Investment tax credit refund                                   |                                       | +          | -                       | -    |
| Dividend relatio   |                                       | · -        |                         | -    |
| Federal capital gains refund                                   |                                       | +          |                         | -    |
| F incial and territorial capital gains refund +                |                                       | ·          |                         | -    |
| N. J allowable refund per Schedule 26                          | · · · · · · · · · · · · · · · · · · · | +          |                         | -    |
| Tax withheld at source +                                       |                                       | +          |                         | -    |
| Other estimated credits +                                      |                                       |            |                         | =    |
| Total estimated current year credits                           |                                       | 12         |                         |      |
| Instalment base amount (G - H)                                 | 175,500                               | -          |                         | _ 1  |

# **Ontario Tax Instalments**

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| F.I.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

Ontario tax instalments

#### For the taxation year ended: 2006-12-31

The following is a list of Ontario instalments payable for the current taxation year. The last column indicates the instalments payable to the Ontario Ministry of Revenue. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Minister of Finance. Payment may be made either to a chartered bank in Ontario or filed with an instalment form and addressed to:

Ministry of Revenue (Ontario) Corporation Tax Branch P.O. Box 620 33 King Street West Oshawa, Ontario L1H 8E9

| Quaterly instalment<br>Date | Instalments<br>required | Instalments<br>paid | Cumulative<br>difference | Instalments<br>payable |
|-----------------------------|-------------------------|---------------------|--------------------------|------------------------|
|                             |                         |                     |                          |                        |
| Total                       |                         |                     |                          |                        |

| Date       | Instalments required | Instalments<br>paid | Cumulative<br>difference | Instalments<br>payable |
|------------|----------------------|---------------------|--------------------------|------------------------|
| 2006-01-31 | 11,795               | -                   |                          | 11,795                 |
| 2006-02-28 | 11,795               |                     |                          | 11,795                 |
| 2006-03-31 | 11,795               |                     |                          | 11,795                 |
| 2006-04-30 | 11,795               |                     |                          | 11,795                 |
| 2006-05-31 | 11,795               | -                   |                          | 11,795                 |
| 2006-06-30 | 11,795               |                     |                          | 11,795                 |
| 2006-07-31 | 11,795               |                     |                          | 11,79                  |
| 2006-08-31 | 11,795               |                     |                          | 11,79                  |
| 2006-09-30 | 11,795               |                     |                          | 11,795                 |
| 2006-10-31 | 11,795               |                     |                          | 11,795                 |
| 2006-11-30 | 11,795               |                     |                          | 11,79                  |
| 2006-12-31 | 11,795               |                     |                          | 11,79                  |
|            |                      |                     |                          |                        |
| Total      | 141,540              |                     |                          | 141,54                 |

| Indicate instalment method chosen [1-3]:       1         1st Instalment base method  |  |
|--|--|
| Do not use the quaterly payment even if applicable "X" to con<br>If instalments are starting late, indicate the MONTH in which | ntinue montly payments<br>you want them to start (1=January, 2=February, etc.) 1 |
| 1 – 1st Instalment base method<br>1st instalment base amount (amount I below)  | 141,540 ÷ 12 =11,79  |
| Monthly instalments required   | 11,79  |

Quarterly instalments required

| 2nd instalm   | ent base amount:                  |      |           |      |   |          |
|---------------|-----------------------------------|------|-----------|------|---|----------|
| Indicate:     | Income tax, C.M.T                 |      | 311,214   |      |   |          |
|               | Capital tax, prem. tax            | +    | 37,479    |      |   |          |
|               | Tot                               | al = | 348,693 ÷ | - 12 | = | 29,058 A |
| Each of the   | first two instalment payments     |      |           |      |   | 29,058   |
| Total tax fro | om I below                        |      | 141,540   |      |   |          |
| Amount A a    | above x 2                         | -    | 58,116    |      |   |          |
|               |                                   | =    | 83,424 ÷  | + 10 | = | 8,343    |
| Each of the   | remaining ten instalment payments |      |           |      |   | 8,343    |
| Quarterly in  | stalments required                |      |           | _    |   |          |
| 3 – Estim     | nated tax method                  |      |           |      |   |          |
| Instalment    | base amount (amount I below)      |      |           | + 12 | = |          |
| Monthly ins   | talments required                 |      |           |      |   |          |
| Quarterly in  | stalments required                |      |           |      |   |          |

