

# **TAX ELECTION FILING PACKAGE**

FOR FORMER CANADIAN RESIDENT HOLDERS OF COMMON SHARES OF  
STORM GAS RESOURCE CORP.

For further information, please contact  
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**Storm Gas Resource Corp.**

**Storm Resources Ltd.**

**CAUTION TO FORMER CANADIAN RESIDENT HOLDERS OF COMMON SHARES  
OF STORM GAS RESOURCE CORP.**

The instructions contained in this Tax Election Filing Package are of a general nature only and are not intended to be, and should not be construed to be, legal, business or tax advice to any particular Former Exchanging SGR Shareholder. This Tax Election Filing Package does not take into account your particular circumstances and does not address consequences that may be particular to you. All capitalized terms in this section have the meaning ascribed to them in this Tax Election Filing Package.

The law in this area is complex and contains numerous technical requirements. **Former Exchanging SGR Shareholders are urged to consult their own tax advisors for advice in respect of:**

- whether or not they are Eligible Shareholders;
- whether or not they should make the Joint Tax Election (or any relevant provincial or territorial election);
- whether or not separate election forms must be filed with any provincial or territorial taxing authority;
- the proper completion, delivery and filing of the Federal Form (and any relevant provincial or territorial forms) and any other relevant documents, for those who wish to make the Joint Tax Election (or any relevant provincial or territorial election);
- the deadlines applicable to their own particular circumstances for filing the Federal Form (and any relevant provincial or territorial forms);
- whether or not their SGR Shares were held by them as capital property at the time of the Exchange (see Instruction #5); and
- whether or not they acquired their SGR Shares in a non-arm's length transaction for purposes of the Tax Act (see Instruction #7).

A Former Exchanging SGR Shareholder that is a corporation, trust or estate should consult its own legal advisors for advice as to whether the representative signing the Federal Form (and any relevant provincial or territorial forms) has the proper authorization (see Instruction #20).

It will be the sole responsibility of each Eligible Shareholder wishing to make a Joint Tax Election to obtain and complete all portions of the forms which are prescribed for such purpose under the Tax Act and any applicable provincial or territorial legislation relevant to such party, to sign the appropriate number of forms and to deliver two signed copies of each form to the Depository for execution no later than the Depository Deadline, duly completed with the details of the number of SGR Shares transferred and the applicable agreed amounts, in accordance with the limitations provided in the Tax Act, for the purposes of such election. Storm will not be responsible for the proper completion of any election form and, except for Storm's obligation to return the duly completed election forms which are received by the Depository, to the applicable Eligible Shareholder within 30 days after the receipt thereof by the Depository, **Storm will not be responsible for any taxes, interest, penalties or any other costs or damages resulting from the failure by an Eligible Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial income tax law). Compliance with the requirements to ensure the validity of any Joint Tax Election, including the timely filing thereof, will be the sole responsibility of the Eligible Shareholder making the election and Storm assumes no liability for the failure to execute and file a valid Joint Tax Election or for the late filing of any Joint Tax Election. The procedure and forms required to complete a Joint Tax Election are technical in nature and, as a result, Eligible Shareholders are urged to consult their own tax advisors as soon as possible regarding the deadlines and procedures for making the Joint Tax Election which are appropriate to their circumstances.**

# TAX ELECTION FILING PACKAGE

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This tax election filing package (the “**Tax Election Filing Package**”) is intended for former holders (“**Former Exchanging SGR Shareholders**”) of common shares of Storm Gas Resource Corp. (the “**SGR Shares**”) who are Eligible Shareholders (as defined below) and who exchanged their SGR Shares for common shares of Storm Resources Ltd. (“**Storm Shares**”) pursuant to the arrangement (the “**Arrangement**”) entered into pursuant to the arrangement agreement dated November 10, 2011 between Storm Resources Ltd. (“**Storm**”) and Storm Gas Resource Corp. (“**SGR**”).

Capitalized terms not defined in this Tax Election Filing Package have the meanings assigned to them in the Information Circular and Proxy Statement of SGR dated December 13, 2011 (the “**Information Circular**”) furnished to SGR shareholders in connection with a special meeting of SGR shareholders held on January 12, 2012 to approve the Arrangement.

Storm is willing to make a joint tax election (the “**Joint Tax Election**”) under subsection 85(1) or 85(2), as applicable, of the *Income Tax Act* (Canada) (the “**Tax Act**”) with each Former Exchanging SGR Shareholder who is an Eligible Shareholder (as defined below) in respect of the exchange of any of their SGR Shares under the Arrangement for Storm Shares.

#### WHO IS AN ELIGIBLE SHAREHOLDER?

An “**Eligible Shareholder**” is a Former Exchanging SGR Shareholder who disposed of SGR Shares in exchange for Storm Shares pursuant to the Arrangement and who immediately before the Effective Time on January 12, 2012 (the Effective Date):

- (a) was a resident of Canada; or
- (b) a partnership, all of the members of which were persons described in (a) above.

**No Joint Tax Election will be made with anyone who is not an Eligible Shareholder. For the remainder of this Tax Election Filing Package, it is assumed that you are an Eligible Shareholder.**

#### THE EXCHANGE

Each of your SGR Shares was exchanged under the Arrangement for 1.33 Storm Shares, subject to rounding for fractional shares.

In this Tax Election Filing Package, we refer to the exchange of your SGR Shares under the Arrangement as the “**Exchange**”.

