

## 2004 Tax Information for Non-Canadian Residents

The following information is intended to assist unitholders of the Keyera Facilities Income Fund (the Fund) who are not residents of Canada for Income Tax purposes or are United States Citizens. Unitholders are encouraged to seek advice from a qualified tax advisor in their country of residence for the tax treatment of distributions received from the Fund.

### **Canadian Income Tax (Withholding Tax)**

The taxable portion of the Fund's distributions that are payable to non-residents of Canada is normally subject to a withholding tax of 25% as prescribed by the Income Tax Act of Canada (Act). This 25% withholding tax may be reduced in accordance with reciprocal tax treaties. In the case of the Tax Treaty between Canada and the United States (U.S.), the prescribed withholding tax for qualifying residents of the U.S. is 15%. (The Canadian Revenue Agency takes the position that, generally, U.S. Limited Liability Companies are not qualifying residents of the U.S. for purposes of the Tax Treaty and in this case the prescribed withholding tax rate is 25%.) U.S. unitholders may be eligible for a foreign tax credit to recover Canadian withholding taxes paid.

Since no taxable distributions were payable by the Fund in 2004, no distributions were subject to Canadian withholding at the 25% rate during the year. Accordingly, 2004 NR-4 slips are not expected to be issued.

### **United States Income Tax**

For U.S. unitholders, the income tax laws of the United States apply. The taxable portion of the Fund's distributions is determined by the Fund based upon the earnings and profits of the Fund calculated in accordance with the U.S. Income Tax Code. The taxable portion of the 2004 distributions is considered a dividend for tax reporting purposes. The difference (if any) between the total distributions paid and the taxable portion is considered to be a return of capital.

The cost base of the units is used in calculating capital gains or losses on the disposition of trust units. U.S. unitholders are required to reduce the cost base of their trust units by subtracting any return of capital amounts received in a taxation year.

In the event a unitholder's cost base drops below zero during a taxation year, the negative amount is considered to be a capital gain, which must be reported in the taxation year.

Form 1099's – DIV "Dividends and Distributions" are not required to be issued for the Fund investment for the 2004 year however U.S. unitholders may still receive this or a substitute form from their stockbroker detailing the taxable and return of capital portions of the 2004 distributions and the amounts of any U.S. and foreign taxes withheld. If issued, Form 1099's are required to be mailed to unitholders by January 31, 2005.

The table below identifies the portion of the Fund's cash distributions that were ordinary dividends and returns of capital for U.S. tax purposes. Unitholders who do not receive a Form 1099 may use the tax-reporting information provided below.

<b>Record Date</b>	<b>Payment Date</b>	<b>Total Distribution Paid<sup>1</sup> (Cdn\$)</b>	<b>Cdn\$/US\$ Exchange Rate<sup>2</sup></b>	<b>Total Distribution Paid<sup>3</sup> (US\$)</b>	<b>Taxable Ordinary Dividend (US\$)</b>	<b>Tax Deferred Return of Capital (US\$)</b>
Dec 31, 2003	Jan 15, 2004	\$0.0908	1.2979	0.0700	0.0564	0.0136
Jan 30, 2004	Feb 16, 2004	\$0.0908	1.3147	0.0691	0.0557	0.0134
Feb 27, 2004	Mar 15, 2004	\$0.0908	1.3324	0.0681	0.0549	0.0132
Mar 31, 2004	Apr 15, 2004	\$0.0908	1.3472	0.0674	0.0543	0.0131
Apr 30, 2004	May17, 2004	\$0.0908	1.3851	0.0656	0.0529	0.0127
May 31, 2004	Jun 15, 2004	\$0.0908	1.3690	0.0663	0.0534	0.0129
Jun 30, 2004	Jul 15, 2004	\$0.0980	1.3235	0.0740	0.0596	0.0144
Jul 30, 2004	Aug 16, 2004	\$0.0980	1.3076	0.0749	0.0604	0.0145
Aug 31, 2004	Sep 15, 2004	\$0.0980	1.2988	0.0755	0.0609	0.0146
Sep 30, 2004	Oct 15, 2004	\$0.0980	1.2519	0.0783	0.0631	0.0152
Oct 29, 2004	Nov 15, 2004	\$0.0980	1.2031	0.0815	0.0657	0.0158
Nov 30, 2004	Dec 15, 2004	\$0.0980	1.2230	0.0801	0.0646	0.0155
Total per unit		\$1.1328		0.8708	0.7019	0.1689

1 Before any Canadian withholding taxes

2 As of payment date (Bank of Canada noon rate)

3 Dividend represents actual dividend amount before dividend gross up