



2015 Income Tax Information for Dixie Energy Trust

March 23, 2016

Canada Revenue Agency (CRA) Account Number: T32-0028-15
CUSIP #255512113

The information contained herein is based on Dixie Energy Ltd.'s general understanding of the *Income Tax Act* (Canada) and the regulations thereunder.

CANADIAN TAX INFORMATION FOR INDIVIDUAL UNITHOLDERS RESIDENT IN CANADA

The following information is intended to assist individual Canadian Unitholders of Dixie Energy Trust ("Dixie" or "Trust") in the preparation of their 2015 personal income tax return. This summary is directed to a Unitholder who, for the purposes of the *Income Tax Act* (Canada), is a resident of Canada and held the Trust Units as capital property.

This information is on a general nature and is not intended to replace formal advice provided by a qualified tax advisor to a specific Unitholder. Dixie recommends each Unitholder to seek professional assistance or advice with respect to their own circumstances related to these distributions.

2015 Taxability Information

A total of \$0.54 per Trust Unit was paid to Unitholders in 2015.

For income tax purposes, Dixie was treated as a mutual fund trust. Each year, Dixie filed a trust income tax and information return (i.e. T3) with the net income allocated to and made taxable in the hands of Unitholders. This net income was allocated on T3 supplementary forms to each Unitholder who was entitled to distributions for the year. The following table outlines the allocation of cash distributions per Trust Unit paid or payable in respect of 2015.

Distribution Payment Date	Box 23	Box 42		Total Distribution Paid (Cdn\$ per Unit)
	Taxable Amount Non-eligible Dividend (Cdn\$ per Unit)	⁽²⁾ Return of Capital (Cdn\$ per Unit)	⁽¹⁾ Capital Dividend (Cdn\$ per Unit)	
April 15, 2015	\$0.1857	\$0.2043	-	\$0.39
October 19, 2015	\$0.0296	\$0.1127	\$0.0077	\$0.15
Total Paid for 2015 Tax Year	\$0.2153	\$0.3170	\$0.0077	\$0.54

⁽¹⁾ The capital dividend distribution should not reduce the Unitholders' ACB. The capital dividend is not required on the T3.

⁽²⁾ Unitholders are required to reduce the adjusted cost base ("ACB") of their Trust Units by the amount equal to any distributions received in the form of return of capital.



Trust Units held within Registered Plans

Dixie Trust Units are qualified investments for registered plans, including Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF), Deferred Profit Sharing Plans (DPSP), Registered Educational Savings Plans (RESP) and Tax Free Savings Accounts (TFSA). Trust Units held inside such registered plans are tax-sheltered and no amounts are required to be reported on the 2015 personal income tax return.

Trust Units held outside of Registered Plans

For Canadian individual residents who hold Trust Units outside of a registered plan, 40% of the distributions are taxable as non-eligible dividend. The remaining 60% of distributions are classified as a non-taxable return of capital and capital dividend.

The deadline for mailing all T3 Supplementary information slips as required by Canada Revenue Agency is March 31, 2016.

- Registered Unitholders who were entitled to distributions for 2015 and received payment from the Transfer Agent, Computershare Trust Company of Canada (and not from a brokerage firm or other intermediary) will receive a T3 Supplementary slip directly from Computershare.
- Non-Registered Unitholders who were entitled to distributions for 2015 and received payment or credit from a brokerage firm or other intermediary will receive a T3 Supplementary slip directly from that brokerage firm or other intermediary and not from the Transfer Agent or Dixie.

Adjusted Cost Base Calculation

Unitholders are required to reduce the adjusted cost base ("ACB") of their Trust Units by the amount equal to any distributions received in the form of return of capital. The capital dividend distribution should not reduce the Unitholders' ACB.

Unitholders should maintain a record of all distributions that are classified as partially or entirely a return of capital distribution while holding Dixie Trust Units.

CANADIAN TAX INFORMATION FOR NON-RESIDENT UNITHOLDERS

The following information is provided for general information only and should not be construed as legal or tax advice. Unitholders who are not residents of Canada for income tax purposes are encouraged to seek advice from a qualified tax advisor in their country of residence regarding the tax treatment of distributions.

NR4 Summary and Slips

For the purposes of preparing Form NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada, 2015 distributions are 40% taxable for Canadian purposes and this



amount is included in the gross income reported in Box 16 of the NR4 slip. The full amount of the tax withheld is reported in Box 17 of the NR4 slip.

Non-Resident Withholding Tax

Distributions paid or payable to non-residents of Canada are subject, on the date of payment, to a withholding tax of 25%, as prescribed by the *Income Tax Act* (Canada). This withholding tax may be reduced in accordance with reciprocal tax treaties. In the case of the Tax Treaty between Canada and the U.S., the withholding tax for U.S. residents eligible for treaty benefits is prescribed at 15%.

The amount of Canadian tax withheld should be reported on Form 1116, Foreign Tax Credit (individual, Estate, or Trust). Amounts over withheld, if any, from Canada should be claimed as a refund from the Canada Revenue Agency no later than two years after the calendar year in which the payment was paid.

For more information on taxation please contact:

Calvin Yau
VP Finance & CFO
Dixie Energy Ltd.
Phone: (587) 287-5402
Email: cyau@dixieenergytrust.com

Karen Tanaka
VP Corporate Affairs
Dixie Energy Ltd.
Phone: (587) 287-5408
Email: ktanaka@dixieenergytrust.com

Website: www.dixieenergytrust.com