#### TAX CONSEQUENCES OF MAKING A JOINT TAX ELECTION

The principal Canadian federal income tax consequences to certain Eligible Shareholders of making a Joint Tax Election are summarized at pages 40 to 41 of the Information Circular. **Eligible Shareholders wishing to make a Joint Tax Election (and any relevant provincial or territorial election) should consult their own tax advisors as the law in this area is complex and contains numerous technical requirements.** For further information respecting the making of a Joint Tax Election, Eligible Shareholders are referred to Interpretation Bulletin IT-291R3 “Transfer of Property to a Corporation under Subsection 85(1)” (January 12, 2004) and Information Circular IC-76-19R3 “Transfer of Property to a Corporation under Section 85” (June 17, 1996) issued by the Canada Revenue Agency (the “**CRA**”).

#### PROCEDURE FOR MAKING A JOINT TAX ELECTION

**To make the Joint Tax Election, you must properly complete and execute two (2) copies of the Federal Form<sup>1</sup> (and any relevant provincial or territorial forms) and ensure that such forms and any other required documents are sent by hand, courier or registered mail to, and are received by, Alliance Trust Company (the “**Depository**”) at its address set out at the end of this Tax Election Filing Package prior to 4:30 p.m. (Calgary time) on May 11, 2012 (which is 120 days following the Effective Date) (the “**Depository Deadline**”).** Thereafter, subject to the election forms being correct and complete and complying with the provisions of the Tax Act (or any applicable provincial or territorial income tax law), Storm will sign the tax election forms received by the Depository from an Eligible Shareholder prior to the Depository Deadline and return them to such Eligible Shareholder by ordinary mail within 30 days after the receipt thereof by the Depository. In its sole

<sup>1</sup> The form is T2057 or, in the case of an Eligible Shareholder that is a partnership, form T2058 (each, a “**Federal Form**”).

discretion, Storm may choose to sign and return an election form received after the Depositary Deadline, but Storm will have no obligation to do so.

For purposes of making a Joint Tax Election, two copies of a partially completed form T2057, referred to as “**Original Form T2057**”, are enclosed with this package. An Eligible Shareholder that is an individual or corporation should fill in the remaining information in each Original Form T2057 in accordance with the instructions below. Also included with this package are two copies of a partially completed form T2058, referred to as “**Original Form T2058**”, which are to be completed by an Eligible Shareholder that is a partnership. Please see below under the heading “Particular Circumstances – Where SGR Shares were held as partnership property” for more information.

#### FILING OF COMPLETED AND EXECUTED FEDERAL FORM WITH CRA

To file a Joint Tax Election with the CRA without incurring a late filing penalty, the Federal Form, duly completed and executed by both you and Storm, must be received by the CRA on or before the day that is the earliest of the days on or before which either you or Storm is required to file an income tax return for the taxation year that includes the date of the Exchange. Storm is required to file an income tax return for the taxation year in which Exchange occurred on or before the day that is 180 days following the end of its taxation year, which is scheduled to end on December 31, 2012, but could end earlier in specified circumstances. **Eligible Shareholders are urged to consult their own advisors as soon as possible respecting the deadlines applicable to their own particular circumstances. However, regardless of such deadline, the Joint Tax Election forms of an Eligible Shareholder must be received by the Depositary for execution and filing by Storm no later than the Depositary Deadline.**

You should keep a copy of any forms so filed (and any supporting documents) for your records.

#### DOCUMENTS INCLUDED IN THIS TAX ELECTION FILING PACKAGE

This Tax Election Filing Package includes the following:

- instructions regarding the completion of the Original Form T2057 with a sample form T2057 for illustration purposes;
- two copies of Original Form T2057 and two copies of Original Form T2058; and
- a list of Tax Centres and Tax Services Offices of the CRA, appended hereto as Appendix A for your ease of reference.

#### PARTICULAR CIRCUMSTANCES

##### *1. Additional provincial or territorial joint tax elections*

Certain provincial or territorial jurisdictions may require or permit the filing of a separate joint election for provincial or territorial income tax purposes. Storm is also willing to make a joint election with you under the provisions of any relevant provincial or territorial income tax legislation with similar effect to section 85 of the Tax Act, subject to the same limitations as described in this Tax Election Filing Package. **Eligible Shareholders should consult their own tax advisors for advice as to whether separate election forms must be filed with any provincial or territorial taxing authority and the procedure for completing and filing any such separate election forms.**

It will be the sole responsibility of each Eligible Shareholder who wishes to make such an election to obtain the appropriate provincial or territorial election forms and to duly complete and submit such forms to Storm for execution at the same time as the Federal Form.

##### *2. Where SGR Shares were held in co-ownership*

Where SGR Shares were held in co-ownership and two or more of the co-owners wish to make the Joint Tax Election (or any relevant provincial or territorial election), a co-owner designated for such purpose (the “**Designated Co-Owner**”) must ensure receipt of the following documents by the Depositary:

- a written designation signed by each co-owner, authorizing the Designated Co-Owner to complete, sign and file form T2057 (and any other relevant provincial or territorial forms) on behalf of that co-owner;

- two copies of form T2057 (and any relevant provincial or territorial forms) for each co-owner signed by the Designated Co-Owner; and
- a list containing the name, address and social insurance number or tax account number of each electing co-owner.

3. *Where SGR Shares were held as partnership property*

Eligible Shareholders that are partnerships completing form T2058 may generally refer to the detailed instructions below regarding the completion of the Original Form T2057. However, there may be some differences in the information that is required and the order of presentation of such information. **Eligible Shareholders that are partnerships seeking to make the Joint Tax Election should consult with their own tax advisors for advice respecting the procedure for completing forms applicable to partnerships.**

Where SGR Shares were held as partnership property by an Eligible Shareholder that is a partnership and the partnership wishes to make the Joint Tax Election (and any relevant provincial or territorial election), a partner designated by the partnership (the “**Designated Partner**”) must ensure receipt of the following documents by the Depositary:

- a written designation signed by each partner, authorizing the Designated Partner to complete, sign and file form T2058 (and any relevant provincial or territorial forms);
- two copies of form T2058 (and any relevant provincial or territorial forms) executed by the Designated Partner on behalf of all members of the partnership; and
- a list containing the name, address, and social insurance number or tax account number of each partner.

