

ARC ENERGY TRUST (AET.UN)

2004 INCOME TAX INFORMATION

CANADA REVENUE AGENCY (CRA) ACCOUNT NUMBER T16-4073-86

THE INFORMATION CONTAINED HEREIN IS BASED ON ARC ENERGY TRUST'S UNDERSTANDING OF THE INCOME TAX ACT (CANADA) AND THE REGULATIONS THEREUNDER. UNITHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

Legal Status of the Trust: ARC Energy Trust ("the Trust") is a legal entity and is subject to Canadian income tax on a similar basis to that of an individual. The Trust has a December 31 year-end and each year the Trust must perform an income tax calculation and allocate the taxable income to Unitholders of record for each payment date throughout the year.

Taxation of Cash Distributions: a) No amounts are to be reported for tax purposes in respect of cash distributions received by a Registered Retirement Savings Plan, Registered Pension Plan, Registered Retirement Income Fund or Deferred Profit Sharing Plan or any other such registered plans (collectively referred to as "Pension Plans"). b) For cash distributions received by a Canadian resident outside of a Pension Plan 94% of 2004 payments are taxable, with the remaining 6% being tax deferred and deemed a return of capital, as scheduled below.

Record Date	Payment Date	Taxable Amount (Box 26 Other Income)	Tax Deferred Amount (Box 42 Return of Capital)	Total Cash Distribution
December 31, 2003	January 15, 2004	\$0.1410	\$0.0090	\$0.15
January 31, 2004	February 16, 2004	\$0.1410	\$0.0090	\$0.15
February 29, 2004	March 15, 2004	\$0.1410	\$0.0090	\$0.15
March 31, 2004	April 15, 2004	\$0.1410	\$0.0090	\$0.15
April 30, 2004	May 17, 2004	\$0.1410	\$0.0090	\$0.15
May 31, 2004	June 15, 2004	\$0.1410	\$0.0090	\$0.15
June 30, 2004	July 15, 2004	\$0.1410	\$0.0090	\$0.15
July 31, 2004	August 16, 2004	\$0.1410	\$0.0090	\$0.15
August 31, 2004	September 15, 2004	\$0.1410	\$0.0090	\$0.15
September 30, 2004	October 15, 2004	\$0.1410	\$0.0090	\$0.15
October 31, 2004	November 15, 2004	\$0.1410	\$0.0090	\$0.15
November 30, 2004	December 15, 2004	\$0.1410	\$0.0090	\$0.15
	Total	\$1.6920	\$0.1080	\$1.80

A T3 Supplementary Slip will be issued by ARC Energy Trust to Registered Unitholders for 2004 by no later than March 31, 2005.

Tax upon the disposition of Royalty Trust Units: In most circumstances the return of capital distributions will reduce the Unitholder's cost base of their units. The cost base of the units is required in the calculation of a capital gain or capital loss (assuming the units are capital property of the Unitholder) upon the disposition of the Trust units. Unitholders should maintain a record of all distributions that are classified as partially or entirely a capital distribution while holding ARC Energy Trust units. For investors in the \$10.00 per unit initial public offering in July 1996 the cost base of units still held as at December 31, 2004, is \$3.35 per unit taking into account the return of capital of \$6.54 in 1996 through to 2003 and \$0.11 in 2004.

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