



**Letter of Instruction for Eligible Former Trinidad Drilling Energy Services Income Trust  
(the “Trust”) Unitholders**

**To Former Holders of Trust Units:**

This package (the “**Tax Election Package**”) is made available to all Eligible Holders (see definition below) who exchanged units of the Trust (“**Trust Units**”) for common shares (“**Trinidad Shares**”) of Trinidad Drilling Ltd. (“**Trinidad**”) as part of the arrangement involving the Trust and Trinidad announced on January 10, 2008 (the “**Arrangement**”), which became effective March 10, 2008.

Eligible Holders of Trust Units that were acquired pursuant to the Trust Unit Rights Incentive Plan of the Trust may be affected by certain income tax considerations specific to such Trust Units. Such Eligible Holders should consult their own tax advisors before making the joint tax election described herein.

**THIS MATTER REQUIRES YOUR IMMEDIATE ATTENTION.  
THE DEADLINE TO SUBMIT DOCUMENTS FOR EXECUTION BY  
TRINIDAD IS JULY 31, 2008.**

***Disclaimers***

**General Disclaimer**

The following instructions are of a general nature only, may not be exhaustive and are not intended to be, nor should they be construed as, legal or tax advice to any particular Eligible Holder concerning the tax election described herein (the “**Tax Election**”). Furthermore, neither the Trust nor Trinidad has provided or will provide Eligible Holders with any advice respecting the Tax Election or the manner of completion or execution of the required forms by virtue of the following:

- the following instructions;
- the enclosed partially completed Form T2057; or
- Trinidad’s execution of said forms.

Accordingly, Eligible Holders are urged to consult with their own tax advisors for specific advice in respect of making the Tax Election and the proper completion and execution of the required forms, having regard to their personal circumstances. For further information, you may wish to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the Canada Revenue Agency (“CRA”), the text of which can be found on CRA’s website at [http://www.cra-arc.gc.ca/menu/APAP\\_I-e.html](http://www.cra-arc.gc.ca/menu/APAP_I-e.html).

### **Provincial Election Forms**

Further, Eligible Holders may be required to file additional elections in order to comply with provincial income tax laws analogous to or respecting Section 85 of the *Income Tax Act, Canada* (the “Act”). Eligible Holders are urged to consult their own tax advisors for advice on any additional filing requirements.

### **Contents of this Package**

This Tax Election Package contains two copies of CRA Form T2057. If an Eligible Holder is a partnership, two copies of CRA Form T2058 (not included) must be completed and forwarded to Trinidad for execution. Where the Trust Units were held as partnership property, a partner designated by the partnership must submit to Trinidad, no later than July 31, 2008, two copies of CRA form T2058 on behalf of the partnership (and where applicable, the corresponding provincial forms), along with a list containing the name, address, social insurance number or account number of each partner as well as a letter signed by each partner authorizing the designated partner to complete, sign and file the form on their behalf. Form T2058 is available on the CRA website mentioned above.

This package does not contain forms that may be required to be filed in compliance with provincial tax legislation. Eligible Holders are responsible for obtaining and completing such provincial forms and must submit any such forms to Trinidad for signature no later than July 31, 2008.

### **Who is Eligible to File a Tax Election**

**Only Eligible Holders are permitted to make this election jointly with Trinidad.**

An Eligible Holder is a former holder of Trust Units who is:

- A resident of Canada for purposes of the Act, other than those exempt from tax under the Act, such as an RRSP, RRIF, RESP or pension plan; or
- A partnership if one or more of the partners would be an Eligible Holder if such partner held the Trust Units directly.

### **Purpose of the Election**

One of the transaction steps necessary to achieve the final structure under the Arrangement was to have holders of Trust Units exchange their Trust Units for Trinidad Shares. For Canadian income tax purposes, the exchange of Trust Units for Trinidad Shares would normally be a

taxable event resulting in a gain (or loss) to the extent that the fair value of the Trust Units exchanged exceeded (or was less than) a holder's tax cost of the Trust Units. However, each Eligible Holder has the option to elect to have the provisions of Section 85 of the Act apply to this exchange in order to defer all, or a portion of, the gain that would otherwise arise and be subject to Canadian income tax.