**INSTRUCTIONS  
FOR COMPLETING  
ORIGINAL FORM T2057**

## INSTRUCTIONS FOR COMPLETING ORIGINAL FORM T2057

The instructions set out below apply to you if you are an Eligible Shareholder that is not a partnership.<sup>2</sup> Please refer to the sample form T2057, which has been cross-referenced with the numbered instructions below, when completing the Original Form T2057.

### PAGE 1 OF FORM T2057

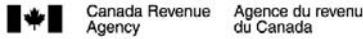
- #1** Indicate:
- your name;
  - your social insurance number or business number;
  - your address and postal code;
  - your taxation year that includes January 12, 2012. For most individuals, the applicable taxation year will be January 1, 2012 to December 31, 2012; and
  - your Tax Services Office (this is determined by the geographical area in which you reside; please refer to the list of CRA Tax Services Offices and Tax Centres on Appendix A).
- #2** Only complete this section if your SGR Shares were held in co-ownership (including joint ownership). Please see additional requirements described on page 5 under “Particular Circumstances – Where SGR Shares were held in co-ownership”.
- #3** Only complete this section if you are filing the form T2057 after its filing due date. See page 5 under the heading “Filing of Completed and Executed Federal Form with CRA”.

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<sup>2</sup> Eligible Shareholders that are partnerships should see the comments under “Particular Circumstances – Where SGR Shares were held as partnership property” on page 6.



**SAMPLE FORM T2057 - DO NOT USE**



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

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
- File one completed copy of the election and related schedules (if any) as follows:
  - a) one copy by the transferor, or
    - two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests. In these situations, one transferor designated for the purpose should file simultaneously one copy for each transferor, together with a list of all transferors electing. This list should contain the address and Social insurance number or Business Number of each transferor;
  - on or before the **earliest date** on which any one of the parties to the election is required to file an income tax return for the tax year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
  - at the tax centre serving the area where the transferor is located. Where two or more co-owners or members of a partnership referred to above elect, the elections will be processed in bulk and should be filed at the tax centre of the transferee; and
  - separate 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 taxpayer (transferor) (print)		Social insurance number or Business Number		#1
Address		Postal code		
Tax year of taxpayer for the period from	Year   Month   Day	to	Year   Month   Day	

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)		Social insurance number		#2
Address		Postal code	Tax services office	

Name of corporation (transferee) (print) Storm Resources Ltd.		Business Number 800631251		
Address Suite 800, 205 - 5th Avenue S.W., Calgary, Alberta		Postal code T2P 2V7		
Tax year of corporation for the period from	Year   Month   Day	to	Year   Month   Day	Tax services office Calgary Tax Services Office
Name of person to contact for additional information Carol Knudsen, Manager, Corporate Affairs, Storm Resources Ltd.		Area code 403	Telephone number 817-6157	

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

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid when this election is filed.

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 a cheque or money order payable to the Receiver General. Specify "T2057" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed \_\_\_\_\_

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

Do not use this area



- #4** If you are a corporation, indicate whether your SGR Shares transferred to Storm under the Arrangement represented 90% or more of all your properties.
- #5** In response to question 6 of the form, check the “yes” box if you held your SGR Shares as capital property for purposes of the Tax Act; otherwise, check the “no” box. Whether your SGR Shares were capital property to you is generally a question of fact which can only be determined based on a consideration of your particular circumstances.<sup>3</sup> **The instructions below assume that you held your SGR Shares as capital property.**
- #6** Respond to this question only if you checked the “yes” box pursuant to Instruction #5. In response to question 6(a) of the form, check the “no” box since SGR was incorporated after V-Day.
- #7** Respond to this question only if you checked the “yes” box pursuant to Instruction #5. In response to question 6(b) of the form, check the “yes” box if you acquired your SGR Shares after December 31, 1971 in a transaction considered not to be at “arm’s length” for the purpose of the Tax Act; otherwise, check the “no” box. Whether your SGR Shares were acquired in a non-arm’s length transaction is a question of fact and law. For example, one circumstance in which individuals are considered not to be dealing at arm’s length is when they are connected by blood relationship, marriage or common-law partnership or adoption.<sup>4</sup>
- #8** Respond to this question only if you checked the “yes” box pursuant to Instruction #5. In response to question 6(c), check the “no” box.
- #9** Insert the paid-up capital of your SGR Shares transferred to Storm under the Arrangement. The paid-up capital of your SGR Shares will be determined by multiplying the number of your SGR Shares in respect of which you are making a Joint Tax Election (see #11 below) by the paid-up capital per SGR Share immediately before the exchange. The paid-up capital per SGR Share immediately before the exchange was \$4.97. For example, if 100 SGR Shares were transferred to Storm, the amount inserted in box #9 would be \$497.00 (i.e. 100 x \$4.97).
- #10** Insert the number of Storm Shares that you received in exchange for your SGR Shares.

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<sup>3</sup> See page 38 of the Information Circular for a discussion of the circumstances in which SGR Shares are considered to be held as capital property.

<sup>4</sup> There are several other circumstances in which persons will be considered not to deal with each other at arm’s length. For additional information, please see Interpretation Bulletin IT-419R2 “Meaning of Arm’s Length” (June 8, 2004) issued by the CRA.