| Instalment base calculation                      |       | 1st instalment<br>base method |       | Estimated tax method |
|--|-------|-------------------------------|-------|----------------------|
| Ontario taxable income                           |       | 793,400                       | =     |                      |
| Calculation of tax payable                       |       |                               |       |                      |
| G Ontario tax                                    |       | 111,076                       | -     | A                    |
| Incentive deduction for an S.B.C., net of surtax |       |                               |       |                      |
| Manufacturing and processing profits credit      | + _   |                               | +     |                      |
| Additional deduction for credit unions           | +     |                               | +_    |                      |
| Credit for foreign taxes paid                    | ++    |                               | + _   |                      |
| Credit for investment in S.B.D.C.                | ++    |                               | +     |                      |
| Specified credits applied against income tax     | +_    |                               | +     |                      |
| Total deduction and credits                      |       |                               | =     | E                    |
| Income tax (A - B)                               |       | 111,076                       | _     | (                    |
| Capital tax                                      | +     | 30,464                        | +     | E                    |
| Corporate minimum tax paid (credited)            | +     |                               | +     | E                    |
| Premium tax                                      | ++    |                               | +     | F                    |
| Total income tax and other taxes (C + D + E + F) |       | 141,540                       | -     | (                    |
| Adjustment for short taxation years              |       |                               |       |                      |
| x 365 + number of days in year if less than 365  | 365 ÷ | 365                           | 365 ÷ | 365                  |
|  |       | 141,540                       | -     | H                    |
| Tu, estimated current year credits               |       |                               |       |                      |
|  |       | 141,540                       |       |                      |

|   |   |  | ling Certificate<br>x Return CT23  |
|---|---|--|--|
|   |   | ax Acco  | on's Ontario<br>unt Number<br>)0085  |
| First Year of Filing  | D   |  | ncorporation   |
| First Year of Filing  |   |  | 000-01-06  |
| Amended Return  | L<br>R  |  | or Taxation Year   |
| Taxation Year End has changed       before Amalgamation         Floating Fiscal Year End       Date Control was acquired:   | Start   |  | 2005-01-01   |
| (approval by Revenue Canada required)<br>Exempt From Filing   | End   |  | 2005-12-31   |
| Change of Information? Yes No X   |   |  |  |
| Corporation's Legal Name<br>E.L.K. Energy Inc.  |   |  | Canada Taxation<br>Number  |
| Mailing Address   |   | 8665   | 6 7787 RC0001  |
| 172 Forest Avenue   | J   | lurisdict<br>ONTA  | ion Incorporated<br>RIO  |
| C CA N8M 3E4  |   |  |  |
| Transmitter Data         Transmitter Number       0009036         Transmitter Name:       0009036         KPMG LLP       I am an authorized signing certify that this Return, inclustatements filed with or as examined by me and is a transmitter Address:         Transmitter Address:       (519) 251-3500         Facsimile Number       (519) 251-3540         Transmitter Address:       (519) 251-3540         G18 Greenwood Centre       (519) 251-3540         3200 Deziel Drive       windsor         ON       N8W5K8 | luding all<br>part of th<br>rue, corre-<br>nation is in<br>corporation<br>curately r<br>ults of the<br>of the Cor<br>income for<br>previous y | schedu<br>his Returect and<br>n agree<br>n. I furth<br>corpor-<br>rporatio<br>or this ta<br>year, ex | les and<br>rn, has been<br>complete<br>ment with the<br>ner certify that<br>he financial<br>ation as<br>ns Tax Act.<br>axation year is<br>ccept as |
| Disk Reference Number   |   |  |  |
| A _gate of Total Revenue  |   |  |  |
| Aggregate of Total Assets   |   |  |  |
| Taxable Income (Non-capital Loss) 10 793,400  |   |  |  |
| Total Tax Payable   |   |  |  |
| Payments  |   |  |  |
| Enclosed  |   |  |  |
| Apply to: Year  |   |  |  |
| Apply Amount  |   |  |  |
| Refund  |   |  |  |
| If Yes, Due to:<br>Loss Carryback   | Dete  |  | Phone Number   |
|   | Date  | 1 10   |  |
| Overpayment     Yes X     No       Defundable Tax Credit     Yes No X     Ministry  | 2006-0  | 04-10  | (519) 776-5291   |

Star Terrar

Eq.