### **Section 85 Election**

In order to have Section 85 apply to defer any potential gain on the exchange of Trust Units for Trinidad Shares, the Act requires that a joint election be filed between the transferor of the Trust Units (the Eligible Holder) and the transferee of the Trust Units (Trinidad). Each holder of Trust Units, under the Plan of Arrangement, automatically transferred his, her or its Trust Units held on March 10, 2008 to Trinidad. In exchange for the Trust Units, Trinidad issued Trinidad Shares to each former holder of Trust Units on the basis of 1 Trinidad Share for each Trust Unit. If an Eligible Holder chooses to have Section 85 of the Act apply to this exchange, it is necessary to complete a specific election form which is prescribed under Canadian tax law. This form is to be completed in part by the Eligible Holder and in part by Trinidad. Although Trinidad must be a party to the election, determining the "**Agreed Amount**" (the amount at which the disposition of Trust Units is deemed to occur for tax purposes) is the responsibility of each Eligible Holder (determined within the limits provided for under Section 85 of the Act). To prevent any gain from being recognized, the Agreed Amount will usually equal the Eligible Holder's tax cost in the Trust Units for Canadian tax purposes.

### **Prescribed Election Form**

The form prescribed under Canadian federal tax law which must be completed in order to make a Section 85 election is Form T2057 "*Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*", or Form T2058 if the transferor is a partnership. Unfortunately, this form is complex due to the inherent complexity of this section of the Act and is usually prepared by tax professionals. However, as described below, we are attempting to simplify the process of completing these forms to the extent possible. There are no short-form versions of these forms available. **This form, in its entirety, must be properly completed and delivered to Trinidad by the Eligible Holder no later than July 31, 2008.**

### **Timing of Election**

We must receive two copies of the duly completed election form no later than July 31, 2008. **TRINIDAD AGREES ONLY TO EXECUTE AND FILE DULY COMPLETED FORMS RECEIVED BY IT ON OR BEFORE JULY 31, 2008.**

### **Who Should File the Election**

Making the Tax Election to take advantage of the tax deferral is at the discretion of each Eligible Holder. It is up to each Eligible Holder to decide whether filing the Tax Election is in the Eligible Holder's best interest. Since the effect of the Tax Election under these circumstances is to defer tax on the disposition of Trust Units, there is usually no need for residents of Canada to

file a Tax Election in respect of Trust Units held in tax-deferred accounts (for example, RRSPs or RESPs).

For non-residents of Canada, the disposition of Trust Units should not be subject to taxation in Canada unless the Trust Units constitute “taxable Canadian property”. We do not believe the Trust Units would be considered to be taxable Canadian property for any of our non-resident holders of Trust Units and therefore a non-resident would not normally receive any benefit from filing the Tax Election.

### **Adjusted Cost Base (“ACB”) of Trust Units**

Perhaps the most important piece of information to be provided by each Eligible Holder on the tax election form is the Agreed Amount. Provided the Agreed Amount is within certain minimum and maximum parameters specified under Section 85 (no greater than fair market value of the Trust Units and no less than the lesser of fair market value and the holder’s ACB), the Agreed Amount is then deemed to be the proceeds of disposition for purposes of calculating any gain or loss on disposition of the Trust Units to Trinidad. Normally, to take maximum advantage of the tax deferral, one would choose an Agreed Amount equal to the ACB of their Trust Units for Canadian tax purposes.

Each Eligible Holder's ACB calculation may be considerably complex. It is the sole responsibility of each Eligible Holder to calculate the ACB of the Trust Units he, she or it held. Eligible Holders should consult their own tax advisors if they have any questions concerning this aspect of the Tax Election. Trinidad will not provide assistance in determining an Eligible Holder's ACB outside of the information already provided to the public.

With respect to the ACB of the Trust Units, it is important to be aware of the fact that the distributions the Trust paid in 2008 do not have a return of capital portion.

### **Fair Market Value of Trust Units**

The fair market value of the Trust Units exchanged for Trinidad Shares must be determined on a reasonable basis. There is no specific method prescribed by the CRA for determining the fair market value of a share or unit, nor is there any clear published guidance in this respect.

Management has determined, based on the facts and circumstances of the Arrangement, that it is appropriate for Canadian federal and provincial tax purposes to value the disposition of the Trust Units using the closing price for Trust Units on March 10, 2008, being the last complete trading day ending before the Arrangement is effective. Based on this method of valuation, the estimated fair market value for a Trust Unit is CDN\$10.05. Trinidad agrees to execute only those tax elections which use that value.

Although Management believes the above value is reasonable, they make no explicit representation as to its accuracy and note that the value is not binding on any party (including the CRA) and has not been pre-approved by the CRA.