**SAMPLE FORM T2057 - DO NOT USE**

**Information required**

On the following page, list, describe, and state the fair market value of transferred properties. 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 the Canada Revenue Agency may ask to see them at a later date.

- 1 – Is there a written agreement relating to this transfer?  Yes  No
- 2 – Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.)  Yes  No
- 3 – Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee?  Yes  No
- 4 – Does a non-arm's length rollover exist between 2 or more corporations?  Yes  No
- a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation?  Yes  No #4
- 5 – Is the taxpayer a non-resident of Canada?  Yes  No #5
- 6 – Are any of the properties transferred capital properties?  Yes  No
- If yes,
- a) have they been owned continuously since Valuation-Day (V-Day)?  Yes  No #6
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No #7
- c) since V-Day, has the taxpayer 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 #8
- 7 – Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No #9
- a) If yes, does a formal documented V-Day value report exist?  Yes  No N/A
- 8 – Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer?  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 (print) Storm Gas Resource Corp.	Business Number 857821151	Paid-up capital of shares transferred <span style="color: red; border: 1px solid red; border-radius: 50%; padding: 2px;">#9</span>
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**Description of shares received**

Number of shares transfer or received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable? *
<span style="color: red; border: 1px solid red; border-radius: 50%; padding: 2px;">#10</span>	Common Shares	shares are non-redeemable	determined under 85(2.1) ITA	Voting	<input type="checkbox"/> Yes <input checked="" 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, IC76-19 and Interpretation Bulletins, IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

SCHEDULE TO FORM T2057

Please refer to the schedule to the sample form T2057 which has been cross-referenced with the numbered instructions below when completing the schedule to the Original Form T2057.

- #11** Insert the number of your SGR Shares. Describe them as “Storm Gas Resource Corp. common shares”.
- #12** Insert the fair market value (at the time of the Exchange) of the SGR Shares. Generally, this should be equal to the fair market value (at the time of the Exchange) of the total consideration that you received for your SGR Shares, as determined in Instruction #17 below.
- #13** Insert the total adjusted cost base to you for purposes of the Tax Act immediately before the Exchange of your SGR Shares.
- #14** Insert the agreed amount (the “**Elected Amount**”) which, subject to certain limitations contained in the Tax Act, will be treated as the proceeds of disposition of your SGR Shares.

The limitations imposed by the Tax Act in respect of the Elected Amount are that the Elected Amount may not:

- (a) be less than the lesser of (i) the total adjusted cost base to you of your SGR Shares at the Effective Time, and (ii) the fair market value of your SGR Shares at that time; and
- (b) exceed the fair market value of your SGR Shares at the Effective Time.

If the Elected Amount is greater or less than the permissible maximum or minimum amount under the Tax Act, the Elected Amount will be deemed under the Tax Act to be such permissible maximum or minimum amount.

- #15** Insert the difference which results from subtracting the amount at box #13 from the amount at box #14. This difference (less reasonable costs of disposition) is the capital gain (if any) that you must report on your income tax return for your taxation year that includes January 12, 2012.<sup>5</sup>
- #16** Insert the number of Storm Shares that you received for your SGR Shares. **This number should be the same number that was inserted pursuant to Instruction #10.** Describe the class of the shares as “Storm Resources Ltd. Common Shares”.
- #17** Insert the fair market value (at the Effective Time) of the Storm Shares that you received on the Exchange. The fair market value of the Storm Shares must be determined on a reasonable basis.<sup>6</sup>
- #18** You (or your authorized representative if you are not an individual) should initial on this line. Please indicate under your initials an email address and a telephone number where you can be reached during regular business hours.
- #19** Leave this line blank. An authorized officer of Storm will initial on this line if the Original Form T2057 appears to be correct and complete and was received by the Depository prior to the Depository Deadline.

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<sup>5</sup> For a description of the Canadian federal income tax treatment of capital gains and capital losses, see pages 41-42 of the Information Circular under the heading “Taxation of Capital Gains and Capital Losses”.

<sup>6</sup> Any determination of value in respect of the Storm Shares is not binding on the CRA.

## SCHEDULE TO SAMPLE FORM T2057

### Particulars of Eligible Property Disposed of and Consideration Received

	Property Disposed of			Agreed Amount  B	Amount to be reported  B – A	Consideration Received		
	Description	Elected Amount Limits				Non-Share	Share	Fair Market Value of Total Consideration
		Fair Market Value	Adjusted Cost Base A			Description	Number and Class	
Capital Property Excluding Depreciable Property	#11 Storm Gas Resource Corp. common shares	#12	#13	#14	#15	N/A	#16 Storm Resources Ltd. Common Shares	#17

#18

\_\_\_\_\_  
Initials of Transferor

\_\_\_\_\_  
Email Address

(\_\_\_\_\_) \_\_\_\_\_  
Phone Number

#19

**Leave Blank**

\_\_\_\_\_  
Initials of Authorized Officer of Storm Resources Ltd.

SAMPLE FORM T2057 – DO NOT USE

**#20** You (or your authorized representative if you are not an individual) should sign on this line. **By signing on this line, you are (i) representing to Storm that you are an Eligible Shareholder and (ii) certifying that the information given in the Original Form T2057 and the schedule and the documents attached thereto is, to the best of your knowledge, correct and complete.**

Storm will assume that any representative signing the Original Form T2057 (and any other relevant provincial or territorial forms) on behalf of a corporation, trust or estate has been duly authorized to do so, and will not take any action to verify the validity of any such authorization. If you are signing on behalf of an Eligible Shareholder, attach a copy of the authorizing agreement.

**#21** Leave this line blank. An authorized officer of Storm will sign on this line if the Original Form T2057 appears to be correct and complete and was received by the Depositary prior to the Depositary Deadline.

