

**ELECTION ON DISPOSITION OF PROPERTY BY A PARTNERSHIP TO A TAXABLE CANADIAN CORPORATION**

- For use by a taxable Canadian corporation and all the members of a partnership, to jointly elect under subsection 85(2) where the partnership has disposed of property to the corporation and has received as consideration shares of any class of capital stock of the corporation.
- File one completed copy of the election and related schedules (if any) as follows:
  - by a partner designated for the purpose by the partnership;
  - on or before the earlier date on which any party to the election has to file an income tax return for the taxation year in which the transaction occurred (due date);
  - at the tax centre serving the area where the partnership is located; and
  - separately from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return.
- Sections and subsections referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of partnership (transferor) (print)				Business Number or Social insurance number
Address				Postal code
Taxation year of partnership	from	Year Month Day	to	Year Month Day
				Tax services office

Name of corporation (transferee) (print) Progress Acquisition Corp.				Business Number 858689540
Address 1400, 440 - 2nd Avenue SW, Calgary, AB				Postal code T2P 5E9
Taxation year of corporation	from	Year Month Day	to	Year Month Day
				Tax services office Calgary
Name of person to contact for more information Russ Thomas				Area code Telephone number 403-539-1833

**Penalty for late-filed and amended elections**

An election that is filed after its due date is subject to a late-filing penalty. Form T2058 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2058 can be amended or filed after the 3-year period, but in these situations, attach both an estimate of the penalty and a written submission for consideration by the Minister, explaining the reason why the election is amended or late.

Calculation of late-filing penalty:

Fair market value of property transferred				
Less: agreed amount				
Difference				A
Amount A	X 1/4 X 1 % X N*	=		B
\$100 X N*		=		C

N\* represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above

Make cheque or money order payable to the Receiver General. Specify "T2058" on the remittance, and indicate the name and the taxation year of the partnership whose account will be credited.

Amount enclosed

Unpaid amounts, including late-filing penalties, are subject to daily compound interest at a prescribed rate.

Do not use this area

Name	S.I.N. or B.N.
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**Information required**

On the opposite page, list, describe, and state the fair market value of properties transferred. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election, you do not have to file the following materials: schedules supporting this designation; documentation relating to the responses to the questions below; and a brief summary of the method of evaluating the fair market value of each property transferred. However, you have to keep them as Canada Customs and Revenue Agency may ask to see them at a later date.

Is there a written agreement relating to this transfer?  yes  no

Does a price adjustment clause apply to any of the properties? (See Interpretation Bulletin IT-169 for details.)  yes  no

Do any persons other than the members of the partnership own or control, directly or indirectly, any shares of any class of the transferee?  yes  no

Where a non-arm's length intercorporate rollover exists, have all or substantially all (90% or more) of the properties of any partner been transferred to the corporation?  yes  no

Are any partners non-residents of Canada?  yes  no

Are any of the properties transferred capital properties?  yes  no

If "yes,"

- have they been owned continuously since Valuation Day (V-Day)?  yes  no
- have they been acquired after V-Day in a transaction considered not to be at arm's length?  yes  no
- since V-Day, has the partnership or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If "yes", provide details of amounts and dates received and attach a schedule.)  yes  no

Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  yes  no

If "yes," does a formal documented V-Day value report exist?  yes  no

Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the transferor?  yes  no

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation	Business Number	Paid-up capital of shares transferred

**Description of shares received**

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable?*
	Exch Shares	See (a) below	See (b) below	non-voting	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no

\*Retractable means redeemable at the option of the holder.

**Informative notes**

- The rules for section 85 elections are complex. Essential information is contained in Information Circular 76-19 and Interpretation Bulletins IT-169, IT-172, IT-291, and IT-378.
- For this election to be considered valid, you have to complete all the information areas and answer all questions. If incomplete, Canada Customs and Revenue Agency will consider the election invalid, and subsequent submissions will be subject to a late-filing penalty.

(a) Determined by formula  
 (b) To be determined

Name	S.I.N. or B.N.
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**Particulars of property disposed of and consideration received**

Date of sale or transfer of all properties listed below:	Year Month Day 2004/07/02	<b>Note:</b> For properties sold or transferred on different dates, use separate Form T2058.
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Property disposed of		Agreed amount	Amount to be reported B - A (if greater than 0, see note 4)	Consideration received		
Description	Elected amount limits*			Non-share Description	Share - Number and class	Fair market value
	Fair market value	A	B			

Capital property excluding depreciable property						
(Brief legal)		(see note 1)				
_____ New Common						
Shares of Progress				_____ Trust		
Energy Ltd.				Units of Progress		
_____ Class A				Energy Trust		
Pref Shr of Progress				_____ Exch		
Energy Ltd.				Shr Progress		
				Acq Corp		

Depreciable property						
(Description and prescribed class)		(see note 2)				

Eligible capital property						
(Kind)		(see note 3)				

Inventory excluding real property						
(Kind)		(cost amount)				

Name	S.I.N. or B.N.
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Property disposed of			Agreed amount	Amount to be reported B - A (if greater than 0, see note 4)	Consideration received		
Description	Elected amount limits*				Non-share	Share	Fair market value
	Fair market value	A	B	Description	Number and class		
<b>Resource property</b>							
(Brief legal)							
		zéro					
		zéro					
		zéro					
<b>Security or debt obligation property</b>							
(Description)							
		(cost amount)					

**Notes**

1. Adjusted cost base (subject to adjustment per section 53.)
2. The lesser of undepreciated capital cost of all property of the class and the cost of the property.
3. The lesser of 4/3 x cumulative eligible capital and the cost of the property. Use "2" instead of "4/3" for dispositions in taxation years starting before July 1, 1988, in the case of a corporation or for dispositions in fiscal periods starting before January 1, 1988, in any other case.
4. Report this amount either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, you may have to report a portion of the amount as a capital gain and another portion of as income.

\* See Interpretation Bulletin IT-291 for an explanation of the limits.

**Election and certification**

The corporation and all members of the partnership hereby jointly elect under subsection 85(2) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is true, correct and complete to the best of their knowledge.

2004/08/03	Date	Signature of authorized officer of corporation	Position or office
1	Social insurance number or Business Number	Name of partner, authorized person or authorized officer	Partner's tax services office
	Signature of partner, authorized person or authorized officer	Position of office of authorized person or authorized officer	Date
2	Social insurance number or Business Number	Name of partner (print)	Partner's tax services office
	Signature of partner or authorized officer		Date
3	Social insurance number or Business Number	Name of partner (print)	Partner's tax services office
	Signature of partner or authorized officer		Date

The election form must be signed by all partners, or by a person authorized in writing by all partners to sign for them, and by an authorized officer of the transferee. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If space is insufficient, attach "Election and Certification" giving similar details. Attach a list containing the name, Social insurance number, or Business Number of each partner. If a member of the partnership is in itself a partnership, attach a list showing the name, Social insurance number, or Business Number of each member of that partnership. Also, indicate the fiscal period of the partnership.