**Instructions for Completing the T2057 Forms**

Each Eligible Holder who chooses to make a Tax Election is solely responsible for ensuring Form T2057 or T2058, as applicable, is properly completed. The following section illustrates the information required to be included by Eligible Holders on **Form T2057 only**. Although the instructions may be useful for those completing Form T2058, or applicable provincial forms, please consult your tax advisor regarding the completion of such forms. The information should be typed or legibly printed on the form. **Do not write the required information on these instruction pages.**

**Page 1 of Form T2057**

Complete the information in this first box for the Eligible Holder making the election:

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

For individuals, the “taxation year” is typically the calendar year. Corporations or partnerships may have taxation year-ends that do not coincide with the calendar year. The “Tax Services Office” is where you typically file your annual tax return.

Complete this box if your Trust Units are held in joint ownership, otherwise enter “N/A”:

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		

We have completed the next section. Please do not mark this section.

Name of corporation (transferee) (print)				Business Number										
Trinidad Drilling Ltd.				89879 8632 RC0001										
Address				Postal code										
Suite 2500, 700 – 9 <sup>th</sup> Avenue S.W., Calgary, AB				T2P 3V4										
Taxation year of corporation for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office						
	2	0	0	8		2	0	0	8	1	2	3	1	Calgary

Complete the next section, by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of person to contact for additional information	Area code	Telephone number
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The last section of page 1 of Form T2057 relates to late filed elections and is to be completed only by those who submit an election form after the filing deadline prescribed in the Act. This section should not be applicable to any former Unitholders.

**Page 2 of Form T2057**

The first 5 questions should be answered as follows:

- 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? Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the recipient corporation? .....  Yes  No
- 5 – Is the taxpayer a non-resident of Canada?.....  Yes  No

Question 6 should be answered based on each Eligible Holder’s particular circumstances. Whether a Trust Unit was a capital property to a particular Eligible Holder is a question of fact and law that must be determined by each Eligible Holder based on a consideration of all the surrounding circumstances. If you are unsure of whether your Trust Units were capital property, contact your tax advisor. Trinidad is unable to assist you in making this determination.

- 6 – Are any of the properties transferred capital properties?.....  Yes  No

The remaining questions should be answered as follows:

- 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
- 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

The next section is not applicable – leave this blank.

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

Eligible Holders must complete the information in the two blank boxes in the next section, as follows:

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable?
(1)	Common	N/A	(2)	Voting	No

1. Enter the number of Trust Units you owned immediately prior to the Arrangement. This is equal to the number of Trinidad Shares you received on the exchange.
2. The “paid-up capital” amount will generally be equal to the Agreed Amount. Once you have completed Page 3, return to this section and enter the Agreed Amount.

**Page 3 of Form T2057**

The date of the transaction, March 10, 2008, has been entered in the following section:

	Year	Month	Day
Date of sale or transfer of all properties listed below:	2008	March	10

Complete the information in the following section according to the instructions below:

	Property Disposed of			Amount to be reported B-A if >0 (see Note 4)	Consideration Received			
	Elected Amount Limits		Agreed Amount B		Non-share	Share	Fair Market Value of Total Consideration	
Description	Fair Market Value	A			Description	Number and Class		
Capital Property Excluding Depreciable Property	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Trinidad Energy Services Income Trust Units							

This section should be completed if the Trust Units were held as capital property. If the Trust Units were held as inventory, complete the section with the sidebar entitled “Inventory Excluding Real Property” in a similar manner.

1. Enter the number of Trust Units you owned immediately prior to the Arrangement.
2. Enter the total fair market value of the Trust Units you owned immediately prior to the Arrangement (computed at \$10.05 per Trust Unit).
3. Enter your ACB (or cost amount in the case of inventory) in the Trust Units you owned immediately prior to the Arrangement.
4. Agreed Amount: Eligible Holders who wish to defer all tax arising on the exchange will typically choose an agreed amount equal to the ACB of their Trust Units (or cost amount, if the Trust Units are inventory). However, the Agreed Amount must be determined in accordance with the following rules:
  - (a) The Agreed Amount may not be less than the lesser of:
    - (i) The ACB of the Trust Units (or the cost amount, if the Trust Units are inventory) at the time of the sale; and
    - (ii) The fair market value of the Trust Units at that time.
  - (b) The Agreed Amount may not exceed the fair market value of the Trust Units at the time of the sale.

Also enter the Agreed Amount in the “paid-up capital” box on Page 2 of the form.

Eligible Holders should consult their tax advisors regarding the selection of the Agreed Amount in respect of the disposition of their Trust Units.