**#22** Leave this line blank. Storm will fill in the date when it executes your Original Form T2057.

**SAMPLE FORM T2057 - DO NOT USE**

Particulars of Eligible Property Disposed of and Consideration Received								
Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.				
	2012	01	12					
	Property Disposed of			Agreed Amount (cannot be zero)	Amount to be reported B - A (if greater than 0 see Note 4)	Consideration Received		Fair Market Value of Total Consideration
	Description	Elected Amount Limits*				Non-share	Share	
		Fair Market Value	A			B	Description	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$ (See Note 1)	\$	\$			\$
	See attached schedule							
Depreciable Property	(Description and prescribed Class)		(See Note 2)					
	N/A							
Eligible Capital Property	(Kind)		(See Note 3)					
	N/A							
Inventory Excluding Real Property	(Kind)		(Cost Amount)					
	N/A							
Resource Property	(Brief legal)		NIL					
	N/A		NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
	N/A							
Specified Debt Obligation (For financial institutions only)			(Cost Amount)					
	N/A							
Capital Property That is Real Property Owned by a Non-Resident Person								
	N/A							
MISA Fund No. 2 (see note 5)			(Cost Amount)					
	N/A							

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

Note 5: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.

\* Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

Election and Certification		
The taxpayer and corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.		
<div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">#20</div>	<div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">#21</div>	<div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">#22</div>
_____ Signature of Transferor, of Authorized Officer or Authorized Person*	_____ Signature of Authorized Officer of Transferee	_____ Date
* Attach a copy of authorizing agreement		

## APPENDIX A

### LIST OF CANADA REVENUE AGENCY TAX SERVICES OFFICES AND TAX CENTRES

Tax Services Offices	Tax Centre
Burnaby-Fraser; Northern B.C. and Yukon; Southern Interior B.C.; Vancouver; Vancouver Island; Regina	<b>Surrey Tax Centre</b> 9755 King George Highway Surrey BC V3T 5E1 1-888-738-7718
Calgary; Edmonton; Lethbridge; Red Deer; Brandon; Winnipeg; Saskatoon; London; Thunder Bay; Windsor	<b>Winnipeg Tax Centre</b> 66 Stapon Road Winnipeg MB R3C 3M2 1-800-724-0790
Barrie; Sudbury (Sudbury/Nickel Belt only <sup>7</sup> ); Toronto Centre; Toronto East; Toronto North; Toronto West	<b>Sudbury Tax Centre</b> 1050 Notre-Dame Avenue Sudbury ON P3A 5C1 1-800-998-7739
Ottawa; Laval; Montréal; Outaouais and Rouyn-Noranda (Rouyn- Noranda); Estrie-Mauricie (Sherbrooke); Sudbury (North-Eastern Ontario only <sup>8</sup> )	<b>Shawinigan-Sud Tax Centre</b> <u>Office Address:</u> 4695 - 12th Avenue Shawinigan-Sud QC G9P 5H9 <u>Mailing Address:</u> Post Office Box 3000, Station Bureau-chef Shawinigan QC G9N 7S6 1-800-959-7405
Eastern Quebec (Chicoutimi); Eastern Quebec (Québec); Eastern Quebec (Rimouski); Montérégie-Rive-Sud; Outaouais and Rouyn-Noranda (Gatineau); Estrie-Mauricie (Trois-Rivières)	<b>Jonquière Tax Centre</b> 2251 René Lévesque Blvd. Jonquière QC G7S 5J1 1-888-699-0735 (ext. 2000)
Bathurst; Moncton; Saint John; Newfoundland and Labrador; Nova Scotia; East Central Ontario (Kingston); East Central Ontario (Peterborough); St. Catharines	<b>St. John's Tax Centre</b> 290 Empire Avenue St. John's NF A1B 3Z1 1-888-832-1728
Charlottetown; East Central Ontario (Belleville); Hamilton; Kitchener/Waterloo	<b>Summerside Tax Centre</b> 275 Pope Road Summerside PE C1N 6A2 1-877-427-1321

<sup>7</sup> Sudbury/Nickel Belt areas include all postal codes beginning with P3A, P3B, P3C, P3E, P3G, P3L, P3N, P3P, P3Y, and all postal codes beginning with POM and ending with 1A0, 1B0, 1A0, 1E0, 1H0, 1J0, 1K0, 1L0, 1M0, 1N0, 1P0, 1R0, 1S0, 1T0, 1V0, 1W0, 1Y0, 2C0, 2E0, 2M0, 2R0, 2S0, 2X0, 2Y0, 3A0, 3B0, 3C0, 3E0 and 3H0.

<sup>8</sup> North-Eastern Ontario includes all areas outside of Sudbury/Nickel Belt that are served by the Sudbury Tax Services Office.



**PLEASE PROPERLY COMPLETE, SIGN AND SEND  
BY HAND, COURIER OR REGISTERED MAIL**

- ⇒ **two (2) Federal Forms**
- ⇒ **two (2) copies of any relevant provincial or territorial forms**
- ⇒ **any other required documents**

**so that they are received by the Depository  
no later than 4:30 p.m. on May 11, 2012  
at**

**Alliance Trust Company  
#450, 407-2nd Street SW  
Calgary, Alberta T2P 2Y3  
Attention: Securities Department**

**ORIGINAL FORM T2057**



ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER TO A TAXABLE CANADIAN CORPORATION

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
File one completed copy of the election and related schedules (if any) as follows:
1 - a) one copy by the transferor, or
b) two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests.
2 - on or before the earliest date on which any one of the parties to the election is required to file an income tax return for the tax year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
3 - at the tax centre serving the area where the transferor is located.
4 - separate from any tax returns.
Sections and subsections referred to on this form are from the Income Tax Act.