| Payment Advice  |  |                             |                    |                  |
|---|--|-----------------------------|--------------------|------------------|
|   |  | Enter the amount of payn    |                    |                  |
| Corporation's Ontario Tax   | prporation's Ontario Tax Date of Incorporation | Taxation Year End           | Payme              | ent Amount       |
| Account Number<br>1800085   | year month day<br>2000-01-06                   | 2004-12-31                  | \$                 |                  |
| Corporation's Legal Name  |  |                             |                    |                  |
| E.L.K. Energy Inc.  |  | 2005-12-31                  | \$                 |                  |
|   |  | <b>Total Payment</b>        | \$                 |                  |
| Submit your cheque (drawn on a Canac  | lian financial institution) or money           | order, in Canadian funds, p | ayable to the Mini | ster of Finance. |
| Send to: Ontario Ministry of Finance<br>Corporations Tax Branch<br>PO Box 642 |  |                             |                    |                  |
| 33 King Street West<br>Oshawa ON L1H 8T1                                      |  |                             |                    |                  |
| Incomplete information will result in a de                                    | lay processing an assessment.                  |                             |                    |                  |

# **Ontario Consent Form**

| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
|--------------------------|--|-------------------|
| E L.K. Energy Inc.       | 1800085                                    | 2005-12-31        |

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4 and 5 to cancel consent for an existing representative.
- Complete all parts if you want to both name a new representative and cancel an existing representative.

## Part 1 – Consent for the release of information to a representative

Year Month Day

| Client's name: E.L.K. Energy  | Inc.   |
|---|--|
| Ontario Corporations Tax Account                                      | Number: 1800085  |
| Client's address 1:   | 172 Forest Avenue  |
| Client's address 2:   |  |
| City:   | Essex  |
| Province, territory, or state:  | ON   |
| Country (other than Canada):  |  |
| Postal code:  | N8M 3E4  |
| Zip Code or Foreign postal code:                                      |  |
| I consent to the release of confi<br>Firance to the representative na | dential information about my Corporation tax return by the Ontario Ministry of<br>amed below.    |
| Representative's name: KPMG   |  |
| (If a firm, enter the name of the fir                                 | m. If an individual, enter the first and last name of the individual.)                           |
|   | sentative, and you want to specify a particular individual of that firm, enter that individual's |
| first and last name:  |  |
| Address 1:  | 618 Greenwood Centre   |
| Address 2:  | 3200 Deziel Drive  |
| City:   | Windsor  |
| Province, territory, or state:  | ON   |
| Country (other than Canada):  |  |
| Postal code:  | N8W 5K8  |
| Zip Code or Foreign postal code:                                      |  |
| 5   | (510) 251 2540   |
| (519) 251-3500  |  |
| Representative's telephone number                                     | er Extension Representative's fax number   |
| - P <sup>+</sup> t 2 – Details of consent -                           |  |
| I is est that this consent apply to                                   | all years. X OR  |
| I request that this consent apply o                                   | nly to the following years:  |
| 1. All year-ends up to:   |  |
|   | Year Month Day   |
| 2. All year-ends beginning in:  | and all years after that.<br>Year Month Day  |
| 3. The following year-ends only                                       |  |
|   | Year Month Day Year Month Day  |
|   |  |

Year Month Day

| Corporation's Legal Name  | Ontario Corporations Tax Account No. (MOF)       | Taxation Year End |  |  |  |
|---|--|-------------------|--|--|--|
| E.L.K. Energy Inc.  | 1800085  | 2005-12-31        |  |  |  |
| Part 3 – Cancellation of the consent for the release of informatic  | on to a representative                           |                   |  |  |  |
| Client's name:  |  |                   |  |  |  |
|   |  |                   |  |  |  |
| I cancel all previous consent for all representatives.  |  |                   |  |  |  |
| I cancel my consent to the release of confidential information about my<br>Ministry of Finance to the representative named below. | Corporation tax return by the Ontario            |                   |  |  |  |
| Representative's name:  |  |                   |  |  |  |
| (If a firm, enter the name of the firm. If an individual, enter the first and last n  | ame of the individual.)                          | du alla           |  |  |  |
| If you named a firm as your representative, and you want to specify a particular  | llar individual of that firm, enter that indivi- | duars             |  |  |  |
| first and last name:  |  |                   |  |  |  |
| Address 1:  |  |                   |  |  |  |
| Address 2:  |  |                   |  |  |  |
| City: Province, territory, or state:  |  |                   |  |  |  |
| Country (other than Canada):  |  |                   |  |  |  |
| Postal code:  |  |                   |  |  |  |
| Zip Code or Foreign postal code:  |  |                   |  |  |  |
|   |  |                   |  |  |  |
|   | staticals favorumbar                             |                   |  |  |  |
| Re sentative's telephone number Extension Represe   | ntative's fax number                             |                   |  |  |  |
| ─ Part 4 – Details of cancellation of consent   |  |                   |  |  |  |
| I request that this cancellation of consent apply to all years.   |  |                   |  |  |  |
| I request that this cancellation of consent apply only to the following years:  |  |                   |  |  |  |
| 1. All year-ends up to:   |  |                   |  |  |  |
| Year Month Day  |  |                   |  |  |  |
| 2. All year-ends beginning in: and all years after th Year Month Day  | at.  |                   |  |  |  |
| 3. The following year-ends only:  |  |                   |  |  |  |
| Year Month Day Year Month Day   |  |                   |  |  |  |
| Year Month Day Year Month Day   |  |                   |  |  |  |
|   |  |                   |  |  |  |
| 🕝 Part 5 – Signature  |  |                   |  |  |  |
| Your name SANDRA SLATER   | Title DIRECTOR OF FINAN                          | CE                |  |  |  |
| Thi- form must be signed by an owner, partner, director, trustee, or officer.   |  |                   |  |  |  |
|   | Date 2006-04-10                                  |                   |  |  |  |
| Sign here   | Year Month Day                                   |                   |  |  |  |
| WE WILL NOT PROCESS THIS FOR  | -  |                   |  |  |  |
|   |  |                   |  |  |  |