5. Subtract B – A and enter any positive result.
6. Enter the number of Trinidad Shares received in the Exchange. This is equal to the number of Trust Units you owned immediately prior to the Arrangement and is the same number you entered in item 1.
7. Enter the total fair market value of the Trinidad Shares you received on the Exchange. This should be the same number that you entered in 2 above.

The Eligible Holder must sign in the last box as indicated.

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 or Transferee	_____ Date
*attain a copy of an authorizing agreement		

↓

Sign Here

↓

Date Here

**Submission of the Form**

Once you have properly completed and executed the form, you should submit two copies, no later than July 31, 2008 directly to the following address:

Attention: Manager, Tax  
Trinidad Drilling Ltd.  
2500, 700 – 9<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3V4

Trinidad will execute the form and file a copy with the CRA within 30 days after the receipt thereof. A duplicate executed form will be returned to you for your records.



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... 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... 2- on or before the earlier date on which any one of the parties to the election is required to file an income tax return... 3- at the tax centre where the transferor's income tax return is normally filed... 4- separate from any tax returns.

Do not use this area

Sections and subsections referred to on this form are from the Income Tax Act.

Name of taxpayer (transferor) (print) Social insurance number or Business Number
Address Postal code
Taxation 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
Trinidad Drilling Ltd. 898798632RC0001
Address Postal code
Suite 2500, 700 - 9th Avenue S.W., Calgary, AB T2P 3V4
Taxation year of corporation for the period from Year Month Day to Year Month Day Tax services office
2 0 0 8 0 1 0 1 to 2 0 0 8 1 2 3 1 Calgary
Name of person to contact for additional information Area code Telephone number

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 for why 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 submission.

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 "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.



**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
- 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

**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? *
					<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, 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.				
		2008	March	10					
	Property Disposed of				Agreed Amount B	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
	Description	Elected Amount Limits*		Non-share Description			Share Number and Class	Fair Market Value of Total Consideration	
		Fair Market Value	A						
Capital Property Excluding Depreciable Property	(Brief legal)	\$	(See Note 1)	\$	\$			\$	
Depreciable Property	(Description and prescribed Class)		(See Note 2)						
Eligible Capital Property	(Kind)		(See Note 3)						
Inventory Excluding Real Property	(Kind)		(Cost Amount)						
Resource Property	(Brief legal)		NIL						
Security or Debt Obligation Property	(Description)		(Cost Amount)						
Specified Debt Obligation (For financial institutions only)									
Capital Property That is Real Property Owned by a Non-Resident Person									
NISA Fund No. 2									

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. (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 or eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion may have to be reported as income.

\*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\*

and

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

\_\_\_\_\_  
Date

\* Attach a copy of authorizing agreement



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... 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... 2 - on or before the earlier date on which any one of the parties to the election is required to file an income tax return... 3 - at the tax centre where the transferor's income tax return is normally filed... 4 - separate from any tax returns.

Do not use this area

Sections and subsections referred to on this form are from the Income Tax Act.

Name of taxpayer (transferor) (print) Social insurance number or Business Number
Address Postal code
Taxation 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
Trinidad Drilling Ltd. 898798632RC0001
Address Postal code
Suite 2500, 700 - 9th Avenue S.W., Calgary, AB T2P 3V4
Taxation year of corporation for the period from Year Month Day to Year Month Day Tax services office
2 0 0 8 0 1 0 1 to 2 0 0 8 1 2 3 1 Calgary
Name of person to contact for additional information Area code Telephone number

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 for why 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 submission.

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 "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.

Do not use this area

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 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
- 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

**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? *
					<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, 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.
	2008	March	10	

	Property Disposed of				Agreed Amount B	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
	Description	Elected Amount Limits*		Non-share Description			Share Number and Class	Fair Market Value of Total Consideration	
		Fair Market Value	A						
Capital Property Excluding Depreciable Property	(Brief legal)	\$	(See Note 1)	\$	\$			\$	
Depreciable Property	(Description and prescribed Class)		(See Note 2)						
Eligible Capital Property	(Kind)		(See Note 3)						
Inventory Excluding Real Property	(Kind)		(Cost Amount)						
Resource Property	(Brief legal)		NIL						
Security or Debt Obligation Property	(Description)		(Cost Amount)						
Specified Debt Obligation (For financial institutions only)									
Capital Property That is Real Property Owned by a Non-Resident Person									
NISA Fund No. 2									

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. (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 or eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion may have to be reported as income.

\*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\*

and

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

\_\_\_\_\_  
Date

\* Attach a copy of authorizing agreement