Do not use this area

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

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print) Social insurance number
Address Postal code Tax services office

Name of corporation (transferee) (print) Business Number
Storm Resources Ltd. 800631251
Address Postal code
Suite 800, 205 - 5th Avenue S.W., Calgary, Alberta T2P 2V7
Tax year of corporation for the period from Year Month Day to Year Month Day Tax services office
2 0 1 2 0 1 0 1 to 2 0 1 2 1 2 3 1 Calgary Tax Services Office
Name of person to contact for additional information Area code Telephone number
Carol Knudsen, Manager, Corporate Affairs, Storm Resources Ltd. 403 817-6157

Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid when this election is filed.

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 a cheque or money order payable to the Receiver General. Specify "T2057" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

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

Do not use this area

Amount enclosed

### Information required

On the following page, list, describe, and state the fair market value of transferred properties. 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 the Canada Revenue Agency may ask to see them at a later date.

- 1 – Is there a written agreement relating to this transfer?  Yes  No
- 2 – Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.)  Yes  No
- 3 – Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee?  Yes  No
- 4 – Does a non-arm's length rollover exist between 2 or more corporations?  Yes  No
- a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation?  Yes  No
- 5 – Is the taxpayer a non-resident of Canada?  Yes  No
- 6 – Are any of the properties transferred capital properties?  Yes  No

**If yes,**

- a) have they been owned continuously since Valuation-Day (V-Day)?  Yes  No
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No
- c) since V-Day, has the taxpayer 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
- 7 – Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No
- a) If **yes**, does a formal documented V-Day value report exist?  Yes  No N/A
- 8 – Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer?  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 (print) Storm Gas Resource Corp.	Business Number 857821151	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? *
	Common Shares	shares are non-redeemable	determined under 85(2.1) ITA	Voting	<input type="checkbox"/> Yes <input checked="" 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, IC76-19 and Interpretation Bulletins, IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of Eligible Property Disposed of and Consideration Received**

Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.				
	2012	01	12					
Property Disposed of	Description	Elected Amount Limits*		Agreed Amount (cannot be zero) B	Amount to be reported B – A (if greater than 0 see Note 4)	Consideration Received		
		Fair Market Value	A			Non-share	Share	Fair Market Value of Total Consideration
						Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$(See Note 1)	\$	\$			\$
	See attached schedule							
Depreciable Property	(Description and prescribed Class)		(See Note 2)					
	N/A							
Eligible Capital Property	(Kind)		(See Note 3)					
	N/A							
Inventory Excluding Real Property	(Kind)		(Cost Amount)					
	N/A							
Resource Property	(Brief legal)		NIL					
	N/A		NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
	N/A							
Specified Debt Obligation (For financial institutions only)			(Cost Amount)					
	N/A							
Capital Property That is Real Property Owned by a Non-Resident Person								
	N/A							
NISA Fund No. 2 (see note 5)			(Cost Amount)					

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

Note 5: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.

\* Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

**Election and Certification**

The taxpayer **and** corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

\_\_\_\_\_  
Signature of Transferor, of **Authorized Officer** or Authorized Person\*

\_\_\_\_\_  
Signature of **Authorized Officer** of Transferee

\_\_\_\_\_  
Date

\* Attach a copy of authorizing agreement

## SCHEDULE TO FORM T2057

### Particulars of Eligible Property Disposed of and Consideration Received

	Property Disposed of			Agreed Amount  B	Amount to be reported  B – A	Consideration Received		
	Description	Elected Amount Limits				Non-Share	Share	Fair Market Value of Total Consideration
		Fair Market Value	Adjusted Cost Base A			Description	Number and Class	
Capital Property Excluding Depreciable Property	Storm Gas Resource Corp. common shares					N/A	Storm Resources Ltd. Common Shares	

\_\_\_\_\_  
Initials of Transferor

\_\_\_\_\_  
Initials of Authorized Officer of Storm Resources Ltd.

\_\_\_\_\_  
Email Address

( \_\_\_\_\_ ) \_\_\_\_\_  
Phone Number



## ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER TO A TAXABLE CANADIAN CORPORATION

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
- File one completed copy of the election and related schedules (if any) as follows:
  - 1 – a) one copy by the transferor, or
    - b) two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests. In these situations, one transferor designated for the purpose should file simultaneously one copy for each transferor, together with a list of all transferors electing. This list should contain the address and Social insurance number or Business Number of each transferor;
  - 2 – on or before the **earliest date** on which any one of the parties to the election is required to file an income tax return for the tax year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
  - 3 – at the tax centre serving the area where the transferor is located. Where two or more co-owners or members of a partnership referred to above elect, the elections will be processed in bulk and should be filed at the tax centre of the transferee; and
  - 4 – separate 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 taxpayer (transferor) (print)					Social insurance number or Business Number				
Address					Postal code				
Tax year of taxpayer for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office	

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)					Social insurance number				
Address					Postal code				
					Tax services office				

Name of corporation (transferee) (print) Storm Resources Ltd.					Business Number 800631251				
Address Suite 800, 205 - 5th Avenue S.W., Calgary, Alberta					Postal code T2P 2V7				
Tax year of corporation for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office Calgary Tax Services Office	
Name of person to contact for additional information Carol Knudsen, Manager, Corporate Affairs, Storm Resources Ltd.					Area code 403		Telephone number 817-6157		

### Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid when this election is filed.

**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 a cheque or money order payable to the Receiver General. **Specify** "T2057" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

**Amount enclosed** \_\_\_\_\_

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

**Do not use this area**

**Information required**

On the following page, list, describe, and state the fair market value of transferred properties. 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 the Canada Revenue Agency may ask to see them at a later date.

