
ARCTIC GLACIER INCOME FUND

2004 TAX INFORMATION

THIS SUMMARY IS INTENDED TO PROVIDE INDIVIDUAL UNITHOLDERS OF THE FUND ADDITIONAL INFORMATION TO ASSIST IN THE PREPARATION OF THEIR 2004 INCOME TAX RETURNS. THE INFORMATION PRESENTED IS OF A GENERAL NATURE ONLY, AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL, BUSINESS OR TAX ADVICE TO ANY PARTICULAR UNITHOLDER. THE FUND RECOMMENDS THAT UNITHOLDERS CONSULT THEIR OWN TAX ADVISORS REGARDING THE INCOME TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

CANADIAN RESIDENTS

2004 Cash Distribution Summary for Income Tax Purposes:

The following chart summarizes the distributions of the Fund per trust unit:

Record Date	Payment Date	Dividend	Other Taxable Income	Return of Capital	Total
January 30, 2004	February 13, 2004	-	\$0.0578	\$0.0314	\$0.0892
February 27, 2004	March 15, 2004	-	\$0.0540	\$0.0352	\$0.0892
March 31, 2004	April 15, 2004	-	\$0.0578	\$0.0314	\$0.0892
April 30, 2004	May 14, 2004	-	\$0.0559	\$0.0333	\$0.0892
May 31, 2004	June 15, 2004	-	\$0.0577	\$0.0315	\$0.0892
June 30, 2004	July 15, 2004	-	\$0.0559	\$0.0333	\$0.0892
July 30, 2004	August 13, 2004	-	\$0.0577	\$0.0315	\$0.0892
August 31, 2004	September 15, 2004	-	\$0.0577	\$0.0315	\$0.0892
September 30, 2004	October 15, 2004	-	\$0.0558	\$0.0334	\$0.0892
October 29, 2004	November 15, 2004	-	\$0.0577	\$0.0315	\$0.0892
November 30, 2004	December 15, 2004	-	\$0.0558	\$0.0334	\$0.0892
December 31, 2004	January 14, 2005	-	\$0.0576	\$0.0316	\$0.0892
2004 Total		\$0.0000	\$0.6814	\$0.3890	\$1.0704
		<i>0.0%</i>	<i>63.7%</i>	<i>36.3%</i>	<i>100.0%</i>

For tax purposes, cash distributions received on January 14, 2005 are considered to be income in 2004.

Trust Units Held Within an RRSP, RRIF, RESP or DPSP:

For investors who hold Fund units within a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Education Savings Plan (RESP), or Deferred Profit Sharing Plan (DPSP), income earned in respect of the Fund units held within the plan is not subject to tax in the year earned. No amounts are required to be reported on the 2004

T1 Income Tax Return for these Fund units. Instead, the amount of capital and any income earned in the plan is taxed only on withdrawal from the plan.

Trust Units Held Outside of an RRSP, RRIF, RESP or DPSP:

Investors who hold Fund units outside of a RRSP, RRIF, RESP or DPSP and who received cash distributions in 2004 will receive a T3 Supplementary Slip prior to March 31, 2005. Please note that if the Fund units are registered in the investors name, the T3 will be sent directly from the Fund's transfer agent to the unitholder and if the Fund units are held in the name of a broker or intermediary, the T3 will be sent from the Fund's transfer agent to the broker or intermediary.

Adjusted Cost base:

Investors who hold Fund units are required to reduce the Adjusted Cost Base of their units by the cumulative amount of any distributions received in the form of Return of Capital. The Adjusted Cost Base is used in calculating capital gains and losses on the sale of units that are held as capital property by the owner.

Distribution Reinvestment Plan:

For investors who participated in the Distribution Reinvestment Plan ("DRIP"), the amounts received and subsequently reinvested in the Fund are subject to tax in accordance with the cash distribution summary. The Adjusted Cost Base of the units will be increased by the amounts reinvested.

UNITED STATES RESIDENTS

2004 Cash Distribution Summary for Income Tax Purposes:

The Fund, in consultation with its tax advisors, is of the view that the distributions paid from January to August 2004 to non-corporate holders of Fund units who are U.S. residents are Qualified Dividends under the Jobs and Growth Tax Relief Reconciliation Act of 2003. From September to December, 2004 distributions are comprised of U.S.-sourced interest income, foreign-sourced interest income and return of capital for U.S. tax purposes.

The following chart summarizes the distributions of the Fund per trust unit:

Record Date	Payment Date	Qualifying Dividends	US Source Income	Canadian Source Income	Non-Taxable	Total
January 30, 2004	February 13, 2004	\$0.0654	-	-	\$0.0238	\$0.0892
February 27, 2004	March 15, 2004	\$0.0611	-	-	\$0.0281	\$0.0892
March 31, 2004	April 15, 2004	\$0.0653	-	-	\$0.0239	\$0.0892
April 30, 2004	May 14, 2004	\$0.0632	-	-	\$0.0260	\$0.0892
May 31, 2004	June 15, 2004	\$0.0653	-	-	\$0.0239	\$0.0892
June 30, 2004	July 15, 2004	\$0.0632	-	-	\$0.0260	\$0.0892
July 30, 2004	August 13, 2004	\$0.0653	-	-	\$0.0239	\$0.0892
August 31, 2004	September 15, 2004	\$0.0652	-	-	\$0.0240	\$0.0892
September 30,	October 15, 2004	-	\$0.0387	\$0.0265	\$0.0240	\$0.0892
October 29, 2004	November 15, 2004	-	\$0.0400	\$0.0274	\$0.0218	\$0.0892
November 30, 2004	December 15, 2004	-	\$0.0387	\$0.0265	\$0.0240	\$0.0892
December 31, 2004	January 14, 2005	-	\$0.0400	\$0.0273	\$0.0219	\$0.0892
2004 Total		\$0.5140	\$0.1574	\$0.1077	\$0.2913	\$1.0704
		<i>48.0%</i>	<i>14.7%</i>	<i>10.1%</i>	<i>27.2%</i>	<i>100.0%</i>

For tax purposes, cash distributions received on January 14, 2005 are considered to be income in 2004.

Adjusted Cost base:

Investors who hold Fund units are required to reduce the Adjusted Cost Base of their units by the cumulative amount of any distributions received in the form of Return of Capital. The Adjusted Cost Base is used in calculating capital gains and losses on the sale of units that are held as capital property by the owner.

Distribution Reinvestment Plan:

For investors who participated in the Distribution Reinvestment Plan ("DRIP"), the amounts received and subsequently reinvested in the Fund are subject to tax in accordance with the cash distribution summary. The Adjusted Cost Base of the units will be increased by the amounts reinvested.

Deemed Liquidation

Effective September 1, 2004, the Fund has elected to be taxed as a partnership for U.S. tax purposes rather than as a corporation, which had previously been the case. The result of this election is that unitholders of the Fund who are U.S. persons are deemed to have liquidated their holdings for proceeds equal to fair market value and acquired a partnership interest at a cost of an equivalent amount. Unitholders who are U.S. persons are required to recognize a gain or loss on the deemed liquidation for U.S. tax purposes equal to the difference between the fair market value of the Fund units and the adjusted cost base of the Fund units on the day before the effective date of election. The fair market value of the units on August 31, 2004 was C\$11.87. The unitholders are then deemed to have contributed the property to the partnership resulting in an adjusted cost

basis of the partnership interest equal to the fair market value of the units on August 31, 2004. Any gain or loss recognized on the deemed liquidation of Fund units will be treated as a capital gain or loss and will be taxed to unitholders as either a long-term or short-term capital gain.