

Residents of the United States

The following is applicable to Shareholders who, for purposes of the Tax Act and any applicable tax treaty or convention, have not been and will not be resident or deemed to be resident in Canada at any time while they have held Shares or will hold Trust Units or TUSKEx Shares and who will not use or hold the Shares, Trust Units or TUSKEx Shares in the course of carrying on a business in Canada, and except as specifically discussed below, to whom such shares or units are not "taxable Canadian property", as defined in the Tax Act. Special rules apply to non-resident insurers that carry on an insurance business in Canada which are not commented on herein.

This summary assumes that each Shareholder who is not resident in Canada for tax purposes is resident in the United States. Counsel has been advised that substantially all Shareholders who are not resident in Canada reside in the United States.

Taxation of Capital Gains and Capital Losses

A non-resident Shareholder will only be subject to taxation in Canada in respect of the disposition of Shares, Trust Units or TUSKEx Shares to the extent that such securities constitute "taxable Canadian property" and the non-resident Shareholder is not afforded relief under an applicable tax treaty.

Generally, the Shares and TUSKEx Shares will not be taxable Canadian property at a particular time provided that such shares are listed on a prescribed stock exchange (which currently includes the TSX) and the Shareholder, persons with whom such Shareholder does not deal at arms length, or the Shareholder and such persons, have not owned (or had under option) 25% or more of the issued shares of any class or series of the capital stock of the corporation in question (or any predecessor thereto) at any time within five years preceding the particular time, and such shares were not acquired in a tax deferred exchange for property that was itself taxable Canadian property.

Trust Units will generally not be taxable Canadian property at a particular time provided that TKE Trust qualifies as a mutual fund trust at that time and the holder, persons with whom such holder does not deal at arms' length, or the holder and such persons, have not owned (or had under option) 25% or more of the issued Trust Units at any time within five years preceding the particular time.

Shareholders who are resident in the United States are not eligible to elect to receive Exchangeable Shares as part of their consideration.

A non-resident Shareholder whose Shares are not taxable Canadian property will not be subject to tax under the Tax Act on the exchange of such Shares under the Arrangement. Similarly, provided the Trust Units and TUSKEx Shares are not taxable Canadian property to the non-resident Shareholder at the time of a disposition of same, the Shareholder will not be subject to tax under the Tax Act on the disposition (except to the extent the disposition of Shares or TUSKEx Shares gives rise to deemed dividends as discussed below).

In the event that the Shares, TUSKEx Shares or Trust Units constitute taxable Canadian property to a particular non-resident Shareholder, the disposition thereof will generally give rise to a capital gain (or capital loss) that will be treated in the manner described above under "Canadian Federal Income Tax Considerations for Shareholders Resident in Canada". United States Shareholders otherwise subject to capital gains taxation by Canada will not be exempted from same by virtue of the Canada - U.S. Tax Convention (the "**Treaty**") based on Counsel's understanding that the value of such shares or trust units is derived principally from real property or resource property situated in Canada.

Dispositions of Shares or TUSKEx Shares to the corporation that issued them may give rise to deemed dividends. Dividends paid or deemed to be paid on shares are subject to non-resident withholding tax under the Tax Act at the rate of 25%, although such rate may be reduced under the provisions of an applicable income tax treaty or convention. Under the Treaty, the rate is generally reduced to 15% in respect of dividends paid to a person who is the beneficial owner of the dividend paid and who is resident in the United States for purposes of the Treaty.

Trust Unit Distributions to Non-Residents

Trust income paid, payable or designated to Unitholders (as described under the subheading "Taxation of Unitholders" above) who are non-residents of Canada is generally subject to withholding tax at a rate of 25% (unless such rate of withholding tax is reduced pursuant to an applicable income tax treaty). Under the Treaty withholding tax on trust distributions is generally reduced to 15% for United States residents.

Proposed Amendments released September 16, 2004 propose to impose an additional tax generally equal to 15% of distributions made after 2004 to non-residents that are not otherwise subject to withholding tax if such distributions are made by a mutual fund trust in which the trust unit value is primarily attributable to Canadian real property or Canadian resource property (a "**Canadian Property Mutual Fund**"). It is Counsel's understanding that this tax would be applicable to non-resident Unitholders. In some circumstances, a refund of some or all of such tax can be obtained if a loss is realized on the disposition of an interest in a Canadian Property Mutual Fund and a tax return is filed for the taxation year during which the disposition occurred.

The Proposed Amendments also propose that withholding tax at a rate of 25% (unless such rate is reduced by an applicable tax treaty) would apply to certain trust distributions which would otherwise not have been subject to withholding tax if such distributions are funded from proceeds of disposing of taxable Canadian property. It is Counsel's understanding that while there are circumstances where such tax could be applicable to non-resident Unitholders, such tax would not typically arise in the ordinary course.