- 1 – Is there a written agreement relating to this transfer?  Yes  No
- 2 – Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.)  Yes  No
- 3 – Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee?  Yes  No
- 4 – Does a non-arm's length rollover exist between 2 or more corporations?  Yes  No
  - a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation?  Yes  No
- 5 – Is the taxpayer a non-resident of Canada?  Yes  No
- 6 – Are any of the properties transferred capital properties?  Yes  No

**If yes,**

- a) have they been owned continuously since Valuation-Day (V-Day)?  Yes  No
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No
- c) since V-Day, has the taxpayer 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
- 7 – Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No
  - a) If **yes**, does a formal documented V-Day value report exist?  Yes  No N/A
- 8 – Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer?  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 (print)	Business Number	Paid-up capital of shares transferred
Storm Gas Resource Corp.	857821151	

**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? *
	Common Shares	shares are non-redeemable	determined under 85(2.1) ITA	Voting	<input type="checkbox"/> Yes <input checked="" 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, IC76-19 and Interpretation Bulletins, IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.



**Particulars of Eligible Property Disposed of and Consideration Received**

Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.				
	2012	01	12					
Property Disposed of	Description	Elected Amount Limits*		Agreed Amount (cannot be zero) B	Amount to be reported B – A (if greater than 0 see Note 4)	Consideration Received		
		Fair Market Value	A			Non-share	Share	Fair Market Value of Total Consideration
						Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$(See Note 1)	\$	\$			\$
	See attached schedule							
Depreciable Property	(Description and prescribed Class)		(See Note 2)					
	N/A							
Eligible Capital Property	(Kind)		(See Note 3)					
	N/A							
Inventory Excluding Real Property	(Kind)		(Cost Amount)					
	N/A							
Resource Property	(Brief legal)		NIL					
	N/A		NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
	N/A							
Specified Debt Obligation (For financial institutions only)			(Cost Amount)					
	N/A							
Capital Property That is Real Property Owned by a Non-Resident Person								
	N/A							
NISA Fund No. 2 (see note 5)			(Cost Amount)					

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

Note 5: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.

\* Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

**Election and Certification**

The taxpayer **and** corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

\_\_\_\_\_  
Signature of Transferor, of **Authorized Officer** or Authorized Person\*

\_\_\_\_\_  
Signature of **Authorized Officer** of Transferee

\_\_\_\_\_  
Date

\* Attach a copy of authorizing agreement

## SCHEDULE TO FORM T2057

### Particulars of Eligible Property Disposed of and Consideration Received

	Property Disposed of			Agreed Amount  B	Amount to be reported  B – A	Consideration Received		
	Description	Elected Amount Limits				Non-Share	Share	Fair Market Value of Total Consideration
		Fair Market Value	Adjusted Cost Base A			Description	Number and Class	
Capital Property Excluding Depreciable Property	Storm Gas Resource Corp. common shares					N/A	Storm Resources Ltd. Common Shares	

\_\_\_\_\_  
Initials of Transferor

\_\_\_\_\_  
Initials of Authorized Officer of Storm Resources Ltd.

\_\_\_\_\_  
Email Address

( \_\_\_\_\_ ) \_\_\_\_\_  
Phone Number

**ORIGINAL FORM T2058**



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 the capital stock of the corporation.
File one completed copy of the election and related schedules (if any) as follows:
1 - by a partner designated for the purpose by the partnership;
2 - on or before the earlier date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred (due date);
3 - at the tax centre serving the area where the transferee is located; and
4 - 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)
Partnership identification number
Address
Postal code
Tax year of partnership from Year Month Day to Year Month Day Tax services office

Name of corporation (transferee) (print)
Business Number
Storm Resources Ltd. 8 0 0 6 3 1 2 5 1
Address
Postal code
Suite 800, 205 - 5th Avenue S.W., Calgary, Alberta T2P 2V7
Tax year of corporation from Year Month Day to Year Month Day Tax services office
Calgary Tax Services Office
Name of person to contact for more information
Area code Telephone number
Carol Knudsen, Manager, Corporate Affairs, Storm Resources Ltd. 403 817-6157

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 also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of filing.

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

Do not use this area

\* 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, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed

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

## Information required

On the following 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 Revenue Agency may ask to see them at a later date.

1. Is there a written agreement relating to this transfer?  Yes  No
2. Does a price adjustment clause apply to any of the properties? (See Interpretation Bulletin IT-169 for details.)  Yes  No
3. 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
4. Does a non-arm's length rollover exist between the partnership(s) and the transferee corporation?  Yes  No
- a) Have all or substantially all (90% or more) of all properties of the partnership been transferred to the corporation?  Yes  No
5. Are any partners non-residents of Canada?  Yes  No
6. Are any of the properties transferred capital properties?  Yes  No
- If yes,
- a) have they been owned continuously since Valuation Day (V-Day)?  Yes  No
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No
- c) 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
7. Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No
- a) If **yes**, does a formal documented V-Day value report exist?  Yes  No N/A
8. 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 Storm Gas Resource Corp.	Business Number 8   5   7   8   2   1   1   5   1	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?*
	Common Shares	shares are non-redeemable	determined under 85(2.1) ITA	Voting	<input type="checkbox"/> Yes <input checked="" 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-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of property disposed of and consideration received**