na Ma Yie HERET AND FREETE LINE REMINISTING I WAR WILL YOU PAYMENT

## Remittance Advice - rayment-in-Lieu (PIL)

|  |   | Electricity Act, 1998   | ~  |
|--|---|---|--|
| 🕅 Ontario  | Ministry of Finance<br>Corporations Tax Branch - Hydro PIL<br>PO Box 620<br>33 King Street West                       | Corporations Tax Act, R   | R.S.O. 1990 (My 4/27 SS-6<br>314/27 SS-6                 |
|  | Oshawa ON L1H BE9   |   | » 3/19/6 <del>1</del>                                    |
|  | Account No.<br>1800085  |   |  |
|  | <b>0</b> E  | Payment Amount: \$  |  |
|  | 35<br>PX5003  |   |  |
| E.L.K. ENERGY<br>Sandra Slater<br>172 forest avi                           | , DIR OF FINANCE  | Taxation Year End: (YYYYMMDD<br>Payment Amount: \$                                      | » 2 0 0 5 1 2 3 <del>4</del>                             |
| ESSEX  | -<br>ON   |   |  |
| N8M 3E4  |   | Total Payment \$  |  |
| (  |   |   | 7(4.10.1   |
| 🕅 Ontario  | Ministry of Financa<br>Corporations Tax Branch - Hydro PIL<br>PO Box 620<br>33 King Street West<br>Oshawa ON L1H 8E9  | Keep this partian for<br><b>Notice of</b><br>Electricity Act, 1998 •<br>from 2005/01/01 | Assessment<br>Corporations Tax Act, R.S.O. 1950 2 0 2006 |
|  |   | Account No.   | Assessment Date Page<br>(year, manth, day)               |
| E.L.K. ENERGY INC.   |   | 1800085   | 2006/10/12 1 of 1  |
| ASSESSMENT NO. 88  |   |   |  |
| Tax: Federal and Provincial PIL<br>Assessment Interest                     |   |   | 317,040.00<br><u>16,795.03</u> CRSS-5<br>300,244.97      |
|  |   |   | 500,244.97   |
| IVIART OF 2005/1   | 2/31 TAXATION YEAR TRANSACTIONS   | 1   | •  |
| Payments/Transfers   |   | 840,420.00C   | R  |
|  | Sub-Total<br>AILABLE IN THIS TAXATION YEAR  | 840,420.00<br>540,175.03<br>CR S S  |  |
| In accordance with s.<br>by s.95 of the Electric<br>tax, penalty and inter | s:80(8) of the Corporations Tax Act, as<br>ity Act, 1998, notice is hereby given of<br>est for which you are assessed | made applicable<br>the amount of  |  |
| Total tax assessed as  | s per company estimate  |   |  |
|  |   |   |  |
|  |   |   |  |
|  |   |   |  |
|  |   |   | •  |
|  |   |   |  |
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| X  |   |   |  |
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|  |   |   |  |
|  |   |   |  |
|  |   |   |  |

 Tax (Re)Assessment Enquiries:
 Account Bitling Enquiries & Change of Address information:

 • Toronto (416) 730-5585
 • Oshawa and Locat (905) 433-6708
 • Toil-Free 1-800-262-0784 ext. 3036

 • FAX (416) 730-5593
 • Toronto (416) 920-9048 ext. 3036
 • FAX (905) 433-5197

002 PX5003