Date of sale or transfer of all properties listed below:		Year		Month	Day	<b>Note:</b> For properties sold or transferred on different dates, use separate Form T2058.		
		2	0	1	2	0	1	
				1	2			
Property disposed of		Elected amount limits*		Agreed amount (cannot be zero) B	Amount to be reported B-A (if greater than 0, see note 4)	Consideration received		Fair market value
Description	Description	Fair market value	A			Non-share Description	Share Number and class	
Capital property excluding depreciable property	(Brief legal)		(see note 1)					
	See attached schedule							
Depreciable property	(Description and prescribed class)		(see note 2)					
	N/A							
Eligible capital property	(Kind)		(see note 3)					
	N/A							
Inventory excluding real property	(Kind)		(cost amount)					
	N/A							
Resource property	(Brief legal)		nil					
	N/A		nil					
			nil					
Security or debt obligation property	(Description)		(cost amount)					
	N/A							
Specified Debt Obligation (For financial institutions only)	N/A		(cost amount)					

**Notes**

- Adjusted cost base (subject to adjustment per section 53.)
  - The lesser of undepreciated capital cost of all property of the class and the cost of the property.
  - The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).
  - This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported 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.

	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.

## SCHEDULE TO FORM T2058

### Particulars of Eligible Property Disposed of and Consideration Received

	Property Disposed of			Agreed Amount  B	Amount to be reported  B – A	Consideration Received		
	Description	Elected Amount Limits				Non-Share	Share	Fair Market Value of Total Consideration
		Fair Market Value	Adjusted Cost Base A			Description	Number and Class	
Capital Property Excluding Depreciable Property	Storm Gas Resource Corp. common shares					N/A	Storm Resources Ltd. Common Shares	

\_\_\_\_\_  
Initials of Transferor

\_\_\_\_\_  
Initials of Authorized Officer of Storm Resources Ltd.

\_\_\_\_\_  
Email Address

( \_\_\_\_\_ ) \_\_\_\_\_  
Phone Number

## 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 the 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 tax year in which the transaction occurred (due date);
  - at the tax centre serving the area where the transferee 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)						Partnership identification number					
Address						Postal code					
Tax year of partnership	from	Year	Month	Day	to	Year	Month	Day	Tax services office		

Name of corporation (transferee) (print) Storm Resources Ltd.						Business Number 8 0 0 6 3 1 2 5 1					
Address Suite 800, 205 - 5th Avenue S.W., Calgary, Alberta						Postal code T2P 2V7					
Tax year of corporation	from	Year	Month	Day	to	Year	Month	Day	Tax services office Calgary Tax Services Office		
Name of person to contact for more information Carol Knudsen, Manager, Corporate Affairs, Storm Resources Ltd.						Area code 403		Telephone number 817-6157			

### 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 also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of filing.

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

**Do not use this area**

\* 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, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

**Amount enclosed** \_\_\_\_\_

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



## Information required

On the following 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 Revenue Agency may ask to see them at a later date.

1. Is there a written agreement relating to this transfer?  Yes  No
2. Does a price adjustment clause apply to any of the properties? (See Interpretation Bulletin IT-169 for details.)  Yes  No
3. 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
4. Does a non-arm's length rollover exist between the partnership(s) and the transferee corporation?  Yes  No
- a) Have all or substantially all (90% or more) of all properties of the partnership been transferred to the corporation?  Yes  No
5. Are any partners non-residents of Canada?  Yes  No
6. Are any of the properties transferred capital properties?  Yes  No
- If yes,
- a) have they been owned continuously since Valuation Day (V-Day)?  Yes  No
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No
- c) 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
7. Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No
- a) If **yes**, does a formal documented V-Day value report exist?  Yes  No N/A
8. 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
Storm Gas Resource Corp.	8   5   7   8   2   1   1   5   1	

## 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?*
	Common Shares	shares are non-redeemable	determined under 85(2.1) ITA	Voting	<input type="checkbox"/> Yes <input checked="" 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-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of property disposed of and consideration received**

Date of sale or transfer of all properties listed below:		Year		Month	Day	<b>Note:</b> For properties sold or transferred on different dates, use separate Form T2058.	
		2	0	1	2	0	1
				1	2		
Property disposed of		Elected amount limits*		Agreed amount (cannot be zero)	Amount to be reported B-A (if greater than 0, see note 4)	Consideration received	
Description	Fair market value	A	B			Non-share	Share
						Description	Number and class
Capital property excluding depreciable property	(Brief legal)	(see note 1)					
	See attached schedule						
Depreciable property	(Description and prescribed class)	(see note 2)					
	N/A						
Eligible capital property	(Kind)	(see note 3)					
	N/A						
Inventory excluding real property	(Kind)	(cost amount)					
	N/A						
Resource property	(Brief legal)	nil					
	N/A	nil					
		nil					
Security or debt obligation property	(Description)	(cost amount)					
	N/A						
Specified Debt Obligation (For financial institutions only)	N/A	(cost amount)					

**Notes**

- Adjusted cost base (subject to adjustment per section 53.)
  - The lesser of undepreciated capital cost of all property of the class and the cost of the property.
  - The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).
  - This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported 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.

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

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.

## SCHEDULE TO FORM T2058

### Particulars of Eligible Property Disposed of and Consideration Received

	Property Disposed of			Agreed Amount  B	Amount to be reported  B – A	Consideration Received		
	Description	Elected Amount Limits				Non-Share	Share	Fair Market Value of Total Consideration
		Fair Market Value	Adjusted Cost Base A			Description	Number and Class	
Capital Property Excluding Depreciable Property	Storm Gas Resource Corp. common shares					N/A	Storm Resources Ltd. Common Shares	

\_\_\_\_\_  
Initials of Transferor

\_\_\_\_\_  
Initials of Authorized Officer of Storm Resources Ltd.

\_\_\_\_\_  
Email Address

( \_\_\_\_\_ ) \_\_\_\_\_  
Phone Number